

**Australian Securities &
Investments Commission**

Form 388

Corporations Act 2001
294, 294B, 295, 298-301, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08, 2M.3.01, 2M.3.03

Copy of financial statements and reports

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

Company/scheme details

Company/scheme name

LINK ADMINISTRATION HOLDINGS PTY LIMITED

ACN/ARSN/PIN/ABN

120 964 098

RECEIVED

11 OCT 2013

 ASIC
SSC

Lodgement details

An image of this form will be available as
part of the public register.

Who should ASIC contact if there is a query about this form?

ASIC registered agent number (if applicable)

Firm/organisation

LINK MARKET SERVICES LIMITED

Contact name/position description

MICHAEL BAILEY

Telephone number (during business hours)

(02) 8280 7100

Email address (optional)

Postal address

LEVEL 12, 680 GEORGE STREET

Suburb/City

SYDNEY

State/Territory

NSW

Postcode

2000

1 Reason for lodgement of statement and reports

Tick appropriate box.

See Guide for definition of Tier 2 public
company limited by guarantee

See Guide for definition of large proprietary
company

See Guide for definition of small proprietary
company

Dates on which financial year begins
and ends

- ☐ A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking (A)
- ☐ A Tier 2 public company limited by guarantee (L)
- ☐ A registered scheme (B)
- ☐ Amendment of financial statements or directors' report (company) (C)
- ☐ Amendment of financial statements or directors' report (registered scheme) (D)
- ☒ A large proprietary company that is not a disclosing entity (H)
- ☐ A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for the period is not covered by the statements lodged with ASIC by a registered foreign company, company, registered scheme, or disclosing entity (I)
- ☐ A small proprietary company, or a small company limited by guarantee that is requested by ASIC to prepare and lodge statements and reports (J)
- ☐ A prescribed interest undertaking that is a disclosing entity (K)

Financial year begins

 0 1 / 0 7 / 1 2
[D] [D] [M] [M] [Y] [Y]

to

Financial year ends

 3 0 / 0 6 / 1 3
[D] [D] [M] [M] [Y] [Y]

2 Details of large proprietary company

See Guide for definition of large and small proprietary companies.

If the company is a large proprietary company that is not a disclosing entity, please complete the following information as at the end of the financial year for which the financial statements relate:

A What is the consolidated revenue of the large proprietary company and the entities that it controls?

365,051,000

B What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

789,473,000

C How many employees are employed by the large proprietary company and the entities that it controls?

2,180

D How many members does the large proprietary company have?

24

3 Auditor's or reviewer's report

Tick one box and complete relevant section(s)

Were the financial statements audited or reviewed?

☒ Audited - complete B only

☐ Reviewed - complete A and B

☐ No

If no, is there a class or other order exemption current for audit/review relief?

☐ Yes

☐ No

A. Reviewed

Is the reviewer a registered company auditor, or member of The Institute of Chartered Accountants in Australia, CPA Australia Limited, or National Institute of Accountants and holds a practising certificate issued by one of those bodies?

☐ Yes

☐ No

B. Audited or Reviewed

Is the opinion/conclusion in the report

Modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

☐ Yes

☒ No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

☐ Yes

☒ No

4 Details of current auditor or auditors

Notes:

- Registered schemes must advise ASIC of the appointment of an auditor on a Form 5137 *Appointment of scheme auditor* within 14 days of the appointment of the auditor.
- A public company limited by guarantee may, in some circumstances, have their accounts reviewed. These companies are still required to have an auditor and these details must be provided.

Auditor registration number (for individual auditor or authorised audit company)

413 552

Family name

LAWRY

Given name

KIM

or

Company name

ACN/ABN

or

Firm name (if applicable)

KPMG

Office, unit, level

Street number and Street name

10 SHELLEY STREET

Suburb/City

SYDNEY

State/Territory

NSW

Postcode

2000

Country (if not Australia)

Date of appointment

06/07/07
[D][D]/[M][M]/[Y][Y]

A company may have two appointed auditors, provided that both auditors were appointed on the same date. Otherwise, an appointed auditor must resign, be removed or otherwise ceased before a subsequent appointment may be made.

