CSG LIMITED
ANNUAL REPORT 2010

ACN 123 989 631

contents

CSG welcomes you to its 2010 Annual Report.

An exciting year saw CSG:

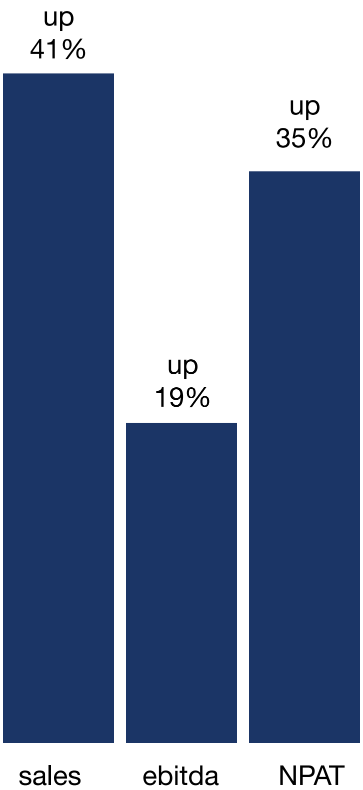
- Grow Revenue by

41%

- Organic Revenue Growth since 2007 of

40%

chairman's letter



"Financially CSG has experienced strong growth with a full year revenue increase of 41% over 2009 and an increase in net profit after tax of 35% to $31.5m. I believe the business to be in excellent shape to continue growing strongly into the future."

My fellow shareholders,

It gives me great pleasure once again to present to you the Annual Report for CSG Limited.

The year 2010 gave CSG the opportunity to undertake two equity capital raisings, welcome new shareholders, as well as gain additional support from existing long term investors who have backed CSG since the IPO in 2007. Only 3 years after listing CSG has recently been admitted to the ASX 300.

In addition, in September 2010 we have been recognised by Forbes as one of the 13 Australian Companies in the "200 Best Under a Billion" (the top performing companies in Asia worth under a billion $US). The measurement criteria is based on earnings growth, sales growth, and shareholders return on equity in the past 12 months and over three years.

This recognition has been achieved by an extremely talented and committed management team which has successfully driven the business through one of the toughest economic crises since the Great Depression. This growth has been both organic and achieved through a number of acquisitions that have contributed 40% and 60% respectively to our increase in revenue since 2007.

In 2010 CSG fundamentally changed our position in the Australasian Copier/Multi Function Device market by capitalising on two outstanding opportunities. The first was the acquisition of the market leader in Print Services in New Zealand, KMBS. Secondly, in July 2010, CSG acquired the sub-contract rights to manage over 10,500 Canon Multi Function Devices in Sydney, Melbourne, Canberra, Adelaide and Perth. Besides the ongoing annuity streams from the associated service contracts, this deal gives CSG access to Canon Multi Function Device products in the largest states of Australia thus dramatically increasing the size of the available market to us.

IT Services continued to grow strongly in our Infrastructure and Applications Outsourcing business. Highlights here were the renewal of our contracts with the Northern Territory Government as well as winning substantial new business with the South Australian Government and to provide services to the ATO. In addition we made great progress in expanding our service offerings into IT Applications Outsourcing going head to head with the local subsidiaries of international companies. Some of our most noticeable successes here have been achieved in Victoria, with the management of the Ultranet Project for the Department of Education, and also a contract win with the Department of Treasury and Finance.

As recognition of our growing presence in this market we have won 2 prestigious Oracle Partner of the Year Awards in the Asia Pacific Region.

When we listed in 2007 one of our main objectives was to diversify away from such a strong focus in the Northern Territory and Queensland to establish a national presence. This objective has largely been achieved with significant contracts wins and acquisitions to now have representation throughout Australia.

Financially CSG has experienced strong growth with a full year revenue increase of 41% over 2009 and an increase in net profit after tax of 35% to $31.5m. I believe the business to be in excellent shape to continue growing strongly into the future.

On behalf of the Board of Directors I would like to take this opportunity to congratulate the management team and staff of CSG on an excellent year's performance and to also thank our customers and shareholders for their continuing support.

Philip C. Chambers
Chairman

managing director's report

Financial Highlights

- Revenues of $277.8m; 41% above 2009 results
- EBITDA of $59.3m; 19% above 2009 results
- NPAT of $31.5m; 35 % above 2009 results
- Earnings per share growth of 20 %

2010 was another very strong year for CSG. Our third full year of being listed on the ASX saw us entering the ASX 300, and raise capital and additional debt to fund two outstanding opportunities. We now have an expanded platform which positions us to deliver continued organic growth.

Operational Highlights

- Onesource Group Ltd (KMBS and LSL) acquisition in New Zealand with the first six months of performance in-line with expectations,
- Signing of the Canon deal, providing CSG with a significant service annuity machine installed base and opening-up the entire mainland Australian market for our print business
- Renewing the Northern Territory Government managed services contracts as a prime contractor
- Signing 5 managed services contracts in South Australia

Report

IT Services

One of the main reasons for listing CSG in 2007 was to expand our business outside the Northern Territory to obtain a national presence. I am delighted to report the achievement of this as CSG now has a robust national platform with operations in all states of Australia except Tasmania. This platform positions our IT Services division to deliver solid organic growth into the future. One of the ways CSG has been able to grow its national presence is with the help of our strong relationships with some of our IT Vendor partners including Microsoft and Oracle. These strong relationships can be illustrated by the fact that we won two prestigious Oracle Partner of the year awards in Asia Pacific and have been nominated for Partner of the year with Microsoft.

We also believe that it was crucial to achieve this critical mass in order to be able to compete on, and win, large opportunities in both the infrastructure and applications space. Our size, customer base, deep practice focus and highly qualified staff provides CSG with a truly competitive advantage. We believe that being a solid and reactive Australian owned company will allow us to win more and more contracts against international competitors going forward.

The environment has certainly improved since the challenging years of 2009 and first half 2010. Once again this year CSG proved that its businesses model is resilient amid tough market conditions. Our annuity based multi-year contracts provide a high degree of certainty as to the continuing operations of our business

Print Services

Our Print Services business has grown significantly over 2010 with the acquisition of KMBS and LSL in New Zealand.

By acquiring KMBS and LSL, CSG became the national leader in print services in New Zealand. This opportunity allowed CSG to acquire a significant installed base of 17,000 machines in the field with limited execution risks. The New Zealand business is run by an experienced management team who have previously worked with some key members of the general management of the Australian print business. We are delighted to see that this business has performed in-line with the expectations we had at the time of the concluding the transaction.

As a result of this deal, CSG became one of the largest players in the office print market in Australia and New Zealand.

Financial results

Financial results for 2010 are extremely pleasing with strong growth at the revenue, EBITDA and Net Profit After Tax levels.

IT services contributed to 56% of the revenues and 64% of the EBITDA and Print Services the balance.

managing director's report

Our cash flow remained strong for the year despite the significant one-off impacts of the acquisitions in the second half.

Overall, net senior debt is comfortably within our target range for an efficient balance sheet at less than 1 times EBITDA, considering the nature of our business and the fact that a majority of our revenues and profit are locked in from one year to another.

During FY10, we welcomed, National Australia Bank as a member of our banking club arrangement. We believe, given the size of the business, it is strategically important to have at least two banking partners.

Outlook

In IT services, we intend to leverage our customer references and expanded platform on the east coast to win more multi-year contracts in managed infrastructure and application services.

Our strong customer base, the quality of our staff, our flexibility and strong relationships with software vendors will help us to win and deliver additional contracts.

In Print Services, CSG has the foundation which can deliver significant organic growth over the coming years.

The Canon deal is a tremendous opportunity for CSG to expand our Print Services business in Australia growing our presence to new states which represent around 80% of the Australian market. Through this deal, CSG acquired sub-contractors rights over more than 10,000 machines in the field. This nearly tripled the size of our Australian installed base. After only 8 weeks of operations, I am very happy with the integration into the business and the sales and service revenue results.

We now have an installed base of machines in the field 5 times larger than last year. This base will deliver significant annuity revenues and will be leveraged for additional growth.

We have a leadership position in New Zealand and growth will come from an increase in colour penetration.

In Australia, we believe we can increase market share in the major markets.

I would like to thank our staff and our shareholders for the continued support of the Company and I look forward to delivering on another record year of profit in 2011 driving significant Earnings Per Share growth.

Denis Mackenzie
Managing Director

Case Study

CURRENT PROJECT

A world first student centric learning solution, transforming the way education is delivered in Victoria.

Victorian Department of Education & Early Childhood Development

Industry - Public Sector

Enterprise Portal

Industry Public Sector
Services Information Management, Portals & Collaboration, Managed Services

ultranet

Upon completion the Ultranet will connect 50,000 teachers, 500,000 students and 1 million parents.

About the Client

The Department of Education and Early Childhood Development (DEECD) is committed to ensuring that every young Victorian thrives, learns and grows, enjoying every opportunity to realise a rewarding and fulfilling life. The Department works with other parts of government to systematically monitor the safety, health, development, learning and wellbeing of Victorian children and young people, from birth to adulthood.

Project Overview

CSG is currently engaged by the Department to deliver Ultranet - an online portal to be implemented at all Victorian government schools for Prep to Year 12 students. Ultranet is an intuitive student centred electronic learning environment and the first in the world to provide such a high level of functionality to students, teachers, parents and administrators. CSG is contracted to provide:

> the initial design, build and deployment in the first two years
> ongoing support for the following 2 years including application hosting, disaster recovery, help desk services and application support.

Our Solution

Ultranet is an intuitive student centred electronic learning environment that:

> supports high quality learning & teaching
> connects students, teachers and parents
> enables efficient knowledge transfer and creation
> underpins knowledge management processes and strengthens education planning at all levels
> stores information about a student's progress from year to year from school to school

Its high level functionalities includes:

> an interface to view student information (attendance, reporting, assessment etc)
> online learning and content management
> email
> wikis, blogs and social networking
> a customised interface for different user types

The solution is based on Oracle technology and uses CSG's unique Learner Analytics™ and Learner Enterprise™ products and is truly world class. It is an innovative and robust education platform, which facilitates communication and information sharing between parents, techers and students.

