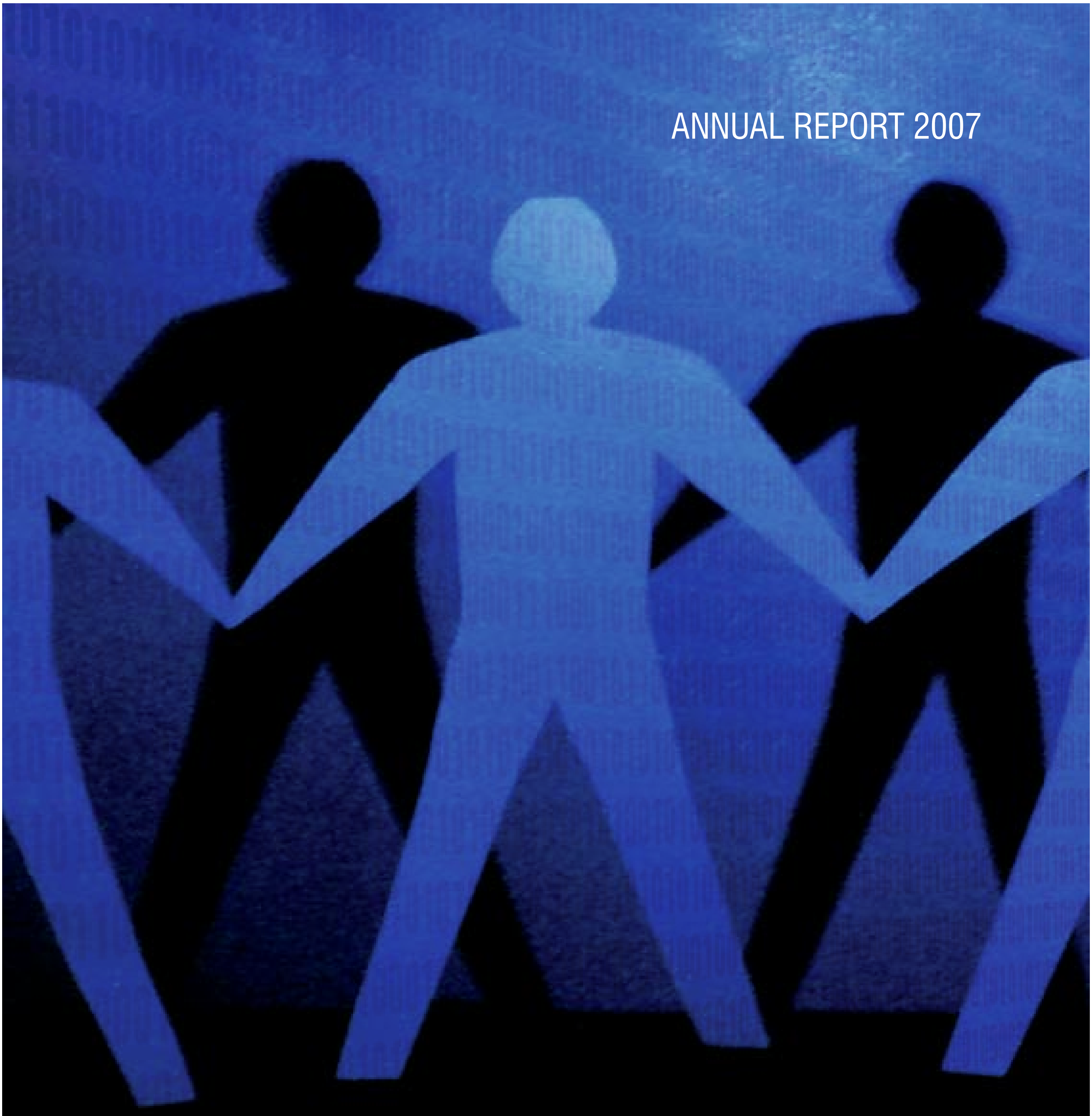
ANNUAL REPORT 2007



CSG LIMITED
ACN 123 989 631

CONTENTS

What a year it has been: Welcome to CSG Limited, an Australian IT and Office Supply and Services Company headquartered in Darwin, Northern Territory. The last 12 months saw CSG catapult onto the National Stage with Business acquisitions in Western Australia and Queensland and continued organic growth in all areas of our business. Our listing in April 2007 is the beginning of a new chapter in CSG's history looking to further organic and acquisitive growth.

SALES UP

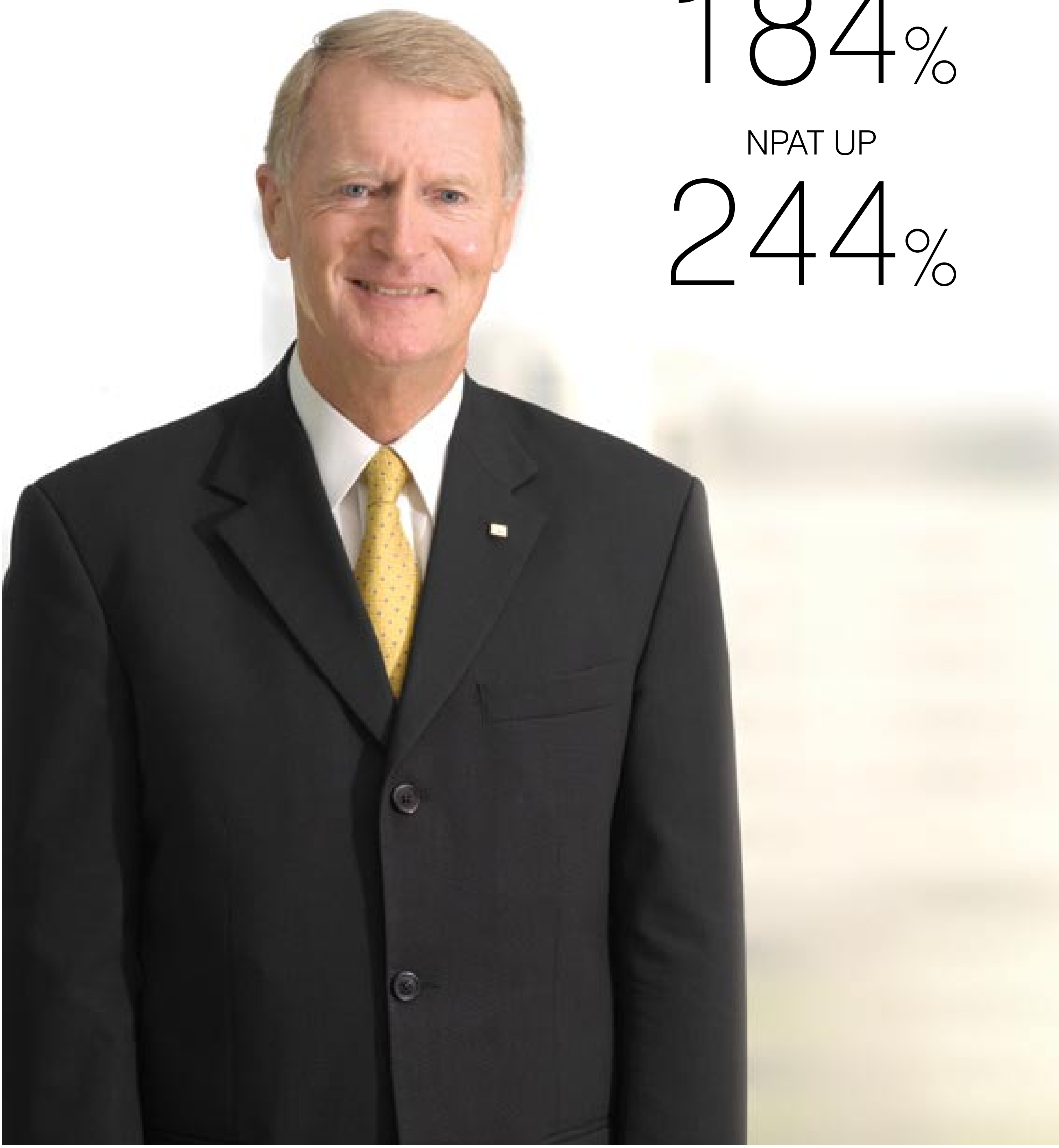
211%

EBITDA UP

184%

NPAT UP

244%



CHAIRMAN'S REPORT

My Fellow Shareholders,

Welcome to the inaugural Annual Report for CSG Limited. I am delighted to report that 2007 has been an excellent year with CSG exceeding its Prospectus forecasts.

Our April 2007 listing was highly successful with the issue substantially over-subscribed by both institutional and retail investors. This support has continued since trading began on April 19th 2007. In addition, 2007 has also seen a large growth in sales and profit as a result of continued organic growth and a number of acquisitions across the company – Infrastructure Outsourcing, Application Services and the Xerox Business Centres.

Each of our businesses grew rapidly in 2007 with the 4th quarter being strong resulting in Revenue, EBITDA and NPAT all being above Prospectus forecast. The Board is particularly pleased with this outcome and commends the management team and staff for achieving such results and remaining focused on the business whilst at the same time managing the float and acquisition processes.

I see a year of continued organic and acquisitive growth in 2008 across CSG. The Board and Management team are totally focused on exceeding our prospectus forecasts in all business areas whilst at the same time putting in place the strategic fundamentals to ensure that this level of performance is sustainable in the longer term. Such performance can only be achieved by maintaining a strong focus on delivering a high level of customer satisfaction through happy and satisfied staff.

On behalf of the Board I welcome you as shareholders to CSG and once again congratulate the Management team for an outstanding performance in 2007.

Yours sincerely

Philip Chambers
Chairman

MANAGING DIRECTORS' REVIEW

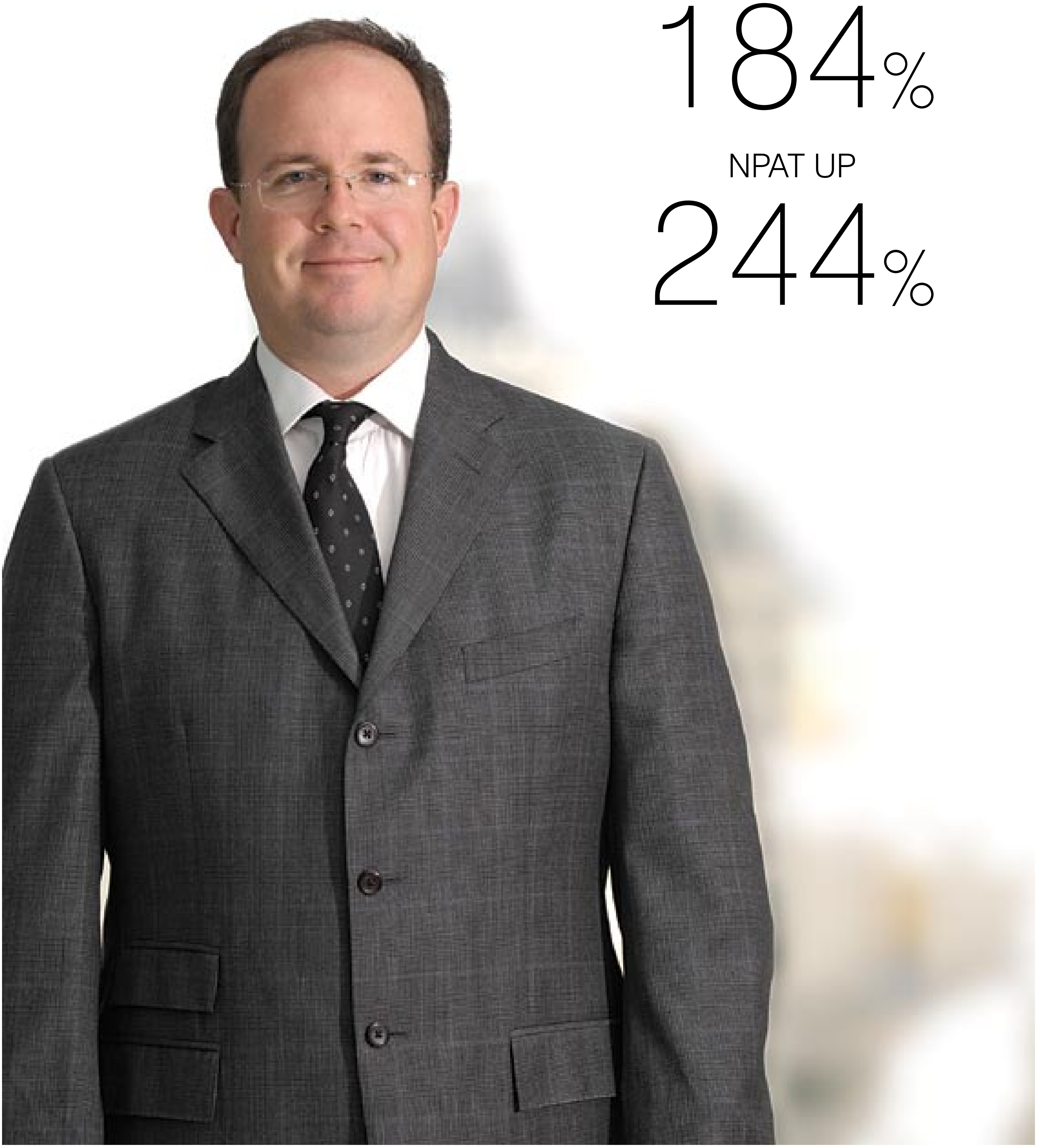
The 2007 financial year saw dramatic growth in our company after many years of meticulous strategic planning. We combined our existing, implemented and proven organic growth strategy with a carefully developed acquisitive growth strategy that included our ASX listing. Organic growth and acquisitive growth are now the fundamental drivers of our business going forward.

