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## **Appendix 4D and interim financial report Half year ended 31 December 2008**

CSG Limited and its controlled entities  
ABN: 64 123 989 631

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This half year report should be read in conjunction with the financial report for the year ended 30 June 2008.

**CSG LIMITED AND CONTROLLED ENTITIES**

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**Results for Announcement to the Market**

			<b>\$'000</b>
Revenues from ordinary activities	up	45%	to 84,999
Profit from ordinary activities after tax Attributable to members	up	36%	to 11,065
Net Profit for the period attributable to members	up	36%	to 11,065

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked amount per Security</b>
Interim Dividend	2 cents	2 cents
Previous corresponding period	2 cents	2 cents
Record date for determining entitlements to the dividend	14 March 2009	
Payment date for above dividend	30 March 2009	
<b>Net tangible assets per security</b>	31 December 2008	31 December 2007
	0	0

## CSG LIMITED AND CONTROLLED ENTITIES

ABN: 64 123 989 631

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### DIRECTORS' REPORT

The directors present their report together with the condensed financial report of the consolidated entity consisting of CSG Limited and the entities it controlled, for the half-year ended 31 December 2008 and independent auditor's review report thereon. This financial report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards.

#### Directors Names

The names of the director in office at any time during or since the end of the half-year are:

<b>Name</b>	<b>Period of directorship</b>
Philip Chambers (Chairman)	Director since February 2007
Denis Mackenzie	Director since February 2007
Michael Brodie	Director since March 2007 and resigned 13 February 2009
Andrew Kroger	Director since March 2007
Ian Kew	Director since March 2007

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

#### Review of Operations

The consolidated profit of the group for the half-year after providing for income tax amounted to \$11.06m.

##### Financial Highlights

- Revenue to 31 December 2008 of \$84.99m 45% above the half year to 31 December 2007.
- EBITDA to 31 December 2008 of \$21.36m 50% above the half year to 31 December 2007.
- Net Profit after tax to 31 December 2008 36% above the half year to 31 December 2007.

##### Operational Highlights

- Purchased ATI Group Pty Ltd, a Canberra based managed print services provider.
- Purchased Cingelvue Pty Ltd, a Perth based services provider.
- Purchased certain assets from Commander Australia Ltd (Administrators Appointed) (Receivers and Managers Appointed).

#### Auditor's Declaration

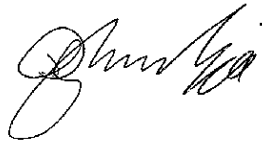
A copy of the auditor's declaration in relation to the review for the half year is provided with this report.

**DIRECTORS' REPORT**

**Rounding of amounts to nearest thousand dollars**

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

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Denis Mackenzie', written in a cursive style.

Mr Denis Mackenzie  
Director

Dated this 16<sup>th</sup> day of February 2009

**CSG LIMITED AND CONTROLLED ENTITIES**ABN: 64 123 989 631

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**AUDITOR'S INDEPENDENCE DECLARATION  
To the Directors of CSG Limited**

In relation to the half-year independent auditor's review for the six months to 31 December 2008, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001
- (ii) No contraventions of any applicable code of professional conduct



**PITCHER PARTNERS**  
Melbourne



**T J BENFOLD**  
16 February 2009

**CSG LIMITED AND CONTROLLED ENTITIES**

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**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	<b>Half year</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from continuing operations	84,999	58,716
Costs of goods sold	<u>(26,685)</u>	<u>(20,128)</u>
Gross Profit	<u>58,314</u>	<u>38,588</u>
Other revenue	781	537
Marketing expenses	(536)	(1,568)
Occupancy expenses	(2,143)	(1,202)
Administration expenses	(5,621)	(1,396)
Depreciation and amortisation	(3,915)	(1,787)
Finance costs	(1,910)	(896)
Employee benefits	(26,441)	(15,930)
Sub-contract expenses	(1,975)	(3,719)
Other expenses	<u>(696)</u>	<u>(1,099)</u>
<b>Profit before income tax</b>	15,858	11,528
Income tax expense	<u>(4,793)</u>	<u>(3,397)</u>
<b>Profit from continuing operations</b>	<u><b>11,065</b></u>	<u><b>8,131</b></u>
Basic earnings per share	\$ 0.0637	0.0481
Diluted earnings per share	\$ 0.0620	0.0476

The accompanying notes form part of these financial statements.

