

CSG Limited

ACN 123 989 631

(Company)

Notice of Extraordinary General Meeting

NOTICE is given that an Extraordinary General Meeting of CSG Limited (ACN 123 989 631) (**Company**) will be held at 9am AEDT at The Westin Sydney, 1 Martin Place, Sydney NSW, on Wednesday 3 April 2013.

The Explanatory Statement accompanies and forms part of this Notice of Meeting and provides additional information on matters to be considered at the Meeting. This Notice of Meeting and the Explanatory Statement should be read in their entirety.

Special Business

Item 1 Reduction of capital by way of pro rata distribution of \$0.09 per share

To consider and, if thought fit, pass the following resolution:

That, pursuant to section 256B and 256C of the Corporations Act 2001 (Cth), the Constitution, the ASX Listing Rules and for all other purposes and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting:

- approval is given for the issued capital of the Company to be reduced by an amount equal to \$0.09 per share; and
- such reduction be effected and satisfied by making a cash distribution on a pro rata basis to the shareholders who are registered as shareholders at 7:00pm on Thursday 11 April 2013 (**Record Date**).

By order of the Board



Jillian Bannan

Company Secretary

Date: 1 March 2013

Appointment of proxy

A Proxy Form is enclosed for your use if required. Please note the following in relation to the appointment of a proxy:

- A member who is entitled to attend and vote at this Meeting may appoint any person as his or her proxy to attend and vote for the member at the Meeting.
- If a member is entitled to cast two or more votes at the Meeting, the member may appoint two proxies to attend on the same occasion. If two proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the member's votes.
- The appointment of the proxy may specify the proportion or number of votes that the proxy may exercise.
- A proxy need not be a member of the Company.
- If a proxy is given by a corporation, a form of proxy must be executed in writing under the common seal of the corporation or otherwise in accordance with section 127 of the Corporations Act 2001(Cth) or signed by an attorney.
- If a proxy is given by a natural person, a form of proxy must be executed under the hand of that person or that person's attorney.
- For a proxy appointment to be effective, the Company must receive the following documents no later than 48 hours before the scheduled time for the Meeting, that is by 9am on Monday 1 April 2013:
 - The proxy's appointment.
 - If the appointment is signed by the appointor's attorney – the authority under which the appointment was signed or a certified copy of the authority.
- The documents will be received by the Company when it is received at any of the following:

By Mail

- The Company's registered office at 252 Montague Road, West End QLD 4101
- Computershare Investor Services Pty Limited
GPO Box 242, Melbourne
Victoria 3001 Australia

By Fax

- Either of the fax numbers below:

(within Australia) 1800 783 447

(outside Australia) +61 3 9473 2555

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(custodians) www.intermediaryonline.com

Persons entitled to vote

Under regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Extraordinary General Meeting will be as it appears in the share register at 7pm on Monday 1 April 2013.

Corporate Representatives

A body corporate, which is a member, may appoint an individual (by certificate executed in accordance with section 127 of the Corporations Act 2001 (Cth) or in another manner satisfactory to the chair) as a representative to exercise all or any of the powers the body corporate may exercise at the Meeting. The appointment may be a standing one.

Necessary information

Information relevant to each resolution is set out in the attached Explanatory Statement which forms part of this notice to members.

CSG Limited

ACN 123 989 631

(Company)

Explanatory Statement to Notice of Extraordinary General Meeting

Information specific to resolution

Member approval of the resolution is required for the purposes of the Corporations Act. This Explanatory Statement has been prepared to provide you with material information to enable you to make an informed decision in relation to the business to be conducted at the Extraordinary General Meeting of the Company.

Special business

Item 1 Reduction of capital by way of pro rata distribution of \$0.09 per share

Background - Recent Capital Management Initiatives

As recently announced, the Company completed the sale of its Technology Solutions business on 2 July 2012 for a purchase price of \$227.5m (subject to various adjustments). Following the sale, the Directors undertook a capital management review and determined that the Company had surplus capital and cash reserves. More details on the cash balances of the Company and the proceeds from the sale of the Technology Solutions business are contained in the Results Presentation which was released to the market on 23 August 2012.

The Directors considered that shareholder value would be maximised if part of the surplus cash was returned to shareholders and considered the most efficient and equitable manner for the Company to do so. Recently, the Directors have returned surplus cash to shareholders by undertaking both:

- a special, fully franked, dividend in September 2012 of \$56.5 million, representing \$0.20 per share; and
- an on-market buy-back of up to 10% of the shares on issue in the Company, which commenced in November 2012, pursuant to which 4,412,022 shares have been purchased, at an average price of approximately \$0.48 per share.