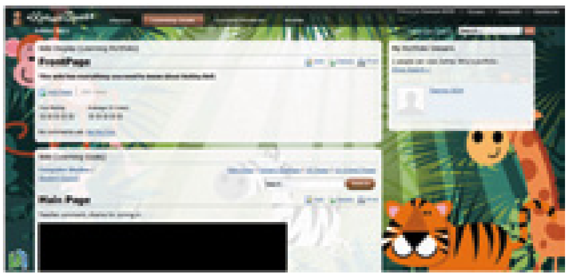
The platform enables different functional modules to work together, providing a range of services that are delivered seamlessly by a single solution. Drawing heavily upon international research the solution is centred on individual learners to foster:

> purposeful teaching with active involvement from the learner
> accountability and high expectations of learners with a belief that all students can learn
> collaboration and professional learning
> improved relationships between learners and educators

Business Benefits

The Ultranet aims to lead education in Victoria into the future and:

> improve responsiveness to individual learning needs for every student and better meet their current and future learning needs
> provide better information to parents, schools and the Department
> improve efficiency of the learning environment and school administration and
> give regional and central offices of the Department access to information to support policy development and system improvement.



board of directors

Mr Philip Chambers
Executive Chairman

Mr Denis Mackenzie
Managing Director

Mr Andrew Kroger
Non-Executive Director

Mr Ian Kew
Non-Executive Director

Mr Philip Bullock
Non-Executive Director

corporate governance statement

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

The Board has adopted a formal Board Charter, Audit Committee Charter, Nomination and Remuneration Committee Charter 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, Continuous 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 revised Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council in August 2007.

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 are non-executive and independent Directors. The Chairman is no longer a non-executive. The Managing Director is an executive Director. Profiles of the Directors are set out on page 15 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 the Board should be independent directors

To be independent, a Director should be non-executive and:

- not be a substantial shareholder of the Company or an Officer of or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- not have, within the last three years, been employed in an executive capacity by the Company or another company within the group, or been a Director after ceasing to hold any such employment;
- not be a principal or employee of a professional advisor or consultant to a company in the group whose annual billings to the group represent more than 5% 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.

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 Committee 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 5). 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 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 trading;
- 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: SAFE GUARD INTEGRITY IN FINANCIAL REPORTING

The Board established a formal Audit Committee on 1 March 2007 under a separate charter. The chairman of the Committee is not the Chairman of the Board. As the Managing Director and the Executive Chairman are members of the Audit Committee, an element of ASX Corporate Governance Council Best Practice Recommendation 4.2, with respect to only non-executive Directors sit on an audit committee, is not met. The Company intends to make the majority of the Audit Committee non-executive.

All members of the Committee are financially literate (i.e. they are able to read and understand financial statements) and have an understanding of the industry in which the Company operates. 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

Communication strategy

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

The Board also recognises that as owners of the Company, the shareholders may best contribute to the Company's growth, value and prosperity if they are informed. 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 hard copy of the Company's annual and half-yearly reports upon request.

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.

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.

The board is developing a program to identify particular areas of risk and mitigating action required.

PRINCIPLE 8: 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 and 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.

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 2010 and auditor's report thereon. This financial report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards

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 25.

Results

The consolidated profit after income tax attributable to the members of CSG was $31.5m (2009: $23.2m).

Review of Operations

Details of the operations during the year can be found in the Managing Director's Review on pages 4 to 6 which includes financial and operational highlights. This review forms part of this Directors' Report.

Significant Changes in the State of Affairs

During the year, the Company purchased the subsidiaries and businesses outlined in Note 25. The Company issued 64,355,520 shares to fund acquisitions and growth.

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 28, 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.

Dividends Paid, Recommended and Declared

A 2.5 cents per share interim dividend was paid in April 2010 and directors have announced a final dividend of 3.0 cents per share to be paid in October 2010. The dividends paid or declared since the start of the year are as follows:

	Consolidated entity	
	2010 $'000	**2009 $'000**
(a) Dividends paid during the year		
Current year interim: Franked dividends 2.5 cents per share (2009: 2.0 cents per share)	5,440	3,514
Previous year final: Franked dividends 2.5 cents per share (2009: 2.0 cents per share)	4,393	3,515
(b) Dividends proposed and not recognised as a liability		
Franked Dividends 3.0 cents per share (2009: 2.5 cents per share)	7,262	4,393

Shares Under Option

Options issued by CSG Ltd during the year are detailed in Note 18 in the attached financial report. Details of options granted to Directors and executives are in the Remuneration report on pages 18 and 19. No options have been issued to Directors or key management since 30 June 2010.

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

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

Indemnification and Insurance of Directors and Officers

During the financial year, the consolidated entity has paid a premium amounting to $142,480 insuring all the Directors and the Officers against judgments, 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

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. Since December 2009, Phillip has been working 3 days per week in our print business.

Philip is a member of the Audit and Nomination 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 resigned from the Nomination and Remuneration Committee on the 26 March 2010.

Denis is a member of the Audit Committee.

Mr. Andrew Kroger

Non-Executive Director

Andrew has had a career in stockbroking, law and general management including two years running Forsayth Limited in 1990 which was Australia's ninth largest gold producer at that time. Andrew is currently a Director of a listed investment fund, Strategic Pooled Development Limited, and owner of Process Wastewater Technologies LLC, a company with its major business being in wastewater in the United States. Andrew has a Bachelor of Economics and a Bachelor of Laws from Monash University. Andrew was appointed to the CSG board in March 2007

Andrew is Chairman of the Nomination and Remuneration Committee.

Mr. Ian Kew

Non-Executive Director

Ian 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 Australian Airports Association. He is currently the foundation AbaF Councilor for the Northern Territory and is a graduate of the Australian Institute of Company Directors. Ian has an economics degree from Monash University and was appointed to the board in March 2007.

Ian is Chairman of the Audit Committee.

Mr. Philip Bullock

Non-Executive Director

Philip is currently the Chair of Skills Australia, a Federal Government statutory body reporting to Senator Chris Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations. He is also a Non-Executive Director for Healthscope Limited, a major provider of hospitals and pathology in Australia and Perpetual Limited, a leader in financial services. Prior to this, Philip had a long and distinguished career with IBM, which saw him become the CEO and Managing Director of IBM Australia and New Zealand and immediately prior to retirement, the Vice President of IBM's Systems and Technology Group for Asia Pacific, based in Shanghai. He has enjoyed four assignments into Asia with IBM. Philip has a BA, Dip Ed, MBA and is a graduate of the Australian Institute of Company Directors. Philip was appointed to the CSG board in August 2009.

Philip is a member of the Nomination and Remuneration Committee.

Kim Clark.

Company Secretary

Kim joined CSG in October 2007, bringing over 21 years Banking and Finance and Risk Management experience to the group and having previously held Senior Corporate Relationship Management, Risk Management and Executive Roles within the Commonwealth Bank of Australia.

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:

	Board Meetings		Audit Committee		Nomination and Remuneration Committee	
	(i)	(ii)	(i)	(ii)	(i)	(ii)
Mr Philip Chambers	22	22	3	3	1	1
Mr Denis Mackenzie	22	22	3	3	1	1
Mr Philip Bullock (iii)	21	21				
Mr Ian Kew	22	22	3	3		
Mr Andrew Kroger	16	22			1	1

(i) = Number of meetings attended
(ii) = Number of meetings held during the year
(iii) = Philip Bullock was appointed to the board of directors on 1 August 2009

Directors' Interests in Shares or Options

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

	Ordinary shares of CSG	Options over shares in CSG
Denis Mackenzie	58,791,495	1,750,000
Andrew Kroger	1,299,000	Nil
Philip Chambers	200,868	Nil
Ian Kew	57,920	Nil
Philip Bullock	33,420	Nil

Directors' Interest in Contracts

Directors' interests in contracts are disclosed in Note 22 to the financial statements.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 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 CSG Limited and its Australian subsidiaries, Pitcher Partners, and non-audit services provided by the auditors of CSG Limited's New Zealand subsidiaries, KPMG, during the year are detailed below. The Directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor to any entity that is part of the consolidated entity for:	2010 $'000	2009 $'000
Due diligence on acquisition and other assurance – Parent Entity:	90	51
Due diligence on acquisition and other assurance – Overseas subsidiaries:	25	–

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 has established a Nomination and 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.

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 key management personnel, 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.

The names and positions of each person who held the position of director at any time during the financial year is provided above. The five 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.