Auditor registration number (for individual auditor or authorised audit company)

Family name

Given name

or

Company name

ACN/ABN

or

Firm name (if applicable)

Office, unit, level

Street number and Street name

Suburb/City

State/Territory

Postcode

Country (if not Australia)

5 Statements and reports to be attached to this form

Financial statements for the year (as required by s295(2) and accounting standards)

- Statement of comprehensive income, may also include a separate income statement for the year
- Statement of financial position as at the end of the year
- Statement of cash flows for the year
- Statement of changes in equity.

OR

If required by accounting standards — the consolidated statements of comprehensive income/income statement, financial position, cash flows and changes in equity.

Notes to financial statements (see s295(3))

- Disclosures required by the regulations
- Notes required by the accounting standards
- Any other information necessary to give a true and fair view (see s297).

The signed directors' declaration about the statements and notes (see s295(4)).

The signed directors' report for the year, including the copy of the auditor's or reviewer's independence declaration (see s298 to s300A).

Signed auditor's report or, where applicable, reviewer's report (see s301, s307 to s308).

Concise report (if any) (see s319).

Signature

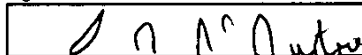
See Guide for details of signatory.

I certify that the attached documents marked () are a true copy of the original reports required to be lodged under s319 of the *Corporations Act 2001*.

Name

JOHN MCMURTRIE

Signature



Capacity

- ☒ Director
☐ Company secretary

Date signed

3 1 1 0 1 3
 [D] [D] [M] [M] [Y] [Y]

Lodgement

Send completed and signed forms to:
 Australian Securities and Investments Commission,
 PO Box 4000, Gippsland Mail Centre VIC 3841.

Or lodge the form electronically by:

- visiting the ASIC website www.asic.gov.au
- using Standard Business Reporting enabled software. See www.sbr.gov.au for more details.

For more information

Web www.asic.gov.au
 Need help? www.asic.gov.au/question
 Telephone 1300 300 630

LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities

ACN 120 964 098

ANNUAL FINANCIAL REPORT

30 JUNE 2013

LINK ADMINISTRATION HOLDINGS PTY LIMITED and its Controlled Entities

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group, being Link Administration Holdings Pty Limited ("the Company") and its Controlled Entities, for the year ended 30 June 2013 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

1. Directors

<i>Name and qualifications</i>	<i>Experience</i>
P J McCullagh, BComm, MBS, FCA	Chairman, Director Appointed 28 July 2006
C R Blanks, BEng, MEng(Hons)	Director Appointed 17 September 2006
J M McMurtrie, BEc, BEc(Hons), MEc	Managing Director Appointed 16 February 2007
E R D Hattersley, BComm/LLB(Hons)	Alternate Director for C R Blanks Appointed 20 July 2010
J Haines, BA, HBA	Alternate Director for P J McCullagh Appointed 13 September 2012

2. Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Directors	Board Meetings	
	Attended	Eligible to Attend
Mr P McCullagh	5	8
Mr C Blanks	8	8
Mr J McMurtrie	8	8
Mr E Hattersley	-	8
Mr J Haines	5	7

Principal Activities

The principal activity of the Company and the Group during the course of the financial year was the provision of share registry and investor relations, pension and superannuation administration, third party administration services and associated value added services.

There were no significant changes in the nature of the activities of the Group during the year.

Dividends

Dividends declared and paid by the Company since the end of the financial year were \$169,450,383 (2012: \$nil).

LINK ADMINISTRATION HOLDINGS PTY LIMITED and its Controlled Entities

DIRECTORS' REPORT

Significant Changes in State of Affairs

In the opinion of the Directors there were no significant changes in the state of the affairs of the Company or the Group that occurred during the financial year ended 30 June 2013 other than:

- On 17 June 2013, the Group purchased 100% of Synchronised Software Pty Limited, a software company that provides IT platforms to superannuation funds and fund administrators;
- On 21 June 2013, the Group entered into a new syndicated loan facility for a 3.5 year term underwritten by Westpac Banking Corporation and Commonwealth Bank of Australia Ltd. As a result, the Group repaid all of its pre-existing loans prior to 30 June 2013;
- On 30 April 2013, Link Super Pty Limited (a subsidiary company) purchased the pension and superannuation administration division of Russell Investments;
- On 6 February 2013, Link Property Pty Limited (a subsidiary company) purchased an equity stake in National E-Conveyancing Development Limited (NECDL), a company set up to deliver a national electronic conveyancing solution to the Australian property industry. On 28 June 2013 a further equity holding in NECDL was acquired;
- On 14 December 2012, Link Super Pty Limited (a subsidiary company) purchased 100% of FuturePlus Financial Services Pty Limited and its wholly owned subsidiary FuturePlus Legal Services Pty Limited; and
- On 22 September 2012, the minority shareholders of Link Intime India Private Limited (a subsidiary company) exercised a put option that resulted in the Group increasing its ownership interest by 25% to 76%.