Financial Highlights

- Revenue growth of 211% over 2006
- Revenue on normalised basis of $102 million; 8% above prospectus forecast
- EBITDA growth of 184% over 2006
- EBITDA on normalised basis of $22.2 million; 5% above prospectus forecast
- Normalised NPAT of $12.5 million; 244% over 2006 and 4% above prospectus forecast
- Staff numbers of 458 in 2007; an additional 198 over 2006

Operational Highlights

- Commenced delivering the Northern Territory Government's Desktop and Helpdesk IT Outsourcing Services Contract that we were awarded again in 2006 in partnership with Fujitsu Australia
- Acquired the largest Australian Fuji Xerox dealership; the Brisbane Xerox Business Centre
- Acquired the Power Business Systems business in Perth and formed the new CSG division 'Application Services'
- Introduced an expanded management team to drive growth
- Commenced an acquisition pipeline with three acquisitions already implemented in the 2008 financial year
- Established national headquarters in Darwin with CSG now the only locally grown and listed company headquartered in the Northern Territory



SALES UP
211%

EBITDA UP
184%

NPAT UP
244%

MANAGING DIRECTORS' REVIEW (CONTINUED)

THE COMPANY

CSG is an Information Technology and Office Supplies and Services Company headquartered in the Northern Territory with operations in the Northern Territory, Queensland, Western Australia and now, since balance date, in Victoria. With more than 450 staff, CSG delivers IT services to a diverse group of customers including Government, Corporate and Small and Medium Enterprises. We are very proud that we deliver services to in excess of 3,000 customers across Australia.

During the 2007 year, I am delighted that CSG saw dramatic growth particularly through acquisition. The acquisitions not only extended our geographic reach (into Queensland and Western Australia) but extended the services we deliver to our customers. During the last 6 months considerable management focus was placed on integration of our new businesses into CSG (to become "One CSG") and to implement a new organisational structure. The organisational restructure has resulted in one integrated company with management and staff focused on three business units.

These three business units will form the basis of specific organic and acquisitive growth within the company. Each business unit has specific strategies and goals for its future around revenue and profit growth, productivity improvement, staff training and enhancement and each business unit has a focus on increasing customer satisfaction. The next transformation within the company is to begin the process of leveraging customers across business units. We believe that if we create a business of unrivaled customer satisfaction with excellent relationships, we can introduce new services to those customers across business units.

The as yet untapped value within the company is our growing customer base across Australia.

We are one integrated CSG, operating in the IT and Office infrastructure supply and service industry, but we are managed in three businesses. I am excited about the growth prospects that our business offers and I have commented on aspects of our business below.

INFRASTRUCTURE OUTSOURCING

This business is focused on providing desktop, midrange server, LAN and WAN services, messaging and help desk services to clients under large multi-year contracts. CSG has been delivering these types of services for over six years and has developed a solid reputation with our Tier One clients.

CSG is an Australian leader in this space with little direct competition from other Australian service providers. There is a large market for these services in Australia with the industry dominated by large multi-national service providers. Whilst in some cases CSG competes with these multinationals as a prime, in many cases we partner to provide niche services within a large contract of services.

We have developed a unique offering and are confident our approach will enable us to grow organically and rapidly in new markets. We are well placed to win new contracts due to our strong technical and organisational capabilities. Recent acquisitions have been targeted so as to further strengthen our technical capability.

CSG is very proud of our growing competitive advantage and is looking for focused but rapid expansion into other new markets like Western Australia. We are focusing our efforts in new business to expand our client base specifically in new long term government outsourcing contracts. We are currently well placed to deliver to both the large outsourcing contracts and to deliver client focused solutions in multi-sourcing arrangements. We also have a demonstrated capability to deliver solutions by teaming with other service providers to provide tailored solutions.

CSG has the track record of winning opportunities in this space in its own right, however, we will also seek to partner with other industry players where we can add more value collectively to provide the right solution for a customer.

MANAGING DIRECTORS' REVIEW (CONTINUED)

XEROX BUSINESS CENTRES

This business consists of a number of exclusive Fuji Xerox Dealerships selling Fuji Xerox multifunction devices (a device that prints, photocopies, faxes, scans and performs other document management functions) and provides contracted ongoing services. This is a managed services business providing document digitized scans and prints to customers and is not a hardware sales business. In most cases our customers do not simply buy a multifunction device. Instead they buy a managed service whereby we provide a help desk, and ongoing maintenance to the device and are totally responsible for its ongoing operations. Generally we also bill for this service by the print. This means that customers effectively buy a number of prints and CSG provides a fully managed service to produce those prints.

During the year new management in this business has changed the focus of our sales effort to increasing market share. I am delighted that sales staff numbers in all our dealerships have been increased and a concerted effort has been made to grow and retain better sales people. Revenue and profit growth comes about from having more machines in the field. Market share growth is achieved not only by replacing competitor multi-function devices but by replacing distributed printers in the office and capturing the prints on those printers. Our sales people are well trained to demonstrate and prove the total cost of ownership benefits from moving prints from distributed printers to our multi-function devices.

The print market is undergoing a paradigm shift from black and white prints to colour prints. Our revenue will grow when colour print volumes grow as a result of end users and companies seeing the value in printing in colour. Colour prints are a small portion of the total prints we do a month but are already a large proportion of our revenue in this business unit. We will continue to focus on increasing the colour capable devices we install which allows customers to print in colour and which will increase our revenue.

In providing this service, CSG acts as a dealer for Fuji Xerox Australia. We are proud of this long term association with Fuji Xerox who are by far the dominant player in the industry in Australia. It is their superior product and support services which we leverage that makes Fuji Xerox and its dealer network the market leaders in Australia.

APPLICATION SERVICES

The acquisition of Power Business Systems in December 2006 has formed the core of this new specific niche service offering business unit which provides the enterprise software essential to the operation of modern organisations. The Application Services business unit supplies Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Business Intelligence (BI) and associated services to the mid-market and Tier One (Enterprise) markets. CSG provides consultants to develop solutions to meet customers' business needs. This includes selecting the appropriate application (eg ERP application), customizing the application itself to the specific needs of the customer and then providing ongoing maintenance of the application.

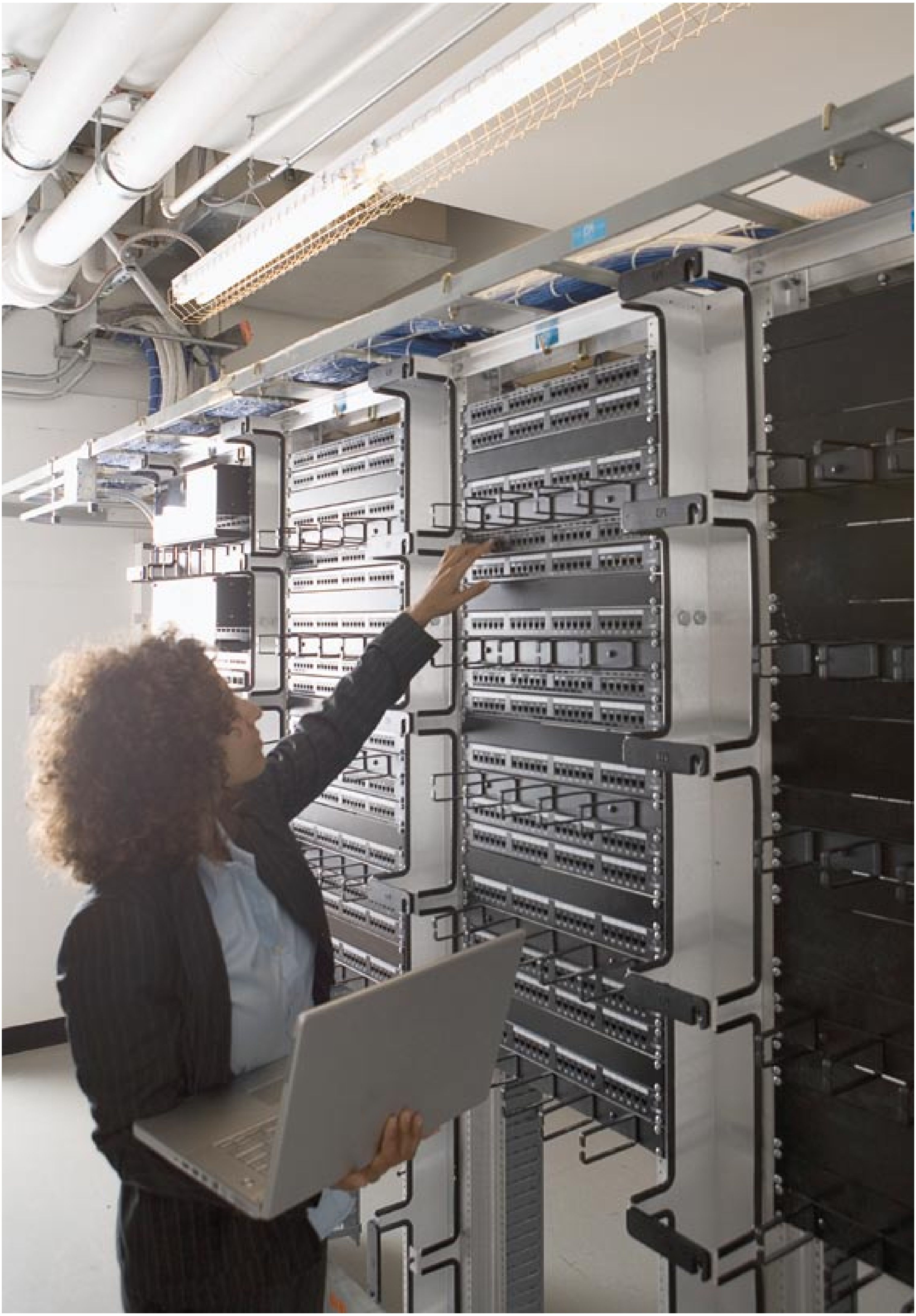
The Application Services division was established in 1986 and has a mature business model that derives ongoing services and maintenance revenue from an installed client base. The Application Services business model is similar to the Xerox Business Centres' model in that each new customer addition increases the recurring revenue to the business.

CSG Application Services is product and vendor independent and provides market leading solutions from Pronto Software, Microsoft and Business Objects. Our focus is on providing the full range of services necessary to ensure we enhance the business operations of our clients via the technology solutions provided. Services include full helpdesk, software development and customisation, business process optimisation, staff training and IT/Business strategic consultancy.

CSG Application Services is poised to benefit from the growing impact Microsoft is having in the applications marketplace. With four ERP offerings, market leading CRM and a comprehensive BI and workflow/collaboration toolset, Microsoft is making a major play into what was once a fragmented market. While retaining our vendor independence, we have invested significantly in the leading Microsoft applications and have gained certifications across a number of competencies. We expect major growth from this investment as Microsoft continues to deliver on its product road-map.

A further strategic focus for Application Services is to leverage off the CSG presence in other geographical areas to develop further Application Services businesses in each market served by CSG. There is considerable synergy and overlap between the client base and operations of the other CSG divisions and Application Services. For example, opportunities to provide CRM and BI services to outsourcing clients have already been identified and the client base of the Xerox business is a ready market for our CRM and mid-tier ERP solutions.

We expect continued, solid organic growth from this business unit.



MANAGING DIRECTORS' REVIEW (CONTINUED)

OUR GROWTH IN 2007

revenue

↑211%

revenue

↑8%

above prospectus forecast

What a year it has been. The 2007 year saw CSG grow at an unprecedented rate. Revenue growth was 211% and surpassed $100 million (on a normalized basis) for the first time. This increase in revenue was achieved through organic and acquisitive growth.

Organically, the largest revenue growth was achieved from CSG successfully renewing its existing desktop and help desk business with the Northern Territory Government. CSG now provides these services as a subcontractor to Fujitsu and CSG receives a much larger share of the prime contract revenue under the new contract. I am delighted that our revenue from this one contract increased by over 300% and our staff numbers increased by over ninety people.

The largest growth in our revenue was derived from two acquisitions: purchase of the Xerox Business Centre in Brisbane and purchase of Power Business Systems in Perth. The Xerox Business Centre in Brisbane is the largest of our Fuji Xerox dealerships and is the largest Fuji Xerox Dealership in Australia.

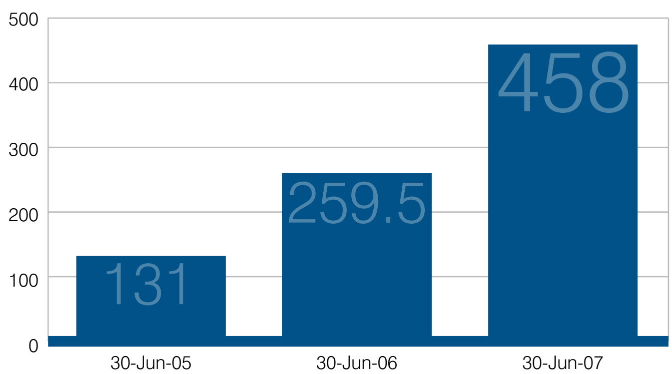
I am delighted that these acquisitions in 2007 have also resulted in geographic growth in Queensland and Western Australia. While Queensland was already an existing market for CSG through our existing Xerox Business Centre in Maroochydore on the Sunshine Coast, purchase of the Brisbane business expanded our reach in South East Queensland. Western Australia is a new market for us that we have wished to target strategically.