Executives	Position
Mr. David Ward	Group General Manager
Ms Julie-Ann Kerin	Group General Manager
Mr. Kevin McLaine	Chief Financial Officer
Mr. Brian Lee	Group General Manager
Mr. Trevor Oliver	Chief Information Officer

Contracts of employment

	Expiry	Termination notice	Termination payment
Directors			
Mr. Philip Chambers	27-Jan-12	1 month	1 month
Mr. Denis Mackenzie	Not specified	6 months	6 months
Executives			
Mr David Ward	Not specified	1 week	1 week
Ms Julie-Ann Kerin	Not specified	8 weeks	8 weeks
Mr Brian Lee	Not specified	4 weeks	4 weeks
Mr Kevin McLaine	30-Sep-12	9 months	9 months
Mr Trevor Oliver	Not specified	4 weeks	4 weeks

Directors' Remuneration

	Short Term						
	Salary Fees	Cash Bonus	Post employment super	Share-based payments options	TOTAL	Total Performance Related	Paid in Options %
2010							
Mr Philip Chambers	196,588	-	16,624	-	213,212	0%	0%
Mr Denis Mackenzie	552,764	-	15,890	61,137	629,791	0%	10%
Mr Philip Bullock (i)	50,459	-	4,541	-	55,000	0%	0%
Mr Ian Kew	55,046	-	4,954	-	60,000	0%	0%
Mr Andrew Kroger	55,046	-	4,954	-	60,000	0%	0%
	909,903	-	46,963	61,137	1,018,003	-	6%
2009							
Mr Philip Chambers	91,743	-	8,257	3,260	103,260	0%	3%
Mr Denis Mackenzie	362,385	-	32,615	1,661	396,661	0%	1%
Mr Michael Brodie (ii)	34,240	-	3,082	3,260	40,581	0%	8%
Mr Ian Kew	55,046	-	4,954	3,260	63,260	0%	5%
Mr Andrew Kroger	55,046	-	4,954	3,260	63,260	0%	5%
	598,460	-	53,862	14,701	667,022	-	2%

(i) Appointed as director on 1 August 2009
(ii) Resigned as director on 13 February 2009

Executives' Remuneration	Short Term Salary Fees	Short Term Cash Bonus	Post employment super	Share-based payments options	TOTAL	Total Performance Related	Paid in Options %
2010							
Mr David Ward	284,425	10,000	25,575	16,230	336,230	0%	5%
Mr Brian Lee	341,000	50,000	14,989	16,230	422,219	0%	4%
Mr Kevin McLaine	344,877	-	10,846	103,769	459,492	0%	23%
Mr Trevor Oliver	211,567	15,000	14,461	5,410	246,438	0%	2%
Ms Julie-Ann Kerin	300,000	10,000	27,000	16,230	353,230	0%	5%
	1,481,869	85,000	92,871	157,869	1,817,609		9%
2009							
Mr David Ward	300,000	-	-	6,176	306,176	0%	2%
Mr Brian Lee	306,462	-	13,745	2,995	323,202	0%	1%
Mr Kevin McLaine	300,000	-	-	15,815	315,815	0%	5%
Mr Trevor Oliver	246,188	-	15,728	2,865	264,782	0%	1%
Ms Julie-Ann Kerin (i)	255,769	-	23,019	2,995	281,783	0%	1%
	1,408,419	-	52,492	30,846	1,491,758	-	2%

(i) Employed for part of the relevant year. Ms Julie-Ann Kerin commenced employment on 25 August 2008

Options granted as remuneration are subject to the Company option plan. Options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payments.

Performance Related: Performance based bonus above is payable on certain earnings targets set for executive's profit centre responsibilities. The bonuses paid in 2010 were structured on achievement of the relevant earnings targets.

Options

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

	Vested Number	Granted Number	Grant Date	Value per option at grant date	Terms and conditions for each grant: Exercise Price $	Expiry Date	First Exercise Date	Last Exercise Date
Directors								
Denis Mackenzie	375,000	750,000	1/12/2009	$0.08	1.76	31/08/2012	1/01/2010	31/08/2012
Executives								
Julie-Ann Kerin	150,000	300,000	1/09/2009	$0.05	1.25	31/08/2012	1/11/2009	31/08/2012
Brian Lee	150,000	300,000	1/09/2009	$0.05	1.25	31/08/2012	1/11/2009	31/08/2012
Kevin McLaine	375,000	750,000	1/07/2009	$0.14	0.68	31/08/2012	1/11/2009	31/08/2012
Trevor Oliver	50,000	100,000	1/09/2009	$0.05	1.25	31/08/2012	1/11/2009	31/08/2012
David Ward	150,000	300,000	1/09/2009	$0.05	1.25	31/08/2012	1/11/2009	31/08/2012
	1,250,000	2,500,000						

The cost of options has been calculated using the Black-Scholes method of calculation. Refer to Note 18.

Value of options granted as remuneration that have been granted, exercised or lapsed during the year:

	Balance 01/07/09 $	Value Granted $	Value Exercised $	Value Lapsed $	Balance 30/06/10 $
Directors					
Philip Chambers	7,178	-	-	7,178	-
Denis Mackenzie	1,661	61,137	-	-	62,798
Ian Kew	7,178	-	-	7,178	-
Andrew Kroger	7,178	-	-	7,178	-
	23,195	61,137	-	21,534	62,798
Executives					
Julie-Ann Kerin	2,995	16,230	-	-	19,225
Brian Lee	2,995	16,230	-	-	19,225
Kevin McLaine	26,999	103,769	-	10,066	140,834
Trevor Oliver	3,415	5,410	-	-	8,825
David Ward	7,277	16,230	-	-	23,507
	43,681	157,869	-	10,066	191,484

(b) Options granted as remuneration that have been exercised or lapsed during the financial year:

	Balance 01/07/09	Granted as remu-neration	Options exercised	Options Lapsed	Balance 30/06/10	Total vested 30/06/10	Total Exercisable 30/06/10	Total Unexercis able 30/06/10
Directors								
Philip Chambers	125,000	-	-	(125,000)	-	-	-	-
Denis Mackenzie	1,000,000	750,000	-	-	1,750,000	1,750,000	1,375,000	375,000
Ian Kew	125,000	-	-	(125,000)	-	-	-	-
Andrew Kroger	125,000	-	-	(125,000)	-	-	-	-
	1,375,000	750,000	-	(375,000)	1,750,000	1,750,000	1,375,000	375,000
Executives								
Julie-Ann Kerin	200,000	300,000	(200,000)	-	300,000	150,000	150,000	150,000
Brian Lee	200,000	300,000	(100,000)	-	400,000	250,000	250,000	150,000
Kevin McLaine	1,350,000	750,000	(750,000)	(100,000)	1,250,000	875,000	875,000	375,000
Trevor Oliver	150,000	100,000	(150,000)	-	100,000	50,000	50,000	50,000
David Ward	400,000	300,000	-	-	700,000	550,000	550,000	150,000
	2,300,000	1,750,000	(1,200,000)	(100,000)	2,750,000	1,875,000	1,875,000	875,000

*Note: Net change includes options forfeit and cancelled.

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 directors.

Mr Denis Mackenzie
Director

Darwin
23 September 2010

auditor's independence declaration

PITCHER PARTNERS

An independent Victorian Partnership
ABN 27 975 255 196

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of CSG Limited

In relation to the independent audit for the year ended 30 June 2010, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

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

T J BENFOLD

Partner

23 September 2010

PITCHER PARTNERS

Melbourne

Liability limited by a scheme approved under Professional Standards Legislation

Pitcher Partners, including Johnston Rorke, is an association of independent firms
Melbourne | Sydney | Brisbane | Perth | Adelaide
An independent member of Baker Tilly International

financial report

for the year ended 30 june 2010

consolidated statement of comprehensive income

for the year ended 30 june 2010

	Notes	Consolidated entity 2010 $'000	2009 $'000
Revenue from continuing operations	4	273,284	195,130
Other income	4	4,558	2,137
		277,842	197,267
Cost of sales	5	(156,842)	(106,123)
Marketing expenses		(1,478)	(875)
Occupancy expenses		(6,093)	(5,081)
Administration expenses		(16,745)	(10,115)
Other employee expenses	5	(34,775)	(22,330)
Depreciation and amortisation	5	(13,509)	(14,204)
Other expenses		(544)	(798)
Sub contractor expenses		(1,789)	(1,164)
Finance costs	5	(5,438)	(3,624)
		(237,213)	(164,314)
Profit before income tax		40,629	32,953
Income tax expense	6	(8,556)	(9,710)
Profit from continuing operations		32,073	23,243
Other comprehensive income			
Exchange differences on translation of foreign operations, net of tax		305	-
Share based payments		200	66
Other comprehensive income for the year		505	66
Total comprehensive income for the year		32,578	23,309
Profit is attributable to:			
Members of the parent		31,455	23,243
Non-controlling interest		618	-
		32,073	23,243
Total comprehensive income is attributable to:			
Members of the parent		31,960	23,309
Non-controlling interest		618	-
		32,578	23,309
Earnings per share for profit from continuing operations attributable to equity holders of the parent entity:		**Cents**	**Cents**
Basic earnings per share for continuing operations	24	$0.15803	$0.13310
Diluted earnings per share for continuing operations	24	$0.15627	$0.13310

The accompanying notes form part of these financial statements

consolidated statement of financial position

as at 30 june 2010

		Consolidated entity	
		2010	2009
	Notes	$'000	$'000
CURRENT ASSETS			
Cash and cash equivalents	8	22,187	3,756
Receivables	9	49,641	47,552
Lease receivables	9	35,972	-
Inventories	10	19,984	1,981
Other	11	4,575	1,499
TOTAL CURRENT ASSETS		132,359	54,788
NON CURRENT ASSETS			
Lease receivables	9	78,365	-
Other financial assets	12	1,115	1,112
Deferred tax assets	6	6,663	2,448
Property, plant and equipment	13	23,555	20,769
Intangible assets	14	252,649	111,008
TOTAL NON CURRENT ASSETS		362,347	135,337
TOTAL ASSETS		494,706	190,125
CURRENT LIABILITIES			
Payables	15	66,256	51,281
Short term borrowings	16	194	111
Current tax payable	6	3,334	2,877
Provisions	17	6,679	3,872
Debt associated with lease receivables	16	8,348	-
TOTAL CURRENT LIABILITIES		84,811	58,141
NON CURRENT LIABILITIES			
Payables	15	15,117	6,000
Long term borrowings	16	74,018	39,227
Provisions	17	976	932
Debt associated with lease receivables	16	93,144	-
TOTAL NON CURRENT LIABILITIES		183,255	46,159
TOTAL LIABILITIES		268,066	104,300
NET ASSETS		226,640	85,825
EQUITY			
Contributed equity	18	157,719	48,250
Reserves	19	704	199
Retained profits	19	58,998	37,376
Equity attributable to owners of CSG Limited		217,421	85,825
Non-controlling interest		9,219	-
TOTAL EQUITY		226,640	85,825