Events Subsequent to Reporting Date

- On 5 July 2013 the Group drew down a further \$163,000,000 of its syndicated loan facility (non-amortising portion). As a result of this drawdown, the balance of the syndicated loan facility (non-amortising portion) increased from \$212,000,000 at 30 June 2013 to \$375,000,000.
- In accordance with the Group's policies and the terms of its debt facilities, the Group commenced its interest rate hedging program in July 2013. The hedging program uses floating-to-fixed interest rate swaps and options which have the economic effect of converting borrowings from floating to fixed rates, thereby mitigating the effect of adverse changes in floating interest rates. The program targets maintaining a minimum notional value of approximately 75% of the total floating rate loans and borrowings, net of cash and cash equivalents. The duration of the interest rate hedging program matches the tenor of the underlying loans and borrowings, expiring on 28 December 2016.
- The Group declared a dividend on 5 July 2013 and paid a dividend of \$169,450,383 on 8 July 2013.
- On 30 July 2013 minority shareholders of the Group's Indian subsidiary, Link Intime India Private Limited exercised a put option that will result in the Group increasing its ownership interest by 23.9% to 99.9%. This will not have a significant impact on the net assets of the Group.
- On 4 July 2013, shareholders of the Company, with the consent of the underlying instrument holders, passed a resolution to modify the terms of the Management Performance Share (MPS) plan enabling MPS holders to participate in profit and distributions from the Company. The 9,896,816 MPS were, with the approval of the MPS holders, subsequently called and fully paid up via contributions of \$0.29 + interest per instrument, entitling the holders to participate in profit and distributions from the Company.

The Unvested Class A shares were similarly approved by the holders to be called and subsequently contributions were paid (\$1.10 + interest per instrument) and converted into 3,986,182 Class A shares. Also on this date, all Warrants on issue were exercised for \$1.10 per warrant and converted into 8,888,888 Ordinary Shares. All the contributions were funded by shareholder loans to the value of \$19,586,000. The non-interest bearing, unsecured shareholder loans are repayable on or before 31 December 2013.

LINK ADMINISTRATION HOLDINGS PTY LIMITED and its Controlled Entities

DIRECTORS' REPORT

Events Subsequent to Reporting Date (continued)

No unpaid amounts remain on any of the abovementioned instruments.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely Developments

Further information about the likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Environmental Regulation

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Unissued shares and interests

Movement in unissued shares and interests during or since the end of the financial year are disclosed in the notes to the financial statements.

Indemnification and Insurance

Indemnification and insurance of Directors and Officers of the Company and auditors comprise:

Indemnification:

The Company has agreed to indemnify the current Directors and Officers for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

Insurance:

In accordance with the provisions of the Corporations Act 2001 the Company has a Directors' and Officers' Liability policy which covers all Directors and Officers of Link Administration Holdings Pty Limited and its Controlled Entities. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Review and Results of Operations

The net profit of the Group for the financial year was \$50,153,000 (2012: net profit of \$32,704,000).

The unaudited summary on the following pages sets out the results arising from core operations for the Group and excluding revenue and expenses arising out of acquisition related activities, associated accounting charges and other activities outside normal operations. Operating revenue and expenses relating to these activities are shown separately. Whilst the summary is a presentation of non-IFRS information, it is expected that the summary will enhance understanding of the Group's operating result and is reconciled to the statutory IFRS results.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities

