



APPENDIX 4E

CSG LIMITED AND CONTROLLED ENTITIES ABN: 64 123 989 631

FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2016

PROVIDED TO THE ASX UNDER LISTING RULE 4.3A

Appendix 4E

Preliminary Final Report

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

1. Reporting period

Report for the financial year ended: 30 June 2016
Previous corresponding period is the financial year ended: 30 June 2015

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities (<i>item 2.1</i>)	Up 10%	to	\$246,620
Profit (loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Up 29%	to	\$17,452
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	Up 29%	to	\$17,452
Dividends (<i>item 2.4</i>)	Amount per security	Franked amount per security	
Interim dividend	4 cents	Zero	
Final dividend	5 cents	Zero	
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	22 August 2016		
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>):			
Refer to attached statement.			

3. Statement of Comprehensive Income (*item 3*)

Refer to the attached statement.

4. Statement of Financial Position (*item 4*)

Refer to the attached statement.

5. Statement of Cash Flows (*item 5*)

Refer to the attached statement.

6. Dividends (item 7)

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2016	9 March 2016	12,763,067
Final dividend – year ended 30 June 2016	7 September 2016	15,953,834

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	9 cents	Zero	Zero
Previous year	9 cents	Zero	Zero

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (each class separately)	28,717	25,604
Preference securities (each class separately)		
Other equity instruments (each class separately)		
Total	28,717	25,604

7. Details of dividend or distribution reinvestment plans in operation are described below (item 8):

N/A

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

N/A

8. Statement of retained earnings (item 6)

	Consolidated Entity 2016 \$'000	2015 \$'000
Balance at the beginning of year	70,768	82,527
Net profit attributable to members	17,452	13,572
Total available for appropriation	88,220	96,099
Dividends paid	(27,001)	(25,331)
Balance at end of year	61,219	70,768

9. Net tangible assets per security (*item 9*)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.21	\$0.21

10. Details of entities over which control has been gained or lost during the period: (*item 10*)

Control gained over entities

Name of entities (<i>item 10.1</i>)	N/A
Date(s) of gain of control (<i>item 10.2</i>)	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (<i>item 10.3</i>)	\$
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (<i>item 10.3</i>)	\$

Loss of control of entities

Name of entities (<i>item 10.1</i>)	N/A
Date(s) of loss of control (<i>item 10.2</i>)	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (<i>item 10.3</i>).	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (<i>item 10.3</i>)	

11. Details of associates and joint venture entities *(item 11)*

Name of associate or joint venture entity <i>(item 11.1)</i>	%Securities held <i>(item 11.2)</i>
N/A	

Aggregate share of profits (losses) of associates and joint venture entities *(item 11.3)*

Group's share of associates' and joint venture entities':

Profit (loss) from ordinary activities before tax

Income tax on ordinary activities

Net profit (loss) from ordinary activities after tax

Adjustments

Share of net profit (loss) of associates and joint venture entities

2016 \$	2015 \$
N/A	N/A
N/A	N/A
N/A	N/A

12. Significant information relating to the entity's financial performance and financial position.

Please refer to accompanying commentary.

13. The financial information provided in the Appendix 4E is based on the annual financial report (attached), which has been prepared in accordance with Australian Accounting Standards *(item 13)*.

14. Commentary on the results for the period *(item 14)*

Please refer to accompanying commentary.

Returns to shareholders during the period included:

- Final dividend of \$14.2m paid in September 2015 (5 cents)
- Interim dividend of \$12.8m paid in March 2016 (4 cents)

15. Audit of the financial report *(item 15)*

Select one of the following:

- ☒ The financial report has been audited
- ☐ The financial report has not yet been audited.
- ☐ The financial report is in the process of being audited.

16. The audit has not yet been completed

Select one of the following:

- ☐ The financial report is not likely to be the subject of dispute or qualification.
- ☐ The financial report is likely to be the subject of dispute or qualification as described below.

N/A

17. The audit has been completed.

Select one of the following:

- ☒ The financial report is not subject to audit dispute or qualification.
- ☐ The financial report is subject to audit dispute or qualification as described below.

N/A



CSG Limited Financial Report 2016

ACN: 123 989 631

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More than you expect.

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Directors' Report

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 2016 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.

Name, Qualifications, Position	Experience	Appointment Date
Mr. Stephen Anstice BA (Economics), Grad. Dip. (SAI) Non-Executive Chairman Member, Audit and Risk Committee Member, Nomination and Remuneration Committee	Stephen Anstice has over 20 years' experience in the communications industry. Until June 2013, Mr. Anstice was CEO of IPMG Pty Ltd ("IPMG"), a print, digital and marketing communications business. Mr. Anstice also has an extensive background in investment banking. He is currently a Non-Executive Director of IPMG, Audant Investments Limited and The Song Company Limited. Mr. Anstice has a Bachelor of Arts (Economics) from Macquarie University and a Graduate Diploma from the Securities Institute of Australia.	Appointed 20 August 2014 Appointed Chairman 15 February 2016
Mr. Thomas Cowan B.Com (Hons) Non-Executive Director Former Non-Executive Chairman Member, Audit and Risk Committee Chairman, Nomination and Remuneration Committee	Tom Cowan is a partner of TDM Asset Management, a Sydney based private investment firm. TDM Asset Management invests in public and private companies globally. Mr. Cowan has over 15 years of financial markets experience, including roles in corporate finance and investment banking at Investec Wentworth and KPMG Australia. 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 Group Limited.	Appointed 8 February 2012 Appointed Chairman 15 August 2012 Ceased Chairman 15 February 2016 Appointed Chairman of Nomination and Remuneration Committee 15 February 2016
Ms. Julie-Ann Kerin AICD Managing Director	Since Julie-Ann Kerin was appointed as Chief Executive Officer and Managing Director of CSG in 2012, she has established a proven track record of delivering strong growth and significant return to shareholders. Under Ms. Kerin's leadership, CSG successfully completed the transaction of the sale of the former Technology Solutions Division to NEC Australia in 2012, for \$227.5 million and subsequently returned \$130 million to shareholders over the following three years. Prior to Ms. Kerin's appointment as CEO, she was the Group-General Manager of the former Technology Solutions division for five years, and achieved revenue growth from \$9m to \$183m.	Appointed 1 February 2012

Name, Qualifications, Position	Experience	Appointment Date
	<p>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.</p>	
<p>Ms. Robin Low B.Com, FCA, GAICD</p> <p>Non-Executive Director</p> <p>Chairman, Audit and Risk Committee</p>	<p>Robin Low was formerly a partner at PricewaterhouseCoopers for over 17 years and has extensive experience in assurance and risk management, particularly in the financial services area.</p> <p>She is currently a Non-Executive Director of AUB Group Limited, IPH Limited and Appen Limited. Ms. Low is also a member of the Audit and Assurance Standards Board and on the board of a number of not-for-profit organisations including Sydney Medical School Foundation, Public Education Foundation and Primary Ethics.</p> <p>Ms. Low has a Bachelor of Commerce from The University of New South Wales, is a Fellow of the Institute of Chartered Accountants in Australia and is a Graduate Member of the Australian Institute of Company Directors.</p>	Appointed 20 August 2014
<p>Mr. Mark Phillips B. Com (Hons), M. Com, FAICD</p> <p>Non-Executive Director</p> <p>Member, Audit and Risk Committee</p> <p>Member, Nomination and Remuneration Committee</p>	<p>Mark Phillips has substantial experience in banking and asset leasing. Mr. Phillips worked at the Commonwealth Bank of Australia for 20 years in various roles involving asset finance, securities and trading markets, property lending and government finance.</p> <p>Mr. Phillips was formerly Managing Director of Record Investments Limited (Record) and Keybridge Capital Ltd. While Managing Director at Record, the market capitalisation grew from approximately \$100 million to over \$1.5 billion.</p> <p>Mr. Phillips is currently a Non-Executive Director of General Reinsurance Australia Limited and General Reinsurance Life Australia Limited (a Berkshire Hathaway company) and a Chairman of Cancer Council (NSW).</p> <p>Mr. Phillips was formerly a Non-Executive Director of Interlink Roads Ltd and ASB Bank Limited in New Zealand.</p> <p>Mr. Phillips has a Bachelor of Commerce and a Masters of Commerce from the University of New South Wales and is a Fellow of the Australian Institute of Company Directors.</p>	Appointed 20 August 2014

Name, Qualifications, Position	Experience	Appointment Date
Mr. Philip Bullock BA, Dip Ed, MBA, GAICD Non-Executive Director Former Chairman, Nomination and Remuneration Committee Member, Audit and Risk 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 Hills 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.	Appointed 1 August 2009 Ceased 19 November 2015

2. Company Secretary

Nicole Alder

LLB
Company Secretary
Appointed 1 December 2015

Nicole Alder has an extensive background in company secretariat, corporate governance and corporate restructuring for both private and ASX listed public groups. Ms. Alder joined CSG in December 2015, having previously held positions as Deputy Company Secretary and Legal Counsel at the Virgin Australia Group. Prior to that, Ms. Alder held the role of Legal Counsel at BHP Billiton.

Ms. Alder is a member of the Governance Institute of Australia and holds a Bachelor of Laws from Queensland University of Technology.

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:

Director Name	Board Meeting		Audit & Risk Management Committee		Nomination & Remuneration Committee	
	Meetings Held (i)	Meetings Attended	Meetings Held (i)	Meetings Attended	Meetings Held (i)	Meetings Attended
<u>Current</u>						
Mr. Stephen Anstice	17	17	5	5 ⁽ⁱⁱ⁾	5	5
Mr. Thomas Cowan	17	17	5	5	5	5
Mr. Mark Phillips	17	17	5	5	5	5 ⁽ⁱⁱⁱ⁾
Ms. Robin Low	17	17	5	5	-	-
Ms. Julie-Ann Kerin	17	17	5	5 ^(iv)	5	5 ^(iv)
<u>Former</u>						
Mr. Philip Bullock	7	7	3	3	3	3

⁽ⁱ⁾ Number of meetings held during the time the Director held office or was a member of the relevant committee during the financial year.

⁽ⁱⁱ⁾ Mr. Stephen Anstice attended three (3) meetings by invitation and two (2) meetings as a member.

⁽ⁱⁱⁱ⁾ Mr. Mark Phillips attended three (3) meetings by invitation and two (2) meetings as a member.

^(iv) Ms. Julie-Ann Kerin attended by invitation.

In addition to the above meetings, the Directors' held two (2) meetings by circular resolution.

In addition to the above meetings, a committee of the Board comprising of Mr. Thomas Cowan, Ms. Robin Low and Ms. Julie-Ann Kerin met on two (2) occasions for the purposes of approving the 2015 Full Year Financial Statements and the 2016 Half Year Financial Statements.

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. Operations overview

CSG is a leading Technology as a Service provider in Australia and New Zealand, supported by an in-house equipment financing business.

CSG is the largest non-manufacturer of print and business technology solutions in the Australia and New Zealand market, and has a national sales and service footprint in both countries. CSG services more than 20,000 customers ranging from Small-to-Medium Enterprises ('SMEs'), through to large corporate, government and commercial customers. CSG has developed a unique product suite to deliver a single source technology solution to all its customers, regardless of size.

In the Australian and New Zealand markets, CSG works closely with a number of major business partners (including Canon, Konica Minolta, Samsung, HP, 8x8 and FaceMe) to deliver a brand agnostic, end-to-end product and service offering which is unique. In New Zealand CSG is one of the largest suppliers of print and technology sales and services to SMEs, corporate and government customers following the acquisition of CodeBlue in 2016.

A key differentiator for CSG is the breadth and quality of the service it provides to its customers in addition to a single monthly subscription billing relationship. 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 that can provide sales, service and support access in Australia and New Zealand, CSG truly differentiates itself from the manufacturers, office supply and technology retailers, integrators, equipment finance providers and independent dealers, with whom it competes.

CSG currently employs approximately 700 staff in 38 locations across Australia and New Zealand. CSG has a commitment to diversity and recognising & rewarding its staff. CSG strives to achieve above industry standard benchmarks for workforce productivity, whilst delivering the highest level of staff satisfaction.