The accompanying notes form part of these financial statements

consolidated statement of changes in equity

for the year ended 30 june 2010

Consolidated Entity	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total Equity $'000
Balance as at 1 July 2008	**43,907**	**133**	**21,162**	**-**	**65,202**
Profit for the year	-	-	23,243	-	23,243
Exchange differences on translation of foreign operations, net of tax	-	-	-	-	-
Share based payments	-	66	-	-	66
Total comprehensive income for the year	-	66	23,243	-	23,309
Transactions with owners in their capacity as owners:					
Issue of ordinary shares in acquisition	4,343	-	-	-	4,343
Dividends paid	-	-	(7,029)	-	(7,029)
Balance as at 30 June 2009	**48,250**	**199**	**37,376**	**-**	**85,825**
Balance as at 1 July 2009	**48,250**	**199**	**37,376**	**-**	**85,825**
Profit for the year	-	-	31,455	618	32,073
Exchange differences on translation of foreign operations, net of tax	-	305	-	-	305
Share based payments	-	200	-	-	200
Total comprehensive income for the year	-	505	31,455	618	32,578
Transactions with owners in their capacity as owners:					
Exercise of options	2,334	-	-	-	2,334
Share issue	110,088	-	-	-	110,088
Non-controlling Interest	-	-	-	8,601	8,601
Capital raising cost	(4,218)	-	-	-	(4,218)
Capital raising costs deferred tax asset	1,265	-	-	-	1,265
Dividends paid	-	-	(9,833)	-	(9,833)
Balance as at 30 June 2010	**157,719**	**704**	**58,998**	**9,219**	**226,640**

The accompanying notes form part of these financial statements

consolidated statement of cash flows

for the year ended 30 june 2010

	Notes	Consolidated entity 2010 $'000	2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		301,974	199,627
Payments to suppliers, employees and others		(248,973)	(142,961)
Interest income		294	140
Borrowing costs paid		(5,438)	(3,624)
Income tax paid		(12,667)	(10,621)
Net cash provided by operating activities	20(a)	35,190	42,561
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		-	(133)
Payment for licenses and other intangibles		(17,844)	(2,750)
Payments for property, plant and equipment		(9,015)	(5,781)
Proceeds from property, plant and equipment		197	712
Payments for businesses	25	(114,210)	(32,713)
Net cash (used in) investing activities		(140,872)	(40,665)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares and other equity securities		112,422	-
Proceeds from borrowings		149,898	4,759
Repayment of borrowings		(124,156)	(4,159)
Payment of deferred capital raising costs		(4,218)	-
Dividends and reserve distributions		(9,833)	(7,029)
Net cash flows provided by / (used in) financing activities		124,113	(6,429)
Net increase/(decrease) in cash held		18,431	(4,533)
Cash at the beginning of the financial year		3,756	8,289
Cash and cash equivalents at end of year	20(b)	22,187	3,756

The accompanying notes form part of these financial statements

notes to the financial statements

30 june 2010

NOTE 1: SUMMARY 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 and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers CSG Ltd and controlled entities as a consolidated entity. CSG Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial report was authorised for issue by the directors on 23 September 2010

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 Financial Reporting Standards. Compliance with Australian equivalents to International Financial Reporting Standards ensures compliance with International Financial Reporting Standards (IFRS).

Historical cost convention

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

(a) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and all of the entities, which CSG Ltd controlled from time to time during the year and at balance date. Details of the controlled entities are contained in Note 22.

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.

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

(b) Business combinations

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.

(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 have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Rendering of Services

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

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

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

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

Interest Income

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

Operating lease revenue

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

Equipment sales under financing arrangement

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

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

Distributions are recognised when the right to receive the distribution has been established.

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

(d) Cash and cash equivalents

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

(e) Receivables

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

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

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion.

(g) Property, plant and equipment

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

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

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

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

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.

Assets subject to operating leases

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

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

Assets	Rate	Method
Leasehold improvements	2.5% 4%	Diminishing value and straight line
Planes	2.5% 37.7%	Diminishing value and straight line
Plant and equipment	5% 50%	Diminishing value and straight line
Motor vehicles	8.75% 25%	Diminishing value
Office computer equipment	15% 50%	Diminishing value and straight line
Furniture and fittings	7.5% 37.5%	Diminishing value and straight line
Leased plant and equipment	20% 50%	Straight line

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the consolidated entity's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill acquired in 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 of goodwill relating to the entity sold.

Licences and other intangible assets

Licenses and other intangible assets have a finite useful life and are recorded at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the licenses over their estimated useful life.

(i) 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.

(j) Borrowings

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

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

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

(k) Employee benefits

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

Share-based payments

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

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

(l) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount of the provision can be measured reliably.

(m) Leases

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

Finance Leases

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

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

Operating Lease

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

(n) 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 shares or for the acquisition of a business are included in the cost of the acquisition as part of the purchase consideration.

(o) 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 deductible temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Tax Consolidation

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

(p) Foreign currencies translations and balances

Functional and presentation currency

The financial statements of each of the entities in the consolidated group are measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

All resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

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

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and

All resulting exchange differences are recognised as a separate component of equity.

(q) Goods and Services Tax (GST)

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.

(r) Financial instruments

Classification

The consolidated entity classifies its financial instruments in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification of financial instruments depends on the purpose for which the financial instrument was acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets at fair value through profit and loss

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When assets are sold under a finance lease the gross amount of the lease payments is recognised as a receivable. The difference between the gross receivable and the net receivable is recognised as unearned finance income and unearned GST.

Loans and Receivables

Loans 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.

Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that are not designated hedges are accounted for as held for trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the statement of Comprehensive Income. The fair value of interest rate swaps is based on broker quote.

Interest expenses associated with the derivative financial instruments are recognised on an accrual basis.

The consolidated entity enters into US dollar forward foreign exchange contracts to hedge the exchange rate risk arising on the import of Print Services equipment from Japan. It is the policy of the consolidated entity to cover specific currency payments on 95% of exposure generated

(s) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(t) Rounding of 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 and interpretations

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The directors have not yet assessed the impact of these standards or interpretations.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Estimated impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations The CGU's are aligned at the segment level. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected financial forecasts and projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using a discount rate of 12.0% to determine value-in-use. The same discount rate has been applied to each of the CGU's.

(b) 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.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(c) Employment Benefits

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

(d) Share based payments

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

NOTE 3: FINANCIAL RISK MANAGEMENT

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

The consolidated entity is exposed to a variety of financial risks comprising:

(a) Interest rate risk

(b) Credit risk

(c) Liquidity risk

(d) Foreign exchange risk

(d) Fair values

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

(a) 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 detailed in the table below on page 33.

Interest rate transactions entered into by the consolidated entity exchange variable and fixed interest payment obligations to protect long term borrowings from the risk of increasing interest rates. The entity has both variable and fixed rate term debt and entered into swap contracts to fix the interest rate on $10,000,000 of borrowings until 11 January 2011 at 7.73% pa, $37,124,000 (increasing to $47,124,000 on 11 January 2011) of the borrowings until 29 January 2013 at 5.72% pa and to cap the interest rate on a further $20,000,000 effective from 11 January 2011 of borrowings until 29 January 2013 at 5.5% pa.

During the year the Company's Commonwealth Bank of Australia (CBA) funding facility, securitised by finance lease receivables, was available to a maximum of $109.7m, via the Trustee for the securitisation arrangements. The current facility will mature on the 8 July 2011 with a maximum limit of $93.4m.

Interest on the CBA funding facility is charged at a floating rate plus a margin, and re-prices on a monthly basis. As at 30 June 2010 the floating rate was 2.94% and the margin is 1.85%.The Company enters into interest rate swaps to fix these floating rate exposures and as at 30 June 2010 the average fixed rate was 7.0425%.

The CBA loan has been lent pursuant to various loan facility and securitisation agreements. The funding facility with CBA has priority over all other claims over the Company's assets should the Company liquidate or cease to trade.

As part of the securitisation arrangements, the Company is required to provide cash (or a Letter of Credit) as a credit protection reserve. The cash reserve is comprised of cash and bank balances. The credit protection reserve has to be maintained at a minimum calculated percentage of the net pool balance of securitised finance leases. At 30 June 2010 the required percentage was 15.00%. The credit protection requirement is a calculated percentage called the "Credit Protection Factor", which is the greater of 15.00%, the Top Five Obligors Exposure Percent or the Dynamic Over-collateralisation Percent. The Company is restricted in the use of these reserves until the whole finance receivables book subject to the securitisation has been repaid.

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

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

NOTE 3:
FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Sensitivity Analysis	2010		2009	
	$000's	$000's	$000's	$000's
	Impact on Income Statement	Impact on Equity	Impact on Income Statement	Impact on Equity
	Increase/ (decrease) on profit	Increase/ (decrease) on equity	Increase/ (decrease) on profit	Increase/ (decrease) on equity
Interest Rates:				
100 bps increase:				
Cash flow sensitivity:				
Impact on interest income on bank balances	64	64	-	-
Impact on management fee charges	2	2	-	-
Impact on interest expense on loans	(424)	(424)	-	-
Impact on cash flows from derivative	423	423	-	-
Impact on interest expense on finance leases	(10)	(10)	-	-
Fair value sensitivity:				
Impact on derivative fair value at balance date	1,390	1,390	-	-
Total impact	**1,445**	**1,445**	-	-
Interest Rates:				
100 bps decrease:				
Cash flow sensitivity:				
Impact on interest income on bank balances	(64)	(64)	-	-
Impact on management fee charges	(2)	(2)	-	-
Impact on interest expense on loans	424	424	-	-
Impact on cash flows from derivative	(423)	(423)	-	-
Impact on interest expense on finance leases	10	10	-	-
Fair value sensitivity:	-	-	-	-
Impact on derivative fair value at balance date	(1,430)	(1,430)	-	-
Total impact	**(1,484)**	**(1,484)**	-	-

b) 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.

Statement of financial position

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.