CSG entered the Queensland market in 2004 through acquisition of the Xerox dealership in Maroochydore. It made sense to further pursue Queensland as it is one of the fastest growing states. Purchase of the Xerox Business Centre in Brisbane was an opportunity that CSG had pursued over a number of years. The Brisbane business was undergoing a major rejuvenation of its business model and increasing its focus on growing market share. The Brisbane dealership has since become the core of our dealership network (3 dealerships at balance date with the third being in Darwin) introducing many benefits such as additional economies of scale, the ability to increase productivity in the back office and the ability to leverage systems investment across the network.

The move into Western Australia is of strategic significance to CSG and offers a number of opportunities across our business in all business units. The move into Western Australia not only formed the basis of the new business unit 'Application Services' that I described above, but is the spear head of the growth of our Infrastructure Outsourcing business. Western Australia while being a much bigger market than the Northern Territory has many of the same characteristics of doing business. They both have remote capitals as business centres with much smaller communities spread across vast distances. They are parochial and like to deal with local companies who understand the business and economic environment of the state.

The real growth that CSG made in 2007 was welcoming many new staff. We employed new staff to meet the organic growth in our business and we employed new staff associated with the acquisition of new business entities. CSG is a services business and our greatest and only real asset is our staff. Foremost in my mind and that of my management team is how we grow staff numbers to achieve organic growth and how do we attract the right businesses with the right staff to achieve acquisitive growth. To date we have been successful as can be seen from the chart below.

CSG Limited Staff Growth



THE YEAR AHEAD

The 2008 year offers many opportunities and challenges for CSG. Since balance date we have announced a number of new significant contract wins and acquisitions. While we may not achieve the same level of quantum revenue growth as we did in 2007 – CSG will still grow significantly.

The focus for the management team supported by the Board is to drive organic and acquisitive growth in each and every business unit in 2008. Organic growth will come about by growing market share and winning new customers and contracts in each business in each geographical location in which we operate. Achieving above forecast growth in the last quarter of 2007 demonstrates that each of our businesses are continuing to grow. The management team is working hard to ensure this growth continues this financial year

Acquisitions are core to our growth strategies in 2008. We have a dedicated focused team with a growing pipeline of potential acquisitions. While in general it is a sellers market there are still many small and large businesses for sale particularly in our current locations. We are determined however to limit the pool of potential acquisitions to businesses that meet and fit within a number of criteria.

In closing my review I would like to thank each and every staff member of CSG for the wonderful year we have had in 2007 and I would like to welcome the new shareholders we have as a result of our successful float in 2007. I am excited about the future growth opportunities for CSG and look forward to realizing them.

Yours sincerely

Denis Mackenzie
Managing Director & CEO

A Case Study The CSG Airwing

CSG's innovative thinking and ability to deliver services in creative ways is demonstrated by the establishment of the CSG Airwing.

The Northern Territory is unique. It has a population of a little over 200,000 and a geographic area of 1,349,129 square kilometres. The Northern Territory Government (NTG) has over 10 000 computers in approximately 400 locations to operate. The NTG has a presence not only in Darwin and Alice Springs (the two most populous Northern Territory centres) but also in over 100 remote communities spread across the Northern Territory. These communities have schools, health centres and police stations. These communities also have commercial enterprises that use IT equipment.

Prior to CSG providing IT services to the Northern Territory Government, government staff in regional and remote communities had to wait up to six weeks for their IT equipment to be repaired. Technicians would need to drive to the communities to fix the computers and associated IT issues. These technicians would even often have to camp overnight before driving back to Darwin or Alice Springs often a week later. Alternatively government staff would need to send their computer equipment back to Darwin for repair. During the time when their computer equipment was out of order, government staff would need to revert to paper based systems.

CSG's Managing Director, Denis Mackenzie, became conscious of the need for better IT support for remote communities when visiting remote communities as part of a delegation about four years ago. When on these trips he was told first hand of the long time required for service to be provided to remote IT equipment and it was obvious to him that nurses, police officers and teachers if expected to work as well as those who worked in town, should have access to the same systems and have better service levels for their equipment

CSG created an Airwing after careful research and planning. CSG now has four pilots and four aircraft, and one helicopter that service the Northern Territory. One of these aircraft is based in Alice Springs. These aircraft fly CSG's technicians to government and commercial customers and the technicians can complete their work within the day. Technicians can fly to communities regularly and staff working in communities that have an issue with their IT equipment can generally have a response and a solution within one or two days.

CSG purchased the first aircraft initially to roll out a new NTG WAN and LAN to around 400 locations in the Northern Territory so that all of the computers can hook into central servers and databases. Remote support from a helpdesk is the first port of call for all government staff but not everything can be resolved over the phone. CSG has a fly-in fly-out visit every four to eight weeks depending on the community and emergency call outs for 'break fixes' are also available. CSG has noticed that the break fixes don't happen often now given the regular attention that communities are now receiving from the fly-in fly-out scheduled visits.

CSG also determined that the fly-in fly-out visits are to be used for industry development initiatives. When time permits, extra services are provided to the community without charge. This could include services to the community council, the library or even to private individuals living in the community. Denis Mackenzie has the view that it costs a lot of money to get to the community and providing an extra hour or two of technicians' time assisting others in the community is extremely worthwhile.

CSG employs a number of community field services engineers who service the communities. For these engineers a typical day begins at CSG's hangar at Darwin airport when they board one of CSG's planes and fly to one of the communities to check systems, fix computer problems and train staff at police stations, power stations and health clinics. The technicians are typically back in Darwin or Alice Springs by 5pm.

One of CSG's Remote Community Field Services Engineers, Donna Webber has said that she has the best office in the world. And the Northern Territory Government is delighted with the service levels being offered in Northern Territory communities.

BOARD OF DIRECTORS

Mr Philip Chambers Non-Executive Chairman

Mr Denis Mackenzie Managing Director

Mr Michael Brodie Non-Executive Director

Mr Andrew Kroger Non-Executive Director

Mr Ian Kew Non-Executive Director

SENIOR MANAGEMENT

Kevin McLaine Chief Financial Officer

Kevin is a Fellow of CPA Australia and a member of the Australian Institute of Company Directors. He has held various positions in executive management including CFO of Shomega Limited (formerly listed on ASX) and Managing Director of GE Capital's commercial lending business in Thailand.

Barbara Jensen Company Secretary

Barbara is an experienced finance executive and has been with the company for three years. She has held various management positions in finance and accounting over the past 30 years, having worked in Australia, Thailand and Hong Kong.

Bruce Dinsdale Group General Manager – IT Services

Bruce is a group general manager of two CSG business units; Enterprise Applications and Infrastructure Outsourcing. Bruce has 36 years experience in the ITC industry. He has worked in industry sectors such as mining, retail, finance, government and manufacturing. He has held senior management roles for a global products company, a major outsourcing contractor and a large multinational IT outsourcing company. Bruce is based in Perth, Western Australia.

David Ward Group General Manager – Xerox Business Centre

David is group general manager of CSG's Xerox Business Centres in Brisbane, Sunshine Coast, Toowoomba, Cairns and Darwin. David brings a broad range of industry experience for the Xerox business after successfully completing senior roles within Fuji Xerox Australia including: FXA State Operations Manager for Vic, Qld, SA, then to Sydney as National Technical Services Manager based in Mascot NSW, then on to Melbourne as FXA General Manager Southern Region (Vic, Tas, SA, WA) and finally Fuji Xerox Australia General Manager Sales & Marketing Head Office based in Sydney.

Jo Blignaut General Manager - WA

Jo has 20 years of ITC experience and has a Masters degree in engineering. Jo most recently worked as Account Manager at CSC for both Corporate and Government clients and as General Manager for a large multinational IT outsourcing company. Jo resides in Perth and has experience and understands the issues involved in providing IT support to large corporate and public sector clients.

Mark Irving Manager Application Services - WA

Mark is a qualified accountant and has over 20 years experience in the IT industry. As a founder of Power Business Systems (now CSG Applications) in 1986, Mark has overseen the growth and development of the company from a small supplier of packaged software to a broad based application services provider with a significant presence in the ERP, CRM, BI and development marketplace.

Trevor Oliver General Manager - NT

Trevor has a Bachelor in Communications Engineering with 30 years of experience in the IT industry. Trevor graduated through the ranks from field engineer, design engineer, technical architect to an executive management position. Trevor leads the team that delivers messaging, communications and desktop services to Government and its agencies throughout the Northern Territory.

Alana Fullarton Human Resource Manager

Alana has 25 years experience in Executive Administration, Training and Accreditation, Marketing and Human Resources. Joining CSG in 2002, Alana has been actively involved in the evolution of CSG's human resource growth: developing practical strategies, policies and processes for workplace change. During the last three years Alana has led the transition of staff to CSG for the NTG Messaging Services contract, (16 staff) NTG Telecommunications Services contract (30 staff) and NTG Desktop Services contract (120 staff).

Andrew Boller Chief Technical Officer

Andrew initially persued an electrical engineering career after completing an electrical apprenticeship and electrical engineering degree. After spending some time in the operations area of the power industry he moved into engineering and design, where he quickly developed a reputation for effective solution design in the area of control systems for Power Stations and High Voltage Switching. As IT was a key element of these system it soon lead down the path of IT Systems design and engineering for complex and demanding environments both commercial and government. Andrew formed NT Technology in the early 90's before merging the business with the CSG.

Elly-Mae Gould Chief Information Officer

Elly-Mae held various positions in IT from Helpdesk to IT Manager before joining CSG in 2004. As CSG Service Delivery Manger for the NTG Desktop Services contract Elly-Mae successfully managed vital business relationships between NTG agencies and the outsourcing service providers. Elly-Mae has recently been appointed to the position of CIO.

Gary Gipp State Sales Manager – QLD Xerox Business Centre's

Gary Gipp was appointed to the position of State Sales Manager - QLD XEROX Business Centre's in 2007. He has overall responsibility for the regional sales managers and sales executives throughout the Xerox Business Centre's in Brisbane, Cairns, Sunshine Coast and Toowoomba. Gary has risen through the ranks of XEROX Business Centre since he commenced employment as a Sales Executive in 2002. In 2003 Gary became the Sales Manager for the XBC NEC division, before taking over management of the Xerox team in 2005. Gary began his sales career in England in 1983 and has worked with the globes leading IT&T companies including IBM, Fujitsu and ICL before his move to Australia in 1998.

Colin Bernville-Claye Group Technical Manager - Xerox Business Centre

Colin brings a wealth of knowledge and experience to the Xerox Service Team. Colin has 10 years experience with Qantas as an engineer and has been with Xerox for over 27 years. His time was initially spent with Rank Xerox for four years and the remainder of his time as the Xerox Dealer principal on the Sunshine Coast. Since XBC joined with CSG Ltd, Colin has assumed responsibility for the groups fleet of 60 + Xerox technical service staff.

CORPORATE GOVERNANCE STATEMENT

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

The Board has recently adopted a formal Board Charter, Audit Committee Charter, Nomination and Remuneration Committee Charter and Code of Conduct for Directors and officers. Further, the Board has also adopted policies with respect to Independence and Conflicts of Interest, Risk Management, Board Performance Evaluation, CEO Performance Evaluation, Continue Disclosure and External Communications and Securities Trading. Copies of these charters and policies are available to shareholders on request.

This corporate governance statement is referenced against the ten Principles of Good Governance recommended by the ASX Corporate Governance Council.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Directors of the Company are accountable to shareholders for the proper management of business and affairs of the Company. The Board fulfils these obligations by delegating certain business development responsibilities to the Managing Director, but retains the following responsibilities (as set out in the formally adopted Board Charter):

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

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

The Board delegates responsibility for day-to-day management of the Company to the Managing Director. The Managing Director must consult the Board on matters that are sensitive, extraordinary or of a strategic nature.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The Board presently comprises five Directors, three of whom, including the Chairman, are non-executive and independent Directors. Michael Brodie is a non-executive Director, but is not regarded as independent, having regard to the principles set out below. The Managing Director is an executive Director. Profiles of the Directors are set out on pages 20 and 21 of this Annual Report.

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

The composition of the Board is determined by the Board and, where appropriate, external advice is sought. The Board has adopted the following principles and guidelines in determining the composition of the Board:

The Majority of Directors ought to be independent

To be independent, a Director ought to be non-executive and:

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Board ought to comprise a wide range of skills and competencies

The Board, with the assistance of the Nomination & Remuneration Committee, is responsible for ensuring that there are amongst their number, Directors with appropriate skills and experience to competently discharge their duty to the other stakeholders in the Company and to manage the Company in a manner that protects the interest of all stakeholders and maximises the return to and value of the Company for the members of the Company. As far as practicable, the Board should comprise people who bring robust and independent judgment to the Board and who offer a broad range of experience, expertise, skills and contacts relevant to the Company and its business at the relevant point in time.

Director Selection

When a vacancy exists through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Nomination and Remuneration are to nominate candidates for the Board to consider for Board membership. A selection procedure is then completed, which includes a review of the candidates' independence, and the Board appoints the most suitable candidate who, in accordance with clause 13.9 of the Company's constitution, must retire but may stand for re-election at the next annual general meeting of shareholders.

Board Committees

The Board has established an Audit Committee and a Nomination and Remuneration Committee, which operate under formal Charters (see Principle 4 and Principle 9). The Board has not established a separate risk management committee, as the Board has determined that these matters are appropriately addressed by the full Board.

Independent Professional Advice

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

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of Conduct

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

These codes of conduct embrace such areas as:

- conflicts of interest;
- use of information or position;
- use of Company property;
- confidentiality;
- fair dealing;
- compliance with the law;
- whistle blowing; and
- political contributions and activities.

Share trading policy

The Company has adopted a formal Securities Trading Policy, which applies to Directors, the Company Secretary and to all executives and employees of the Company and their associates ('Officers'). The Officers may not deal in any of the Company's security at any time if they have inside information. An Officer may trade in securities in the 6 week period after the release to the ASX of the half-yearly and annual results, the end of the AGM or at any time the Company has a prospectus open, but only if they have no inside information and the trading is not for short term or speculative gain.