DIRECTORS' REPORT

Consolidated	Non - IFRS		IFRS
	Results excluding certain items	Impact of certain items	Statutory results
	2013 \$'000	2013 \$'000	2013 \$'000
Revenue – rendering of services	365,015	36	365,051
Expenses			
Employee expenses	(145,711)	(2,943)	(148,654)
Occupancy expenses	(12,712)	-	(12,712)
IT costs	(18,066)	124	(17,942)
Administrative and general expenses	(56,295)	(2,780)	(59,075)
Net acquisition related income	-	7,063	7,063
	(232,784)	1,464	(231,320)
Profit/(loss) before interest, tax, depreciation and amortisation (EBITDA)	132,231	1,500	133,731
Depreciation expense	(6,337)	(218)	(6,555)
Intangibles amortisation expense	(20,461)	(8,985)	(29,446)
	(26,798)	(9,203)	(36,001)
Profit/(loss) before interest and tax (EBIT)	105,433	(7,703)	97,730
Finance income	902	-	902
Finance costs	(29,353)	(8,618)	(37,971)
	(28,451)	(8,618)	(37,069)
Share of net profit of joint venture accounted for using the equity method	548	-	548
Profit/(loss) before tax	77,530	(16,321)	61,209
Tax (expense)/benefit	(17,880)	6,824	(11,056)
Profit/(loss) after tax	59,650	(9,497)	50,153
Profit attributable to non-controlling interest	(181)	-	(181)
Profit/(loss) for the year attributable to equity holders of the parent	59,469	(9,497)	49,972

For the financial year ended 30 June 2013, the nature of certain items not considered part of the Group's normal course of business include:

- Employee expenses – redundancy expenses, temporary and expert staff assisting the transition activities;
- IT costs – restructuring of IT infrastructure and operations;
- Administration and general expenses – consultancy expenses, legal expenses and other general expenses related to acquisition and transaction related costs;
- Net acquisition related income/(expense) – acquisition related income and expenses;
- Intangible amortisation expense – amortisation of client relationships and software recognised on acquisition; and
- Finance costs – other general expenses relating to restructuring loan facilities.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities

DIRECTORS' REPORT

	Non - IFRS		IFRS
	Results excluding certain items	Impact of certain items	Statutory results
Consolidated	2012	2012	2012
	\$'000	\$'000	\$'000
Revenue – rendering of services	322,171	-	322,171
Expenses			
Employee expenses	(125,339)	(851)	(126,190)
Occupancy expenses	(11,932)	(8)	(11,940)
IT costs	(14,624)	(180)	(14,804)
Administrative and general expenses	(53,611)	(814)	(54,425)
Net acquisition related expense	-	(3,094)	(3,094)
	<u>(205,506)</u>	<u>(4,947)</u>	<u>(210,453)</u>
Profit/(loss) before interest, tax, depreciation and amortisation (EBITDA)	116,665	(4,947)	111,718
Depreciation expense	(6,292)	(257)	(6,549)
Intangibles amortisation expense	(16,909)	(5,923)	(22,832)
	<u>(23,201)</u>	<u>(6,180)</u>	<u>(29,381)</u>
Profit/(loss) before interest and tax (EBIT)	93,464	(11,127)	82,337
Finance income	578	-	578
Finance costs	(36,351)	325	(36,026)
	<u>(35,773)</u>	<u>325</u>	<u>(35,448)</u>
Share of net profit of joint venture accounted for using the equity method	509	-	509
Profit/(loss) before tax	58,200	(10,802)	47,398
Tax (expense)/benefit	(18,518)	3,824	(14,694)
Profit/(loss) after tax	<u>39,682</u>	<u>(6,978)</u>	<u>32,704</u>
Profit attributable to non-controlling interest	(1,127)	-	(1,127)
Profit/(loss) for the year attributable to equity holders of the parent	<u>38,555</u>	<u>(6,978)</u>	<u>31,577</u>

For the financial year ended 30 June 2012, the nature of certain items not considered part of the Group's normal course of business include:

- Employee expenses – redundancy expenses, temporary and expert staff assisting the transition activities;
- IT costs – restructuring of IT infrastructure and operations;
- Administration and general expenses – consultancy expenses, legal expenses and other general expenses related to acquisition and transaction related costs;
- Net acquisition related income/(expense) – acquisition related income and expenses; and
- Intangible amortisation expense – amortisation of client relationships and software recognised on acquisition.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

DIRECTORS' REPORT

Rounding Off

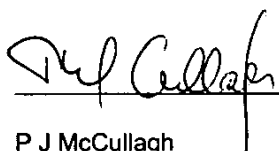
The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Lead Auditor's Independence Declaration

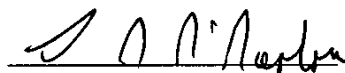
The Lead Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 51 and forms part of the Directors' Report for the year ended 30 June 2013.