(c) Liquidity risk

The entity produces positive cash flows from operating activities on an ongoing basis. Refer to Note 20(b) for details on the unused banking facility. Cash reserve accounts & enhancement deposit accounts are restricted under the securitisation arrangements. The funds will be repaid to the consolidated entity on request if the Company has paid more than required for the Credit Protection. Once a month funds paid into the bank accounts, by the lessees, which do not relate to repayment of principal balances, will be returned to the consolidated entity.

(d) Foreign Exchange risk

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

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

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions, entities in the group use forward foreign exchange contracts to hedge the exchange rate risk from specific foreign currency payments.

The consolidated entity enters into forward foreign exchange contracts out to 2 months to manage the risk associated with the import of Print Services equipment. This covers 95% of foreign payments.

The Group has 5 forward foreign currency contracts outstanding at the end of the reporting period totaling NZD$5,328m (US$3.767m).

(e) Fair values

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

Interest rate risk table

Financial Instruments	Floating Interest Rate		Fixed Interest Rate Maturing in : 1 year or less		1 - 5 years		> 5 years		Non Interest bearing		Total carrying amount as per Balance Sheet		Weighted Average Effective Interest Rate	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	%	%
(i) Financial Assets														
Cash and Cash Equivalents	22,169	3,745	-	-	-	-	-	-	18	11	22,187	3,756	2.24%	1.75%
Trade Receivables	-	-	-	-	-	-	-	-	39,901	38,871	39,901	38,871		
Finance Lease Receivables	-	-	35,972	-	78,349	-	16	-	-	-	114,337	-	13.51%	
Sundry Debtors	-	-	-	-	-	-	-	-	9,740	8,681	9,740	8,681		
Other financial assets	-	-	-	-	-	-	-	-	1,115	1,112	1,115	1,112		
Total Financial Assets	22,169	3,745	35,972	-	78,349	-	16	-	50,774	48,675	187,280	52,420		
(ii) Financial Liabilities														
Trade Payables	-	-	-	-	-	-	-	-	28,907	10,096	28,907	10,096		
Other Payables	-	-	482	339	-	-	-	-	31,234	35,646	31,716	35,985	3.00%	3.00%
Finance Lease & Hire Purchase Liability	-	-	10	111	559	3,131	-	-	-	-	569	3,242	8.14%	7.74%
Debt Associated with Finance Leases	-	-	5,447	-	91,567	-	-	-	-	-	97,014	-	5.43%	
Derivatives - interest rate swaps	-	-	2,901	-	1,462	-	115	-	-	-	4,479	-	7.04%	
Current Tax Liability	-	-	-	-	-	-	-	-	3,334	2,877	3,334	2,877		
Deferred Consideration	-	-	-	-	-	-	-	-	20,750	11,200	20,750	11,200		
Bank loans	-	-	-	-	-	157	-	-	-	-	-	157		6.79%
Term Debt/Bills Payable	29,987	25,939	10,000	-	37,124	10,000	-	-	-	-	77,111	35,939	8.11%	4.44%
Total Financial Liabilities	29,987	25,939	18,840	450	130,712	13,288	115	-	84,225	59,819	263,880	99,496		

	Consolidated entity	
	2010 $'000	**2009 $'000**
NOTE 4: REVENUE		
Revenues from continuing operation		
Sales revenue		
Revenue from sales of goods	90,575	41,070
Revenue from services	173,661	154,060
Interest Income	9,048	-
	273,284	195,130
Other Revenue		
Interest	294	140
Sundry	4,163	1,948
Rental	56	-
Profit on sale of fixed assets	17	49
Foreign exchange gains	28	-
	4,558	2,137
NOTE 5: PROFIT FROM CONTINUING OPERATIONS		
Profit from continuing operations before income tax has been determined after the following specific expenses		
Cost of goods sold		
Cost of goods	69,095	31,573
Cost of sales – service	25,855	20,161
Interest Expense	5,583	-
	100,533	51,734
Employee benefits expenses		
Shared based payments	200	66
Other employee expenses	34,575	22,264
Cost of sales service (Employee benefits)	56,309	54,389
Employee benefits expense	91,084	76,719
Other		
Doubtful debts	-	1
Bad debts expense / (recovered)	(26)	166
Operating lease rental	2,942	1,848
Depreciation/Amortisation of non current assets		
Plant and equipment	8,615	12,885
Leased property, plant and equipment	15	30
Leasehold improvements	861	134
Amortisation of intangible assets	4,018	1,155
Total depreciation/amortisation of non current assets	13,509	14,204
Finance costs expensed		
Interest and charges	5,438	3,624
Total finance costs expensed	5,438	3,624

	Consolidated entity	
	2010 $'000	**2009 $'000**
NOTE 6: INCOME TAX		
(a) Components of tax expense:		
Current tax	10,899	10,068
Deferred tax	(2,155)	(144)
Under (over) provision in prior years	(188)	(214)
	8,556	9,710
(b) Prima facie tax payable		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Profit/loss before tax from continuing operations	39,981	32,953
Total profit/loss before income tax	39,981	32,953
Prima facie income tax payable on profit before income tax at 30.0% (2009: 30.0%)	11,994	9,886
Add tax effect of:		
- share-based payments	71	20
- other non-allowable items	378	71
	12,443	9,977
Less tax effect of:		
- other non-assessable items	(727)	(267)
- deferred tax asset previously not brought to account	(2,972)	-
- over provision for income tax in prior years	(188)	-
	(3,887)	(267)
Income tax expense attributable to profit	8,556	9,710
(c) Current tax		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	2,877	3,629
Income tax	10,899	10,068
Tax payments	(12,667)	(10,621)
Under / (over) provisions	(269)	-
Tax liabilities on acquisition	2,337	-
Other	157	(199)
Current tax liabilities / (assets)	3,334	2,877

	Consolidated entity	
	2010 $'000	2009 $'000
NOTE 6: INCOME TAX (continued)		
(d) Deferred tax		
Deferred tax relates to the following:		
Deferred tax assets		
The balance comprises:		
Doubtful debts	288	14
Accrued expenses	604	410
Provision for annual and long service leave	2,325	1,434
Other	2,665	263
Investment in Anadex Trust	-	11
Blackhole deductions	2,340	573
Losses available for offset against future taxable income	-	101
	8,222	2,806
Deferred tax liabilities		
The balance comprises:		
Property, plant & equipment	(1,197)	(43)
Investment in CSG Unit Trust	(324)	(308)
Other	(38)	(7)
	(1,559)	(358)
Net Deferred tax assets	6,663	2,448
(e) Deferred income tax (revenue)/expense included in income tax expense comprises		
Decrease / (increase) in deferred tax assets	(3,356)	(333)
(Decrease) / increase in deferred tax liabilities	1,201	189
	(2,155)	(144)
(f) Deferred income tax related to items charged or credited directly to equity		
Blackhole deductions	(741)	288
Other	11	-
	(730)	288
Deferred income tax included in opening business combination	(1,330)	(621)
(g) Deferred tax assets not brought to account		
Temporary differences	-	-
Operating tax losses	-	-
Capital tax losses	346	346

	Consolidated entity	
	2010 $'000	**2009 $'000**
NOTE 7: DIVIDENDS ON ORDINARY SHARES		
(a) Dividends paid during the year		
(i) Interim		
Franked dividends: 2.5 cents per share (2009: 2.0 cents per share)	5,440	3,514
(ii) Final		
Franked dividends: 2.5 cents per share (2009: 2.0 cents per share)	4,393	3,515
	9,833	7,029
(b) Dividends proposed and not recognised as a liability		
Franked dividends: 3.0 cents per share (2009: 2.5 cents per share)	7,262	4,393
(c) Franking credit balance		
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and deducting franking credits to be used in payment of proposed dividends:	24,870	18,323
Impact of the franking account of dividends recommended by the directors since the year end but not recognised as a liability at year end	(3,112)	(1,883)
	21,758	16,440
NOTE 8: CASH AND CASH EQUIVALENTS		
Cash at bank	15,214	3,745
Cash on hand	18	11
Cash restricted	6,955	-
	22,187	3,756
NOTE 9: RECEIVABLES		
CURRENT		
Trade receivables	40,178	38,919
Impairment	(277)	(48)
Sundry debtors	9,740	8,681
	49,641	47,552
Finance Lease receivables	35,972	-
NON-CURRENT		
Finance Lease receivables	78,365	-
	114,337	-
NOTE 10: INVENTORIES		
Finished goods at cost	19,984	1,981
	19,984	1,981
NOTE 11: OTHER CURRENT ASSETS		
Prepayments	4,575	1,499
	4,575	1,499
NOTE 12: OTHER FINANCIAL ASSETS		
NON CURRENT		
Financial assets at fair value through profit and loss		
Non listed investments at cost	1,112	1,112
Shares in listed corporations	3	-
	1,115	1,112

	Notes	Consolidated entity 2010 $'000	2009 $'000
NOTE 13: PROPERTY, PLANT AND EQUIPMENT			
Leasehold improvements			
At cost		4,972	1,886
Accumulated amortisation		(2,595)	(250)
	13(a)	2,377	1,636
Plant and equipment			
At cost		32,831	27,596
Accumulated depreciation		(20,023)	(11,664)
	13(a)	12,808	15,932
Planes			
At cost		1,697	462
Accumulated depreciation		(268)	(141)
	13(a)	1,429	321
Furniture and fittings			
At cost		10,028	1,714
Accumulated depreciation		(6,609)	(668)
	13(a)	3,419	1,046
Office computer equipment			
At cost		9,022	4,125
Accumulated depreciation		(5,953)	(2,809)
	13(a)	3,069	1,316
Motor vehicles			
At cost		952	811
Accumulated depreciation		(515)	(332)
	13(a)	437	479
Leased plant & equipment			
At cost		120	128
Accumulated amortisation		(104)	(89)
	13(a)	16	39
Total written down value		23,555	20,769