An Officer may trade in securities at other times only if they are personally satisfied that they are not in possession of inside information and, with respect to Directors and senior executives, have obtained the approval of the Chairman or in the case of any proposed trade by the Chairman, of another non-executive Director nominated by the Chairman for the purpose.

Directors and all senior executives must advise the Company Secretary in writing of the details of completed transactions within 2 business days following each transaction. Such notification is necessary whether or not prior authority has been required. The Secretary must maintain a register of securities transactions. The Company must comply with its obligations to notify ASX in writing of any changes in the holdings of securities or interest in securities by Directors.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board established a formal Audit Committee on 1 March 2007 under a separate charter. A majority of the members of the Committee are independent non-executive Directors and the chairman of the Committee is not the chairman of the Board. As the Managing Director is a member of the Audit Committee, an element of ASX Corporate Governance Council Best Practice Recommendation 4.3, with respect to only non-executive

Directors sit on an audit committee, is not met. However, the Board believes that the Managing Director should form part of the Audit Committee, given his knowledge of the various Company business units. Meetings of the Committee may be attended by invitation by the Chief Financial Officer.

All members of the Committee are financially literate (ie they are able to read and understand financial statements) and have an understanding of the industry in which the Company operates. However, as none of the Committee members are qualified accountants or financial professionals, the Committee does not fully comply with Recommendation 4.3. The Directors do not believe that at this stage the Company is of a size or has affairs of such complexity to warrant the appointment of a Director who is a qualified accountant or financial professional. However, the Board will monitor that position regularly and assess the composition of the Audit Committee if circumstances change. Further, the Board envisages that the Chief Financial Officer, who is a Fellow of CPA Australia, will work actively with the Audit Committee.

The Audit Committee will provide an independent review of:

- the effectiveness of the accounting and internal control systems and management reporting, which are designed to safeguard Company assets;
- financial information produced by the Company;
- the accounting policies adopted by the Company;
- the quality of the internal and external audit functions;
- external auditor's performance and independence as well as considering such matters as replacing the external auditor where and when necessary; and
- approving internal audit plans including identified risk areas.

The Board will require that the Managing Director and the Chief Financial Officer state in writing that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operation results and are in accordance with relevant accounting standards. Further, and under the Company's Risk Management Policy, the Managing Director and the Chief Financial Officer must provide written confirmation to the Board that all assurances given by management in respect of the integrity of financial statements are founded on sound systems of risk management and internal compliance and control which implements the policies adopted by the Board.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

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

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

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Communications strategy

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

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

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

All shareholders are entitled to receive a copy of the Company's annual and half-yearly reports.

Participation in meetings

The Board is committed to assisting shareholders participation in meetings. In particular, and in accordance with the Company's Continuous Disclosure and External Communications Policy, the Company will ensure that a representative of the Company's external auditor, subject to availability, is present at all Annual General Meetings and that shareholders have adequate opportunity to ask questions of the auditor at that meeting concerning the audit and preparation and content of the auditor's report.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

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

The Company has adopted a formal Risk Management Policy (as required by Recommendation 7.1), which is available to shareholders on request. This policy aims to ensure that the Board implements appropriate risk management policies and procedures in order to protect the assets and undertaking of the Company.

Under the Company's Risk Management Policy, and as outlined under Principle 4, the Managing Director and the Chief Financial Officer must provide written confirmation to the Board that all assurances given by management in respect of the integrity of financial statements are founded on sound systems of risk management and internal compliance and control which implements the policies adopted by the Board.

PRINCIPLE 8: ENCOURAGE ENHANCED PERFORMANCE

The Board has determined a process for evaluating the performance of the Board and the Managing Director as follows:

- the Company is to undertake an annual evaluation of the performance of the Board (including Directors and Committees);
- the Chairman is to undertake annual and 6-monthly interim performance evaluations with respect to the performance of the Managing Director of the Company.

These policies are set out in Board and Managing Director Performance Evaluation policies that have been adopted by the Board.

Further, and as noted previously, the Board has established a Nomination and Remuneration Committee, which in part is responsible for reviewing the Board composition, including appropriate mix of skills, experience and independence.

PRINCIPLE 9: REMUNERATE FAIRLY AND RESPONSIBLY

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

Accordingly, and as noted previously, the Board has established a Nomination & Remuneration Committee, which, amongst other matters, is responsible for the following:

- reviewing and approving the appropriate remuneration of Directors, the Managing Director and senior executives of the Company;
- ensuring that remuneration levels take into account risks involved, demands and time requirements of each role, and relevant industry and related benchmarks;
- developing and recommending to the Board remuneration incentive programs such as bonus schemes and Company share schemes;
- 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 executive remuneration is paid in accordance with thresholds set in plans as disclosed to or approved by shareholders; and
- reviewing and approving appropriate disclosures to be included in the Company's annual report regarding the Committee, its activities and performance.

PRINCIPLE 10: RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

The Board recognises the interests of stakeholders other than shareholders of the Company. The Company has a number of legal and other obligations to such stakeholders as employees, customers, service providers and the community as a whole. Accordingly, the Board has adopted a Code of Conduct in respect of dealings with these stakeholders to guide Directors, executives and all staff.

DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity consisting of CSG Limited and the entities it controlled, ("CSG" or "the Company") for the financial year ended 30 June 2007 and auditors report thereon. This financial report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures compliance with International Financial Reporting Standards (IFRS).

Principal Activities

The principal activities of the consolidated entity during the financial year were provision of information technology and office supply and services.

There has been no significant change in the nature of these activities during the financial year, other than the acquisitions as detailed at Note 22.

Results

The consolidated profit after income tax attributable to the members of CSG was $10.97m (2006: $3.55m).

Review of Operations

The 2007 financial year saw dramatic growth and change in our company after many years of meticulous strategic planning. We combined our existing, implemented and proven organic growth strategy with a carefully developed acquisitive growth strategy that included our ASX listing. Organic growth and acquisitive growth are now the fundamental drivers of our business going forward.

Financial Highlights

- Revenue 6% above prospectus forecast
- EBITDA of $18.75 million; 5% above prospectus forecast
- Net profit after tax of $10.97 million; 4% above prospectus forecast
- Staff numbers of 458 in 2007; an additional 198 over 2006

Operational Highlights

- Commenced delivering the Northern Territory Government's Desktop and Helpdesk IT Outsourcing Services Contract that we were awarded again in 2006 in partnership with Fujitsu Australia
- Acquired the largest Australian Fuji Xerox dealership; the Brisbane Xerox Business Centre
- Acquired the Power Business Systems business in Perth and formed the new CSG division 'Application Services'
- Introduced an expanded management team to drive growth
- Commenced an acquisition pipeline with three acquisitions already implemented in the 2008 financial year
- Established national headquarters in Darwin with CSG now the only locally grown and listed company headquartered in the Northern Territory

Significant Changes in the State of Affairs

In April 2007 the Company listed on the Australian Stock Exchange ("ASX") raising an amount of $60.5m and completing acquisitions of certain businesses outlined in the prospectus dated 13 March 2007.

Other than the above, there have been no significant changes in the consolidated entity's state of affairs during the financial year.

After Balance Date Events

Other than the matters disclosed in Note 31, there are no material after balance date events.

Likely Developments

The company will continue to pursue its operating strategy to create shareholder value. In the opinion of the directors, disclosure of any further information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulation

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

Dividend Paid, Recommended and Declared

No dividends were paid, declared or recommended since the start of the financial year other than dividends paid to vendor shareholders prior to listing on the ASX as disclosed in Note 10.

Share Options

Options over unissued ordinary shares granted by CSG Ltd during or since the end of the financial year to directors and the 5 highest paid executives as part of their remuneration were as follows:

Directors	**Options granted**
Philip Chambers	250,000
Andrew Kroger	250,000
Ian Kew	250,000
Michael Brodie	250,000
Executives	
Kevin McLaine	200,000

DIRECTORS' REPORT (CONTINUED)

Further details regarding options granted as remuneration are provided in the Remuneration Report below.

Shares Under Option

Unissued ordinary shares of CSG under option at the date of this report are as follows:

Number of unissued ordinary shares under option	Exercise price of options	Expiry date of the options
1,200,000	$1.25	Refer below and Note 26

No option holder has any right under the options to participate in any other share issue of the company.

The options issued are in 3 series and are governed by the terms of the Employee Share Option Plan with each series having a unique expiry date.

Indemnification and Insurance of Directors and Officers

During the financial year, the consolidated entity has paid a premium amounted to $58,697 insuring all the directors and the officers against judgements, settlements, investigative costs, defence costs and costs to appear at inquiries or investigations.

Proceedings on Behalf of the Consolidated Entity

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

Information on Directors and Company Secretary

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

Mr Philip Chambers

Non-Executive Chairman

Philip joined the board in February 2007. Philip was Managing Director of Fuji Xerox Australia from 1998 until his retirement in 2006. Prior to this Philip worked for Rank Xerox Australia from 1985 holding management roles in Sydney and Auckland. Philip is a former Director of a peak ITC industry body - the Australian Information Industry Association (AIIA), as well as a former Governor of the American Chamber of Commerce. Philip has a Bachelor of Science degree from Bristol University, England.

Philip is a member of the Audit and Remuneration Committees

Mr Denis Mackenzie

Managing Director

Denis is a foundation shareholder and Managing Director of CSG. Denis has worked in CSG since 1996. Denis has run the business since 2001 and has been responsible for and delivered the organic and acquisitive growth of the business during that time. Denis continues to develop and implement strategy to grow the business and diversify into other jurisdictions throughout Australia. Prior to CSG,

Denis worked at Macquarie Bank and Coopers and Lybrand. Denis has a commerce degree and a first class honours degree in finance obtained from the University of Queensland. Denis is a member of the AIIA Northern Territory branch committee.

Denis is a member of the Audit and Remuneration Committees

Mr Michael Brodie

Non-Executive Director

Michael started employment with the Brisbane Xerox Business Centre as a salesman and was promoted to Sales Manager, General Manager and then Managing Director. Over the last 20 years he has developed a successful Xerox copier business based on document applications and customer satisfaction, focusing on the SME market. Michael grew the Brisbane Xerox Business Centre to be the largest Xerox Copier dealer in Australia over the last 5 years. Michael holds a Bachelor of Business Accountancy from Queensland University of Technology and was appointed to the board of CSG in March 2007.

Mr Andrew Kroger

Non-Executive Director

Andrew has had a career in stockbroking, law and general management including two years running Forsayth Ltd in 1990 which was Australia's ninth largest gold producer at that time. Andrew is currently Managing Director of a listed investment fund, Strategic Pooled Development Ltd, and a director of CDS Technologies Ltd which until recently was an internationally diverse water company. Andrew was appointed to the CSG board in March 2007.

Andrew is Chairman of the Remuneration Committee

Mr Ian Kew

Non-Executive Director

Ian Kew is the Chief Executive Officer for Airport Development Group Pty Ltd which has interests in Darwin International, Alice Springs and Tennant Creek Airports. Ian spent 20 years working for Shell in a variety of oil marketing, operations, change management and special project positions. Ian is on the Board of the Darwin Symphony Orchestra and the Australian Airports Association. Ian has an economics degree from Monash University and was appointed to the board in March 2007.

Ian is Chairman of the Audit Committee.

Barbara Jensen

Company Secretary

Barbara is an experienced finance executive and has been with the company for three years. She has held various management positions in finance and accounting over the past 30 years, having worked in Australia, Thailand and Hong Kong.

Directors' Meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

DIRECTORS	BOARD MEETINGS		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
	(i)	(ii)	(i)	(ii)	(i)	(ii)
Mr. Philip Chambers	7	7	1	1	-	-
Mr. Denis Mackenzie	7	7	1	1	-	-
Mr. Michael Brodie	7	7	-	-	-	-
Mr. Ian Kew	6	7	1	1	-	-
Mr. Andrew Kroger	7	7	-	-	-	-

(i) Number of meetings attended.

(ii) Number of meetings held during the time the Director held office.

Directors' Interests in Shares of Options

Directors' relevant interests in shares of CSG or options over shares in the company are detailed below.

Directors' relevant interests in:	Ordinary Shares of CSG	Options over shares in CSG
Denis Mackenzie	50,691,495	Nil
Michael Brodie	20,391,053	250,000
Andrew Kroger	1,000,000	250,000
Philip Chambers	100,000	250,000
Ian Kew	Nil	250,000

Directors' Interests in Contracts

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Non-Audit Services

Non-audit services are approved by resolution of the audit committee and approval is provided in writing to the board of directors. Non-audit services provided by the auditors of the consolidated entity during the year, Pitcher Partners, are detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor to by any entity that is part of the consolidated entity for:

	2007 $'000	2006 $'000
Investigating Accountant's Report	255	-

REMUNERATION REPORT

Remuneration Policies

The board policy for determining the nature and amount of remuneration of directors and executives is agreed by the board of directors as a whole. The board obtains professional advice where necessary to ensure that the company attracts and retains talented and motivated directors and employees who can enhance company performance through their contributions and leadership.

For executive directors and specified executives, the company provides a remuneration package that incorporates both cash-based remuneration and share-based remuneration. The contracts for service between the company and specified directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Share-based remuneration is conditional upon continuing employment thereby aligning director and shareholder interests. The remuneration policy is not directly related to company performance. The board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the company for shareholders.

Non-executive directors receive fees and options.

The company determines the maximum amount for remuneration, including thresholds for share-based remuneration, for directors by resolution. Further details regarding components of directors' and executive remuneration are provided in the notes to the financial statements.