2. Review of Group Operations

CSG expanded its product and service offering in FY2016 to better meet the evolving needs of its customers. Increasing reliance on technology has resulted in SMEs and larger organisations alike to look for technology providers capable of delivering a single point of contact for their entire office technology needs. CSG's full-spectrum product offering delivers this, and gives a clear value proposition to its broad customer base. The Company 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 FY2016 included:

- First implementations of Total Office bundle (on a 60-month term) in Business Solutions, proving execution capability;
- Won a number of Communications as a Service contracts (8x8), sold in Australia and delivered globally;
- Significant success selling Display as a Service across retail, healthcare and real-estate vertical markets;
- First transaction in health vertical with Oneview Healthcare for Display solutions at a major Australian hospital;
- Commenced the roll-out of innovative, cloud-based Print as a Service contract at Monash University;
- Technology sales represented 34% of equipment sales in Business Solutions Australia and 20% of total group equipment sales in FY2016; and
- Achieved in the field Net Promoter Score¹ (NPS) score of 48.8

¹ Net promoter score is a method of measuring customers' loyalty. To calculate NPS, customers are categorised as "Promoters", "Passives" or "Detractors" based on how likely they would be to recommend CSG to a friend or colleague. The percentage of Detractors is then subtracted from the percentage of Promoters.

3. Review of Group Financial Performance¹

The Board was pleased that the business again achieved solid growth in underlying EBITDA during the 2016 financial year. During the year, CSG delivered on a number of key initiatives that have now positioned CSG for continued revenue growth, as well as improved profitability over the medium term.

Key highlights from the results include:

- Total revenue increased by 10% to \$246.6m;
- Underlying EBITDA increased by 14% to \$38.1m;
- Reported NPAT increased by 27% to \$18.2m;
- Underlying NPAT before customer contract amortisation increased by 20% to \$25.6m; and
- Solid conversion of underlying EBITDA to operating cash flow (excluding the investment in lease receivables and non-recurring items) with conversion of greater than 100% in the second half and 70% over the year.

Operating Performance

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:

	FY16 \$m
Revenue from continuing operations	246.6
NPAT	18.2
Add Tax	7.1
Add Depreciation and Amortisation	6.1
Add Interest expense/(income)	1.5
EBITDA	32.9
Add Non-recurring items	
1. LTIP/Employee Share Plan	1.9
2. Acquisition and related legal costs	1.1
3. Restructure costs in NZ	1.2
4. Cinglevue legal costs	1.0
Underlying EBITDA	38.1

a. Revenue

Group revenue grew by 10% to \$246.6m during FY2016. This was driven by:

- New customer sales growth in Australia and New Zealand. Revenue from newly acquired customers as a proportion of total revenue in Business Solutions was 24% across both regions;
- Strong uptake in technology products with technology sales representing 34% of total equipment sales in Business Solutions Australia in FY2016 (7% in FY2015);
- Addition of new Managed Print and Communications as a Service contracts in Enterprise Solutions; and
- Finance Solutions revenue growth driven by growth of Lease Receivables by 24% to \$260.8m.

b. Expenses

Management has sustained tight controls over expenditures to deliver a slight increase in Underlying EBITDA margin from 14.9% to 15.5%. Key drivers of this improvement were:

- Total expenses (excluding depreciation and amortisation) grew by 9% year on year compared to a 10% increase in revenue;
- Non-COGS related costs (excluding share based payments) increased by 7% year on year compared to 10% growth in group revenue; and

¹ Figures contained in the "Review of Group Financial Performance" are unaudited.

- Borrowing costs in Finance Solutions continues to benefit from the low interest rate environment in delivering 50% gross margin.

Customer contract amortisation has increased from \$2.3m in FY2015 to \$3.1m due to acquisitions completed during the year.

4. Review of Group Financial Position

CSG has a closing cash balance of \$14.5m, after dividend distributions of \$27.0m were made during the year. Included in closing cash balance is an amount of \$6.5m held in restricted cash accounts under the terms of the CSG Finance Solutions debt facilities (refer note 6).

Cash conversion has again been solid in FY2016 after excluding the impact of investment in the Lease Receivables and non-recurring items.

	1H15	2H15	FY15	1H16	2H16	FY16
EBITDA (underlying)	15.4	18.1	33.5	17.3	20.8	38.1
Operating cash flow (reported)	(19.1)	(0.2)	(19.3)	(25.0)	(7.4)	(32.4)
+ tax paid	3.0	1.8	4.8	1.8	1.6	3.4
+ net interest paid	0.6	0.9	1.5	0.7	0.8	1.5
+ non-recurring cash items	0.2	1.0	1.2	2.2	1.7	3.9
+ change in lease receivables	27.1	14.7	41.8	26.1	24.1	50.2
<i>Ungeared pre-tax cash flow</i>	11.8	18.2	30.0	5.8	20.8	26.6
Profit to cash conversion	77%	102%	90%	34%	100%	70%

Lease receivables in the Finance Solutions business have grown to \$260.8m (\$210.0m in FY2015) with 84% funded by associated debt (89% in FY2015). The majority of this growth has been due to the continued expansion of the Australian operations.

In the four years since the commencement of the Restructuring Plan in July 2012, total capital returned to Shareholders including the current final dividend is now \$177m (56 cents per share).

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.

SMEs 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.

CSG Business Solutions delivers 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. The CSG "Technology as a Service" product suite is currently comprised of the following offerings:

- Print as a Service – Print solutions that include equipment, parts, consumables and service for a single monthly operating expense
- CSG Total Office – Complete end-user technology bundle including desktop computer, cloud telephony, storage and support for a fixed monthly price
- Communications as a Service – CSG's cloud telephony solution powered by 8x8
- Desktop as a Service – Desktop computer, storage and support solutions
- Boardroom as a Service – Full boardroom package combining Samsung digital display technology with cloud conferencing
- Display as a Service – Large format, cloud displays and desktop monitors

Through the CSG Marketplace, CSG customers are able to subscribe to technology services and manage their IT requirements on a single platform. The Marketplace provides self-service access for customers to browse, request and approve new CSG services (conferencing, communications, business applications, data management) and technology equipment (desktop, laptop, tablets, boardroom display).

Together, the CSG customer Marketplace and product suite provides a number of significant benefits to CSG Business Solutions customers:

- Multiple vendors replaced with one invoice;
- Predictable cash flow through monthly subscription payments;
- No large capital outlay – equipment fully financed by CSG;
- Proven best of breed technology;
- Easily scalable in line with customers' needs; and
- Single point of technical support (Level 1 / 2).

It is anticipated that earnings growth in FY2017 will be driven by a number of key initiatives, including:

- Further penetration of existing print customer base with technology products and services;
- Increased sales leads by improving online presence and marketing CSG Business Solutions as a full service IT organisation;
- Growth in Monthly Recurring Revenue through selling subscription based Technology bundles;
- Building on our success in display business by launching a dedicated display sales team;
- Launching a direct sales channel in Australia to target new, non-CSG customers and hence grow the customer base;
- Growing print market share by using technology products to penetrate other print vendors' customer bases;
- Leveraging the internal IT platform to deliver improved customer service, increased productivity in service and operations and focused marketing initiatives; and
- Leveraging the relationship and high quality profile and reputation of leading, global business partners including Canon, Konica Minolta, Samsung, 8x8 and HP.

b. Enterprise Solutions

CSG Enterprise Solutions provides managed services based print and technology solutions to 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 through its partnership with Konica Minolta. Following the sale of the Technology Solutions business to NEC in July 2012, the Enterprise Solutions business had been restrained from competing in the IT sector. That restraint ended on 3 July 2015 in Australia and FY2016 was the first year of operations in the IT Services sector in Australia for Enterprise Solutions.

The same product suite that is the platform for the delivery of "Technology as a Service" in the Business Solutions business delivers a robust and scalable platform in enterprise for IT managed services. The Enterprise Solutions product suite is currently comprised of the following offerings:

- Private Cloud Platform – Secure, Australian data centre services & on-demand infrastructure for critical business applications
- CSG Marketplace – Simplified procurement solution with one place to subscribe, track, manage and view all of your technology services
- Managed Print – Cloud delivered enterprise print & document management
- End-User Computing – Desktop solutions that deliver mobile communications and end-user computing
- Display Solutions – Intelligent display solutions to improve customer/client engagement
- Cloud Communications – Integrated cloud contact centre & business phone solutions

During FY2016, CSG successfully leveraged a number of competitive advantages to grow the division in Australia and New Zealand. These include:

- 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;
- Leveraging the expertise of an internal financing capability to develop innovative and flexible solutions for Enterprise customers;
- Possessing the ability to sell, install, service and repair all major multi-function device 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.

Enterprise Solutions made good progress in FY2016, adding a number of new Managed Print customers, including a major University and further growth in Queensland education. CSG also signed a partnership with Oneview Healthcare and installed solutions at a major Australian hospital. The Company also launched a Cloud Communications business and successfully deployed for several major customers.

It is anticipated that earnings growth will be driven in FY2017 by a number of key initiatives, including:

- Building on existing Enterprise Managed Print customer base to add additional managed services;
- Continuing focus on growing the cloud communications business including converting three pilots to long term agreements;
- Continuing to build Enterprise IT business pipeline with vertical market approach;
- Developing new channels and partnerships for Cloud Marketplace via a private label model;
- Developing deep vertical market opportunities around display solutions and cloud software platform; and
- Leveraging growth from government panels.

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. The book is driven by 95% conversion of customers, including government, corporate and commercial businesses across both regions.

CSG's finance business is well managed with strong performance, driven by bad debts of less than 0.5% and strong returns on equity of 46% in 1H FY2016 and 44% in 2H FY2016. Overall, Leasing Receivables grew 24% to \$260.8m in FY2016.

CSG Finance is a critical element in enabling the Business Solutions business to be able to deliver bundled "Technology as a Service" offerings and also to be able to finance the equipment component of large enterprise contracts. Growth targets for this division include:

- Continuing to support the current print business in both the existing customer and the targeting of new customers;
- Increasing penetration into Enterprise Solutions customer base; and
- Supporting the growth of the "Technology as a Service" product suite.

6. Market sizing

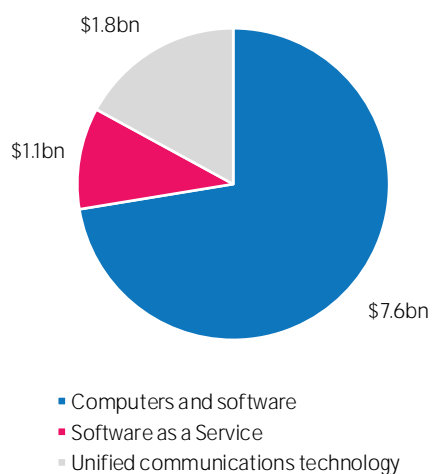
a. Print

The current market size for sales and service of multifunction devices in Australia and New Zealand is estimated at \$2.5 billion². CSG currently captures 8% of that market in Australia and New Zealand.



b. Technology

The business-to-business technology products and service market is valued at \$10.5 billion³. 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

³ 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

7. Risk Management

Corporate Governance

The Board of CSG Limited believes that a strong corporate governance framework will underpin our growth in a company. CSG's corporate governance policies and practices are set out in the Corporate Governance Statement. The Corporate Governance Statement can be found in the 2016 Annual Report. A new Corporate Governance Statement, which sets out the extent to which CSG's policies and practices comply with the requirements of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations for FY17, will be available when the FY2016 Annual Report is published.

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

Principal Risk Area		Risk Management Approach
Innovation	Inability to optimise full value of innovation opportunities in services, products, processes and commercial solutions to support growth opportunities.	CSG has a proactive growth strategy that combines leadership, partnerships and continual review.
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.	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. Derivative financial instruments (forward exchange contracts and options) are used to hedge exposure to fluctuations in foreign exchange rates. Over the longer term, permanent changes in market rates will have an impact on earnings.
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.	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.
Availability of Debt	CSG's finance divisions in Australia and New Zealand provide rental and lease products to customers. These businesses are sensitive to credit cost and 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.	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 extend their term. Refinement of the funding structure is an ongoing process. External expert advice is also sought to keep abreast of market developments.
Key Suppliers	CSG's key suppliers are Canon, Konica Minolta, Samsung, 8x8 and HP who supply the majority of inventory. It is critical to maintain relationships.	CSG has maintained a long term relationship with a majority of these suppliers. These relationships are managed carefully by CSG's executive team and the Board through long term contracts under commercial terms.
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.	CSG has in place a Long Term Incentive Plan for executive personnel and other key management, including the key sales team, a key criterion for eligibility being continued employment. There is a share based plan for all other employees across Australia and New Zealand
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.	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 2016 Remuneration Report which sets out remuneration information for the Chief Executive Officer ("CEO"), the Group Executive, 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 approximate 700 employees across Australia and New Zealand. CSG's remuneration strategy seeks to appropriately reward, incentivise and retain high performing employees at all levels.