	Consolidated entity 2010 $'000	2009 $'000
(a) Reconciliation of the carrying amount of property, plant and equipment at the beginning of the year		
Leasehold improvements		
Carrying amount	1,636	1,606
Transfer between classes	-	(13)
Additions	976	177
Disposals	(50)	-
Additions through acquisitions	676	-
Amortisation expense	(861)	(134)
	2,377	1,636
Plant & equipment		
Carrying amount	15,932	10,067
Transfer between classes	569	(618)
Additions	4,541	4,593
Disposals	(2,695)	(5,857)
Additions through acquisitions	1,096	19,626
Depreciation expense	(6,635)	(11,879)
	12,808	15,932
Plane		
Carrying amount	321	717
Additions	1,235	20
Disposals	-	(357)
Depreciation expense	(127)	(59)
	1,429	321
Furniture & fittings		
Carrying amount	1,046	1,041
Transfer between classes	(117)	92
Additions	660	83
Disposals	(104)	-
Additions through acquisitions	2,608	-
Depreciation expense	(674)	(170)
	3,419	1,046
Office computer equipment		
Carrying amount	1,316	911
Transfer between classes	(440)	524
Additions	1,541	566
Disposals	(8)	(10)
Additions through acquisitions	1,796	6
Depreciation expense	(1,084)	(681)
Transfer to other capital	(52)	-
	3,069	1,316

	Consolidated entity	
	2010 $'000	2009 $'000
NOTE 13: PROPERTY, PLANT AND EQUIPMENT (continued)		
Motor Vehicles		
Carrying amount	479	339
Transfer between classes	(12)	15
Additions	62	342
Disposals	(95)	(141)
Additions through acquisitions	98	20
Depreciation expense	(95)	(96)
	437	479
Lease plant and equipment		
Carrying amount	39	109
Disposals	(8)	(40)
Amortisation expense	(15)	(30)
	16	39
NOTE 14: INTANGIBLES		
Goodwill		
Goodwill on consolidation	203,666	71,820
Goodwill at cost	30,842	30,679
Net carrying amount	234,508	102,499
Opening net book amount	102,499	91,176
Additions	132,443	14,770
Deferred cost written back	(434)	(3,447)
Closing net book value	234,508	102,499
Licenses and other intangibles assets		
Licenses and other intangibles at cost	23,784	10,134
Accumulated amortisation	(5,643)	(1,625)
Net carrying amount	18,141	8,509
Opening net book amount	8,509	2,685
Additions	13,650	6,979
Amortisation expense	(4,018)	(1,155)
Closing net book value	18,141	8,509
Total	252,649	111,008

2009: Disposals of $5.9m has been sold to customers at written down value and treated as cash receipts from customers.

	Notes	Consolidated entity 2010 $'000	2009 $'000
NOTE 15: PAYABLES			
CURRENT			
Trade payables		28,907	10,096
Deferred consideration	25	5,633	5,200
Other payables		31,716	35,985
		66,256	51,281
NON CURRENT			
Deferred consideration	25	15,117	6,000
		15,117	6,000
NOTE 16: BORROWINGS			
CURRENT			
Secured			
Lease and hire purchase liabilities (i)	21	194	111
NON CURRENT			
Secured			
Lease and hire purchase liabilities (i)	21	375	3,131
Term Debt, net of transaction costs (ii)		73,643	36,096
		74,018	39,227
(a) Terms and conditions relating to the above financial instruments			
(i) Lease and Hire Purchase liabilities are secured by assets leased or under hire purchase.			
(ii) Bank loans and commercial bills are secured by mortgage over the assets of the companies and trusts and various undertakings. The facility is due for renewal in July 2011.			
Debt associated with finance lease receivables			
CURRENT			
Loans and borrowings		5,447	-
Derivatives – Interest rate swaps		2,901	-
		8,348	-
NON-CURRENT			
Loans and borrowings		91,567	-
Derivatives – Interest rate swaps		1,577	-
		93,144	-

(b) Information about interest rate risk is detailed in note 3

	Consolidated entity	
	2010 $'000	2009 $'000
NOTE 17: PROVISIONS		
CURRENT		
Employee benefits	6,679	3,872
NON CURRENT		
Employee benefits	976	932
Aggregate employee benefits liability	7,655	4,804

NOTE 18: CONTRIBUTED EQUITY

	Consolidated entity	
	2010 $'000	2009 $'000
(a) Issued and paid up capital		
Ordinary shares fully paid	157,719	48,250
	157,719	48,250

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

(b) Movement in shares on issue

	2010		2009	
	No. of shares	$'000	No. of shares	$'000
Beginning of the financial year	175,730,675	48,250	170,984,435	43,907
Exercise of options	1,974,000	2,334	-	-
Share issue	64,355,520	110,088	-	-
Acquisition Bexton Professional Pty Ltd (i)	-	-	3,715,312	3,343
Acquisition CSG Solutions Pty Ltd (ii)	-	-	1,030,928	1,000
Capital raising cost	-	(4,218)	-	-
Capital raising costs deferred tax asset	-	1,265	-	-
Balance at the end of the year	242,060,195	157,719	175,730,675	48,250

The following is a summary of the transactions that have occurred during the year end 30 June 2009:

(i) Issue of 3,715,312 shares and the payment of $3,343,780 to earn-out consideration to acquire Bexton Professional Pty Ltd

(ii) Issue of 1,030,928 shares and the payment of $1,000,000 to earn-out consideration to acquire Power Accounting Pty Ltd

(c) 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.

All employees, including directors' maybe issued options at the discretion of the Nomination and Remuneration Committee.

The options are issued for $nil consideration and the strike price and vesting period are set by the Remuneration Committee. The options are exercisable in 2 tranches and have an expiry period of up to 3 years. The total amount of issued options cannot exceed 5% of share capital. The options are not listed on the ASX and any director issued options are approved at the Annual General Meeting.

Issued date	Expiry date	Exercise price	Opening 01/07/2009	Issued	Exercised	Lapsed	Closing 30/06/2010
ESOP Various	Various	$1.00 - $1.25	5,423,000	0	(1,863,000)	(683,000)	2,877,000
ESOP Various	31/10/2012	$0.68- $1.76	-	4,200,000	(111,000)	(122,000)	3,967,000
			5,423,000	4,200,000	(1,974,000)	(805,000)	6,844,000

		Consolidated entity	
		2010	2009
	Notes	$'000	$'000
NOTE 19: RESERVES AND RETAINED EARNINGS			
Share-based payment reserve	19(a)	399	199
Foreign currency translation reserve	19(b)	305	-
		704	199
Retained earnings	19(c)	58,998	37,376

(a) Share-based payment reserve

(i) Nature and purpose of reserve

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

(ii) Movements in reserve

	Notes	2010 $'000	2009 $'000
Balance at beginning of year		199	133
Share based payments	5	200	66
Balance at end of year		399	199

(a) Foreign currency translation reserve

(i) Nature and purpose of reserve

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

(ii) Movements in reserve

	2010 $'000	2009 $'000
Balance at beginning of year	-	-
Exchange differences on translation of foreign operations	305	-
Balance at end of year	305	-

(b) Retained Earnings

	2010 $'000	2009 $'000
Balance at beginning of year	37,376	21,162
Net profit attributable to members	31,455	23,243
Total available for appropriation	68,831	44,405
Dividends paid	(9,833)	(7,029)
Balance at end of year	58,998	37,376

NOTE 20: CASHFLOW INFORMATION

	Consolidated entity 2010 $'000	Consolidated entity 2009 $'000
(a) Reconciliation of cash flow from operations with profit after income tax		
Profit from ordinary activities after income tax	32,073	23,243
Non cash items		
Profit on sales of assets	(17)	(49)
Amortisation of license costs	4,018	1,155
Depreciation and amortisation of property, plant and equipment	9,491	13,049
Share based payments	200	66
Amounts reclassified from investing activities	2,776	1,514
(Increase)/decrease in assets		
Receivables	9,074	(17,119)
Prepayments	(2,484)	(936)
Inventories	(5,110)	(127)
Deferred tax assets	(733)	(477)
Other receivables	(443)	122
Increase/(decrease) in liabilities		
Payables	(9,476)	24,860
Provisions	834	(1,988)
Tax provision	(5,013)	(752)
Net cash flow from operating activities	35,190	42,561
(b) Reconciliation of cash		
Cash balance comprises:		
Cash at bank	22,187	3,756
Closing cash balance	22,187	3,756

Non-cash transactions relating to business combinations are disclosed in Note 25.

	Consolidated entity	
	2010 $'000	**2009 $'000**
(c) Credit stand-by arrangements and loan facilities		
Facilities		
Multi function facility	130,000	82,500
Securitisation and lease finance facility (ii)	132,031	-
Bank loans and facilities	-	339
	262,031	82,839
Facilities Used		
Multi function facility (i)	83,474	50,290
Securitisation and lease finance facility	97,015	-
Bank loans and facilities	-	-
	180,489	50,290
Facilities Unused		
Multi function facility	46,526	32,210
Securitisation and lease finance facility	35,016	-
Bank loans and facilities	-	339
	81,542	32,549

(i) This amount includes contingent liabilities used of $6,364, in relation to various guarantees and security deposits.

The company has a multi function facility with the Commonwealth Bank. Debt facilities include bank bills, business loans, overdraft, equipment finance and contingent liabilities and are available to all members of the consolidated group including the parent.

(ii) The CBA facility will mature on the 8 July 2011 with a maximum limit of $93.4m.