**CSG LIMITED AND CONTROLLED ENTITIES**

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**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008**

	<b>31-Dec-08</b>	<b>30-Jun-08</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2,030	8,289
Receivables	34,085	21,490
Inventories	3,756	1,824
Other	-	563
<b>TOTAL CURRENT ASSETS</b>	<b>39,871</b>	<b>32,166</b>
<b>NON CURRENT ASSETS</b>		
Receivables	117	122
Other financial assets	1,112	1,006
Deferred tax assets	3,052	1,971
Property, plant and equipment	34,272	14,790
Intangible assets	97,388	93,861
<b>TOTAL NON CURRENT ASSETS</b>	<b>135,941</b>	<b>111,750</b>
<b>TOTAL ASSETS</b>	<b>175,812</b>	<b>143,916</b>
<b>CURRENT LIABILITES</b>		
Payables	29,171	27,834
Short term borrowings	112	218
Current tax payable	4,814	3,629
Provisions	5,813	2,296
<b>TOTAL CURRENT LIABILITIES</b>	<b>39,910</b>	<b>33,977</b>
<b>NON CURRENT LIABILITES</b>		
Payables	361	5,499
Long term borrowings	57,464	38,489
Provisions	913	749
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>58,738</b>	<b>44,737</b>
<b>TOTAL LIABILITIES</b>	<b>98,648</b>	<b>78,714</b>
<b>NET ASSETS</b>	<b>77,164</b>	<b>65,202</b>
<b>EQUITY</b>		
Contributed equity	48,251	43,907
Reserves	199	133
Retained earnings	28,714	21,162
<b>TOTAL EQUITY</b>	<b>77,164</b>	<b>65,202</b>

The accompanying notes form part of these financial statements.

**CSG LIMITED AND CONTROLLED ENTITIES**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN  
EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Half year	
	2008	2007
	\$'000	\$'000
<b>TOTAL EQUITY AT THE BEGINNING OF THE HALF YEAR</b>	<b>65,202</b>	<b>44,904</b>
Employee share options	66	265
Net income recognised directly in equity	66	265
Profit for the half year after tax	11,065	8,131
Total recognised income and expense for the period	11,131	8,396
Attributable to:		
Members of the parent	11,131	8,396
	11,131	8,396
Transactions with equity holders in their capacity as equity holders:		
Dividends paid	(3,513)	-
Acquisition of Bexton Professional Pty Ltd	3,344	1,500
Acquisition of Power Accounting Pty Ltd	1,000	-
Movement in deferred tax asset for capital raising costs	-	1,355
<b>TOTAL EQUITY AT THE END OF THE HALF YEAR</b>	<b>77,164</b>	<b>56,155</b>

The accompanying notes form part of these financial statements.

**CSG LIMITED AND CONTROLLED ENTITIES**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR  
THE HALF YEAR ENDED 31 DECEMBER 2008**

	<b>Half year</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	90,720	57,947
Payments to suppliers, employees and others	(77,961)	(47,220)
Interest income	115	247
Borrowing costs paid	(1,608)	(896)
Income tax paid	(4,689)	(2,257)
<b>Net cash flows from operating activities</b>	<b>6,577</b>	<b>7,821</b>
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>		
Payments for investments	(89)	(1,000)
Payments for licenses	(416)	-
Payments for plant & equipment	(3,055)	(2,682)
Payments for businesses	(24,540)	(28,444)
<b>Net cash flows used in investing activities</b>	<b>(28,100)</b>	<b>(32,126)</b>
<b>CASH FLOW USED IN FINANCING ACTIVITIES</b>		
Proceeds from borrowings	69,149	16,215
Loans repaid	(48,435)	-
Lease payments	(1,937)	-
Dividends and reserve distributions	(3,513)	-
<b>Net cash flow used in financing activities</b>	<b>15,264</b>	<b>16,215</b>
<b>Net increase / (decrease) in cash held</b>	<b>(6,259)</b>	<b>(8,090)</b>
<b>Cash at the beginning of the half year</b>	<b>8,289</b>	<b>12,689</b>
<b>Cash at the end of the half year</b>	<b>2,030</b>	<b>4,599</b>

The accompanying notes form part of these financial statements.