Signed in accordance with a resolution of the Board of Directors.

Dated 3 September 2013 at Sydney.



P J McCullagh
Chairman



J M McMurtrie
Managing Director

LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME**
for the year ended 30 June 2013

	<i>Note</i>	2013 \$'000	2012 \$'000
Revenue – rendering of services		<u>365,051</u>	<u>322,171</u>
Expenses:			
Employee expenses		(148,654)	(126,190)
Occupancy expenses		(12,712)	(11,940)
IT costs		(17,942)	(14,804)
Administrative and general expenses		(59,075)	(54,425)
Net acquisition related income/(expense)		<u>7,063</u>	<u>(3,094)</u>
		<u>(231,320)</u>	<u>(210,453)</u>
 Depreciation expense	 10	 (6,555)	 (6,549)
Intangibles amortisation expense	11	<u>(29,446)</u>	<u>(22,832)</u>
		<u>(36,001)</u>	<u>(29,381)</u>
 Finance income		 902	 578
Finance costs	6	<u>(37,971)</u>	<u>(36,026)</u>
Net finance costs		<u>(37,069)</u>	<u>(35,448)</u>
 Share of profit of equity accounted investee, net of tax	 5	 <u>548</u>	 <u>509</u>
Profit before tax		61,209	47,398
 Tax expense	 4(a)	 <u>(11,056)</u>	 <u>(14,694)</u>
Profit for the year		<u>50,153</u>	<u>32,704</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		412	(623)
Net change in fair value of cash flow hedge, net of tax		<u>-</u>	<u>1,150</u>
Other comprehensive income, net of tax		<u>412</u>	<u>527</u>
Total comprehensive income for the year		<u>50,565</u>	<u>33,231</u>

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (continued)
for the year ended 30 June 2013**

	2013 \$'000	2012 \$'000
Profit attributable to:		
Owners of the Company	49,972	31,577
Non-controlling interests	181	1,127
Profit for the year	50,153	32,704
Total comprehensive income attributable to:		
Owners of the Company	50,351	32,735
Non-controlling interests	214	496
Total comprehensive income for the year	50,565	33,231

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
Current assets			
Cash and cash equivalents	19(b)	31,081	10,463
Trade and other receivables	7	46,017	40,318
Other assets	8	4,510	4,491
Current tax assets		162	51
Total current assets		81,770	55,323
Non-current assets			
Investments	9	26,945	2,454
Investments accounted for using the equity method	5	2,889	2,941
Plant and equipment	10	21,142	21,268
Intangible assets	11	622,352	597,564
Deferred tax assets	4(c)	34,076	47,411
Other assets	8	299	-
Total non-current assets		707,703	671,638
Total assets		789,473	726,961
Current liabilities			
Trade and other payables	12	61,107	41,186
Interest-bearing loans and borrowings	13	17,923	187,508
Derivative financial liabilities	14	-	3,887
Provisions	15	18,162	11,706
Current tax liabilities		503	129
Total current liabilities		97,695	244,416
Non-current liabilities			
Trade and other payables	12	10,587	16,458
Interest-bearing loans and borrowings	13	301,366	140,831
Provisions	15	9,230	9,623
Deferred tax liabilities	4(c)	43,629	41,756
Total non-current liabilities		364,812	208,668
Total liabilities		462,507	453,084
Net assets		326,966	273,877
Equity			
Contributed equity	16	279,971	279,971
Reserves	17	(9,354)	(14,421)
Retained earnings	18	54,000	4,028
Total equity attributable to equity holders of the parent		324,617	269,578
Non-controlling interest		2,349	4,299
Total equity		326,966	273,877