	Notes	Consolidated entity 2010 $'000	2009 $'000
NOTE 21: LEASE COMMITMENTS			
Lease expenditure commitments			
(a) Operating Leases (non-cancellable)			
(i) Operating leases relate to the lease of land, buildings and office computer equipment			
(ii) Minimum lease payments			
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
No later than one year		7,539	2,942
Later than one year but not later than five years		14,042	7,210
Later than five years		466	2,521
		22,047	12,673
(b) Finance leases			
(i) Finance leases relates to computer equipment, motor vehicles, furniture, and other office equipment. Lease terms vary from two to five years. Various lease arrangements in place have the option to purchase the assets for a nominal amount at the conclusion of the lease agreement			
(ii) Future minimum lease payment and present value of the net minimum lease payment			
Not later than one year		219	3,004
Later than one year but not later than five years		425	388
Total minimum lease payments		644	3,392
Future finance charges		(75)	(150)
Present value of minimum lease payments		569	3,242
Included in financial statements as:			-
Current liability	16	194	111
Non current liability	16	375	3,131
		569	3,242
Finance lease receivable			
(a) Finance leases			
Finance lease receivable relates to assets held under finance leases recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments.			
No later than one year		35,972	-
Later than one year but not later than five years		78,349	-
Later than five years		16	-
		114,337	-

NOTE 22: RELATED PARTY DISCLOSURES

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

	Country of Incorporation	Ownership Interest	
		2010 %	2009 %
Parent Entity			
CSG Limited (i)	Australia	-	-
Subsidiaries of CSG Ltd			
CSG Services Pty Ltd	Australia	100	100
CSG Services Pty Ltd ATF CSGS Unit Trust	Australia	100	100
Connected Solutions Group Pty Ltd	Australia	100	100
CSG Print Services Pty Ltd (ii)	Australia	100	100
CSG Communications Pty Ltd	Australia	100	100
Sunshine Coast Office Equipment Pty Ltd	Australia	100	100
CSG Solutions Pty Ltd	Australia	100	100
Haloid Pty Ltd	Australia	100	100
Seeakay Pty Ltd	Australia	100	100
Anadex Pty Ltd ATF Anadex Trust	Australia	100	100
CSG Finance Pty Ltd	Australia	100	100
Bexton Professional Pty Ltd	Australia	100	100
Change Corporation Pty Ltd	Australia	100	100
CSG Enterprise Print Services Pty Ltd (iii)	Australia	100	100
CingleVue Pty Ltd	Australia	100	100
CSG Education Pty Ltd	Australia	100	100
Delexian Pty Ltd	Australia	100	-
Aaromba Technologies Pty Ltd	Australia	100	-
Onesource Group Ltd	New Zealand	100	-
Leasing Solutions Ltd	New Zealand	100	-
Subsidiaries of Onesource Group Ltd:			
Konica Minolta Business Systems New Zealand Ltd	New Zealand	90	-
Subsidiaries of Leasing Solutions Ltd:			
Onesource Finance Ltd	New Zealand	100	-
Solutions Group Receivables Ltd	New Zealand	100	-

(i) CSG Limited and its Australian subsidiaries are part of a tax consolidated group
(ii) CSG Print Services Pty Ltd (formerly: Flemdale Pty Ltd)
(iii) CSG Enterprise Print Services Pty Ltd (formerly: ATI Group Pty Ltd)

NOTE 22: RELATED PARTY DISCLOSURES

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

	2010 $	2009 $
CSG Ltd		
Hire of Jet Aircraft from entity associated with Mr. Denis Mackenzie	773,000	921,750
(From Jan 2011 CSG Ltd and entities associated with Denis Mackenzie will have terminated the agreement to provide Jet Services)		
Rent paid to an entity associated with Mr. Denis Mackenzie	-	60,000
CSG Services Pty Ltd		
Hire of Helicopter from entity associated with Mr. Denis Mackenzie	12,045	161,929
Purchase of Helicopter from entity associated with Mr Denis Mackenzie	425,000	-
Rent paid to an entity associated with Mr. Denis Mackenzie	255,500	-
Connected Solutions Group Pty Ltd		
Rent paid to an entity associated with Mr Denis Mackenzie	-	14,833
CSG Unit Trust		
Rent paid to an entity associated with Denis Mackenzie	-	334,667
Loans made by CSG Ltd to controlled entities under normal terms and conditions. The aggregate amounts receivable/(payable) from controlled entities by the parent entity at the end of the reporting period were :	7,136,000	-

NOTE 23: DEED OF CROSS GUARANTEE

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

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

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

	Consolidated Entity	
	2010 $'000	2009 $'000
NOTE 24: EARNINGS PER SHARE		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Profit from continued operations:	31,455	23,243
	31,455	23,243
	2010 **No of shares**	**2009** **No of shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	199,053,227	174,635,565
Effect of dilutive securities:		
Share Options	2,241,492	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	201,294,718	174,635,565

NOTE 25: BUSINESS COMBINATION

Changes in the composition of the entity during the 2010 year:

- On July 1 2009, the Company acquired 100% of shares of Delexian Pty Ltd.
- On 1 January 2010, the Company acquired 100% of shares of Onesource Group Limited which holds 90% of shares in Konica Minolta Business Solutions New Zealand Limited.
- On 1 January 2010, the Company acquired 100% of shares of Leasing Solutions Limited and its wholly owned subsidiaries Onesource Finance Ltd and Solutions Group Receivables Ltd.
- On April 1 2010, the Company acquired 100% of shares of Aaromba Technologies Pty Ltd.

At balance date a provisional allocation of intangible assets in relation to the acquisition of the Onesource Group Limited and Leasing Solutions Limited has been made and is still subject to a final assessment.

The acquisition details are outlined below:

	Delexian Pty Ltd	Onesource Group Limited	Leasing Solutions Limited	Aaromba Technologies Pty Ltd	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Consideration					
Cash paid under share sale agreement	2,990	86,009	20,636	2,183	111,818
Credit enhancement securitisation facility	-	-	9,993	-	9,993
Deferred consideration	10,600	-	-	3,817	14,417
Total acquisition cost	13,590	86,009	30,629	6,000	136,228
Net assets acquired					
Assets					
Cash and cash equivalents	699	476	10,489	1,197	12,861
Receivables	1,656	9,556	113,777	323	125,312
Inventory	17	12,844	-	33	12,894
Property, plant and equipment	126	3,824	2,164	160	6,274
Other Assets	108	11,283	108,737	144	120,272
Total assets acquired	2,606	37,983	235,167	1,857	277,613
Liabilities					
Trade and other payables	1,400	23,866	107,144	539	132,949
Borrowings	105	228	-	-	333
Provisions	511	4,624	2,247	106	7,488
Other liabilities	-	2,979	119,532	1,123	123,634
Total liabilities acquired	2,016	31,697	228,923	1,768	264,404
Net assets and other intangibles acquired	590	6,286	6,244	89	13,209
Goodwill on acquisition	13,000	79,723	24,385	5,911	123,019

Non-controlling interest in goodwill related to the acquisition of OGL totalled $8.6m

In July 2010, CSG acquired the sub-contract rights over approximately 10,500 Canon Multi-Function Devices in Sydney, Melbourne, Canberra, Adelaide and Perth. The major elements of the total consideration to be paid by CSG under the Subcontracting Agreement is $31m + adjustments. On 1 July 2010, CSG paid $6m to Canon with CSG incurring a debt to Canon via a Vendor Loan in respect of the remainder of the purchase price. In accordance with the agreement, CSG must repay $12.5m of the Vendor Loan on 1 July 2011, followed by 12 monthly instalments of $500k and the balance of $6.5m on July 2012 less certain adjustments.

(a) Payments for businesses in the statement of cashflows of $114m are made up of the cash paid under share sale agreement, credit enhancement securitisation facility and acquisition costs in this note less cash in acquired entities plus payments made during the year relating to the acquisitions made in prior periods:

a.	Change Corporation Pty Ltd	$1.898m
b.	CingleVue Pty Ltd	$3.200m
c.	CingleVue Pty Ltd	$162k

(b) Adjustments to goodwill of $434k (2009: $3.5m) have been made in relation to various business combinations.

(c) The purchased goodwill is attributable to the high profitability of the acquired businesses and the expected synergies expected to arise post acquisition.

(d) Profit after tax of the acquisitions included in consolidated profit of the group since the relevant acquisition dates are as follows:

	Acquisition Date	**Profit $'000**
Delexian Pty Ltd	1 July 2009	557
Onesource Group Limited and subsidiaries	1 January 2010	2,664
Leasing Solutions Limited and subsidiaries	1 January 2010	2,282
Aaromba Technologies Pty Ltd	1 April 2010	223

(e) To disclose the results of Aaromba Technologies Pty Ltd as though the acquisition date occurred at 1 July 2009 would be impracticable as, prior to acquisition the entity was not audited and did not prepare financial reports in accordance with International Financial Reporting Standards.

The acquisitions of Onesource Group Limited and subsidiaries and Leasing Solutions Limited and subsidiaries occurred as part of a non-consolidated group and would be impractical to disclose the results as though acquisition occurred at 1 July 2009

(f) The net assets acquired represent a fair value for the carrying amount at acquisition. The net intangible assets of Onesource Group Limited and subsidiaries and Leasing Solutions Limited and subsidiaries have been assessed preliminarily and are still subject to a final assessment.

NOTE 26: AUDITORS REMUNERATION

	2010 $	2009 $
Auditors remuneration parent entity		
Amount received or due and receivable to Pitcher Partners:		
An audit review of the financial report entity and any other entity in the consolidated entity	251	313
Other assurance and advisory fees (excl. disbursements)	90	51
	341	364
Auditors remuneration overseas subsidiaries		
Amount received or due and receivable to KPMG:		
An audit review of the financial report entity and any other entity in the consolidated entity	96	-
Other assurance and advisory fees (excl. disbursements)	24	-
	120	-

NOTE 27: SEGMENT INFORMATION

a) Description of segments

Management has determined the operating segments based on reports reviewed by the Chief Executive Officer and executive team (comprising the Chief Financial Officer, Chief Information Officer and Group General Managers) for making strategic decisions. The Chief Executive Officer and executive team monitor the business based on product/service factors and have identified the following reportable segments:

Segment 1 – IT Services

The IT Service segment derives its revenue through the alignment of providing both tailored IT outsourcing services and the provision of consulting, services and technology solutions.