**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS 31 DECEMBER 2008**

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

This half year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2008 and any public announcements made by CSG Limited during the half year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The half year financial report was authorised for issue by the directors on 13 February 2009.

**(a) Basis of preparation of the half year financial report**

This general purpose half year financial report has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*. The half year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

**(b) Summary of the significant accounting policies**

The half year consolidated financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2008.

**(c) Principles of Consolidation**

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which CSG Limited controlled from time to time during the half year and at balance date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

**(d) Rounding Amounts**

The company is of a kind referred to in ASIC Class Order CO 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.

**CSG LIMITED AND CONTROLLED ENTITIES**

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**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS 31 DECEMBER 2008**

**NOTE 2: DIVIDENDS**

	Half Year	
	2008	2007
	\$'000	\$'000
<b>(a) Dividends paid during the 6 months</b>		
(i) Current year interim		
Franked dividends (2 cents per share)	3,513	-
<b>(b) Dividends proposed and not recognised as a liability</b>		
Franked dividends ( 2 cents per share)	3,513	3,420

**NOTE 3: SEGMENT INFORMATION**

The consolidated entity operates in the IT and office infrastructure supply and services business within Australia only.

**NOTE 4: ISSUANCES OF EQUITY SECURITIES**

On 22 September 2008, CSG Ltd issued 3,715,312 ordinary shares for \$3,343,781 to satisfy consideration for the acquisition of Bexton Professional Pty Ltd. On 23 September 2008, CSG Ltd issued 1,030,928 ordinary shares for \$1,000,000 to satisfy consideration for the acquisition of Power Accounting Pty Ltd.

**CSG LIMITED AND CONTROLLED ENTITIES**

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**NOTES TO THE HALF YEAR FINANCIAL STATEMENTS 31 DECEMBER 2008**

**NOTE 5: CHANGES IN THE COMPOSITION OF THE ENTITY**

On 1 August 2008, the company acquired 100% of the shares of ATI Group Pty Ltd.  
On 1 November 2008, the company acquired 100% of the shares of Cinglevue Pty Ltd.  
The acquisition details are outlined below:

	<b>ATI Group Pty Ltd \$'000</b>	<b>Cinglevue Pty Ltd \$'000</b>	<b>Total \$'000</b>
<b>Consideration</b>			
Cash paid under share sale agreement	2,333	1,800	4,133
Acquisition Costs	273	41	314
<b>Total acquisition cost</b>	<b>2,606</b>	<b>1,841</b>	<b>4,447</b>
<b>Net assets acquired</b>			
<b>Assets</b>			
Cash and Cash Equivalents	878	30	908
Receivables	903	39	942
Inventory	30	-	30
Property, plant and equipment	84	4	88
<b>Total Assets Acquired</b>	<b>1,895</b>	<b>73</b>	<b>1,968</b>
<b>Liabilities</b>			
Trade and other payables	1,213	82	1,295
Borrowings	32	-	32
Provisions	1,198	-	1,198
Other Liabilities	252	7	259
<b>Total Liabilities Acquired</b>	<b>2,695</b>	<b>89</b>	<b>2,784</b>
<b>Net assets acquired</b>	<b>(800)</b>	<b>(16)</b>	<b>(815)</b>
<b>Goodwill on acquisition</b>	<b>3,406</b>	<b>1,857</b>	<b>5,263</b>

On 1 November 2008, the consolidated entity purchased certain assets and assumed some liabilities forming part of Commander Australia Ltd (Administrators Appointed) (Receivers and Managers Appointed) for \$25.3m. These assets and liabilities are connected with the delivery of services under several contracts with Commonwealth Government departments. The assets include computer equipment (\$20.3m) and accounts receivable (\$8m). Liabilities include employee entitlements (\$2.5m) and certain other liabilities (\$500k) associated with the transaction. The values disclosed are based on preliminary assessments and are an interim apportionment only.