Core to CSG's remuneration philosophy is a continued focus on creating a culture where executive, senior management and other employees' contributions are all aligned to the interests of shareholders. For Group Executives and Senior Management this is achieved via an equity based Long Term Incentive Plan and for general employees a Tax Exempt Share Plan. Both plans are linked to Company performance.

At the November 2012 Annual General Meeting, the shareholders approved a three stage multi-year Long Term Incentive Plan ("LTIP") for 2013-2015 for our key executives with hurdles based upon growth in the share price and vesting to occur on the second, third and fourth anniversary of the offer date. Given the continued strong performance of the Company over the life of this plan we were pleased to advise that these executives exceeded the hurdles for Stage 2 (which vested on 30/11/15). Share price hurdles have also been achieved for Stage 3 (which vests on 30/11/16 subject to scheme rules). Since the inception of this Executive LTIP, shareholders have seen strong Total Shareholder Returns as outlined in Section 10.1.

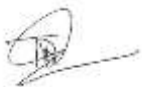
Based upon the success of the 2013-2015 LTIP, shareholders approved a new LTIP for 2016-2020 at the Annual General Meeting in November 2015 to apply to the CEO, Group Executives and key Senior Management. Performance hurdles for the new plan include both Total Shareholder Return and Earnings Per Share targets as at August 2017 and each successive year through to August 2020. The vesting points are 2018, 2019 and 2020 respectively.

In 2012, the Board also introduced a Staff Incentive Share Plan for all employees, which offered eligible employees in Australia and New Zealand AUD \$1,000 worth of CSG shares on a tax free basis. These shares have been subsequently issued annually (subject to the satisfactory performance of the Company and Board approval). To date, we have issued approximately 1,113,000 shares to our employees and we are pleased to report that in FY 2016 over 95% of eligible employees participated in this plan.

The CEO and Group Executive, made the decision to forfeit all STI's for FY2016 given internal financial targets were not met. The Nominations and Remuneration Committee commends the Executive for their decision and demonstrating their commitment to aligning their personal interests with those of shareholders.

Thank you for reviewing the 2016 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



Tom Cowan
Chairman, 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 as at 30 June 2016 are:

- all persons who have held the position of Director of CSG Limited during the financial year;
- Julie-Ann Kerin, CEO/Managing Director;
- Neil Lynch, Chief Financial Officer (“CFO”);
- Stephen Birrell, Executive General Manager, Enterprise Solutions
- Declan Ramsay, Executive General Manager, Business Solutions Australia;
- Warwick Beban, Country Manager, New Zealand; and
- Mark Thomas, Executive General Manager, People & Culture.

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 recommending to the Board the appropriate remuneration of the CEO, 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 Non-Executive Directors who can enhance company performance through their contributions and leadership.

8. Remuneration Objectives, Policy and Practice

The Board, with assistance from the N&R Committee, is ultimately responsible for ensuring that CSG’s Remuneration Policy is consistent with the business strategy and performance, supporting increased shareholder wealth over the long term.

The objective of the Remuneration Policy is to ensure the reward for performance is competitive and appropriate for the results delivered.

The Remuneration Policy details a framework for remuneration to be paid across the Company, from employees to Group Executives, including Non-Executive Directors, which includes a mix of fixed and variable remuneration, and short-term and long-term performance based indicators.

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 (2016: 9.5% 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.
- Fixed remuneration for the CEO and Group Executives effective 1 July 2016 has been capped for the period FY2016-FY2020 in recognition of their participation in the 2016-2020 LTI Plan.

Short-Term Incentives

For 2016 the Corporate Scorecard was based on the following targets:

Category	Target	Weighting
Financial (60%)	Achieve EBITDA Targets	25%
	Achieve revenue growth target	10%
	Ensure cash targets are achieved	25%
Non-Financial (40%)	Successful integration of all acquisitions	15%
	Improve Net Promoter Score target for customer engagement	7.5%
	Implementation of Customer Hub across Australia & NZ	7.5%
	Achievement of NZ objectives	5%
	Board reporting	5%

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.

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

CEO/MD & CFO:	100% Corporate Scorecard
Executive General Managers:	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.

Long-Term Incentives

- While STI rewards past performance, the Board considers it essential that the Group Executive and other Management (together the "Senior Executives") have reward incentives linked to longer-term Company performance and to value creation for shareholders.
- Following approval by the Shareholders at the 2012 Annual General Meeting, the CEO and Senior Executives were issued with performance rights under the 2013-2015 Executive LTIP (LTIP Issues 5, 6, 7 & 8). Each performance right represents an option to receive one ordinary share in the Company, subject to the satisfaction of the relevant vesting conditions. The share price hurdle for the final stage of this Plan has been met and will vest in November 2016 subject to scheme rules.
- At the 2015 Annual General Meeting, Shareholders approved a LTIP that is to apply to certain employees, including the CEO and Senior Executives. At that meeting, Shareholders also approved the issue of performance rights to the CEO under the LTIP for the period FY2016-2020. The Board is currently reviewing the specific details of the LTIP and proposed allocations for the Senior Executives for FY2016-2020. It is expected that this review will be finalised in early FY17, following which the performance rights will be offered to the CEO and Senior Executives. It is intended that the offers to the Senior Executives will be in accordance with the approval obtained from Shareholders for the issue of performance rights to the CEO, namely:
 - Participants to be allocated performance rights that will convert to ordinary shares in the Company, subject to achievement of performance hurdles and vesting conditions;

- The performance hurdles will be based on a 50/50 weighting of Total Shareholder Return and Earnings per Share, and will be tested in August of 2017, 2018, 2019 and 2020; and
 - Subject to the rules of the plan, the performance rights will vest in August 2018, August 2019 and August 2020.
- As appropriate, where employees are promoted or new Senior Executives are appointed they are offered participation in the LTIP after 12 months satisfactory service with the Company, consistent with the existing plan and with the same hurdles.
- It is expected that participants maintain a meaningful amount of Company equity, further linking the alignment of Executives to shareholder goals.
- During the 2015 year, the Company issued performance rights to certain Sales Agents. These performance rights have a vesting date of 1 July 2017, subject to continued service. These Sales Agents are a key component of the Company's sales force, and their commitment and retention is seen as critical to achieving the Company's future growth strategy.

Long Term Incentive Plans

Performance rights

Details regarding performance rights on issue during the year are listed in the table below.

LTIP	Opening	Issued	Lapsed	Exercised	Closing
Issue 5	3,238,095	-	-	(1,904,762)	1,333,333
Issue 6	606,061	-	-	(606,061)	-
Issue 7	6,821,569	-	(204,000)	(3,848,662)	2,768,907
Issue 8	622,088	-	(466,333)	-	155,755
Total	11,287,813	-	(670,333)	(6,359,485)	4,257,995

Plan	Detail																				
LTIP 5	<p>The CEO was granted performance rights in the 2013 financial year under LTIP 5. The terms of the grant were:</p> <table><tr><th></th><th>Share Price ⁽ⁱ⁾</th><th>TSR CAGR</th><th>Vesting Date</th><th>Expiry Date</th></tr><tr><td>LTI Stage 1</td><td>>\$0.75</td><td>31.5%</td><td>30/11/14</td><td>30/11/15</td></tr><tr><td>LTI Stage 2</td><td>>\$1.05</td><td>33.6%</td><td>30/11/15</td><td>30/11/16</td></tr><tr><td>LTI Stage 3</td><td>>\$1.50</td><td>35.4%</td><td>30/11/16</td><td>30/11/17</td></tr></table> <p>⁽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.</p> <p>The structure of the LTIP was formulated in early 2012 upon appointment of the CEO, and was subsequently approved by the shareholders at the Annual General Meeting in November 2012. The Performance Rights have 2, 3 and 4 year vesting periods with vesting dates on the third and fourth anniversaries of the approval date remaining. LTIP 5 has a zero exercise price.</p>		Share Price ⁽ⁱ⁾	TSR CAGR	Vesting Date	Expiry Date	LTI Stage 1	>\$0.75	31.5%	30/11/14	30/11/15	LTI Stage 2	>\$1.05	33.6%	30/11/15	30/11/16	LTI Stage 3	>\$1.50	35.4%	30/11/16	30/11/17
	Share Price ⁽ⁱ⁾	TSR CAGR	Vesting Date	Expiry Date																	
LTI Stage 1	>\$0.75	31.5%	30/11/14	30/11/15																	
LTI Stage 2	>\$1.05	33.6%	30/11/15	30/11/16																	
LTI Stage 3	>\$1.50	35.4%	30/11/16	30/11/17																	
LTIP 6	<p>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:</p> <ul style="list-style-type: none">• 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• LTIP 6 has a zero exercise price. <p>These performance rights vested on 1 August 2015 and the CEO was subsequently issued with 606,061 ordinary shares on 4 August 2015.</p>																				

Plan	Detail																				
LTIP 7	<p>Certain Group Executives and Senior Managers were granted performance rights in the 2013 financial year under LTIP 7. The terms of the grant were:</p> <table><tr><th></th><th>Share Price ⁽ⁱ⁾</th><th>TSR CAGR</th><th>Vesting Date</th><th>Expiry Date</th></tr><tr><td>LTI Stage 1</td><td>>\$0.75</td><td>31.5%</td><td>30/11/14</td><td>30/11/15</td></tr><tr><td>LTI Stage 2</td><td>>\$1.05</td><td>33.6%</td><td>30/11/15</td><td>30/11/16</td></tr><tr><td>LTI Stage 3</td><td>>\$1.50</td><td>35.4%</td><td>30/11/16</td><td>30/11/17</td></tr></table> <p>⁽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.</p> <p>The structure of the LTIP was formulated in early 2012 upon appointment of the CEO (together with LTIP 5 and 6), and was subsequently approved by the shareholders at the Annual General Meeting in November 2012. The Performance Rights have 2, 3 and 4 year vesting periods with vesting dates on the third and fourth anniversaries of the approval date remaining. LTIP 7 has a zero exercise price.</p> <p>During the year further issues were made under the plan as employees were promoted or new executives were appointed. These issues equated to the number that had lapsed during the year due to termination of employment.</p>		Share Price ⁽ⁱ⁾	TSR CAGR	Vesting Date	Expiry Date	LTI Stage 1	>\$0.75	31.5%	30/11/14	30/11/15	LTI Stage 2	>\$1.05	33.6%	30/11/15	30/11/16	LTI Stage 3	>\$1.50	35.4%	30/11/16	30/11/17
	Share Price ⁽ⁱ⁾	TSR CAGR	Vesting Date	Expiry Date																	
LTI Stage 1	>\$0.75	31.5%	30/11/14	30/11/15																	
LTI Stage 2	>\$1.05	33.6%	30/11/15	30/11/16																	
LTI Stage 3	>\$1.50	35.4%	30/11/16	30/11/17																	
LTIP 8	<p>Certain Group Executives and Senior Managers were granted performance rights in the 2015 financial year under LTIP 8. The terms of the grant were:</p> <table><tr><th></th><th>Share Price ⁽ⁱ⁾</th><th>TSR CAGR</th><th>Vesting Date</th><th>Expiry Date</th></tr><tr><td>LTI Stage 2</td><td>>\$1.05</td><td>33.6%</td><td>30/11/15</td><td>30/11/16</td></tr><tr><td>LTI Stage 3</td><td>>\$1.50</td><td>35.4%</td><td>30/11/16</td><td>30/11/17</td></tr></table> <p>⁽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.</p> <p>The structure of the LTIP was based on that formulated in early 2012 upon appointment of the CEO, with some variation, as appropriate, to the testing period to reflect the Group Executives and Senior Managers start date or promotion.</p>		Share Price ⁽ⁱ⁾	TSR CAGR	Vesting Date	Expiry Date	LTI Stage 2	>\$1.05	33.6%	30/11/15	30/11/16	LTI Stage 3	>\$1.50	35.4%	30/11/16	30/11/17					
	Share Price ⁽ⁱ⁾	TSR CAGR	Vesting Date	Expiry Date																	
LTI Stage 2	>\$1.05	33.6%	30/11/15	30/11/16																	
LTI Stage 3	>\$1.50	35.4%	30/11/16	30/11/17																	

Staff Incentive Share Plans

There are two Staff Incentive Share Plans that were approved at the 2012 and 2015 Annual General Meetings to assist the Company to recruit, reward, retain and to generate increased engagement in its employees that are not part of the 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 AUD\$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 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 (AUD)\$ 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 (\$NZD1.00) was payable for the grant of ordinary shares and there are no additional vesting conditions or forfeiture conditions in respect of the plan other than that required by law.