Capital return of \$0.09 per share

Following the Board's assessment of the capital needs and future earnings capacity of the Company and consistent with the announcement to the market on 21 February 2013, the Directors consider that it is in the best interests of the Company and the shareholders as a whole to return to shareholders, by way of a capital return, \$0.09 per share. Based on the number of shares on issue as at the date of this notice, this amounts to an aggregate return of approximately \$25 million. It is important to note that, regardless of whether the Company acquires any further shares pursuant to the on-market buy-back (which will reduce the total number of shares on issue), the amount payable to shareholders under the capital return will remain at \$0.09 per share.

More details on the cash balances of the Company are contained in the Results Presentation which was released to the market on 21 February 2013.

Importantly, it is intended that the Company will only proceed with the payment of the proposed capital return if the Directors receive confirmation from the ATO in respect of the tax treatment of the proposed capital return for certain shareholders and provided that the form and terms of that confirmation are satisfactory to the Directors.

Entitlement to participate

All shareholders who hold shares in the Company at 7.00pm (AEST) on Thursday 11 April 2013 (**Record Date**) will be entitled to participate in the return of capital.

For completeness, the Company confirms that there are no restricted securities, convertible securities or partly paid shares on issue. There are options and performance rights on issue. Holders of options and performance rights will not be entitled to participate in the return unless the option has been exercised or the performance right has vested **and** a share has been issued in respect of the option or performance right before 7.00pm on the Record Date.

Key details of proposed reduction of capital

Each shareholder who is entitled to participate in the return of capital will receive a payment of \$0.09 per share held by the shareholder as at the Record Date.

The terms of the return of capital are the same for each shareholder. As such, for the purposes of the Corporations Act, the proposed return of capital is an “equal” reduction of capital.

The key terms of the proposed reduction of capital are set out below:

Item	Details
Return per share	\$0.09
Record Date	7:00pm (AEST) on Thursday 11 April 2013
Entitlement to participate	The return of capital will be an equal return of capital. Accordingly, all shareholders who hold shares in the Company on the Record Date will be entitled to participate. Eligible shareholders will participate on the same terms.
Total number of shares on issue	As at the date of this notice, the Company has 278,155,477 shares on issue and quoted on the ASX
Total amount payable under the return of capital	The total amount to be paid to shareholders under the return of capital will be \$0.09 per share.
Dilutionary effect	The return of capital will not have any impact on the number of shares held by each shareholder.

Timetable

Set out below is an indicative timetable for the return of capital. These indicative dates are subject to change at the discretion of the Directors.

Event	Date
Extraordinary General Meeting	Wednesday 3 April 2013
Securities start trading on an ex-return of capital basis	Friday 5 April 2013
Record Date	7:00pm (AEST) on Thursday 11 April 2013
Anticipated date for return of capital to shareholders	Thursday 18 April 2013

Effect of return of capital

- **Effect on Creditors**

In the opinion of the Directors, the proposed return of capital will not materially prejudice the Company's ability to pay its creditors. The Company will have sufficient cash reserves to pay its creditors following the return of capital.

- **Effect on Shareholders**

The return of capital will have no effect on the number of shares held by shareholders or on their proportionate interests in the share capital of the Company. The Directors consider that the return of capital is fair and reasonable and in the best interests of the shareholders as a whole.

- **Effect on Options on issue**

Listing Rule 7.22.3 provides that, in a return of capital, the number of options must remain the same and the exercise price of each option must be reduced by the same amount as the amount returned in relation to each ordinary security.

The table below sets out the current options on issue as well as the impact on the exercise price of those options:

No. of Options	Expiry Date	Current Exercise Price	Approximate New Exercise Price*
1,050,000	1 January 2014	\$1.18	\$1.09
305,000	1 January 2014	\$1.23	\$1.14
750,000	15 November 2014	\$0.84	\$0.75

* The New Exercise Price will only apply if the proposed capital return is approved by shareholders, and the date that the change to the exercise price will become effective on the Record Date.

- **Effect on Performance rights on issue**

The return of capital will have no effect on the number of Performance rights on issue, the number of shares to be issued pursuant to those Performance rights or the target share price of the Company, which is a vesting condition for those rights.

- **Effect on capital structure**

The return of capital will have no effect on the total number of shares, existing options or Performance rights on issue.