Segment 2 – Print Services

The Print Services segment derives its revenue through the aggregation of three specialist service offerings.

- Print Service business centre's providing integration and convergence of voice, print and data; and
- Enterprise Print Services delivering and implementing holistic managed print solutions and document output solutions; and
- Leasing solutions for print services equipment.

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

Management has determined that the Australian and New Zealand businesses are not considered to be separate segments.

b) Segment Information

2010	Consolidated entity			
	IT Services $'000	Print Services $'000	Other Segments $'000	Total $'000
Segment revenue				
Total segment revenue	165,803	120,160	363	286,326
Inter-segment revenue	8,484	-	-	8,484
Revenue from external source	157,319	120,160	363	277,842
Segment result				
Total segment result (before income tax)	30,980	19,082	(9,433)	40,629
Inter-segment eliminations	-	-	-	-
Segment result from external source (before income tax)	30,980	19,082	(9,433)	40,629
Total Segment Assets	160,481	420,554	64,188	645,223
Total Segment Liabilities	49,950	251,464	126,329	427,743

2009	Consolidated entity			
	IT Services $'000	Print Services $'000	Other Segments $'000	Total $'000
Segment revenue				
Total segment revenue	135,706	62,259	402	198,367
Inter-segment revenue	1,100	-	-	1,100
Revenue from external source	134,606	62,259	402	197,267
Segment result				
Total segment result (before income tax)	28,050	11,741	(6,838)	32,953
Inter-segment eliminations	-	-	-	
Segment result from external source (before income tax)	28,050	11,741	(6,838)	32,953
Total Segment Assets	150,365	32,273	42,831	225,469
Total Segment Liabilities	71,122	13,238	66,868	151,228

NOTE 27: SEGMENT INFORMATION (continued)

(i) Reconciliation of segment result from the external source to the consolidated statement of comprehensive income

	2010 $'000	2009 $'000
Segment result from external source	40,629	32,953
Income tax expense	(8,556)	(9,710)
Total Profit before income tax	32,073	23,243
(ii) Reconciliation of segment assets to the consolidated statement of financial position		
Segment assets	645,223	225,469
Inter-segment eliminations	(150,517)	(35,344)
Total Assets	494,706	190,125
(iii) Reconciliation of segment liabilities to the consolidated statement of financial position		
Segment liabilities	427,743	151,228
Inter-segment eliminations	(159,677)	(46,928)
Total Liabilities	268,066	104,300

NOTE 28: SUBSEQUENT EVENTS

On 1 July 2010 the company closed a transaction with Canon Australia Pty Ltd to become a subcontractor on servicing approximately 10,500 machines in the field in the Sydney, Melbourne, Canberra, Adelaide and Perth markets. At the same time the company became a Canon brand dealer in those territories.

On 24 August 2010, the company was advised by Fuji Xerox Australia Pty Ltd that it was terminating the company's dealer agreements in Brisbane and Maroochydore. On the 25 August 2010,, Fuji Xerox Australia has issued proceedings in the NSW Supreme Court to determine, amongst other things, whether this termination is valid and the obligations of parties post termination. CSG is of the view that the matter should be dealt with in mediation as the agreement outlines. CSG also considers that any potential damages liability to Fuji Xerox is unlikely to be material.

On 25 August 2010, the company exercised an option to become a subcontractor on servicing up to 2,000 machines in the field in Brisbane and at the same time becoming a Canon brand dealer in Brisbane.

NOTE 29: PARENT ENTITY DISCLOSURES

As at, and throughout the financial year 30 June 2010 the parent company of the consolidated entity was CSG Ltd.
A summary of the financial performance and financial position of the parent entity is detailed below:

	Parent Entity	
	2010 $'000	2009 $'000
Result of the parent entity		
Profit for the year	16,309	5,492
Total profit and other comprehensive income for the year	16,309	5,492
Financial position of parent entity at year end		
Current assets	48,228	21,002
Total assets	295,710	120,095
Current Liabilities	37,550	26,781
Total liabilities	126,340	66,868
Total equity of the parent entity comprising of:		
Issued capital	157,719	48,250
Reserves	399	199
Retained earnings	11,252	4,778
Total equity	169,370	53,227

NOTE 30: KEY MANAGEMENT PERSONNEL COMPENSATION

Details of key management personnel compensation are contained within the Remuneration Report section of the Directors' Report.

NOTE 31: KEY MANAGEMENT EQUITY HOLDINGS

	Balance 01/07/2009	Received as remuneration	Options exercised	Net change other - includes market transactions	Balance 30/06/2010
Directors					
Mr Philip Chambers	170,000	-	-	30,868	200,868
Mr Denis Mackenzie	51,291,495	-	-	7,500,000	58,791,495
Mr Phillip Bullock	-	-	-	33,420	33,420
Mr Ian Kew	52,000	-	-	5,920	57,920
Mr Andrew Kroger	-	-	-	1,299,000	1,299,000
Total	51,513,495	-	-	8,869,208	60,382,703
Executives					
Mr. David Ward	200,000	-	-	(200,000)	-
Mr. Brian Lee	-	-	100,000	(100,000)	-
Ms Julie-Ann Kerin	-	-	200,000	(200,000)	-
Mr. Kevin McLaine	150,000	-	750,000	(300,000)	600,000
Mr. Trevor Oliver	-	-	150,000	(11,000)	139,000
Total	350,000	-	1,200,000	(811,000)	739,000

directors' declaration

CSG LIMITED AND CONTROLLED ENTITIES

DIRECTORS DECLARATION

The Directors declare that the financial statements and notes set out on pages 21 to 56 in accordance with the Corporations Act 2001:

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

(b) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2010 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 2010.
This declaration is made in accordance with a resolution of the directors.

Mr Denis Mackenzie
Director

Darwin
23 September 2010

PITCHER PARTNERS

An independent Victorian Partnership
ABN 27 975 255 196

**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 statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

Independence

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

PITCHER PARTNERS

An independent Victorian Partnership
ABN 27 975 255 196

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CSG LIMITED

Auditor's opinion

In our opinion:

1. the financial report of CSG Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 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

2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 19 of the director's report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the Remuneration Report of CSG Limited and controlled entities for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

T J BENFOLD

Partner

September 2010

PITCHER PARTNERS

Melbourne

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Melbourne I Sydney I Brisbane I Perth I Adelaide
An independent member of Baker Tilly International

shareholding analysis

as at 31 August 2010

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 31 August 2010.

a. Distribution of Shareholding

Size of shareholding	Number of share-holders	%
1 – 1,000	372	17.7
1,001 – 5,000	755	35.8
5,001 – 10,000	381	18.1
10,001 – 100,000	520	24.7
100,001 and over	78	3.7
Total	2,106	

b. Less Than Marketable Parcels

155 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.

shareholding analysis
as at 31 August 2010

	Number	%
Entities associated with Denis Mackenzie, namely Lynden Investments (NT) Pty Ltd, in its own capacity and in its capacity as trustee of the Mackenzie Family Trust)	58,791,495	24.18
Boltec Pty Ltd, in its own capacity and in its capacity as trustee of the Boller Family Trust	18,618,084	7.66
Glen Phillips, and entities associated with Glen Phillips, namely Glenmar (NT) Pty, in its own capacity and in its capacity as trustee of the Boller Family Trust.	16,380,974	6.74
J P Morgan Nominees Australia Limited	15,518,617	6.38
Icon Office Solutions Aust. Pty Ltd, as trustee for the Brodie Family Trust	15,391,053	6.33
HSBC Custody Nominees (Australia) Limited	14,776,931	6.08
National Nominees Limited	13,816,574	5.68
Cogent Nominees Pty Limited	12,800,692	5.27

d. Twenty largest 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)	52,839,748	21.74
Boltec Pty Ltd (Boller Family A/C)	15,779,915	6.49
Icon Office Solutions Aust Pty Ltd (The Brodie Family A/C)	15,391,053	6.33
J P Morgan Nominees Australia Limited	15,344,073	6.31
HSBC Custody Nominees (Australia) Limited	14,874,655	6.12
Glenmar NT Pty Ltd (The GM Phillips Family A/C)	14,779,915	6.08
National Nominees Limited	13,093,917	5.39
Cogent Nominees Pty Limited	12,521,225	5.15
UBS Wealth Management Australia Nominees Pty Ltd	6,174,486	2.54
Citicorp Nominees Pty Limited	5,966,451	2.45
ANZ Nominees Limited (Cash Income A/C)	5,767,634	2.37
Cogent Nominees Pty Limited (SMP Accounts)	5,735,109	2.36
Lynden Investments (NT) Pty Ltd	3,951,747	1.63
UBS Nominees Pty Ltd (PB SEG A/C)	3,925,169	1.61
Equity Trustees Limited (SGH PI Smaller Co's Fund)	3,445,066	1.42
Mr Blair Gowans (Gowans Family A/C)	3,203,346	1.32
AMP Life Limited	2,809,365	1.16
UBS Nominees Pty Ltd	2,447,484	1.01
Aust Executor Trustees NSW Ltd (Tea Custodians Limited)	2,021,457	0.83
Bond Street Custodians Limited (Macquarie Smaller Co's A/C)	2,003,411	0.82
Total	**202,075,226**	**83.13**

corporate directory

Company	**CSG Limited** **ABN 64 123 989 631** **Level 8, 39 Woods Street** **Darwin, NT 0801** www.csg.com.au
Directors	**Philip Chambers** Executive Chairman **Denis Mackenzie** Managing Director **Philip Bullock** Non Executive Director **Andrew Kroger** Non Executive Director **Ian Kew** Non Executive Director
Company Secretary	**Kim Clark**
Lawyers to the Company	**DLA Phillips Fox** Level 21, 140 William Street Melbourne, VIC 3000
Share Register	**Computershare Investor Services Pty Limited** 452 Johnston Street Abbotsford, VIC 3067
Auditor	**Pitcher Partners** Level 19, 15 William Street Melbourne, VIC 3000