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at 30 June 2013

	Share capital \$'000	Reserves \$'000	Non- controlling interest \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2012	279,971	(14,421)	4,299	4,028	273,877
Net profit	-	-	181	49,972	50,153
Foreign currency translation differences	-	379	33	-	412
Total other comprehensive income, net of income tax	-	379	33	-	412
Total comprehensive income for the year	-	379	214	49,972	50,565
Finalisation of cashflow hedge	-	2,721	-	-	2,721
Transactions with shareholders					
Acquisition of subsidiary without a change in control	-	1,967	(1,967)	-	-
Dividends paid	-	-	(197)	-	(197)
Total contributions by and distributions to owners	-	1,967	(2,164)	-	(197)
Balance at 30 June 2013	279,971	(9,354)	2,349	54,000	326,966
Balance at 1 July 2011	279,646	(15,579)	3,546	(27,549)	240,064
Net profit	-	-	1,127	31,577	32,704
Net change in fair value of cash flow hedge, net of tax	-	1,150	-	-	1,150
Foreign currency translation differences	-	8	(631)	-	(623)
Total other comprehensive income	-	1,158	(631)	-	527
Total comprehensive income for the year	-	1,158	496	31,577	33,231
Transactions with shareholders					
Issue of ordinary shares	325	-	-	-	325
Acquisition of subsidiary with non- controlling interests	-	-	639	-	639
Dividends paid	-	-	(382)	-	(382)
Total contributions by and distributions to owners	325	-	257	-	582
Balance at 30 June 2012	279,971	(14,421)	4,299	4,028	273,877

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF CASHFLOWS
for the year ended 30 June 2013

	<i>Note</i>	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		396,122	351,811
Cash payments in the course of operations		(269,436)	(249,912)
		<u>126,686</u>	<u>101,899</u>
Interest received		680	380
Dividend received		222	198
Borrowing costs paid		(16,654)	(23,748)
Income taxes paid		(619)	(1,163)
Net cash provided from operating activities	19(a)	<u>110,315</u>	<u>77,566</u>
Cash flows from investing activities			
Payments for plant and equipment		(2,623)	(2,321)
Payments for software		(13,221)	(13,220)
Acquisition of subsidiary, net of cash acquired		(29,094)	(6,282)
Acquisition of non-controlling interests		(5,856)	-
Proceeds from equity buy-back of associates		-	147
Dividends from equity accounted investee		600	-
Payments for investments		(24,386)	(10,765)
Net cash used in investing activities		<u>(74,580)</u>	<u>(32,441)</u>
Cash flows from financing activities			
Proceeds from borrowings		382,300	51,700
Repayment of borrowings		(375,077)	(90,480)
Payment of transactions costs related to borrowings		(21,712)	-
Proceeds from the issue of shares	16	-	325
Repurchase of subsidiary's redeemable preference shares		(500)	-
Dividends paid to non-controlling interests		(197)	(382)
Net cash used in financing activities		<u>(15,186)</u>	<u>(38,837)</u>
Net increase in cash and cash equivalents		20,549	6,288
Cash and cash equivalents at the beginning of the financial year		10,463	4,244
Effect of exchange rate fluctuations on cash held		<u>69</u>	<u>(69)</u>
Cash and cash equivalents at the end of the financial year	19(b)	<u>31,081</u>	<u>10,463</u>

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

LINK ADMINISTRATION HOLDINGS PTY LIMITED and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

1. General Information

Link Administration Holdings Pty Limited (the "Company") is a company incorporated and domiciled in Australia. The Company's registered office and principal place of business is Level 12, 680 George Street, Sydney NSW 2000, Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities. The Group is a for-profit entity and primarily is involved in providing share registry and investor relations, pension and superannuation administration, third party administration services and associated value added services.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were approved by the Board of Directors on 3 September 2013.

First time adoption of AIFRS

The Group has prepared general purpose financial statements for the first time for the year ended 30 June 2013 for the purpose of providing users and potential users with more detailed information on the results and performance of the Group. In previous periods, the Group prepared special purpose financial statements. Special purpose financial statements are unable to claim compliance with IFRS because they do not comply with the disclosure requirements of all accounting standards. As a result of the Group preparing general purpose financial statements for the first time, the Group has applied AASB 1 *First Time Adoption of Australian Accounting Standards*, however, has not restated any of its opening balances upon transition. The Group's accounting policies have not changed in the current period and the Group has always materially complied with the recognition and measurement criteria of all AASBs meaning there is no quantitative effect on the prior year's results. Further detail is contained in note 29. In preparing the Group's general purpose financial statements the disclosure requirements of all AASB's, where material, have been satisfied in all periods presented in this financial report.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value; and
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the following notes to the financial statements:

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

- Note 11 – Key assumptions in Value in Use (VIU) calculations
- Note 3(k) – Provisions
- Note 4 – Utilisation of tax losses
- Note 23 – Contingent liabilities
- Note 21 – Business Combinations

(e) Changes in accounting policies

Presentation of transactions recognised in other comprehensive income

From 1 July 2012 the Group applied amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*. The change in accounting policy only relates to disclosures and has no impact on net income. The changes have been applied retrospectively and require the Group to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. These changes are included in the statement of profit or loss and other comprehensive income.