DIRECTORS' REPORT (CONTINUED)

The names and positions of each person who held the position of director at any time during the financial year is provided above. The four named executives in the consolidated group who are in decision making positions for the financial year are listed below. It is deemed that no other executives meet the definition of executive officer.

(i) Directors

Mr. Denis Mackenzie Director and Chief Executive Officer

(ii) Executives

Mr. David Ward Group General Manager

Mr. Bruce Dinsdale Group General Manager

Mr. Kevin McLaine Chief Financial Officer

Mr. Trevor Oliver General Manager

DIRECTORS' REMUNERATION

2007	Short Term				Post Employment		Long-term	Share-based Payments			
	Salary fees	Cash Bonus	Non-monetary	Other	Super	Retirement Benefits	Incentive plans	Options	TOTAL	TOTAL PERFORMANCE RELATED	PAID IN OPTIONS
	$	$	$	$	$	$		$		%	%
Mr Philip Chambers (1)	22,873	-	-	-	2,059	-	-	14,356	39,288	0%	37%
Mr Denis Mackenzie	207,625	545,000	35,234	-	42,385	-	-	-	830,244	0%	0%
Mr Michael Brodie (1)	13,724	-	-	-	1,235	-	-	14,356	29,315	0%	49%
Mr Ian Kew (1)	13,724	-	-	-	1,235	-	-	14,356	29,315	0%	49%
Mr Andrew Kroger (1)	13,724	-	-	-	1,235	-	-	14,356	29,315	0%	49%
	271,670	545,000	35,234	-	48,149	-	-	57,424	957,477		
2006											
Mr Denis Mackenzie	154,159	519,000	28,455	-	46,583	-	-	-	748,197	0%	0%
	154,159	519,000	28,455	-	46,583	-	-	-	748,197		

EXECUTIVES' REMUNERATION:

2007	Short Term				Post Employment		Long-term	Share-based Payments			
	Salary fees	Cash Bonus	Non-monetary	Other	Super	Retirement Benefits	Incentive plans	Options	TOTAL	TOTAL PERFORMANCE RELATED	PAID IN OPTIONS
	$	$	$	$	$	$		$		%	%
Mr David Ward	267,000	-	-	-	-	-	-	-	267,000	0%	0%
Mr Bruce Dinsdale (2)	80,891	-	-	-	9,707	-	-	-	90,598	0%	0%
Mr Kevin McLaine (2)	30,000	-	-	-	-	-	-	14,356	44,356	0%	32%
Mr Trevor Oliver	138,440	105,000	-	-	17,860	-	-	-	261,300	40%	0%
	516,331	105,000	-	-	27,567	-	-	14,356	663,254		
2006											
Mr David Ward (2)	45,000	-	-	-	-	-	-	-	45,000	0%	0%
Mr Trevor Oliver	137,286	36,000	-	-	12,261	-	-	-	185,547	19%	0%
	182,286	36,000	-	-	12,261	-	-	-	230,547		

Note 1: Director since listing.

Note 2: Employed for part of the relevant year. Mr. Kevin McLaine commenced employment in April 2007. Mr. Bruce Dinsdale commenced employment in February 2007. Mr David Ward commenced employment in March 2006.

PERFORMANCE RELATED:

The performance based bonus above is payable on certain earnings targets set for the executive's business unit responsibilities. The bonuses paid in 2006 and 2007 were structured on achievement of the relevant earnings targets.

According to the Company's option plan the following options were issued on 13th March 2007. None of the options have lapsed, vested or been exercised as at 30 June 2007.

Options

					Terms and conditions for each grant			
	Vested Number	Granted Number	Grant Date	Value per option at grant date	Exercise Price $	Expiry Date	First Exercise Date	Last Exercise Date
Directors								
Mr Philip Chambers	-	250,000	19/04/2007	$0.26	$1.25	30/06/2009	15/02/2008	29/06/2009
Mr Michael Brodie	-	250,000	19/04/2007	$0.26	$1.25	30/06/2009	15/02/2008	29/06/2009
Mr Ian Kew	-	250,000	19/04/2007	$0.26	$1.25	30/06/2009	15/02/2008	29/06/2009
Mr Andrew Kroger	-	250,000	19/04/2007	$0.26	$1.25	30/06/2009	15/02/2008	29/06/2009
Executives								
Mr Kevin McLaine	-	200,000	19/04/2007	$0.26	$1.25	30/06/2009	15/02/2008	29/06/2009
Total	-	1,200,000						

DIRECTORS' REPORT (CONTINUED)

	Balance 1/07/2006	Granted as Remuneration	Options Exercised *	Net change other*	Balance 30/06/2007	Total Vested 30/06/2007	Total Exercisable 30/06/2007	Total Unexercisable 30/06/2007
Directors								
Mr Philip Chambers	-	250,000	-	250,000	250,000	-	-	250,000
Mr Michael Brodie	-	250,000	-	250,000	250,000	-	-	250,000
Mr Ian Kew	-	250,000	-	250,000	250,000	-	-	250,000
Mr Andrew Kroger	-	250,000	-	250,000	250,000	-	-	250,000
Executives								
Mr Kevin McLaine	-	200,000	-	200,000	200,000	-	-	200,000
Total	-	1,200,000	-	1,200,000	1,200,000	-	-	1,200,000

The cost of options has been calculated using the Black-Scholes method of calculation. Refer to Note 17.

ROUNDING OF AMOUNTS

The amounts contained in the report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

Mr Denis Mackenzie
Director

Melbourne
28 September 2007

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION
To the Directors of CSG Limited

In relation to the independent audit for the year ended 30 June 2007, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the Corporations Act 2001.

(ii) No contraventions of any applicable code of professional conduct.

T J BENFOLD
Partner
28 September 2007

PITCHER PARTNERS

Melbourne

FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated Entity		Parent Entity	
		2007	**2006**	**2007**	**2006**
	Notes	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from continuing operations	2	76,167	32,713	3,624	-
Cost of goods sold	3	(24,145)	(18,832)	-	-
Gross Profit		52,022	13,881	3,624	-
Other revenue	2	792	621	103	-
Marketing expenses		(63)	(42)	-	-
Occupancy expenses		(1,374)	(431)	(2)	-
Administration expenses		(605)	(180)	(160)	-
Depreciation and amortisation	3	(2,981)	(2,077)	-	-
Finance costs	3	(960)	(492)	(169)	-
Employee benefits	3	(25,163)	(4,868)	(262)	-
Sub-contract expenses		(3,416)	(731)	(31)	-
Other expenses		(3,373)	(661)	(27)	-
Share of net profit/(loss) of associates accounted for using the equity method		(27)	198	-	-
Profit before income tax		**14,852**	**5,218**	**3,076**	**-**
Income tax expense	4	(3,878)	(1,673)	(940)	-
Profit from continuing operations		**10,974**	**3,545**	**2,136**	**-**
Basic earnings per share	24	$0.0650			
Diluted earnings per share	24	$0.0645			

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007

		Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
	Notes	$'000	$'000	$'000	$'000
CURRENT ASSETS					
Cash and cash equivalents	5	13,406	3,245	6,946	-
Receivables	6	11,291	4,591	3,624	-
Inventories	7	1,590	1,512	-	-
Other	8	366	131	145	-
TOTAL CURRENT ASSETS		**26,653**	**9,479**	**10,715**	**-**
NON CURRENT ASSETS					
Receivables	6	5	-	-	-
Other financial assets	9	3	-	-	-
Investments in controlled entities		-	-	14,079	-
Deferred tax assets	4	841	92	323	-
Property, plant and equipment	11	11,243	8,814	-	-
Intangible assets	12	50,088	-	29,390	-
TOTAL NON CURRENT ASSETS		**62,180**	**8,906**	**43,792**	**-**
TOTAL ASSETS		**88,833**	**18,385**	**54,507**	**-**
CURRENT LIABILITIES					
Payables	13	17,758	5,058	2	-
Short term borrowings	14	4,679	2,809	-	-
Current tax payable	4	2,302	346	1,263	-
Provisions	16	1,407	459	16	-
TOTAL CURRENT LIABILITIES		**26,146**	**8,672**	**1,281**	**-**
NON CURRENT LIABILITIES					
Payables	13	1,000	-	-	-
Payable to related parties	15	-	-	5,568	-
Long term borrowings	14	16,332	5,865	6,400	-
Provisions	16	451	127	-	-
TOTAL NON CURRENT LIABILITIES		**17,783**	**5,992**	**11,968**	**-**
TOTAL LIABILITIES		**43,929**	**14,664**	**13,249**	**-**
NET ASSETS		**44,904**	**3,721**	**41,258**	**-**
EQUITY					
Contributed equity	17	39,051	906	39,051	-
Reserves	18	71	-	71	-
Retained earnings	19	5,782	2,815	2,136	-
TOTAL EQUITY		**44,904**	**3,721**	**41,258**	**-**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
	Notes	$'000	$'000	$'000	$'000
TOTAL EQUITY AT THE BEGINNING OF THE YEAR		**3,721**	**3,087**	**-**	**-**
Employee share options	18	71	-	71	-
Net income recognised directly in equity		71	-	71	-
Profit for the year		10,974	3,545	2,136	-
Total recognised income and expense for the period		11,045	3,545	2,207	-
Attributable to:					
Members of the parent		11,018	3,743	2,207	-
Share of net (profit)/loss of associates		27	(198)	-	-
		11,045	3,545	2,207	-
Transactions with equity holders in their capacity as equity holders:					
Original share capital eliminated on corporate restructure	17	(906)	-	-	-
Dividends/distributions paid	10	(8,006)	(2,911)	-	-
Share capital issued on corporate restructure	17	6,506	-	6,506	-
Share capital issued to public via float	17	16,672	-	16,672	-
Acquisition of Flemdale Pty Ltd and Xtream Pty Ltd	17	20,391	-	20,391	-
Capital raising costs	17	(4,518)	-	(4,518)	-
		30,138	(2,911)	39,051	-
TOTAL EQUITY AT THE END OF THE YEAR		**44,904**	**3,721**	**41,258**	**-**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated Entity		Parent Entity	
		2007	**2006**	**2007**	**2006**
	Notes	**$'000**	**$'000**	**$'000**	**$'000**
STATEMENT OF CASH FLOWS					
Receipts from customers		73,525	34,525	-	-
Payments to suppliers, employees and others		(56,712)	(26,213)	(382)	-
Interest income		291	164	103	-
Borrowing costs paid		-	(436)	(169)	-
Income tax paid		(2,259)	(1,367)		-
Net cash flows from operating activities	20(a)	**14,845**	**6,673**	**(448)**	**-**
Payments for investments	22	(1,100)	-	-	-
Proceeds from disposal of investments		-	25	-	-
Payments for property, plant & equipment		(7,157)	(8,976)	-	-
Proceeds from sale of property, plant & equipment		3,754	1,951	-	-
Loans advanced		-	-	-	-
Payments for businesses	22	(20,450)	-	(14,079)	-
Net cash flows from investing activities		**(24,953)**	**(7,000)**	**(14,079)**	**-**
Proceeds raised on the issue of the prospectus		60,532	-	60,532	-
Payment for share issue costs		(4,518)	-	(4,518)	-
Payment to vendor shareholders		(43,861)	-	(43,861)	-
Proceeds from borrowings		16,707	6,460	9,320	-
Loans repaid		(808)	(2,657)	-	-
Dividends and reserve distributions	10	(8,006)	(2,911)	-	-
Net cash flows from financing activities		**20,046**	**892**	**21,473**	**-**
Net increase in cash held		**9,938**	**565**	**6,946**	**-**
Cash and cash equivalents at the beginning of the financial year		**2,751**	**2,186**	**-**	**-**
Cash and cash equivalents at the end of the financial year	**20(b)**	**12,689**	**2,751**	**6,946**	**-**

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The report has been prepared for CSG Limited and its controlled entities. CSG Limited is a company limited by shares incorporated and domiciled in Australia.

The following is a summary of material accounting policies which have been adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

Compliance with IFRS

Australian Accounting Standards include Australian Equivalents to International Financing Reporting Standards (AIFRSs). Compliance with AIFRS ensures compliance with International Financial Reporting Standards (IFRSs).

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes on assets described in the accounting policies. Cost is based on the fair values of the consideration given in exchange for assets.

(a) Principles of consolidation

The report represents a consolidation of all controlled entities as at 30 June 2007 or as at 30 June 2006 as a result of common ownership prior to the incorporation of CSG Limited. Refer to Note 23.

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.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

(b) Business Combinations

The directors have identified that the business combination, encompassing the restructure of CSG that occurred in March 2007 constituted a reverse acquisition as defined under AASB 3: Business Combinations. Accordingly, the consolidated financial statements have been issued under the name of the new legal parent entity, CSG Limited, but reflect a continuation of the financial statements of the aggregated CSG Group with common control that existed prior to the restructure of the group.

For business combinations involving entities under common control, which are outside the scope of AASB 3: Business Combinations, the company applies the purchase method of accounting by the legal entity.

The cost of business combinations is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by CSG in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

(c) 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 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;

(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.

Equipment sales under financing arrangement

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 JUNE 2007

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months of less held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

(e) Receivables

All trade receivables are recognised initially at fair value, and subsequently at amortised cost, less a provision for doubtful debts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables 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 provision 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 provision is recognised in the income statement.

(f) Inventories

Inventories and work in progress are valued 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 and costs to be incurred in marketing, selling and distribution.

(g) Property, plant and equipment

Property, plant and equipment is recorded at historic cost less accumulated depreciation and impairment charges. Historic 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 other 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 income statement.

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.