The Board approved a further issue under the above Staff Incentive Share Plans in FY2016 in accordance with each Plan's rules.

9. Non-Executive Director Remuneration

The available remuneration pool for Non-Executive Directors, as approved at the 2014 Annual General Meeting, is \$600,000 (all inclusive). There is no intention to seek an increase at this year's Annual General Meeting.

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 currently paid a base fee plus additional fees for each Committee Chair (see table below for fee structure); and
- Superannuation is paid as required on fees at the statutory rates (9.50% for the 2016 financial year).

Non-Executive Directors remuneration fees (inclusive of superannuation) effective from 1 July 2015 are set out below:

2015/16	Board	Audit and Risk Management Committee	Nomination & Remuneration Committee
Chairman	\$140,000	\$19,163	\$19,163
Member	\$71,175	-	-

10. Link to 2016 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 years:

	2016	2015	2014	2013	2012
Revenue (\$m)	246.6	224.3	199.3	184.6	202.8
Net profit/(loss) after tax (\$m)	18.2	14.3	12.1	8.7	(22.2)
Share price (\$)	1.49	1.60	1.03	0.94	0.79
Change in share price (\$)	(0.11)	0.57	0.09	0.15	(0.21)
Dividends paid (\$)	0.09	0.09	0.04	0.29	0.055
Total Shareholder Return (TSR)	(1%)	64%	14%	56%	(16%)
Earnings per Share (cents)	5.8	5.1	4.3	3.1	(7.9)

10.2 STI Outcomes

The CEO and Group Executive, made the decision to forfeit all STI's for FY2016 given internal financial targets were not met. The Nominations and Remuneration Committee commends the Executive for their decision and demonstrating their commitment to aligning their personal interests with those of shareholders.

10.3 LTI Outcomes

The movement in performance rights under previous LTIP during the year ended 30 June 2016 is summarised below:

LTIP	Opening	Issued	Lapsed	Exercised	Closing
Issue 5	3,238,095	-	-	(1,904,762)	1,333,333
Issue 6	606,061*	-	-	(606,061)	-
Issue 7	6,821,569	-	(204,000)	(3,848,662)	2,768,907
Issue 8	622,088	-	(466,333)	-	155,755
Total	11,287,813	-	(670,333)	(6,359,485)	4,257,995

11. Remuneration Tables and Disclosures

11.1 Directors' Remuneration

	Cash, Salary and Fees	STI and Other Fees	Termination Payments	Post- employment Super	LTI	Total	Perform- ance Related
2016							
<i>Non-Executive Directors</i>							
Mr. Thomas Cowan ⁽ⁱ⁾	121,377	-	-	-	-	121,377	-
Mr. Philip Bullock ⁽ⁱⁱ⁾	32,098	-	-	3,049	-	35,147	-
Mr. Mark Phillips	65,000	-	-	6,175	-	71,175	-
Mr. Stephen Anstice ⁽ⁱⁱⁱ⁾	92,716	-	-	8,808	-	101,524	-
Ms. Robin Low	82,500	-	-	7,838	-	90,338	-
Total	393,691	-	-	25,870	-	419,561	-
<i>Executive Directors</i>							
Ms. Julie-Ann Kerin	615,545	-	-	25,000	358,772	999,317	36%
Total	1,009,236	-	-	50,870	358,772	1,418,878	25%

(i) Resigned as Chairman on 15 February 2016. Remained Non-Executive Director

(ii) Resigned 19 November 2015

(iii) Appointed as Chairman on 15 February 2016

	Cash, Salary and Fees	STI and Other Fees	Termination Payments	Post- employment Super	LTI	Total	Perform- ance Related
2015							
<i>Non-Executive Directors</i>							
Mr. Thomas Cowan*	149,946	-	-	-	-	149,946	-
Mr. Philip Bullock	80,500	-	-	7,647	-	88,147	-
Mr. Ian Kew	27,926	-	-	2,653	-	30,579	-
Mr. Mark Phillips	52,278	-	-	4,966	-	57,244	-
Mr. Stephen Anstice	52,278	-	-	4,966	-	57,244	-
Ms. Robin Low	69,560	-	-	6,608	-	76,168	-
Total	432,488	-	-	26,840	-	459,328	-
<i>Executive Directors</i>							
Ms. Julie-Ann Kerin	590,510	199,400	-	25,000	867,893	1,682,803	63%
Total	1,022,998	199,400	-	51,840	867,893	2,142,131	50%

* Note: salary is inclusive of all entitlements

11.2 Executive Group Remuneration

	Cash, Salary and Fees	STI	Termination Payments	Post- employment Super	LTI	Total	Perform- ance Related
2016							
Mr. Neil Lynch	367,435	-	-	19,177	138,825	525,437	26%
Mr. Mark Thomas ⁽ⁱ⁾	245,769	-	-	16,454	-	262,223	-
Mr. Warwick Beban	276,158	-	-	-	69,412	345,570	20%
Mr. Declan Ramsay	400,000	-	-	19,177	120,853	540,030	22%
Mr. Stephen Birrell	400,000	-	-	19,177	138,825	558,002	25%
Mr. Shailendra Singh ⁽ⁱⁱ⁾	51,054	-	97,514	2,820	-	151,388	-
Total	1,740,416	-	97,514	76,805	467,915	2,382,650	20%

(i) Commenced employment 7 September 2015

(ii) Ceased employment on 12 August 2015.

	Cash, Salary and Fees	STI	Termination Payments	Post- employment Super	LTI	TOTAL	Perfor mance Related
2015							
Mr. Neil Lynch	314,225	149,550	-	18,780	347,157	829,712	60%
Mr. Duncan Powell ⁽ⁱ⁾	3,750	-	90,191	4,696	-	98,637	-
Mr. Warwick Beban	293,791	44,138	-	-	173,579	511,508	43%
Mr. Declan Ramsay	296,538	164,850	-	18,783	217,491	697,662	55%
Mr. Stephen Birrell	400,000	89,025	-	18,783	347,157	854,965	51%
Mr. Shailendra Singh ⁽ⁱⁱ⁾	200,026	37,387	-	11,583	99,691	348,687	39%
Total	1,508,330	484,950	90,191	72,625	1,185,075	3,341,171	50%

⁽ⁱ⁾ Resigned 3 July 2014

⁽ⁱⁱ⁾ Commenced 10 December 2014. Ceased employment 12 August 2015.

11.3 LTIP Issue 3, 5, 6, 7 & 8 – 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	Balance at End of Year
2016						
Ms. Julie-Ann Kerin	28/6/2013	3,844,156	-	(2,510,823)	-	1,333,333
Mr. Neil Lynch	28/6/2013	1,295,238	-	(761,905)	-	533,333
Mr. Warwick Beban	28/6/2013	647,619	-	(380,952)	-	266,667
Mr. Declan Ramsay	28/6/2013 & 30/12/2014	744,762	-	(438,095)	-	306,667
Mr. Stephen Birrell	28/6/2013	1,295,238	-	(761,905)	-	533,333
Mr. Shailendra Singh ⁽ⁱ⁾	30/12/2014	433,000	-	-	(433,000)	-
Total		8,260,013	-	(4,853,680)	(433,000)	2,973,333

⁽ⁱ⁾ Ceased employment 12 August 2015.

	Date Granted	Balance at Beginning of Year	Granted in Year	Vested	Forfeited In Year	Balance at End of Year
2015						
Ms. Julie-Ann Kerin	28/6/2013	5,177,489	-	(1,333,333)	-	3,844,156
Mr. Neil Lynch	28/6/2013	1,828,571	-	(533,333)	-	1,295,238
Mr. Duncan Powell	28/6/2013	1,828,571	-	(533,333)	(1,295,238)	-
Mr. Warwick Beban	28/6/2013	914,286	-	(266,667)	-	647,619
Mr. Declan Ramsay	28/6/2013 & 30/12/2014	914,286	97,143	(266,667)	-	744,762
Mr. Stephen Birrell	28/6/2013	1,828,571	-	(533,333)	-	1,295,238
Mr. Shailendra Singh ⁽ⁱ⁾	30/12/2014	-	433,000	-	-	433,000
Total		12,491,774	530,143	(3,466,666)	(1,295,238)	8,260,013

* Commenced 10 December 2014. Ceased employment 12 August 2015.

	Fair Value per Right at Grant Date	Share Price at Exercise Date	% Vested in Year (a)	% Lapsed in Year (a)	Value of Rights Granted in Year (b)	Value of Rights Held in Year (b)	Value of Rights Vested in Year (c)	Value of Rights Lapsed in Year (c)	Financial Years in which Grant Vests	Expiry Date
	\$	\$	%	%	\$	\$	\$	\$		
2016										
Ms. Julie-Ann Kerin*	0.6649	1.700	100	-	-	-	1,030,304	-	2016	30/11/2015
	0.5451	1.685	100	-	-	177,821	3,209,524	-	2016	30/11/2016
	0.4646	-	-	-	-	180,951	-	-	2017	30/11/2017
Total						358,772	4,239,828			
Mr. Neil Lynch	0.5451	1.685	100	-	-	71,129	1,283,810	-	2016	30/11/2016
	0.4646	-	-	-	-	67,696	-	-	2017	30/11/2017
Total						138,825	1,283,810			
Mr. Warwick Beban	0.5451	1.685	100	-	-	35,564	641,904	-	2016	30/11/2016
	0.4646	-	-	-	-	33,848	-	-	2017	30/11/2017
Total						69,412	641,904			
Mr. Declan Ramsay	0.5451	1.685	100	-	-	35,564	641,904	-	2016	30/11/2016
	0.4646	-	-	-	-	33,848	-	-	2017	30/11/2017
	1.11	1.685	100	-	-	28,726	96,286	-	2016	30/11/2016
	0.88	-	-	-	-	22,714	-	-	2017	30/11/2017
Total						120,852	738,190			
Mr. Stephen Birrell	0.5451	1.685	100	-	-	71,129	1,283,810	-	2016	30/11/2016
	0.4646	-	-	-	-	67,696	-	-	2017	30/11/2017
Total						138,825	1,283,810			
Mr. Shailendra Singh	0.88	1.595	-	100	-	-	-	690,635	2017	30/11/2017
Total								690,635		

* 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 23 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 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.

12. Service Agreements

	Expiry	Termination Notice	Termination Payment
Executive Director			
Ms. Julie-Ann Kerin	N/A	6 months	6 months
Group Executive			
Mr. Neil Lynch	N/A	6 months	6 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
Mr. Mark Thomas	N/A	3 months	3 months

13. Key Management Personnel's Interests

The KMP's relevant interests in ordinary shares of the Company as at 30 June 2016 and as at reporting date are detailed below.