## CSG LIMITED AND CONTROLLED ENTITIES

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### NOTES TO THE HALF YEAR FINANCIAL STATEMENTS 31 DECEMBER 2008

#### NOTE 5: CHANGES IN THE COMPOSITION OF THE ENTITY (cont'd)

- (a) Payments for businesses in the Cash Flow Statement of \$24.54m are made up of the cash paid under share sale agreement and acquisition costs in this note plus payments made during the half relating to the acquisitions made in prior periods:
- a. Power Accounting Pty Ltd \$38k
  - b. Anadex Pty Ltd ATF Anadex Trust \$1.407m
  - c. Change Corporation Pty Ltd \$4k
  - d. Bexton Professional Pty Ltd \$3.344m
- (b) Deferred consideration of \$2.5m has been written back to goodwill on consolidation relating to the Bexton Professional Pty Ltd acquisition.
- (c) The consolidated entity now includes Percipio Pty Ltd an entity that was incorporated on 6 November 2007 and commenced trading in the 6 months to 31 December 2008.
- (d) The purchased goodwill is attributable to the high profitability of the acquired businesses and the expected synergies expected to arise post acquisition.
- (e) Profit after tax of the acquisitions included in consolidated profit of the group since the relevant acquisition dates are as follows:

	Acquisition Date	Profit/(Loss) \$'000
ATI Group Pty Ltd	1-Aug-08	378
Cinglevue Pty Ltd	1-Nov-08	(12)

It is impractical to disclose the profit/(loss) associated with the contracts and assets and liabilities purchased from Commander Australia Ltd (Administrators Appointed) (Receivers and Managers Appointed) as these operations have been combined with the operations of CSG Services Pty Ltd since acquisition date.

- (f) To disclose the results of combined entities for the period as though the acquisition date for acquisitions occurred at 1 July 2008 would be impracticable as; prior to acquisition the entities were not audited and did not prepare financial reports in accordance with international financial reporting standards.
- (g) The net assets acquired represent a fair value for the carrying amount at acquisition.
- (h) The details of shares issued as consideration are as follows:

##### Bexton Professional Pty Ltd:

- 3,715,312 ordinary shares issued to satisfy consideration of \$3,343,781.
- The number of shares was calculated using the volume weighted average share price of CSG Ltd for the 20 days following the end of the financial year 2008.

##### Power Accounting Pty Ltd:

- 1,030,926 ordinary shares issued to satisfy consideration of \$1,000,000.
- The number of shares was calculated using the volume weighted average share price of CSG Ltd for the 20 days prior to issue.

#### NOTE 6: CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since 30 June 2008.

**CSG LIMITED AND CONTROLLED ENTITIES**

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**DIRECTORS' DECLARATION**

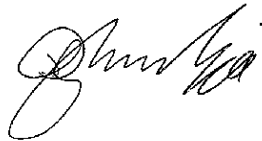
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The directors declare that the financial statements and notes set out on pages 6 to 13 in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*, and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2008 and of its performance as represented by the results of its operations and its cash flows, for the half year ended on that date.

In the directors' opinion there are reasonable grounds to believe that CSG Limited will be able to pay its debts as and when they become due and payable.

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



.....  
Mr Denis Mackenzie  
Director

Darwin  
Dated 16 February 2009

**CSG LIMITED AND CONTROLLED ENTITIES**

ABN: 64 123 989 631

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF CSG LIMITED**

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**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of CSG Limited, which comprises the condensed consolidated balance sheet as at 31 December 2008, and the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, for the company and the entities it controlled at the half-year or from time to time during the period, together with a statement of accounting policies, other selected explanatory notes and the directors' declaration.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of CSG Limited are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of CSG Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

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

**CSG LIMITED AND CONTROLLED ENTITIES**

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**INDEPENDENT AUDITOR'S REVIEW REPORT cont'd  
TO THE MEMBERS OF CSG LIMITED**

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**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CSG Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



**PITCHER PARTNERS  
Melbourne**



**T J BENFOLD  
16 February 2009**