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

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

Asset	Rate	Method
Leasehold and property improvements	2.5% - 4%	Diminishing value and straight line
Plane and Hanger	2.5% - 37.7%	Diminishing value and straight line
Plant and Equipment	11.25%- 37.5%	Diminishing value and straight line
Motor Vehicles	8.75% - 22.2%	Diminishing value
Computer Equipment	37.5% - 50%	Diminishing value and straight line
Office Furniture and Equipment	7.5% - 37.5%	Diminishing value and straight line

(h) Non current assets held for sale

Non current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset, but not in excess of any cumulative loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non current asset is recognised at the date of derecognition.

Non current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non current assets classified as held for sale are separately identified from the other assets in the balance sheet.

(i) Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition over fair value of the Group's share of the net identifiable assets of the acquired subsidiary/ associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill acquired in business combination is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount if goodwill relating to the entity is sold.

Licences

Licenses 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 licences over their estimated useful life.

(j) Trade and other payables

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

(k) 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 income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments 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.

(l) 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.

(m) 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.

(n) 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, unless they are directly attributable to qualifying assets.

Operating Leases

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.

Lease Income

Lease income from operating leases is recognised on a straight line basis over the term of the relevant lease, except to the extent that another systematic basis is more relevant of the pattern in which use benefit derived from the leased asset is diminished.

(o) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new share or for the acquisition of a business are included in the cost of the acquisition as part of the purchase consideration.

(p) Income tax

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.

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 assets are recognised for 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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

CSG Limited and its subsidiaries are not part of a tax consolidated group but intend to elect to be a tax consolidation group.

(q) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 30 JUNE 2007

(r) Financial instruments

Classification

The entity classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Loans and Receivables

Loan and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(s) Comparatives

The company was incorporated on 16 February 2007 and was listed on the Australian Stock Exchange on 19 April 2007. Refer to Note 23 for the entities reported within CSG Limited and its controlled entities.

(t) Rounding Amounts

The company is of a kind referred to in ASIC Class order 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(u) New Accounting Standards

There is no direct impact on the Group's financial statements for the year ended 30 June 2007 arising from accounting standards issued but not effective at the reporting date.

(v) Critical Accounting Estimates and Judgements

Estimates and judgements are based on past performance and management's expectation for the future.

CSG makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(i) 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.

(ii) Employee 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.

(iii) Share based payments

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

	Consolidated Entity		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**

NOTE 2: REVENUE

Revenues from continuing operations:

Sales Revenue				
Revenue from sale of goods	42,671	5,776	-	-
Revenue from services	33,194	26,937	-	-
Other	302	-	3,624	-
	76,167	**32,713**	**3,624**	**-**
Other Revenue				
Interest	291	164	103	-
Sundry	137	184	-	-
Rental	22	-	-	-
Profit on sale of fixed assets	342	273	-	-
	792	**621**	**103**	**-**

NOTE 3 : PROFIT FROM CONTINUING OPERATIONS

Profit from continuing operations before income tax has been determined after the following specific expenses:

Cost of goods sold				
3rd party products	24,145	18,832	-	-
Cost of goods sold	**24,145**	**18,832**	**-**	**-**
Employee benefits expense				
Share-based payments	71	-	71	-
Other employee benefits	25,092	4,868	191	-
Employee benefits expense	**25,163**	**4,868**	**262**	**-**
Depreciation/Amortisation of non-current assets				
Depreciation - property, plant and equipment	2,828	2,000	-	-
Amortisation - plant and equipment	153	77	-	-
Total depreciation/amortisation of non-current assets	**2,981**	**2,077**	**-**	**-**
Other				
Movements in provision for doubtful debts	25	22	-	-
Bad debts	65	-	-	-
Finance costs expensed				
Interest and charges	960	492	169	-
Total finance costs expensed	**960**	**492**	**169**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 JUNE 2007

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
NOTE 4: INCOME TAX				
(a) The components of tax expense:				
Current tax	4,215	1,680	1,263	-
Deferred tax	(337)	(7)	(323)	-
Under/(over) provision in prior years	-	-	-	
Total Income tax expense	**3,878**	**1,673**	**940**	**-**
(b) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
Profit before tax	14,852	5,218	3,076	-
Share of net profit of associates accounted for using the equity method	27	(198)	-	-
Profit from operations	14,879	5,020	3,076	-
Less: unit trust distributions to vendor shareholders prior to listing	(2,000)	(34)	-	-
Taxable profit from operations	**12,879**	**4,986**	**3,076**	**-**
Income tax calculated at 30%	3,863	1,496	923	-
Non-deductible expenses, net	130	81	3	-
Non-assessable income	(1,168)	-	(1,087)	-
Other	(34)	29	-	-
Assessable income not included in accounts	1,424	74	1,424	-
	4,215	**1,680**	**1,263**	**-**

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. CSG Ltd and its subsidiaries are not part of a tax consolidated group but intend to elect to be a tax consolidated group.

(c) Current tax liability

Current tax liabilities	2,302	346	1,263	-
	2,302	**346**	**1,263**	**-**

(d) Deferred tax balances

Deferred tax assets comprise:				
Temporary differences	841	92	323	-
	841	**92**	**323**	**-**

Consolidated Entity 2007	**Opening balance**	**Business combinations**	**Charged to income**	**Closing balance**
Gross deferred tax liabilities:				
Property, plant and equipment	(92)	(32)	5	(119)
Other	-	(5)	-	(5)
	(92)	**(37)**	**5**	**(124)**
Gross deferred tax assets:				
Doubtful debts	7	-	(3)	4
Provision for doubtful debts	-	1	7	8
Accrued expenses	-	201	55	256
Lease liabilities	41	32	(25)	48
Provision for annual and long service leave	136	214	33	383
Other	-	1	1	2
Investment in CSGS Unit Trust	-	-	264	264
	184	**449**	**332**	**965**
Net Deferred Tax Asset/(Liabilities)	**92**	**412**	**337**	**841**

Parent Entity 2007	**Opening balance**	**Charged to income**	**Closing balance**
Gross deferred tax assets:			
Accrued expenses	-	54	54
Provision for annual and long service leave	-	5	5
Investment in CSGS Unit Trust	-	264	264
Net Deferred Tax Asset/(Liabilities)	**-**	**323**	**323**

	Consolidated Entity		**Parent Entity**	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
Unrecognised deferred tax balances				
The following deferred tax assets have not been brought to account as assets:				
Tax losses - revenue	356	247	-	-
Tax losses - capital	346	346	-	-
	702	**593**	**-**	**-**

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank	6,643	200	187	-
Cash on hand	4	4	-	-
Short term deposits	6,759	3,041	6,759	-
	13,406	**3,245**	**6,946**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 JUNE 2007

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
NOTE 6: TRADE AND OTHER RECEIVABLES				
Current				
Trade receivables	8,799	4,584	-	-
Sundry debtors	2,539	29	3,624	-
Provision for doubtful debts	(47)	(22)	-	-
	11,291	**4,591**	**3,624**	**-**
Non-Current				
Other receivables	5	-	-	-
	5	**-**	**-**	**-**
NOTE 7: INVENTORIES				
Finished goods				
- at cost	1,590	1,512	-	-
	1,590	**1,512**	**-**	**-**
NOTE 8: OTHER CURRENT ASSETS				
Prepayments	366	131	145	-
	366	**131**	**145**	**-**
NOTE 9: OTHER FINANCIAL ASSETS				
Non-Current				
Investments at cost comprise:				
Listed Shares	3	-	-	-
	3	**-**	**-**	**-**
NOTE 10: DIVIDENDS ON ORDINARY SHARES				
(a) Dividends paid during the year				
Dividends paid to vendor shareholders prior to listing	8,006	2,911	-	-
	8,006	**2,911**	**-**	**-**
(c) Franking credit balance				
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and after deducting franking credits to be used in payment of proposed dividends:	6,678	7,103	1,276	-

		Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
	Notes	$'000	$'000	$'000	$'000
NOTE 11: PROPERTY, PLANT AND EQUIPMENT					
Freehold buildings					
At fair value		-	-	-	-
Accumulated depreciation		-	-	-	-
	11(b)	-	-	-	-
Property improvements					
At cost		570	423	-	-
Accumulated depreciation		(73)	(26)	-	-
	11(b)	497	397	-	-
Plant and equipment					
At cost		11,543	4,004	-	-
Accumulated depreciation		(3,824)	(1,244)	-	-
	11(b)	7,719	2,760	-	-
Plane and hangar					
At cost		942	723	-	-
Accumulated depreciation		(147)	(60)	-	-
	11(b)	795	663	-	-
Furniture and fittings					
At cost		1,135	868	-	-
Accumulated depreciation		(332)	(102)	-	-
	11(b)	803	766	-	-
Office computer equipment					
At cost		2,293	1,754	-	-
Accumulated depreciation		(1,429)	(814)	-	-
	11(b)	864	940	-	-
Motor vehicles					
At cost		639	319	-	-
Accumulated depreciation		(237)	(99)	-	-
	11(b)	402	220	-	-
Leased plant and equipment					
Capitalised leased assets		238	3,153	-	-
Accumulated amortisation		(75)	(85)	-	-
	11(b)	163	3,068	-	-
Total plant and equipment		11,243	8,814	-	-
Total property, plant and equipment					
Cost		17,360	11,244	-	-
Accumulated depreciation and amortisation		(6,117)	(2,430)	-	-
Total written down amount		**11,243**	**8,814**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 JUNE 2007

		Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
	Notes	$'000	$'000	$'000	$'000
(b) Reconciliations					
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.					
Freehold buildings					
Carrying amount at beginning		-	-	-	-
Additions		-	-	-	-
Disposals		(364)	-	-	-
Additions through acquisition of entities / operations		369	-	-	-
Depreciation expense		(5)	-	-	-
		-	-	-	-
Property improvements					
Carrying amount at beginning		397	61	-	-
Additions		103	359	-	-
Disposals		-	-	-	-
Additions through acquisition of entities / operations		30	-	-	-
Depreciation expense		(33)	(23)	-	-
		497	397	-	-
Plant and equipment					
Carrying amount at beginning		2,760	2,336	-	-
Additions		6,581	3,636	-	-
Disposals		(100)	(1,559)	-	-
Additions through acquisition of entities / operations		637	-	-	-
Depreciation expense		(2,159)	(1,653)	-	-
		7,719	2,760	-	-
Plane and hangar					
Carrying amount at beginning		663	214	-	-
Additions		276	504	-	-
Disposals		(53)	-	-	-
Additions through acquisition of entities / operations		-	-	-	-
Depreciation expense		(91)	(55)	-	-
		795	663	-	-
Furniture and fittings					
Carrying amount at beginning		766	334	-	-
Additions		21	502	-	-
Disposals		-	-	-	-
Additions through acquisition of entities / operations		153	-	-	-
Depreciation expense		(137)	(70)	-	-
		803	766	-	-
Office computer equipment					
Carrying amount at beginning		940	422	-	-
Additions		177	676	-	-
Disposals		(38)	-	-	-
Additions through acquisition of entities / operations		103	-	-	-
Depreciation expense		(318)	(158)	-	-
		864	940	-	-

	Notes	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		$'000	$'000	$'000	$'000
Motor vehicles					
Carrying amount at beginning		220	73	-	-
Additions		76	227	-	-
Disposals		(13)	(40)	-	-
Additions through acquisition of entities / operations		205	-	-	-
Depreciation expense		(86)	(40)	-	-
		402	220	-	-
Leased plant and equipment					
Carrying amount at beginning		3,068	112	-	-
Additions		16	3,114	-	-
Disposals		(2,940)	(81)	-	-
Additions through acquisition of entities / operations		172	-	-	-
Amortisation expense		(153)	(77)	-	-
		163	**3,068**	**-**	**-**
		11,243	**8,814**	**-**	**-**

NOTE 12: INTANGIBLES

	Notes	Consolidated Entity 2007 $'000	Consolidated Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
At 30 June 2007					
Goodwill on consolidation	22	48,978	-	-	-
Goodwill at cost		213		29,390	
Net carrying amount		**49,191**	**-**	**29,390**	**-**
Year ended 30 June 2007					
Opening net book amount		-	-	-	-
Additions		49,191	-	29,390	-
Closing net book value		**49,191**	**-**	**29,390**	**-**
At 30 June 2007					
Licences		902	-	-	-
Accumulated impairment loss		(5)	-	-	-
Net carrying amount		**897**	**-**	**-**	**-**
Year ended 30 June 2007					
Opening net book amount		-	-	-	-
Additions		902	-	-	-
Accumulated impairment loss		(5)	-	-	-
Closing net book value		**897**	**-**	**-**	**-**
Total		**50,088**	**-**	**29,390**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 JUNE 2007

		Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
	Notes	$'000	$'000	$'000	$'000
NOTE 13: PAYABLES					
Current					
Trade payables		6,009	2,271	2	-
Other payables		5,654	2,787	-	-
Deferred consideration	22	6,095	-	-	-
		17,758	**5,058**	**2**	**-**
Non-Current					
Deferred consideration	22	1,000	-	-	-
		1,000	**-**	**-**	**-**
NOTE 14: BORROWINGS					
Current					
Secured					
Lease and hire purchase liability (ii)	21	3,453	1,433	-	-
Borrowings (i)		509	882	-	-
Bank overdraft (i)		717	494	-	-
		4,679	**2,809**	**-**	**-**
Non-Current					
Secured					
Lease and hire purchase liability (ii)	21	6,839	5,714	-	-
Borrowings (i)		9,493	151	6,400	-
		16,332	**5,865**	**6,400**	**-**

Terms and conditions relating to the above financial instruments

(i) Bank loans overdraft and commercial bills are secured by mortgage over the assets of CSG and various undertakings.

(ii) Lease liabilities are secured by assets under lease or hire purchase.