	Opening Balance	Purchases	Received on Exercise of Performance Rights	Sales	Ceased as KMP/ Director	Ordinary shares of CSG
Mr. Thomas Cowan ⁽ⁱ⁾	19,924,622	-	-	-	-	19,924,622
Mr. Phillip Bullock	60,000	10,563	-	-	(70,563)	-
Mr. Stephen Anstice	140,000	10,563	-	-	-	150,563
Mr. Mark Phillips	60,000	15,563	-	-	-	75,563
Ms. Robin Low	46,362	21,213	-	-	-	67,575
Ms. Julie-Ann Kerin	133,333	-	2,510,823	(1,644,156)	-	1,000,000
Mr. Neil Lynch	33,333	-	761,905	(500,000)	-	295,238
Mr. Mark Thomas	-	-	-	-	-	-
Mr. Warwick Beban	266,667	-	380,952	(300,000)	-	347,619
Mr. Declan Ramsay	-	-	438,095	(438,095)	-	-
Mr. Stephen Birrell	33,333	-	761,905	(380,000)	-	415,238
	20,697,650	57,902	4,853,680	(3,262,251)	(70,563)	22,276,418

⁽ⁱ⁾ Mr. Thomas Cowan is a partner in TDM Asset Management (TDM). TDM has a direct interest in the shares held by its clients by virtue of the control it exercises in relation to the shares under its investment management arrangements with clients. TDM and its clients hold in aggregate 19,924,622 shares at 30 June 2016.

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 \$120,000. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

During the financial year, the companies in the Group entered into agreements in respect of the purchase of print and technology products and services on normal commercial terms and conditions with related entities of the Directors.

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:

Total Dividends

	Consolidated entity	
	2016	2015
	\$'000	\$'000
Current year interim: Unfranked dividends of 4 cents per share paid 9 March 2016	12,763	11,365
Prior year final: Dividends declared* at 5 cents per share paid 8 September 2015	14,238	14,238
Total Dividends	27,001	25,603

* Unfranked dividends of 5 cents per share was declared and approved on 15 August 2016 for a payment date of 7 September 2016, refer to item 23.

19. Directors' Interests in Contracts

Directors' interests in contracts are disclosed in Note 28 to the financial statements.

20. Indemnification and Insurance of Directors and Officers

During the financial year, the consolidated entity has paid a premium amounting to \$174,750 insuring all the directors and the officers against judgments, settlements, investigative costs, defence costs and costs to appear at inquiries or investigations.

21. 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.

Other services	2016 \$	2015 \$
Other assurance, taxation and due diligence services	431,615	98,659

22. Auditor's Independence Declaration

The lead auditor's independence declaration in relation to the audit for the financial year is set out on page 25 of this report.

23. Events Subsequent to Reporting Date

Unfranked dividends of 5 cents per share were declared and approved by the Directors on 15 August 2016 for a payment date of 7 September 2016.

24. 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.

25. Rounding of Amounts

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

Signed in accordance with a resolution of the Directors.



.....
Ms. Julie-Ann Kerin
Director
Sydney
15 August 2016



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

To: the directors of CSG Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 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

Scott Guse

Partner

Sydney

15 August 2016

Financial Statements

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Sales revenue	7	213,128	193,161
Finance lease interest income		25,801	23,636
Interest income		86	111
Other income	7	7,605	7,382
		246,620	224,290
Changes in inventories of finished goods	8	119,060	105,899
Finance lease interest expense		12,894	11,697
Marketing expenses		2,986	2,360
Occupancy expenses		6,160	5,571
Administration expenses		24,515	23,073
Employee benefits expenses		40,744	41,936
Share based transactions		2,189	3,804
Acquisition and integration related expenses		989	540
Other expenses	8	4,141	685
Depreciation and amortization	8	6,088	4,518
Finance costs	8	1,609	1,599
		221,375	201,682
Profit before income tax		25,245	22,608
Income tax (expense)	9	(7,083)	(8,295)
Profit from continuing operations		18,162	14,313
Profit is attributable to:			
Members of the parent		17,452	13,572
Non-controlling interest		710	741
		18,162	14,313

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 2016 (continued)

	Notes	2016 \$'000	2015 \$'000
Profit after income tax expense		18,162	14,313
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations, net of tax	24	3,285	(2,283)
Cash flow hedges:			
Net gains / (losses) taken to equity	24	(1,339)	(2,260)
Other comprehensive income for the year		1,946	(4,543)
Total comprehensive income for the year		20,108	9,770
Total profit and loss and other comprehensive income is attributable to:			
Members of the Parent		19,398	9,029
Non-controlling interest		710	741
		20,108	9,770
Earnings per share for profit from continuing operations attributable to equity holders of the parent entity:			
Basic earnings per share (cents)	30	5.8	5.1
Diluted earnings per share (cents)	30	5.7	4.8

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
CURRENT ASSETS			
Cash and cash equivalents	11	14,455	24,754
Receivables	12	34,739	25,762
Lease receivables	12	82,295	67,598
Inventories	13	50,077	41,592
Other	14	7,928	6,574
Derivatives	15	-	915
TOTAL CURRENT ASSETS		189,494	167,195
NON-CURRENT ASSETS			
Lease receivables	12	178,479	142,444
Property, plant and equipment	16	2,582	1,936
Intangible assets	17	222,977	193,658
TOTAL NON-CURRENT ASSETS		404,038	338,038
TOTAL ASSETS		593,532	505,233
CURRENT LIABILITIES			
Payables	18	47,809	43,235
Deferred income		604	95
Deferred consideration	27	608	-
Short term borrowings	19	8,620	10,131
Current tax payable		111	515
Provisions	22	3,686	3,325
Debt associated with lease receivables	20	-	617
TOTAL CURRENT LIABILITIES		61,438	57,918
NON-CURRENT LIABILITIES			
Provisions	22	645	545
Deferred consideration	27	9,383	-
Derivatives	21	4,655	2,441
Deferred Tax Liability	9	9,397	3,435
Debt associated with lease receivables	20	219,260	187,149
TOTAL NON-CURRENT LIABILITIES		243,340	193,570
TOTAL LIABILITIES		304,778	251,488
NET ASSETS		288,754	253,745
EQUITY			
Contributed equity	23	207,623	164,193
Reserves	24	5,905	5,487
Retained earnings	24	61,219	70,768
Equity attributable to owners of CSG Limited		274,747	240,448
Non-Controlling interest		14,007	13,297
TOTAL EQUITY		288,754	253,745

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity for the year ended 30 June 2016

	Contributed Equity \$'000	Reserves \$'000	Cashflow Hedge Reserve \$'000	Retained Earnings \$'000	Non- controlling Interest \$'000	Total Equity \$'000
Balance as at 1 July 2014	160,838	8,878	213	82,527	12,556	265,012
Profit for the year	-	-	-	13,572	741	14,313
Exchange differences on translation of foreign operations, net of tax	-	(2,283)	-	-	-	(2,283)
Cash flow hedges	-	-	(2,260)	-	-	(2,260)
Total comprehensive income for the year	-	(2,283)	(2,260)	13,572	741	9,770
Transactions with owners in their capacity as owners:						
Equity settled transactions	3,463	939	-	-	-	4,402
Capital distribution	-	-	-	(25,331)	-	(25,331)
Capital raising costs net of deferred tax	(108)	-	-	-	-	(108)
Balance as at 30 June 2015	164,193	7,534	(2,047)	70,768	13,297	253,745
Balance as at 1 July 2015	164,193	7,534	(2,047)	70,768	13,297	253,745
Profit for the year	-	-	-	17,452	710	18,162
Exchange differences on translation of foreign operations, net of tax	-	3,285	-	-	-	3,285
Cash flow hedges:						
Net gains / (losses) taken to equity	-	-	(1,339)	-	-	(1,339)
Net gains / (losses) taken to profit and loss	-	-	247	-	-	247
Total comprehensive income for the year	-	3,285	(1,092)	17,452	710	20,355
Transactions with owners in their capacity as owners:						
Equity settled transactions	44,202	(1,775)	-	-	-	42,427
Dividends paid	-	-	-	(27,001)	-	(27,001)
Capital raising costs net of deferred tax	(772)	-	-	-	-	(772)
Balance as at 30 June 2016	207,623	9,044	(3,139)	61,219	14,007	288,754

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		262,527	243,086
Payments to suppliers, employees and others		(241,457)	(214,447)
Movement in lease receivables		(48,586)	(41,774)
Interest income		86	111
Interest expense		(1,608)	(1,454)
Income tax paid		(3,407)	(4,773)
Net cash (used in) operating activities	25(a)	(32,445)	(19,251)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for intangibles		(4,427)	(3,946)
Payments for property, plant and equipment		(507)	(1,117)
Proceeds from the sale of property, plant and equipment		-	-
Payments for businesses		(16,971)	(11,506)
Net cash from/(used in) investing activities		(21,905)	(16,569)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings associated with lease receivables		32,041	49,436
Options exercised		-	320
Proceeds from borrowings		-	9,400
Repayment of borrowings		(1,400)	-
Proceeds from issue of share of share capital		39,127	-
Dividend distributions	10	(27,001)	(25,331)
Net cash flows provided by/(used in) financing activities		42,767	33,825
Net increase/(decrease) in cash held		(11,583)	(1,995)
Cash at the beginning of the financial year		24,754	27,268
Foreign exchange difference on cash holdings		1,284	(519)
Cash and cash equivalents at end of year	25(b)	14,455	24,754

The accompanying notes form part of these financial statements

Notes to the Financial Statements 30 June 2016

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 Level 1, 357 Collins Street, Melbourne, VIC, Australia, 3000. The consolidated financial statements of the Company as at and for the year ended 30 June 2016 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 15 August 2016.

(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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 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:

(i) Assessing impairment of goodwill

Goodwill is allocated to cash generating units ("CGUs") according to applicable business operations. 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 a post-tax discount rates listed in Note 17 to determine value-in-use.

- (ii) **Income taxes**
Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.
- (iii) **Employment benefits**
Calculation of long term employment benefits requires estimation of the retention of staff, future remuneration levels and timing of the settlement of the benefits. The estimates are based on historical trends.
- (iv) **Share-based payments**
Calculation of shared based payments requires estimation of the timing of the exercise of the underlying instrument. The estimates are based on historical trends.
- (v) **Inventory – consumables at customer premises**
Inventory balances include consumables owned by the group but located at customer premises. The value of consumables recorded as inventory is based on management's estimate resultant from information held in customer servicing systems and a sample of customer holdings.
- (vi) **Inventory - obsolescence**
Inventory balances relate to items subject to technological obsolescence and 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. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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.

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 net of transaction costs 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.

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 Group 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 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, i.e. "legal title" has 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.

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.

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.

Other income

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

(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 on the weighted average cost basis at the lower of cost and net realisable value.

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

(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 Group leases assets as a lessor on an operating lease, the Group 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 Group.

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.

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. Other intangible assets have been assigned finite lives between 3-10 years. Software developed for resale is amortised over five years. Customer contracts/relationships acquired in a business combination have been assigned a finite life of between 5 and 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 against the borrowings 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 rights plan. The total amount to be expensed over the vesting period is determined by reference to the fair value of the rights at grant date. The fair value of rights 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 right.

(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.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, fair value losses on financial 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 in other income in Note 7 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 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

There was no material impact on the financial report as a result of the adoption of new or amended accounting standards and interpretations effective for annual reporting periods beginning on or after 1 July 2015.

(b) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are available for adoption for annual periods beginning after 1 July 2015. The Group does not plan to adopt these standards early and the extent of the impact has not been determined. The standards which may be relevant to the Group as set out below.

- i. AASB 9 Financial Instruments (December 2014), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)

AASB 9 (2014) includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. AASB 9 (2014) is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

- ii. AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognized. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

- iii. AASB 16 Leases

AASB 16 removes the classification of leases as either operating leases or financial leases, with the lessee effectively treating all leases as financial leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases. Early adoption will be permitted for entities that also adopt AASB 15 Revenue from Contracts with Customers.

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 value hierarchy

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

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

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

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

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

The fair values of the Group's derivative financial instruments, being interest rate swaps and forward foreign exchange contracts, are categorised as Level 2 in the fair value hierarchy (2015: Level 2). The fair values are based on the market comparison technique, using broker or counterparty quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. There are no significant unobservable inputs used in the valuations.

Fair value measurement

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 responsibility for governance over the identification and management of operational and financial risks.

(a) Interest rate risk

Corporate debt facility

As at 30 June 2016, the Senior Debt Facility Agreement with the Commonwealth Bank of Australia ("CBA") has a limit of \$45m which reverts to \$35m as at 31 August 2016. The maturity date of this facility is 1 January 2017. Subsequent to balance date on 10 August 2016, a new Senior Debt Facility Agreement with a limit of \$60m and an expiry date of 10 August 2019 was entered into with CBA (refer Note 25). This Facility is primarily to be used for working capital and general corporate purposes but also provides for other sub-facilities including bank guarantees, a business card facility and a lease finance facility. Interest on the Facility is charged at a floating rate plus a margin.

