



24 November 2010

ASX Announcement

Matters in Relation to Supreme Court of NSW Action – Further Update

Australian owned and based ICT services company CSG Limited (ASX:CSV) provides a further update regarding the decision in the New South Wales Supreme Court action instituted by Fuji Xerox Australia Limited ('FXA') against CSG Limited ('CSG').

As announced on 23 November 2010, the orders by the court yesterday relate to the novation of service agreements by consenting customers in Brisbane and Maroochydore in favour of FXA. CSG will be appealing the decision and will seek a stay of the orders made by the court yesterday pending appeal.

In the meantime, and in order to ensure shareholders remain informed and able to assess these matters, CSG provides the following further details:

- The orders in question relate to dealer agreements CSG had with FXA in Brisbane and Maroochydore and agreements with customers in Brisbane and Maroochydore.
- The total number of installed machines-in-the-field ('MIF') of the Brisbane and Maroochydore customers represents approximately 10% of CSG's total installed MIF across Australia and New Zealand.
- CSG recently extended its relationship with Canon to cover Brisbane in addition to Sydney, Melbourne, Adelaide, Canberra and Perth. Under this arrangement with Canon, CSG acquired the rights to service approximately 1,400 Canon MIF or customers in Brisbane commencing on 15 October 2010.
- In the context of the court's decision relating to novation of the contracts, CSG estimates the worst case financial impact could be in a range of a potential loss of profit before tax of \$3m to \$4m on a full year basis. However, this would only be the case if every customer in Brisbane and Maroochydore consented to the novation in favour of FXA. Accordingly, the impact this will have on CSG's business will depend on the number of customers who consent to the novation in favour of FXA or choose to stay with CSG. CSG confirms that any potential impact on its business following the order relating to novation is unlikely to be material.
- In the meantime, CSG remains a dealer of FXA in Darwin and continues to service FXA products.
- CSG also continues to sell and service Canon products in Brisbane, Sydney, Melbourne, Adelaide, Canberra and Perth; and Konica Minolta products in New Zealand through KMBS.
- The court has scheduled a further hearing in relation to damages and costs. CSG reaffirms its previous announcement that the potential impact is not likely to be material.

Importantly, the matters contemplated by the New South Wales Supreme Court action only relate to the contracts in Brisbane and Maroochydore under which CSG provides maintenance services to customers and CSG's dealer arrangements with FXA in Brisbane and Maroochydore (which ended on 24 August



2010). In relation to CSG's agreements with Canon in Australia and KMBS in NZ, there is no requirement to novate MIF or customers in the event of a contractual dispute with either Canon or KMBS.

CSG will look to update shareholders on these matters as further information becomes available.