NOTE 15: RELATED PARTIES				
Payable to CSG entities	-	-	5,568	-
	-	**-**	**5,568**	**-**
NOTE 16: PROVISIONS				
Current				
Employee benefits	1,407	459	16	-
	1,407	**459**	**16**	**-**
Non-Current				
Employee benefits	451	127	-	-
Aggregate employee benefits liability	**1,858**	**586**	**16**	**-**

	Notes	Consolidated Entity 2007 $'000	Consolidated Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000

NOTE 17: CONTRIBUTED EQUITY

(a) Issued and paid up capital

	Notes	Consolidated Entity 2007 $'000	Consolidated Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
Ordinary shares fully paid	17(b)	39,051	906	39,051	-
		39,051	**906**	**39,051**	**-**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in shares on issue

	Parent and Consolidated Entity 2007		Consolidated Entity 2006	
	No of shares	**$'000**	**No of shares**	**$'000**
Beginning of the financial year	-	-	105,750	906
Share capital issued on corporate restructure	60,800,000	6,506	-	-
Restructure of share capital/share split (iii)	70,988,304	-	-	-
Shares issued to public via float	16,671,695	16,672	-	-
Acquisition of Flemdale and Xtream (ii)	20,391,053	20,391	-	-
Less capital raising costs	-	(4,518)		
Balance at the end of the year	**168,851,052**	**39,051**	**105,750**	**906**

The following is a summary of the transactions that have occurred during the year ended 30 June 2007:

- Issue of 3,600,000 shares to acquire CSG Solutions from Vendor Shareholders;
- Issue of 18,200,000 shares to acquire CSG Services from Vendor Shareholders;
- Issue of 33,400,000 shares to acquire CSGS Trust from Vendor Shareholders;
- Issue of 2,600,000 shares to acquire Sunshine Coast from Vendor Shareholders;
- Issue of 3,000,000 shares and the payment of $6,373,920 to acquire 40% of Flemdale and Xtream from Vendor Shareholders;
- Share split on the basis of 2.168 shares for each existing share;
- Issue of 16,671,695 New Shares under the Prospectus;
- Issue of 20,391,053 shares and payment of $10,171,695 to an entity associated with Michael Brodie to acquire the remaining 60% of Flemdale and Xtream; and
- Issue of 1,000,000 options to directors and 200,000 options to a member of senior management.

(c) Share Options

Options over ordinary shares:

Employee share scheme

The company 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 30 JUNE 2007

The current option plan has the following specifications:

The options issued are in 3 series and are governed by the terms of the Plan:

- Series 1 Options, comprising 25% of the options granted, are only exercisable following the announcement of CSG's end of half year results to December 2007, at an Exercise Price of $1.25 per Option, and will automatically lapse if they are not exercised within 6 months of this date.
- Series 2 Options, comprising 25% of the options granted, are only exercisable following the announcement of CSG's end of full year results to June 2008, at an Exercise Price of $1.25 per Option, and will automatically lapse if they are not exercised within 6 months of this date.
- Series 3 Options, comprising 50% of the options granted, are only exercisable following the announcement of CSG's end of half year results to December 2008, at an Exercise Price of $1.25 per Option, and will automatically lapse if they are not exercised within 6 months of this date.
- There are no participating rights or entitlements inherent in the Series 1, Series 2 or Series 3 Options and you will not be entitled to participate in new issues of capital offered to shareholders of the Company during the currency of the Options.

During or since the end of the financial year, 1,200,000 (2006: Nil options) have been granted under this scheme. The market value of ordinary CSG shares closed at $1.36 on 30 June 2007. The cost of the options has been calculated according to the Black-Scholes method of calculation and the key input assumptions are as follows:

- Volatility 55%
- Risk Free rate 6.06%
- Exercise multiple 1.5 times

		Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
	Notes	$'000	$'000	$'000	$'000
NOTE 18: RESERVES					
Share based payment reserve	(a)	71	-	71	-

(a) Share-based payment reserve

(i) Nature and purpose of reserve

This reserve is used to record the value of equity benefit provided to employees and directors as part of their remunerations. Refer note 26 for details.

(ii) Movements in reserve

Balance at the beginning of year		-	-	-	-
Share based payments	3	71	-	71	-
Balance at end of year		**71**	**-**	**71**	**-**

NOTE 19: RETAINED EARNINGS

(a) Retained earnings

Balance at the beginning of year	2,815	2,181	-	-
Net profit attributable to members	10,974	3,545	2,136	-
Total available for appropriation	13,789	5,726	2,136	-
Dividends paid	(8,006)	(2,911)	-	-
	5,782	**2,815**	**2,136**	**-**

	Consolidated Entity		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**

NOTE 20: CASH FLOW

a) Reconciliation of net profit after tax to cash flows from operations:

Profit from ordinary activities after tax	10,974	3,545	2,136	-
(Profit)/loss on sale of assets	(342)	(273)	-	-
Profit from associates accounted for using the equity method	-	(124)	-	-
Amortisation and depreciation	2,981	2,077	-	-
Share based payments	72	-	72	-
(Increase)/decrease in assets:				
Current receivables	(2,360)	(598)	-	-
Current Prepayments	-	(33)	(146)	-
Current Inventories	1,164	314	-	-
Deferred tax assets	(538)	(7)	(323)	-
Other	-	60	-	-
Related party receivables	-	-	(3,624)	-
Increase/(decrease) in liabilities:				
Current payables	777	(187)	158	-
Current provisions	533	253	16	-
Tax provision	1,584	238	1,263	-
Other	-	1,408	-	-
Net cash flows from operating activities	**14,845**	**6,673**	**(448)**	**-**

b) Reconciliation of cash

Cash balance comprises:				
Cash at bank	13,406	3,245	6,946	-
Bank overdraft	(717)	(494)	-	-
Closing cash balance	**12,689**	**2,751**	**6,946**	**-**

c) Credit stand by arrangement and loan facilities

Facilities				
Overdraft	1,210	750	-	-
Bank loans and facilities	26,574	1,100	25,000	-
Equipment finance	15,236	10,941	-	-
Total	**43,020**	**12,791**	**25,000**	**-**
Facilities Used				
Overdraft	717	494	-	-
Bank loans and facilities	10,002	1,033	6,400	-
Equipment finance	10,291	7,147	-	-
Total	**21,010**	**8,674**	**6,400**	**-**
Facilities Unused				
Overdraft	493	256	-	-
Bank loans and facilities	16,572	67	18,600	-
Equipment finance	4,945	3,794	-	-
Total	**22,010**	**4,117**	**18,600**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 JUNE 2007

	Notes	Consolidated Entity 2007 $'000	Consolidated Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
NOTE 21: LEASES					
Lease expenditure commitments					
(a) Operating leases (non cancellable):					
(i) Operating leases relate to the lease of land and buildings.					
(ii) Minimum lease payments					
Not later than one year		974	698	-	-
Later than one year and not later than five years		3,088	1,537		
Later than five years		-	-	-	-
Aggregate lease expenditure contracted for at reporting date		**4,162**	**2,235**	**-**	**-**
(b) Finance leases:					
(i) Finance leases relate to computer equipment, motor vehicles, furniture, and other office equipment. Lease terms vary from two to five years. Various lease agreements in place have the option to purchase the assets for a nominal amount at the conclusion of the lease agreement.					
(ii) Future minimum lease payment and the present value of the net minimum lease payment					
Not later than one year		4,071	1,916	-	-
Later than one year and not later than five years		7,434	6,549	-	-
Total minimum lease payments		11,505	8,465	-	-
Future finance charges		(1,213)	(1,318)	-	-
Present value of minimum lease payments		**10,292**	**7,147**	**-**	**-**
Included in financial statements as:					
Current liability	14	3,453	1,433	-	-
Non current liability	14	6,839	5,714	-	-
		10,292	**7,147**	**-**	**-**

NOTE 22: BUSINESS COMBINATIONS

On 1 December 2006, 100% of the share capital of Sunshine Coast Office Equipment Pty Ltd was acquired by common owners of the aggregate group.

On 18 December 2006, 100% of the share capital of Power Accounting Pty Ltd was acquired by common owners of the aggregate group.

On 1 April 2007, 40% of the share capital of Flemdale Pty Ltd and Xtream Pty Ltd was acquired by common owners of the aggregate group. The remaining 60% of the share capital was acquired by CSG Limited at the completion of the offer in April 2007.

Shareholdings in the subsidiaries listed in Note 23 were transferred from the Vendor Shareholders to CSG Limited under the restructure of share capital outlined in the prospectus, dated 13 March 2007.

	Flemdale Pty Ltd and Xtream Pty Ltd	Connected Solutions Group Pty Ltd	CSG Unit Trust	CSG Services Pty Ltd	Sunshine Coast Office Equipment Pty Ltd	Power Accounting Pty Ltd	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consideration							
Shares issued as consideration	23,391	906	-	-	-	-	24,297
Cash paid under share sale agreement	16,845	-	-	-	2,600	2,105	21,550
Equity accounted share of loss	(166)	-	-	-	-	-	(166)
Share of retained profit relating to OEI	-	-	-	-	(93)	-	(93)
Deferred Consideration	-	-	-	-	-	7,095	7,095
Total acquisition cost	**40,070**	**906**	**-**	**-**	**2,507**	**9,200**	**52,683**
Net assets acquired							
Assets							
Cash and cash equivalents	1,970	919	1,738	163	111	593	5,494
Receivables	3,377	1,328	2,752	3,492	280	1,403	12,632
Inventory	973	785	1,690	815	268	-	4,531
Property, plant and equipment	546	733	1,435	4,730	561	564	8,569
Other financial assets	-	-	9,186	-	2	-	9,188
Other assets	155	89	120	597	27	87	1,075
Total assets acquired	**7,021**	**3,854**	**16,921**	**9,797**	**1,249**	**2,647**	**41,489**
Liabilities							
Trade and other payables	5,327	1,349	11,866	2,163	239	816	21,760
Borrowings	166	511	3,637	5,682	356	51	10,403
Provisions	431	160	547	147	134	546	1,965
Other liabilities	52	45	871	1,328	-	-	2,296
Total liabilities acquired	**5,976**	**2,065**	**16,921**	**9,320**	**729**	**1,413**	**36,424**
Net assets acquired	**1,045**	**1,789**	**-**	**477**	**520**	**1,234**	**5,065**
Retained earnings transferred to parent	-	883	-	477	-	-	1,360
Goodwill on consolidation	**39,025**	**-**	**-**	**-**	**1,987**	**7,966**	**48,978**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 JUNE 2007

NOTE 23: SUBSIDIARIES

Name of entity	Country of incorporation	Ownership interest 2007 %	2006 %
CSG Limited (i)	Australia		
Subsidiaries (ii)			
CSG Services Pty Ltd	Australia	100	100
CSGS Unit Trust	Australia	100	100
Connected Solutions Group Pty Ltd	Australia	100	100
Flemdale Pty Ltd (iii)	Australia	100	-
Xtream Pty Ltd	Australia	100	-
Sunshine Coast Office Equipment Pty Ltd	Australia	100	50
Power Accounting Pty Ltd	Australia	100	-

(i) CSG Limited and its subsidiaries are not part of a tax consolidated group but intend to elect to be a tax consolidated group.

(ii) These wholly-owned subsidiaries have not entered into a deed of cross guarantee with CSG Limited (pursuant to ASIC Class Order 98/1418) and are not relieved from the requirement to prepare and lodge an audited financial report.

(iii) Flemdale Pty Ltd is the only wholly-owned subsidiary which meets the criteria for a large proprietary company under paragraph 45A of the Corporations Act 2001, and must prepare and lodge an audited financial report.

NOTE 24: EARNINGS PER SHARE

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

	2007 $'000	2006 $'000
Net profit	10,974	-
Adjustments:	-	-
Earnings used in calculating basic and diluted earnings per share	10,974	-

	2007 No of shares	2006 No of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	168,851	-
Effect of dilutive securities:		
Share options	1,200	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	170,051	-

The company was incorporated on 16 February 2007 and therefore there are no comparatives.

NOTE 25: DIRECTORS' AND EXECUTIVES' COMPENSATIONS

(a) Details of Key Management Personnel

(i) Directors

Mr. Philip Chambers	Chairman – Non-Executive
Mr. Denis Mackenzie	Director and Chief Executive Officer
Mr. Michael Brodie	Director – Non-Executive
Mr. Ian Kew	Director – Non-Executive
Mr. Andrew Kroger	Director – Non-Executive

(ii) Executives

Mr. David Ward	Group General Manager
Mr. Bruce Dinsdale	Group General Manager
Mr. Kevin McLaine	Chief Financial Officer
Mr. Trevor Oliver	General Manager

(b) Directors' Compensation:

2007	Short Term				Post Employment		Long-term	Share-based Payments			
	Salary fees	Cash Bonus	Non-monetary	Other	Super	Retirement Benefits	Incentive plans	Options	TOTAL	TOTAL PREFORMANCE RELATED	PAID IN OPTIONS
	$	$	$	$	$	$		$		%	%
Mr Philip Chambers (1)	22,873	-	-	-	2,059	-	-	14,356	39,288	0%	37%
Mr Denis Mackenzie	207,625	545,000	35,234	-	42,385	-	-	-	830,244	0%	0%
Mr Michael Brodie (1)	13,724	-	-	-	1,235	-	-	14,356	29,315	0%	49%
Mr Ian Kew (1)	13,724	-	-	-	1,235	-	-	14,356	29,315	0%	49%
Mr Andrew Kroger (1)	13,724	-	-	-	1,235	-	-	14,356	29,315	0%	49%
	271,670	545,000	35,234	-	48,149	-	-	57,424	957,477		
2006											
Mr Denis Mackenzie	154,159	519,000	28,455	-	46,583	-	-	-	748,197	0%	0%
	154,159	519,000	28,455	-	46,583	-	-	-	748,197		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 JUNE 2007

(c) Executives' Remuneration:

2007	Short Term				Post Employment		Long-term	Share-based Payments			
	Salary fees	Cash Bonus	Non-monetary	Other	Super	Retirement Benefits	Incentive plans	Options	TOTAL	TOTAL PREFORMANCE RELATED	PAID IN OPTIONS
	$	$	$	$	$	$		$		%	%
Mr David Ward	267,000	-	-	-	-	-	-	-	267,000	0%	0%
Mr Bruce Dinsdale (2)	80,891	-	-	-	9,707	-	-	-	90,598	0%	0%
Mr Kevin McLaine (2)	30,000	-	-	-	-	-	-	14,356	44,356	0%	32%
Mr Trevor Oliver	138,440	105,000	-	-	17,860	-	-	-	261,300	40%	0%
	516,331	105,000	-	-	27,567	-	-	14,356	663,254		
2006											
Mr David Ward (2)	45,000	-	-	-	-	-	-	-	45,000	0%	0%
Mr Trevor Oliver	137,286	36,000	-	-	12,261	-	-	-	185,547	19%	0%
	182,286	36,000	-	-	12,261	-	-	-	230,547		

Note 1: Director since listing.
Note 2: Employed for part of the relevant year. Mr. Kevin McLaine commenced employment in April 2007. Mr. Bruce Dinsdale commenced employment in February 2007. Mr David Ward commenced employment in March 2006.