Lease financing facilities – New Zealand

On 20 April 2016, the Group completed the refinancing of the CBA Cash Advance Facility into the CSG Finance NZ Trust securitisation funding facility provided by Westpac. In conjunction with the refinancing, the funding limit under the Westpac facility was increased from NZ\$95m to NZ\$115m and the availability period for writing new business was extended 12 months until 15 April 2018, with a final maturity date of 15 April 2020. Interest on the CSG Finance NZ Trust securitisation funding 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.

Lease financing facilities – Australia

On 20 April 2016, the Group completed the refinancing of the CBA Senior Facility into the CSG Finance Australia Trust securitisation funding facility provided by Westpac. In conjunction with the refinancing, the funding limit under the Westpac facility was increased from \$100m to \$120m and the availability period for writing new business was extended until 20 April 2018, with a final maturity date of 20 April 2020. Interest on the CSG Finance Australia Trust securitisation funding 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.

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		2016 \$000's		2015 \$000's	
		Impact on Income Statement Increase/ (decrease) on profit	Impact on Equity Increase/ (decrease) on equity	Impact on Income Statement Increase/ (decrease) on profit	Impact on Equity Increase/ (decrease) on equity
Interest Rates:					
100 bps increase:					
Cash flow sensitivity:					
Impact on interest income on cash		218	218	208	208
Impact on interest expense on loans		(2,192)	(2,192)	(1,774)	(1,774)
Impact on cash flows from derivative		1,641	1,641	1,110	1,110
Fair value sensitivity:					
Impact on derivative fair value at balance date		3,492	3,492	2,729	2,729
Total impact		3,159	3,159	2,273	2,273
Interest Rates:					
100 bps decrease:					
Cash flow sensitivity:					
Impact on interest income on cash		(218)	(218)	(208)	(208)
Impact on interest expense on loans		2,192	2,192	1,774	1,774
Impact on cash flows from derivative		(1,641)	(1,641)	(1,110)	(1,110)
Fair value sensitivity:					
Impact on derivative fair value at balance date		(3,492)	(3,492)	(2,729)	(2,729)
Total impact		(3,159)	(3,159)	(2,273)	(2,273)

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

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 and technology 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 2016, the ageing of the trade and other receivables that were not impaired was as follows:

	2016	2015
Neither past due or impaired	285,540	222,754
Past due 1 – 30 days	5,111	9,634
Past due not impaired 31 – 90 days	2,051	1,610
Past due not impaired 91+ days	2,811	1,807
	294,149	235,805

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 25 (c) for details on the unused banking facilities.

As part of the arrangements regarding the Cash Advances Facility and the Senior Facility (both refinanced in April 2016), the Group was required to contribute towards credit protection reserves. The credit protection reserve of the Cash Advance Facility was a cash reserve maintained at 10% of the loan drawn to fund the lease book value (2015: 10%) and for the Senior Facility, a cash reserve of 15% of the loan drawn to fund the lease book value (2015: 15%). The Company was in full compliance with these covenants up to the date the facilities were refinanced and repaid.

The securitisation financing facilities in both Australia and New Zealand require the Group to contribute to credit enhancement. At 30 June 2016, this comprised 8.1% of the net pool balance of securitised leases for the New Zealand facility (\$8.8m (NZ\$9.3m)) and 15.3% of the net pool balances of securitised leases for the Australian facility (\$20.2m).

(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 generally have maturities of less than one year and are designated as cash flow hedges.

As at 30 June 2016, a total of US\$12.9m (2015: US\$4.7m) of forward cover was in place with an average NZ\$/US\$ rate of 0.6654 (2015: 0.7217).

The Company has hedged its exposure to income generated by the New Zealand businesses using collar options. As at 30 June 2016, a total of NZ\$7.8m (2015: NZ\$17.7m) of forward cover was in place at an average floor of 0.90 and cap of 0.9438 (2015: floor of 0.93).

Financial Instruments	Floating Interest Rate		Fixed Interest Rate Maturing in :						Non-Interest Bearing		Total Carrying Amount as per Balance Sheet		Weighted Average Effective Interest Rate	
	2016	2015	1 year or less		1 - 5 years		> 5 years		2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	2016 \$'000	2015 \$'000	\$'000	\$'000	\$'000	\$'000	%	%
(i) Financial Assets														
Cash and Cash Equivalents	14,439	24,739	-	-	-	-	-	-	16	15	14,455	24,754	2.27%	2.79%
Trade Receivables	-	-	-	-	-	-	-	-	28,762	23,607	28,762	23,607	-	-
Finance Lease Receivables	-	-	82,295	67,598	178,479	142,444	-	-	-	-	260,774	210,042	10.72%	10.89%
Derivatives – foreign currency	-	-	-	-	-	-	-	-	-	915	-	915	-	-
Sundry Debtors	-	-	-	-	-	-	-	-	5,977	2,155	5,977	2,155	-	-
Total Financial Assets	14,439	24,739	82,295	67,598	178,479	142,444	-	-	34,755	26,692	309,968	261,473		
(ii) Financial Liabilities														
Trade Payables	-	-	-	-	-	-	-	-	20,019	15,561	20,019	15,561	-	-
Other Payables and deferred income	-	-	-	-	-	-	-	-	27,790	27,674	27,790	27,674	-	-
Debt Associated with Finance Leases ¹	-	-	-	617	219,260	187,149	-	-	-	-	219,260	187,766	3.81%	4.30%
Derivatives - interest rate swaps	-	-	-	2,441	3,625	-	-	-	-	-	3,625	2,441	3.06%	3.68%
Derivatives – foreign currency	-	-	-	-	-	-	-	-	1,030	-	1,030	-	-	-
Current Tax Liability	-	-	-	-	-	-	-	-	111	515	111	515	-	-
Term Debt/Bills Payable	8,000	9,400	620	-	-	-	-	-	-	731	8,620	10,131	3.64%	3.48%
Total Financial Liabilities	8,000	9,400	620	3,058	222,885	187,149	-	-	48,950	44,481	280,455	244,088		

¹ Considered fixed due to interest rate swaps taken out to hedge floating interest rate movement

	Consolidated entity	
	2016	2015
	\$'000	\$'000

NOTE 7:
REVENUE AND INCOME

Sales revenue

Revenue from sales of goods	110,551	103,621
Revenue from services	102,577	89,540
	213,128	193,161

Other Income

Sundry	7,496	6,637
Interest rate swap income	247	833
Gain/(Loss) on foreign exchange	(138)	(88)
	7,605	7,382

	Consolidated entity	
	2016	2015
	\$'000	\$'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	57,288	52,148
Cost of sales - service	43,785	34,925
Cost of sales - service (employee benefits)	17,987	18,826
Total changes in inventories of finished goods	119,060	105,899

Other expenses

Bad debts expense	898	811
Other	3,243	(126)
Total other expenses	4,141	685

Depreciation and amortization

Plant and equipment	1,005	1,027
Leased property, plant and equipment	15	105
Leasehold improvements	247	243
Amortisation of customer contracts/relationships	3,137	2,266
Amortisation of intangible assets	1,510	682
Amortisation of borrowing costs	174	195
Total depreciation and amortisation	6,088	4,518

Finance costs

Interest	1,455	1,454
Bank fees	154	145
Total finance costs	1,609	1,599

NOTE 9:
INCOME TAX

(a) Components of tax expense:

Current tax expense in respect of the current year:	3,539	2,096
Deferred tax expense recognised in the current year	3,693	6,573
Adjustments recognised in the current year in relation to the prior year	(149)	(374)
Total tax expense	7,083	8,295

(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	25,245	22,608
Prima facie income tax payable on profit before income tax at 30% (2015: 30%)	7,573	6,782
Add tax effect of:		
- other non-allowable items	772	1,002
- effect of different tax rates in other jurisdictions (i)	(217)	(274)
- share-based payments	658	1,141
- over provision for income tax in prior years	(149)	(28)
	1,064	1,841
Less tax effect of:		
- other non-assessable items	(1,097)	(328)
- research and development benefit	(457)	-
	(1,554)	(328)
Income tax expense attributable to profit	7,083	8,295

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

NOTE 9:
INCOME TAX (cont.)

(c) Deferred tax

Deferred tax relates to the following:

Deferred tax assets

The balance comprises:

Inventories	1,029	335
Doubtful debts	451	280
Property, plant and equipment	375	565
Accrued expenses	1,435	1,107
Provision for annual and long service leave	1,218	841
Other provisions	92	624
Research and development tax offsets	4,176	2,348
Tax losses carried forward	6,435	6,928
Share issue costs	270	131
Other	(62)	100
Total deferred tax assets	15,419	13,259

Deferred tax liabilities

The balance comprises:

Accrued revenue	(1,099)	(1,119)
Intangibles	(3,898)	-
Property, plant and equipment	(2,489)	(2,074)
Operating Leases	(16,908)	(12,417)
Other	(422)	(1,084)
Total deferred tax liabilities	(24,816)	(16,694)
Net Deferred tax (liabilities)/assets	(9,397)	(3,435)

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

Share issue costs	263	108
Derivative	558	-
Total	821	108

	Consolidated entity	
	2016	2015
	\$'000	\$'000

NOTE 10:
DIVIDENDS ON ORDINARY SHARES

(a) Dividends paid during the year

(i) Current Year Interim

Unfranked dividends (4 cents per share)
(2015: 4 cents per share)

12,763 11,366

(ii) Prior Year Final

Unfranked dividends (5 cents per share)
(2015: 5 cents per share).

14,238 13,965
27,001 25,331

(b) Franking credit balance

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

1,140 819

(c) Dividends proposed and not recognised as a liability

Unfranked dividends of 5 cents per share were declared and approved on 15 August 2016 for a payment
date of 7 September 2016. Refer to Note 33.

NOTE 11:
CASH AND CASH EQUIVALENTS

Cash at bank	7,940	10,844
Restricted cash ⁽ⁱ⁾	6,499	13,895
Cash on hand	16	15
	14,455	24,754

- (i) Restricted cash relates to cash the Group is required to have on hand under various financing
arrangements – refer note 6.

	Consolidated entity	
	2016	2015
	\$'000	\$'000

NOTE 12:
RECEIVABLES

Trade receivables	29,192	23,978
Impairment	(430)	(371)
Sundry debtors	5,977	2,155
	<u>34,739</u>	<u>25,762</u>
Finance Lease receivables		
Gross receivable	308,246	252,906
Less: Unearned finance income	(47,472)	(42,864)
	<u>260,774</u>	<u>210,042</u>
Represented by:		
Current net receivable	82,295	67,598
Non-current net receivable	178,479	142,444

NOTE 13:
INVENTORIES

Finished goods	19,897	17,085
Consumables	9,958	7,566
Toner in Field	20,222	16,941
	<u>50,077</u>	<u>41,592</u>

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

NOTE 14:
OTHER CURRENT ASSETS

Prepayments	3,872	2,237
Other	4,056	4,337
	<u>7,928</u>	<u>6,574</u>

NOTE 15:
DERIVATIVE ASSETS

Foreign currency options	-	915
	<u>-</u>	<u>915</u>

Consolidated Entity					
Leasehold Improvements	Plant & Equipment	Furniture & Fittings	Office Computer Equipment	Leased Plant & Equipment	Total
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000

NOTE 16:
PROPERTY, PLANT AND EQUIPMENT

At 1 July 2014

Cost	3,093	902	3,685	9,145	736	17,561
Accumulated depreciation	(2,550)	(645)	(3,004)	(8,106)	(589)	(14,894)
Net book amount	543	257	681	1,039	147	2,667

Year ended 30 June 2015

Opening net book amount	543	257	681	1,039	147	2,667
Transfers between classes	-	53	-	(53)	-	-
Foreign exchange impact	(6)	-	(10)	(14)	(3)	(33)
Additions	216	70	51	355	-	692
Disposals	-	-	-	(3)	(12)	(15)
Depreciation charge	(243)	(74)	(294)	(659)	(105)	(1,375)
Closing net book amount	510	306	428	665	27	1,936