- **Effect on Company's financial position**

The Company has cash reserves to fully fund the return of capital. The total amount of cash held by the Company will be reduced by the amount returned to shareholders pursuant to the return of capital.

Tax Consequences

Noting that the Board had originally proposed a return of capital of up to \$40 million, the Company previously sought a class ruling from the Australian Taxation Office (**ATO**) in relation to the tax treatment of a proposed capital return of \$40 million (approximately \$0.14 per share) for certain shareholders (**Previous Proposal**). Class Ruling CR 2012/115 was published by the ATO on 12 December 2012 (**Class Ruling**). The Class Ruling set out the Commissioner's opinion on the way in which the relevant provisions apply to the Company in relation to the Previous Proposal. The Class Ruling provides that, in respect of the Previous Proposal:

- the return of capital will not be a dividend as defined in section 6(1) of the Income Tax Assessment Act 1936 (**1936 Act**); and
- the Commissioner will not make a determination under subsection 45B(3) that section 45C applies to the proposed return of capital and that, accordingly, no part of the proposed return of capital will be taken to be a dividend for income purposes.

It is important to note that the Class Ruling applies only to shareholders of the Company who:

- are registered on the Company's share register on the Record Date;
- hold their shares in the Company on capital account; and
- are not subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 in relation to gains and losses on their shares in the Company.

Given that the Class Ruling was in relation to the Previous Proposal, and **not** the capital return contemplated in this notice, the Company is seeking confirmation from the ATO (which may be in the form of a new ruling) in respect of the tax treatment of the proposed capital return (which is the subject of this notice) for certain shareholders.

The Company will only proceed with the payment of the proposed capital return if (in addition to the regulatory requirements referred to below being satisfied) the Directors receive confirmation from the ATO on the tax treatment of that return and that the Directors are satisfied with the form and terms of that confirmation.

Directors' Interests

All shareholders, including Directors and their associates, who hold shares in the Company on the Record Date will be entitled to participate in the return of capital. Details of the securities in which Directors and their associates hold a relevant interest have previously been lodged with ASX and are publicly available. Refer to Appendices 3X and 3Y which include details of Directors' relevant interests in securities.

All material information

The Directors consider that this Notice of Meeting, the Explanatory Statement and all previous announcements made by the Company on the ASX, contain all of the information known to the Company that is material to the decision on how to vote on this resolution. Shareholders can access announcements made by the Company on the ASX website at www.asx.com.au.

Payment Method

If this resolution is passed, payments will be made on or about Thursday 18 April 2013. Shareholders who have not already done so can nominate an account for the payments to be made by direct credit by updating your payment details online at www.computershare.com.au or by telephoning Computershare on 1300 787 272 for an election form. Note that payments will be made by direct credit into the same bank account as currently nominated for your dividends. Payment will be made by way of direct credit into a nominated Australian Bank account by shareholders, or by cheque if banking details of a shareholder are not previously provided to the Company's Share Registry prior to the payment record date.

Regulatory requirements

Section 256B of the Corporations Act authorises a company to reduce its share capital if the reduction:

- is fair and reasonable to the Company's shareholders as a whole;
- does not materially prejudice the Company's ability to pay its creditors; and
- is approved by shareholders under section 256C of the Corporations Act.

Section 256C of the Corporations Act requires that an equal reduction be approved by shareholders by an ordinary resolution passed at a general meeting of the Company.

As noted above, the Directors consider that the proposed return of capital is fair and reasonable to the Company's shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors and, as at the date of this notice, consider the proposed return to be in the best interests of the Company and the shareholders as a whole.

The proposed return of capital may only be undertaken by the Company if this resolution is passed by an ordinary resolution of the Company and if, on the date of making the return, the Directors continue to consider that the return is fair and reasonable to the Company's shareholders as a whole, does not materially prejudice the Company's ability to pay its creditors and is in the best interests of the Company and the shareholders as a whole.

Directors' Recommendation

The Directors recommend that you vote in favour of this resolution.



More than you expect.

CSG Limited
ACN 123 989 631

— 000001 000 CSV
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 9am (AEDT) Monday 1 April 2013

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of CSG Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of CSG Limited to be held at The Westin Sydney, 1 Martin Place, Sydney NSW on Wednesday, 3 April 2013 at 9am (AEDT) and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Item 1 Reduction of capital by way of pro rata distribution of \$0.09 per share

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / /

CSV

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Computershare