PERFORMANCE RELATED:

The performance based bonus above is payable on certain earnings targets set for the executive's business unit responsibilities. The bonuses paid in 2006 and 2007 were structured on achievement of the relevant earnings targets.

(iii) Compensation by category

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Short-term employment benefits	1,473	920	157	-
Post employment benefits	76	58	48	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	71	-	71	-
	1,620	**978**	**276**	**-**

NOTE 26: DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS

(a) Compensation Options: Granted and vested during the year

					Terms and conditions for each grant			
	Vested Number	Granted Number	Grant Date	Value per option at grant date	Exercise Price $	Expiry Date	First Exercise Date	Last Exercise Date
Directors								
Mr Philip Chambers	-	250,000	19/04/2007	$0.26	$1.25	30/06/2009	15/02/2008	29/06/2009
Mr Michael Brodie	-	250,000	19/04/2007	$0.26	$1.25	30/06/2009	15/02/2008	29/06/2009
Mr Ian Kew	-	250,000	19/04/2007	$0.26	$1.25	30/06/2009	15/02/2008	29/06/2009
Mr Andrew Kroger	-	250,000	19/04/2007	$0.26	$1.25	30/06/2009	15/02/2008	29/06/2009
Executives								
Mr Kevin McLaine	-	200,000	19/04/2007	$0.26	$1.25	30/06/2009	15/02/2008	29/06/2009
Total	-	1,200,000						

(b) Number of options held by Key Personnel:

	Balance 1/07/2006	Granted as Remuneration	Options Exercised *	Net change other*	Balance 30/06/2007	Total Vested 30/06/2007	Total Exercisable 30/06/2007	Total Unexercisable 30/06/2007
Directors								
Mr Philip Chambers	-	250,000	-	250,000	250,000	-	-	250,000
Mr Michael Brodie	-	250,000	-	250,000	250,000	-	-	250,000
Mr Ian Kew	-	250,000	-	250,000	250,000	-	-	250,000
Mr Andrew Kroger	-	250,000	-	250,000	250,000	-	-	250,000
Executives								
Mr Kevin McLaine	-	200,000	-	200,000	200,000	-	-	200,000
Total	-	1,200,000	-	1,200,000	1,200,000	-	-	1,200,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 JUNE 2007

NOTE 27: AUDITOR'S REMUNERATION

	Consolidated Entity		Parent Entity	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Amounts received or due and receivable by Pitcher Partners for:				
An audit or review of the financial report of the company and any other entity in CSG.	120	-	120	-
Other financial services				
Investigating Accountant's Report	255	-	255	-
	375	**-**	**375**	**-**
Amounts received or due and receivable by other auditors for:				
An audit or review of the financial report of the entity and any other entity in the consolidated entity	138	44	-	-
Other financial services				
Other services	199	78	40	-
	337	**122**	**40**	**-**

NOTE 28: RELATED PARTY DISCLOSURES

(a) The consolidated financial statements include the financial statements of CSG subsidiaries as detailed in Note 23.

(b) The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Wholly owned group transactions

CSG Services Pty Ltd

Hire of Jet Aircraft from entity associated with Mr. Denis Mackenzie	$277,713
Proceeds on sale of Hanger and Tow Tractor to entity associated with Mr. Denis Mackenzie	$ 48,191

Connected Solutions Group Pty Ltd

Rent paid to an entity associated with Mr. Denis Mackenzie	$216,098

CSG Unit Trust

Rent paid to an entity associated with Mr. Denis Mackenzie	$404,545

Sunshine Office Equipment Pty Ltd

Rent paid to an entity associated with Mr. Michael Brodie	$ 18,000

There were no loans, payable to or receivable from, Director related entities at year end.

NOTE 29: SEGMENT INFORMATION

The consolidated entity operates in the IT and Office infrastructure supply and services in Australia.

NOTE 30: FINANCIAL INSTRUMENTS

(i) Interest rate risk

The consolidated entity'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 as follows:

			Fixed interest rate maturing in:											
Consolidated Entity Financial Instruments	**Floating interest rate**		**1 year or less**		**Over 1 to 5 years**		**More than 5 years**		**Non interest bearing**		**Total carrying amount as per Balance Sheet**		**Weighted average effective interest rate**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**%**	**%**
(i) Financial assets														
Cash and cash equivalents	13,402	3,241	-	-	-	-	-	-	4	4	13,406	3,245	4.20%	4.36%
Trade receivables	-	-	-	-	-	-	-	-	8,752	4,562	8,752	4,562		
Sundry debtors	-	-	-	-	-	-	-	-	2,539	29	2,539	29		
Other financial assets	-	-	-	-	-	-	-	-	3	-	-	-		
Other receivables	-	-	-	-	-	-	-	-	5	-	5	-		
Total financial assets	**13,402**	**3,241**	**-**	**-**	**-**	**-**	**-**	**-**	**11,303**	**4,595**	**24,705**	**7,836**		
(ii) Financial liabilities														
Bank overdraft	717	494	-	-	-	-	-	-	-	-	717	494	7.75%	5.67%
Trade payables	-	-	-	-	-	-	-	-	6,009	2,271	6,009	2,271		
Other payables	-	-	-	-	-	-	-	-	5,654	2,787	5,654	2,787		
Finance Lease and hire purchase liability	-	-	3,452	1,433	6,839	5,714	-	-	-	-	10,291	7,147	8.10%	7.52%
Current tax liabilities	-	-	-	-	-	-	-	-	2,302	346	2,302	346		
Deferred consideration	-	-	-	-	-	-	-	-	7,095	-	7,095	-		
Bank loans	-	-	307	301	735	151	-	-	-	-	1,042	452	7.45%	7.95%
Bills payable	-	-	203	581	8,758	-	-	-	-	-	8,961	581	6.15%	6.73%
Total financial liabilities	**717**	**494**	**3,962**	**2,315**	**16,332**	**5,865**	**-**	**-**	**21,056**	**5,404**	**42,071**	**14,078**		

			Fixed interest rate maturing in:											
Parent Entity Financial Instruments	**Floating interest rate**		**1 year or less**		**Over 1 to 5 years**		**More than 5 years**		**Non interest bearing**		**Total carrying amount as per Balance Sheet**		**Weighted average effective interest rate**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**%**	**%**
(i) Financial assets														
Cash and cash equivalents	6,946	-	-	-	-	-	-	-	4	-	6,950	-	4.20%	
Sundry debtors	-	-	-	-	-	-	-	-	3,624	-	3,624	-		
Total financial assets	**6,946**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,628**	**-**	**10,574**	**-**		
(ii) Financial liabilities														
Trade payables	-	-	-	-	-	-	-	-	73	-	73	-		
Current tax liabilities	-	-	-	-	-	-	-	-	1,263	-	1,263	-		
Bills payable	-	-	-	-	6,400	-	-	-	-	-	6,400	-	6.15%	
Total financial liabilities	**-**	**-**	**-**	**-**	**6,400**	**-**	**-**	**-**	**1,336**	**-**	**7,736**	**-**		

(ii) Credit risk exposures

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts of those assets, as disclosed in Balance Sheet and Notes to the Financial Statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts is the net fair value of these contracts.

The consolidated entity 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.

Concentrations of credit risk

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers, contracting under strict credit terms and receiving payments for goods on delivery.

(c) Fair values

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in Balance Sheet and Notes to the financial statements.

NOTE 31: SUBSEQUENT EVENTS

Since 30 June 2007, the company has:

- Purchased the companies that operate the Xerox Business Centres in Toowoomba and Cairns (July 2007). Purchase consideration was $4,000,000 and the businesses had net assets of approximately $1,600,000.
- Purchased Anadex Pty Ltd, a Melbourne based software and services provider (September 2007). Purchase consideration consists of $2,215,670 plus further amounts subject to future earnings performance. The business had net assets of approximately $20.
- Purchased Bexton Pty Ltd, a Melbourne based IT Services business (September 2007). Purchase consideration consists of $3,000,000 plus further amounts subject to future earnings performance. The business had net assets of approximately $350,000
- Been appointed the preferred contractor for the Northern Territory’s Department of Education and Training infrastructure outsourcing contract.

The profit impact for each of the above acquisitions has not been quantified, it is impractical to disclose because each of the entities was un-audited.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 27 to 54 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 company and the consolidated entity as at 30 June 2007 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 Ltd will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ending 30 June 2007.

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

Denis Mackenzie
Director

Darwin
28 September 2007

PITCHER PARTNERS

CSG LIMITED
ABN 64 123 989 631
AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CSG LIMITED

We have audited the accompanying financial report of CSG Limited and controlled entities. The financial report comprises the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 in 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 and fair presentation of the financial report 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PITCHER PARTNERS

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 CSG Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

T J BENFOLD
Partner
28 September 2007

PITCHER PARTNERS
Melbourne

SHAREHOLDING ANALYSIS
As at 25 September 2007

In accordance with Listing Rule 4.10 of the Australian Stock Exchange Limited, the Directors provide the following shareholding information which was applicable as at 25 September 2007.

a. Distribution of Shareholding

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	%
1-1,000	58	4.5
1,001-5,000	538	41.5
5,001-10,000	320	24.7
10,001-100,000	341	26.3
100,001 and over	40	3.0
Total	**1,297**	**100.0**

b. Less Than Marketable Parcels

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

c. Substantial Shareholders

The following are registered by the Company as substantial shareholders, having declared a relevant interest in the number of voting shares shown adjacent as at the date of giving the notice.

SHAREHOLDER	NUMBER	%
Lynden Investments NT Pty Ltd (The Mackenzie Family a/c)	47,339,748	27.90
Icon Office Solutions Aust Pty Ltd (The Brodie Family a/c)	20,391,053	12.02
Glenmar NT Pty Ltd (The GM Phillips Family a/c)	15,779,915	9.30
National Nominees Limited	15,680,603	9.24
Boltec Pty Ltd (Boller Family a/c)	15,557,915	9.17
Cogent Nominees Pty Limited	8,795,757	5.18

d. Top 20 Shareholders

The names of the twenty largest shareholders are:

Name	Number of Shares Held	% of Issued Shares
Lynden Investments NT Pty Ltd (The Mackenzie Family a/c)	47,339,748	27.90%
Icon Office Solutions Aust Pty Ltd (The Brodie Family a/c)	20,391,053	12.02%
Glenmar NT Pty Ltd (The GM Phillips Family a/c)	15,779,915	9.30%
National Nominees Limited	15,680,603	9.24%
Boltec Pty Ltd (Boller Family a/c)	15,557,915	9.17%
Cogent Nominees Pty Limited	8,795,757	5.18%
ANZ Nominees Limited	4,354,585	2.57%
JP Morgan Nominees Australia Limited	4,206,236	2.48%
Lynden Investments NT Pty Ltd	3,351,747	1.98%
Boltec Pty Ltd	2,838,169	1.67%
Equity Trustees Limited	2,800,000	1.65%
HSBC Custody Nominees (Australia) Limited	2,641,834	1.56%
Mr Glen Phillips	2,601,059	1.53%
JDV Limited	1,161,868	0.68%
SHR Pty Ltd	1,000,000	0.59%
Impressions Finance Pty Ltd	850,600	0.50%
Mr. Blair Gowans (The Gowans Family a/c)	775,862	0.46%
Aust Executor Trustees NSW Ltd	431,965	0.25%
Brad Allan Pty Ltd (Brad Allan Superfund a/c)	400,000	0.24%
TDM Asset Management Pty Ltd	400,000	0.24%
Total	**151,358,916**	**89.21%**

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CORPORATE DIRECTORY

Company	CSG Limited ABN 123 989 631 13 Cavenagh Street Darwin, NT 0800 www.csg.com.au
Directors	Philip Chambers – Chairman Denis Mackenzie – Managing Director Michael Brodie – Non Executive Director Andrew Kroger – Non-Executive Director Ian Kew – Non-Executive Director
Company Secretary	Barbara Jensen
Lawyers to the Company	DLA Phillips Fox Level 21, 140 William Street Melbourne, Victoria, 3000
Share Registry	Computershare Investor Services Pty Limited 452 Johnston Street Abbotsford, Victoria, 3067
Auditor	Pitcher Partners Level 19, 15 William Street Melbourne, VIC 3000