At 30 June 2015

Cost	3,102	791	3,532	8,524	642	16,591
Accumulated depreciation	(2,592)	(485)	(3,104)	(7,859)	(615)	(14,655)
Net book amount	510	306	428	665	27	1,936

Year ended 30 June 2016

Opening net book amount	510	306	428	665	27	1,936
Acquisitions through business combinations	196	700	33	439	-	1,368
Foreign exchange impact	16	(22)	53	36	(12)	71
Additions	38	119	19	331	-	507
Disposals	(9)	(24)	-	-	-	(33)
Depreciation charge	(247)	(211)	(199)	(595)	(15)	(1,267)
Closing net book amount	504	868	334	876	-	2,582

At 30 June 2016

Cost	3,383	2,530	3,890	10,128	640	20,571
Accumulated depreciation	(2,879)	(1,662)	(3,556)	(9,252)	(640)	(17,989)
Net book amount	504	868	334	876	-	2,582

	Consolidated Entity			
	Goodwill	Customer Contracts/ Relationships	Licenses and Other Intangibles	Total
	\$'000	\$'000	\$'000	\$'000

NOTE 17:
INTANGIBLE ASSETS

At 1 July 2014

Cost	162,888	31,727	6,598	201,213
Accumulated amortisation	-	(9,734)	(478)	(10,212)
Net book amount	162,888	21,993	6,120	191,001

Year ended 30 June 2015

Opening net book amount	162,888	21,993	6,120	191,001
Acquisitions	1,429	-	4,371	5,800
Amortisation for the year	-	(2,266)	(877)	(3,143)
Closing net book amount	164,317	19,727	9,614	193,658

At 30 June 2015

Cost	164,317	31,727	10,801	206,845
Accumulated amortisation	-	(12,000)	(1,187)	(13,187)
Net book amount	164,317	19,727	9,614	193,658

Year ended 30 June 2016

Opening net book amount	164,317	19,727	9,614	193,658
Acquisitions through business combinations	14,907	12,445	1,714	29,066
Acquisitions	-	-	4,427	4,427
Foreign exchange impact	-	374	98	472
Amortisation for the year	-	(3,136)	(1,510)	(4,646)
Closing net book amount	179,224	29,410	14,343	222,977

At 30 June 2016

Cost	179,224	44,566	17,046	240,836
Accumulated amortisation	-	(15,156)	(2,703)	(17,859)
Net book amount	179,224	29,430	14,343	222,977

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:

	2016 \$'000	2015 \$'000
Business Solutions Australia	62,287	57,388
Enterprise Solutions Australia	3,406	3,406
Business Solutions New Zealand	70,019	70,019
Finance Solutions Australia	9,120	9,120
Finance Solutions New Zealand	24,385	24,385
CodeBlue	10,007	-
	179,224	164,317

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, using observable market data where available, based on financial budgets approved by the Board, plus a terminal growth rate.

Key assumptions used in the calculation of value in use were discount rate and the terminal EBITDA growth rate, which are listed in the table below.

	Terminal EBITDA Growth Rate		Discount Rate	
	2016	2015	2016	2015
Business Solutions Australia	2.5%	2.5%	9.0%	10.2%
Enterprise Solutions Australia	2.5%	2.5%	9.5%	10.7%
Business Solutions New Zealand	2.5%	2.5%	9.9%	10.4%
Finance Solutions Australia	2.5%	2.5%	9.0%	11.3%
Finance Solutions New Zealand	2.5%	2.5%	8.5%	10.3%
CodeBlue	2.5%	-	9.9%	-

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	Consolidated entity	
		2016	2015
		\$'000	\$'000

NOTE 18:
PAYABLES

CURRENT

Trade payables		20,019	15,561
Other payables		27,790	27,674
		<u>47,809</u>	<u>43,235</u>

NOTE 19:
SHORT TERM BORROWINGS

CURRENT

Secured

Loans and Borrowings		8,000	9,400
Other		620	731
		<u>8,620</u>	<u>10,131</u>

NOTE 20:
DEBT ASSOCIATED WITH LEASE RECEIVABLES

CURRENT

Loans and borrowings		-	617
		<u>-</u>	<u>617</u>

NON-CURRENT

Loans and borrowings		219,260	187,149
		<u>219,260</u>	<u>187,149</u>

NOTE 21:
DERIVATIVES LIABILITIES

NON - CURRENT

Interest rate swaps		3,625	2,441
Foreign currency options		1,030	-
		<u>4,655</u>	<u>2,441</u>

Information about interest rate risk is detailed in Note 6

NOTE 22:
PROVISIONS

CURRENT

Employee Benefits	3,586	2,584
Other	100	741
	<u>3,686</u>	<u>3,325</u>

NON CURRENT

Employee Benefits	560	545
Other	85	-
	<u>645</u>	<u>545</u>

NOTE 23:
CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares fully paid	207,623	164,193
	<u>207,623</u>	<u>164,193</u>

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

	2016		2015	
	No. of shares	\$'000	No. of shares	\$'000
Beginning of the financial year	284,148,839	164,193	278,840,492	160,838
Share buy-backs	-	-	-	-
Issued shares	34,690,174	43,818	4,950,328	3,313
Tax exempt share plan	237,658	384	358,019	150
Capital distribution	-	-	-	-
Capital raising costs net of deferred tax asset	-	(772)	-	(108)
Balance at the end of the year	319,076,671	207,623	284,148,839	164,193

NOTE 23:
CONTRIBUTED EQUITY (cont.)

(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 2016 financial year there were no additional options granted to employees or Directors.

Options on issue 30 June 2015:

Issued date	Expiry date	Exercise price	Opening 01/07/2014	Issued	Exercised	Lapsed	Closing 30/06/2015
LTIP Issue 3	15/09/2014	\$0.71	450,000	-	(450,000)	-	-
			450,000	-	(450,000)	-	-

NOTE 23:
CONTRIBUTED EQUITY (cont.)

(e) Performance Rights

Each performance right represents a right 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 2016:

Issued Date	Performance Hurdle Date	Share Price at Vesting Date	Opening 01/07/2015	Issued	Lapsed	Vested	Closing 30/06/2016
LTIP Issue 5 & 7	30/11/2015	1.685	5,780,281	-	(84,000)	(5,696,281)	-
LTIP Issue 5 & 7	30/11/2016		4,279,383	-	(303,999)	-	3,975,384
LTIP Issue 6	01/08/2015	1.70	606,061	-	-	(606,061)	-
LTIP Issue 8	30/11/2015	1.685	57,143	-	-	(57,143)	-
LTIP Issue 8	30/11/2016		564,945	-	(433,000)	-	131,945
MAIP	1/07/2017		1,779,731	-	-	-	1,779,731
Total			13,067,544	-	(820,999)	(6,359,485)	5,887,060

Performance rights on issue at 30 June 2015:

Issued Date	Performance Hurdle Date	Opening 01/07/2014	Issued	Lapsed	Vested	Closing 30/06/2015
LTIP Issue 5 & 7	30/11/2014	4,600,327	-	(99,999)	(4,500,328)	-
LTIP Issue 5 & 7	30/11/2015	5,859,333	857,329	(936,381)	-	5,780,281
LTIP Issue 5 & 7	30/11/2016	4,100,332	843,717	(664,666)	-	4,279,383
LTIP Issue 6	01/08/2015	606,061	-	-	-	606,061
LTIP Issue 8	30/11/2015	-	57,143	-	-	57,143
LTIP Issue 8	30/11/2016	-	564,945	-	-	564,945
MAIP	1/07/2017	-	1,779,731	-	-	1,779,731
Total		15,166,053	4,102,865	(1,701,046)	(4,500,328)	13,067,544

The performance rights listed above are on the same terms as is disclosed in section 8 of the Director's Report.

(f) Issue of ordinary shares

In August 2015, the Company issued 21 million ordinary shares via an institutional placement at \$1.42 per share raising \$30 million. In September 2015, the Company issued 7.1 million ordinary shares via a Share Purchase Plan (SPP) raising approximately \$10.2m.

		Consolidated entity	
		2016	2015
	Notes	\$'000	\$'000
NOTE 24:			
RESERVES AND RETAINED EARNINGS			
Share-based payment reserve	24(a)	2,630	4,405
Foreign currency translation reserve	24(b)	6,414	3,129
Cash flow hedge reserve	24(c)	(3,139)	(2,047)
		5,905	5,487
Retained earnings	24(d)	61,219	70,768
(a) Share-based payment reserve			
<i>(i) Nature and purpose of reserve</i>			
This reserve is used to record the value of equity benefit provided to employee and directors as part of their remuneration.			
<i>(ii) Movements in reserve</i>			
Balance at beginning of year		4,405	3,466
Equity settled transactions		(1,775)	939
Balance at end of year		2,630	4,405
(b) Foreign currency translation reserve			
<i>(i) Nature and purpose of reserve</i>			
This reserve is used to record the exchange differences arising on translation of a foreign entity.			
<i>(ii) Movements in reserve</i>			
Balance at beginning of year		3,129	5,412
Exchange differences on translation of foreign operations		3,285	(2,283)
Balance at end of year		6,414	3,129
(c) Cash flow hedge reserve			
<i>(i) Nature and purpose of reserve</i>			
This reserve is used to record the effective portion of changes in the value of hedging derivatives.			
<i>(ii) Movements in reserve</i>			
Balance at beginning of year		(2,047)	213
Net gains/(losses) taken to equity		(1,339)	(2,260)
Net gains/(losses) transferred to profit and loss		247	-
Balance at end of year		(3,139)	(2,047)
(d) Retained Earnings			
Balance at beginning of year		70,768	82,527
Net profit attributable to members		17,452	13,572
Total available for appropriation		88,220	96,099
Dividends paid	10	(27,001)	(25,331)
Balance at end of year		61,219	70,768

Consolidated entity

2016	2015
\$'000	\$'000

NOTE 25:
CASHFLOW INFORMATION

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

Profit from ordinary activities after income tax	<u>18,162</u>	<u>14,313</u>
Non-cash items		
Profit/(loss) on sales of assets	-	(15)
Amortisation of intangibles	4,646	3,143
Depreciation of property, plant and equipment	1,267	1,375
Share based transactions	2,189	3,804
Cash flow hedge	<u>2,106</u>	<u>(745)</u>
	10,208	7,562
(Increase)/decrease in assets		
Receivables	(5,165)	(2,691)
Prepayments	(1,505)	(28)
Inventories	(7,869)	(631)
Deferred tax assets	(1,886)	1,182
Lease receivables	(50,205)	(41,774)
Increase/(decrease) in liabilities		
Payables	243	801
Provisions	14	(610)
Deferred tax liabilities	5,962	3,435
Tax provision	<u>(404)</u>	<u>(810)</u>
Net cash flow from operating activities	<u>(32,445)</u>	<u>(19,251)</u>

(b) Reconciliation of cash

Cash balance comprises:		
Cash at bank	<u>14,455</u>	<u>24,754</u>

		Consolidated entity	
		2016	2015
		\$'000	\$'000

NOTE 25:
CASHFLOW INFORMATION (cont.)

(c) Credit stand-by arrangements and loan facilities

Facilities

Multi-function facility (i)	45,000	45,000
Securitisation and lease finance facilities - NZ (ii) & (iii)	109,641	115,105
Securitisation and lease finance facilities – Australia (iv) & (v)	120,000	125,000
	<u>274,641</u>	<u>285,105</u>

Facilities Used

Multi-function facility	8,000	9,400
Securitisation and lease finance facility - NZ	101,856	93,994
Securitisation and lease finance facilities – Australia	117,405	93,771
	<u>227,261</u>	<u>197,165</u>

Facilities Unused

Multi-function facility	37,000	35,600
Securitisation and lease finance facility - NZ	7,785	21,111
Securitisation and lease finance facilities – Australia	2,595	31,229
	<u>47,380</u>	<u>87,940</u>

- (i) The Company has a multi-option 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. On 10 August 2016, a new three year multi-option facility with a limit of \$60m was finalized with CBA.
- (ii) The Group's Westpac Banking Corporation New Zealand funding facility, securitised by finance lease receivables ("New Zealand Securitisation Facility"), matures on 15 April 2020. The facility limit is NZ\$115m.
- (iii) The Group's CBA New Zealand Cash Advances Facility, secured by finance lease receivables, was refinanced and repaid on 20 April 2016. The facility limit was NZ\$35m.
- (iv) The Group's Westpac Banking Corporation Australia funding facility securitised by finance lease receivables ("Australian Securitisation Facility"), matures on 20 April 2020. The facility limit is \$120m.
- (v) The Group's CBA Senior Facility, secured by finance lease receivables, was refinanced and repaid on 20 April 2016. The facility limit was \$25m.