(f) Parent entity information

In accordance with the Corporations Act 2001, these consolidated financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

(g) Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

Share-based payment awards

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

(ii) Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions and no gain or loss is recognised in profit or loss.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The Company accounts for investments in subsidiaries at the lower of cost and the recoverable amount.

(iv) Associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost, including transaction costs. The consolidated financial statements include the Group's share of the profit or loss or other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influences or joint control commences until the date that significant influence or joint control ceases.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Associates and jointly controlled entities (continued)

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

In the Company's financial statements, investments in jointly controlled entities are carried at the lower of cost and the recoverable amount.

(v) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of qualifying cash flow hedges, which are recognised directly in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in equity in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and presented in equity in the FCTR.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

3. Significant accounting policies (continued)

(c) Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Accounting for any gains and losses through profit or loss on initial recognition or subsequent measurement are recognised in finance income and expense as discussed in note 3(m)(ii).

Measurement

Non-derivative financial instruments are recognised initially at fair value less, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in finance costs in profit or loss.

Other

Other non-derivative financial instruments are subsequently measured at amortised cost using the effective interest method, less any impairment losses. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument.

Trade and other payables and loans and borrowings are classified as financial liabilities. Trade and other receivables and cash and cash equivalents are classified as loans and receivables.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

3. Significant accounting policies (continued)

(c) Financial Instruments (continued)

(ii) Derivative financial instruments (continued)

Hedging

On entering into a hedging relationship, the Group formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any changes in the fair value of the derivative financial instrument are recognised directly in equity. To the extent that the hedge is ineffective, changes in fair value are recognised in profit and loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs, when it is then transferred to profit or loss.

When the hedged item subsequently results in a non-financial asset or liability, the amount previously recognised as other comprehensive income in equity is transferred to the carrying amount of the asset when it is recognised.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference shares

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon declaration by the directors.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

(d) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

3. Significant accounting policies (continued)

(d) Plant and equipment (continued)

(i) Recognition and measurement (continued)

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings. The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment from the date it is ready for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Office Equipment	3 – 8 years	(2012: 3 – 8 years)
Fixtures and Fittings	2 – 10 years	(2012: 2 – 10 years)
Leased plant and equipment	3 – 10 years	(2012: 3 – 10 years)

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and joint controlled entities.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(ii) Software

The Group has developed in-house software applications to meet client needs and enable operational efficiencies to be achieved. Software that is capitalised is classified as an intangible asset by the Group.

Development expenditure is capitalised only if development costs are directly attributable, can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other software development costs are expensed as incurred.

Capitalised software development costs are amortised on a straight line basis from the date they are held ready for use, over the period during which the related benefits are expected to be realised. The expenditure capitalised includes the costs of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised software is stated at cost less accumulated amortisation and impairment losses.

LINK ADMINISTRATION HOLDINGS PTY LIMITED **and its Controlled Entities**

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 30 June 2013**

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(iii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite from the date they are available for use. Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. The estimated useful lives for the current and comparative periods are as follows:

Software	2 – 15 years	(2012: 2 – 15 years)
Client Lists	3 – 20 years	(2012: 3 – 20 years)

(f) Leased assets

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's statement of financial position.

(g) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised costs less provision for doubtful debts. Trade receivables are generally due after 14 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off when identified. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

(h) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

3. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(i) Employee benefits

(i) Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

3. Significant accounting policies (continued)

(i) Employee benefits (continued)

(iii) Short-term benefits (continued)

Non-accumulating non-monetary benefits, such as medical care, housing and cars, are expensed based on the net marginal cost to the Company as the benefits are taken by the employees.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Share-based payment transactions

The Management Performance Share programme allows the Group's senior executives to benefit from the accretion in value of the shares of the Group.

