



More than you expect.

James Gerraty
Manager, Listings Compliance (Melbourne)
ASX Compliance Pty Limited
Level 4, Rialto North Tower, 525 Collins St
MELBOURNE VIC 3000

By email: James.Gerraty@asx.com.au

23 February 2017

Dear James

CSG Limited ('CSV'): aware query

We refer to your letter dated 21 February 2017.

In response to the queries raised in your letter (and using the numbering used in your letter):

1. CSV considers that the announcement regarding CSV's FY2017 Half Yearly Reports and Accounts and the associated announcements (being the three disclosures made on the morning of 20 February 2017) as referred to in paragraph A of your letter, taken as a whole, is information that a reasonable person would expect to have a material effect on the price or value of its securities.
2. Not applicable.
3. CSV became aware of information contained in the announcements referred to in paragraph A (and inclusive of the matters referred to in paragraph C) during Saturday, 18 February 2017.

By way of background, the Company's management undertook a rigorous review and reforecast project with respect to the relevant financial information of the Company. The preliminary outcomes of that review and reforecast was provided to the board both shortly before and at the directors meeting convened for Friday, 17 February. Following detailed management presentations at that board meeting and the review of updated information undertaken by the Board, the board meeting was then reconvened for the following day. At the reconvened meeting on Saturday, 18 February 2017, CSV's management presented its updated position and recommended range as disclosed in the announcements referred to in paragraph A (and inclusive of the matters referred to in paragraph C) of your letter.

Following the adoption of the information contained in the announcements referred to in paragraph A (and inclusive of the matters referred to in paragraph C), the Board requested that management prepare appropriate announcements for release to the market (no later than) prior to the opening of trading on ASX on Monday, 20 February.

For personal use only



More than you expect.

4. No announcement was made prior to 20 February 2017, being the first day of trading following the closure of the board meeting. However, throughout the weekend of 18 to 19 February, mindful of the Company's obligation to disclose the information promptly, CSV's management worked on the relevant announcements, ensuring that the relevant disclosure was carefully prepared and that it was accurate and complete.

Given that the relevant announcements (including the *FY2017 Guidance and Capital Management* parts of the announcements) included a wider range than would normally be disclosed in CSV's standard half year and annual disclosures, the CSV board and management sought to finalise and release a more detailed announcement to the market including greater detail with respect to the *Guidance Detail* (see, for example, slide 9 in the '*Results and Outlook Presentation*' which sets out a sensitivity analysis for determining both the low and high end of the ranges).

5. CSV considers that the *Announcement's revision of the FY2017 Guidance* as referred to in paragraph C of your letter, is information that a reasonable person would expect to have a material effect on the price or value of its securities.
6. Not applicable.
7. The response to this question is included in the response to your question 3.
8. The response to this question is included in the response to your question 4.
9. CSV is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
10. The responses set out in this letter have been approved by the CSV board of directors.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Nicole Alder'.

Nicole Alder
Company Secretary
CSG Limited

For personal use only



21 February 2017

Nicole Allder
Company Secretary
CSG Limited
Level 1, 357 Collins Street
Melbourne VIC 3000

By email only

Dear Ms Allder

CSG Limited (“CSV”): aware query

ASX Limited (“ASX”) refers to the following:

- A. CSV’s FY2017 Half Yearly Reports and Accounts and associated announcements lodged on the ASX Market Announcements Platform and released between 8:42am and 8:44am on Monday 20 February 2017 (the “Announcement”), disclosing the following for the half year ended 31 December 2016 (“1HFY2017”).
- i) Revenue of \$120.7 million;
 - ii) NPAT of \$8.3 million;
 - iii) Underlying EBITDA (before non-recurring items) of \$14.1 million; and
 - iv) No interim dividend has been declared.
- B. CSV’s announcement “FY2017 Trading Update” lodged on the ASX Market Announcements Platform on 17 November 2016 updating the trading outlook for FY2017 and guidance for 1HFY2017 as follows.
- i) Forecast revenue of >\$300 million for FY2017 and forecast revenue of >\$135 million for 1HFY2017; and
 - ii) Forecast underlying EBITDA (excluding LTIP and start-up losses from Direct Sales Channel launch) in the range \$38m - \$42m for FY2017 and forecast underlying EBITDA (excluding LTIP and start-up losses from Direct Sales launch) of \$14m - \$16m.
- C. The Announcement’s revision of FY2017 Guidance as follows.
- i) Forecast revenue in the range of \$250 million to \$275 million; and
 - ii) Forecast underlying EBITDA (excluding LTIP, the impact of the launch of Direct Sales Channel and other restructure and cost-out initiatives) in the range of \$30m - \$36m.

D. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* "When does an entity become aware of information".

F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

G. Section 7 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note discussion at section 7.1 "Earnings guidance" and section 7.3 "Market Sensitive earnings surprises" including discussion under issue 2, "What is a market sensitive difference for these purposes?" where an entity has published earnings guidance (refer pages 47 to 48).

Having regard to the above, ASX asks CSV to respond separately to each of the following questions and requests for information:

The Announcement's Disclosure of 1HFY2017 Result

1. Does CSV consider the information in the Announcement referred to in paragraph A above to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.

3. If the answer to question 1 is “yes”, when did CSV first become aware of the information?
4. If the answer to question 1 is “yes” and CSV first became aware of the information before the relevant date, did CSV make any announcement prior to 20 February 2017 which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe CSV was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps CSV took to ensure that the information was released promptly and without delay.

The Announcement’s Revision of FY2017 Guidance

5. Does CSV consider the information in the Announcement referred to in paragraph C above to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
6. If the answer to question 1 is “no”, please advise the basis for that view.
7. If the answer to question 1 is “yes”, when did CSV first become aware of the information?
8. If the answer to question 1 is “yes” and CSV first became aware of the information before the relevant date, did CSV make any announcement prior to 20 February 2017 which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe CSV was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps CSV took to ensure that the information was released promptly and without delay.

Confirmations

9. Please confirm that CSV is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
10. Please confirm that CSV’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CSV with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (ie before 9.30 a.m. on Friday 24 February 2017). If we do not have your response by then, ASX will have no choice but to consider suspending trading in CSV’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CSV’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CSV's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that CSV's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CSV's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately on (03) 9617 7842.

Yours sincerely

[Sent electronically without signature]

James Gerraty

Manager, Listings Compliance (Melbourne)