NOTE 26:
LEASE COMMITMENTS

Lease expenditure commitments

Operating Leases (non-cancellable)

(i) Operating leases relate to the lease of land, buildings, vehicles 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	6,283	5,176
Later than one year but not later than five years	14,969	9,496
Later than five years	3,264	4
	<u>24,516</u>	<u>14,676</u>

NOTE 27:
BUSINESS COMBINATIONS

During the 2015 financial year the Group purchased from Capital Finance Limited a business comprising lease receivables for total purchase consideration of \$12,041,000. Payments were made of \$11,506,000 in the prior year and a final payment of \$535,000 in July 2015.

During the 2016 financial year the Group entered into several business combinations agreements to further the growth strategy and realise synergies within the Group's existing businesses.

In September 2015, 100% of the shares were acquired in CodeBlue Limited, a technology service company based in New Zealand for a total consideration of \$16,225,000. Payments were made of \$9,696,000 (net of cash acquired) in the current financial year and further payments of \$608,000 will be made in FY17 and an estimated \$6,309,000 to be made in subsequent financial years if certain targets met. CodeBlue contributed \$17,377,000 in revenue and \$1,168,000 in net profit for the current financial year. If CodeBlue was part of the Group for the full financial year, revenue would be approximately \$251,243,000 and net profit of \$18,494,000.

In February 2016, the Group purchased the net assets of a traditional print business in the Northern Territory, A2Z, for total consideration of \$825,000 all paid during the FY16 year.

In May 2016, the Group purchased 100% of the shares of a Western Australian print business, Printsinc. Total consideration for this business was \$8,989,000 with \$5,915,000 (net of cash acquired) paid in the current financial year with further amounts provided if certain targets being met in future years. Given the transaction occurred in May 2016, provisional acquisition accounting has been used.

There is no expectation of deductibility of the calculated goodwill for any of these transactions.

The acquisitions had the following effect on the consolidated entity's assets and liabilities:

	\$'000				
	CFAL ¹	CodeBlue	A2Z	Printsync	Total
Receivables	10,508	2,273	-	1,393	14,174
Customer contracts	803	6,352	-	5,290	12,445
Other assets	437	2,727	81	1,411	4,656
Total assets acquired	11,748	11,352	81	8,094	31,275
Payables	-	2,661	-	1,908	4,569
Other liabilities	559	2,473	55	1,875	4,962
Liabilities acquired	559	5,134	55	3,783	9,531
Net assets acquired	11,189	6,218	26	4,311	21,744
Goodwill on acquisition ²	852	10,007	799	4,678	16,336
Consideration paid, net of cash acquired	12,041	16,225	825	8,989	38,080

The Group incurred acquisition related costs of \$989,000 on legal fees, due diligence, and other combination expenses.

NOTE 28:
RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

The key management personnel compensation comprised:

	Consolidated entity	
	2016	2015
	\$	\$
Short-term employee benefits	2,749,652	3,215,678
Post-employment benefits	127,675	124,465
Termination benefits	97,514	90,191
Other long-term benefits	826,687	2,052,968
	<u>3,801,528</u>	<u>5,483,302</u>

(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) 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 \$120,000. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

During the financial year, the companies in the Group entered into agreements in respect of the purchase of print and technology products and services on normal commercial terms and conditions by related entities of the Directors.

(d) 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	
			2016	2015
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
Bexton Professional Pty Ltd ^{(i),(ii)}		Australia	-	100
Change Corporation Pty Ltd ^{(i),(ii)}		Australia	-	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
CSG Education Pty Ltd ^{(i),(ii)}		Australia	-	100
Delexian Pty Ltd ^{(i),(ii)}		Australia	-	100

	Former Name	Country of Incorporation	Ownership Interest	
Aaromba Technologies Pty Ltd ^{(i), (ii)}		Australia	-	100
Subsidiary of Aaromba Technologies Pty Ltd:				
Aaromba Technologies WA Pty Ltd (i) (ii)		Australia	-	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
CSG Business Solutions (WA) Pty Ltd (i)	Edgeview Enterprises Pty Ltd	Australia	100	-
Subsidiaries of CSG Enterprise Print Solutions Pty Ltd:				
CSG Enterprise Solutions (Singapore) Pte. Ltd		Singapore	100	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
Subsidiaries of CSG Finance Australia Pty Ltd:				
CSG Finance Group Receivables Pty Ltd (i)		Australia	100	100
CSG Finance Australia Trust		Australia	100	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
Ubox Business Solutions Limited (iii)		New Zealand	100	100
CodeBlue Limited		New Zealand	100	-
Subsidiaries of CodeBlue Limited:				
CodeBlue Christchurch Limited		New Zealand	100	-
Work IT Solutions Limited		New Zealand	100	-
IT Synergy Limited		New Zealand	100	-
CodeBlue Wellington Limited		New Zealand	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		New Zealand	100	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 completed 28 August 2015.

(iii) Form part of a NZ tax consolidated group.

NOTE 29:
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 Corporations 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:

	2016 \$'000	2015 \$'000
Income Statement		
Revenue and income	132,043	102,331
Operating expenses	(103,916)	(95,462)
Profit/(loss) before income tax expense	28,127	6,869
Income tax expense	(1,915)	(3,446)
Net profit/(loss)	26,212	3,423
Statement of Other Comprehensive Income and Retained Earnings		
Profit/(loss) for the period	26,212	3,423
Other comprehensive income	-	-
Total comprehensive income for the period	26,212	3,423
Retained earnings at the beginning of the year	44,220	66,128
Dividends distributed	(27,001)	(25,331)
Retained earnings at the end of the year	43,431	44,220

NOTE 29:
DEED OF CROSS GUARANTEE (cont.)

	2016 \$'000	2015 \$'000
Statement of Financial Position		
Current assets		
Trade and other receivables	28,720	14,541
Inventories	29,311	23,045
Other current assets	3,085	3,362
Total current assets	61,116	40,948
Non-current assets		
Property, plant and equipment	783	1,337
Deferred tax assets	13,324	-
Intangible assets	35,154	28,793
Goodwill	82,520	68,484
Investment in subsidiaries	126,173	116,682
Total non-current assets	257,954	215,296
Total assets	319,070	256,244
Current liabilities		
Bank overdraft	2,867	2,038
Trade and other payables	30,630	26,109
Deferred income	201	95
Borrowings	8,696	9,400
Provisions	1,889	1,874
Total current liabilities	44,283	39,516
Non-current liabilities		
Deferred tax liability	15,549	1,286
Deferred consideration	3,074	-
Provisions	646	436
Total non-current liabilities	19,269	1,722
Total liabilities	63,552	41,238
Net assets	255,518	215,006
Equity		
Share capital	210,368	169,279
Reserves	1,719	1,507
Retained earnings	43,431	44,220
Total equity	255,518	215,006

	Consolidated entity	
	2016	2015
	\$'000	\$'000

NOTE 30:
EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

Profit/(loss)	18,162	14,313
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Weighted average number of ordinary shares used in calculating basic earnings per share	311,627,823	282,690,782
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Calculated basic earnings per share	5.8	5.1
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Effect of dilutive securities:

Effect of performance rights and options issued	8,625,612	13,205,393
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Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	320,253,435	295,896,176
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Calculated diluted earnings per share	5.7	4.8
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	Consolidated entity	
	2016	2015
	\$	\$

NOTE 31:
AUDITORS REMUNERATION

Auditors remuneration parent entity

Auditors of the company - KPMG:

Statutory audits and reviews (excluding disbursements)	406,570	348,797
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Other services (excluding disbursements)

Auditors of the Company - KPMG

In relation to other assurance, taxation and due diligence services	431,615	98,659
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NOTE 32:
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 has been identified as a separate division within Business Solutions. While this division is still in its growth phase, the underlying platforms and processes are very similar across both divisions and are increasingly converging. The CSG Marketplace is used or is to be used by both customer groups. As Enterprise Solutions business evolves, the distinction between the divisions will continue to be monitored in terms of segment reporting. As its results are not material under segment reporting requirements it has been grouped with Business Solutions for the purpose of segment reporting.

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

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.

b) Segment Information

2016	Consolidated				
	Business Solutions \$'000	Finance \$'000	Other \$'000	Eliminations \$'000	Total \$'000
Segment revenue					
External segment revenue	219,765	26,102	753	-	246,620
Inter- segment revenue	533	-	-	(533)	-
Total	220,298	26,102	753	(533)	246,620
Segment result					
Interest revenue	1,976	657	10	(2,557)	86
Interest expense	1,973	19	2,174	(2,557)	1,609
Depreciation & amortisation	2,935	476	2,677	-	6,088
Total segment Profit/(loss) before income tax	27,660	8,709	(13,833)	(228)	25,245
Total Segment Assets ⁽ⁱ⁾	266,406	290,182	226,865	(189,921)	593,532
Total Segment Liabilities ⁽ⁱ⁾	75,351	226,710	2,733	-	304,778

2015	Consolidated				
	Business Solutions \$'000	Finance \$'000	Other \$'000	Eliminations \$'000	Total \$'000
Segment revenue					
External segment revenue	199,223	24,251	816	-	224,290
Inter-segment revenue	-	-	287	(287)	-
Total	199,223	24,251	1,103	(287)	224,290
Segment result					
Interest revenue	874	-	52	(815)	111
Interest expense	293	246	4,021	(2,961)	1,599
Depreciation & amortisation	2,135	214	2,169	-	4,518
Total segment Profit/(loss) before income tax	26,422	7,650	(10,989)	(475)	22,608
Total Segment Assets ⁽ⁱ⁾	200,152	268,128	208,645	(171,692)	505,233
Total Segment Liabilities ⁽ⁱ⁾	53,943	192,498	5,047	-	251,488

⁽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.

	2016			
	Australia \$'000	New Zealand \$'000	Eliminations \$'000	Total \$'000
Revenue	124,131	123,022	(533)	246,620
Assets	554,021	229,432	(189,921)	593,532

	2015			
	Australia \$'000	New Zealand \$'000	Eliminations \$'000	Total \$'000
Revenue	110,359	114,218	(287)	224,290
Assets	400,932	275,993	(171,692)	505,233

NOTE 33: SUBSEQUENT EVENTS

Unfranked dividends of 5 cents per share were declared and approved by the Directors on 15 August 2016 for a payment date of 7 September 2016.

The financial effect of these transactions have not been brought to account in the financial statements for the year ended 30 June 2016.

NOTE 34:
PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended 30 June 2016, 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	
	2016	2015
	\$'000	\$'000
Result of the parent entity		
Profit/(loss) for the year	23,083	(8,246)
Total profit/(loss) and other comprehensive income for the year	19,839	(8,246)
Financial position of parent entity at year end		
Current assets	61,465	26,008
Total assets	241,011	206,000
Current Liabilities	10,371	10,425
Total liabilities	13,431	14,688
Total equity of the parent entity comprising of:		
Issued capital	207,623	166,533
Reserves	323	1,228
Retained earnings	19,634	23,551
Total equity	227,580	191,313

NOTE 35:
CONTINGENT LIABILITIES

There were no contingent liabilities recorded at reporting date.

Directors' Declaration

CSG LIMITED AND CONTROLLED ENTITIES

DIRECTORS DECLARATION

The Directors declare that the financial statements and notes set out on pages 26 to 71 and the Remuneration Report in sections 6 to 14 in the Directors' Reports are 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 2016 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.

There are reasonable grounds to believe that the Company and group entities identified in Note 29 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

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 2016.

The Directors draw attention to Note 2 to the Consolidated Financial Statements, which includes a statement of compliance with International Financial Reporting Standards.

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



Ms Julie-Ann Kerin
Director

Sydney
15 August 2016



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 2016, 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 35 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 2016 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 Sections 6 to 14 of the directors' report for the year ended 30 June 2016. 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 2016, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Scott Guse
Partner

Sydney
15 August 2016