The grant date fair value of shares to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the executives become unconditionally entitled to the shares. The fair value of the Management Performance Share granted is measured using an option pricing model, taking into account the terms and conditions upon which the shares were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest, except for those that fail to vest due to a market condition not being met.

When the Group grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

(j) Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

(ii) Self – insurance

The Group self-insures for processing errors associated with the handling of administration activities for clients. Incidents that may give rise to a claim are measured at the cost that the Group expects to incur in settling the claim but have not been reported.

(iii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

3. Significant accounting policies (continued)

(l) Revenue

Revenue is earned from rendering of services to customers outside the Group. Revenue is recognised on an accruals basis in the period in which it is earned, to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue does not include the proceeds from the sale of assets. The profit and loss on the sale of assets, if any, has been recognised separately in the statement of profit or loss and other comprehensive income.

(m) Expenses

(i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Finance income and expense

Finance income comprises interest income on funds invested, dividend income and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Where interest rates are hedged or swapped, the borrowing costs are recognised net of any effect of the hedge or the swap.

Ancillary costs incurred in connection with the arrangement of borrowings are netted against the relevant borrowings and amortised over their life.

(n) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

3. Significant accounting policies (continued)

(n) Income tax (continued)

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Link Administration Holdings Pty Limited.

(ii) Tax funding and tax sharing agreements

The tax-consolidated group has entered into a tax sharing agreement that requires wholly-owned subsidiaries to make contributions to the head entity for current tax liabilities. Under the tax funding agreement, the subsidiaries reimburse Link Administration Holdings Pty Ltd for their portion of the group's current tax liability and recognise this payment as an inter-entity payable/receivable in their financial statements. Link Administration Holdings Pty Ltd reimburses the subsidiaries for any deferred tax asset arising from unused tax losses and/or tax credits.

(o) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group doesn't plan to adopt these standards early.

- *AASB 9 Financial Instruments*, which becomes mandatory for the Group's 2016 consolidated financial statements, introduces new requirements for the classification and measurement of financial assets. The extent of the impact has not yet been determined.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

3. Significant accounting policies (continued)

(p) New standards and interpretations not yet adopted (continued)

- *AASB 10 Consolidated Financial Statements and AASB 12 Disclosure of Interests in Other Entities (2011).*

AASB 10 introduces a single control model to determine whether an investee should be consolidated. Although the extent of this impact has not yet been determined, the Group does not foresee a significant change to its current consolidation model however this may change the way in which the Group structures its acquisitions going forward.

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

These standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

4. TAXATION	2013 \$'000	2012 \$'000
(a) Income tax expense		
Current tax expense		
Current year	23,207	18,460
Adjustment for prior years	(91)	(127)
	<u>23,116</u>	<u>18,333</u>
Deferred tax expense		
Origination and reversal of temporary differences	(11,232)	(3,343)
Adjustment for prior years	(828)	(296)
	<u>(12,060)</u>	<u>(3,639)</u>
Tax expense from continuing operations	<u>11,056</u>	<u>14,694</u>
Profit before income tax	61,209	47,398
Prima facie income tax expense calculated at 30% on operating profit from ordinary activities:	18,363	14,219
Effect of tax rates in foreign jurisdictions	271	192
(Non-assessable income)/non-deductible expenses	(2,138)	912
Recognition of tax effect of previously unrecognised tax losses	(4,521)	(206)
Over provision of tax in respect of prior years	(919)	(423)
Income tax expense	<u>11,056</u>	<u>14,694</u>

(b) Tax recognised in other comprehensive income and equity

	Before tax \$'000	2013 Tax (expense) benefit \$'000	Net of tax \$'000	Before tax \$'000	2012 Tax (expense) benefit \$'000	Net of tax \$'000
Foreign Currency Translation Reserve on foreign operations	144	(43)	101	(890)	267	(623)
Cash flow hedges	3,887	(1,166)	2,721	1,643	(493)	1,150
	<u>4,031</u>	<u>(1,209)</u>	<u>2,822</u>	<u>753</u>	<u>(226)</u>	<u>527</u>

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

4. TAXATION (continued)	2013	2012
	\$'000	\$'000
(c) Deferred tax assets/(liabilities)		
<i>Deferred tax asset:</i>		
Provisions	9,878	7,815
Accruals	778	510
Business/acquisition related costs	460	237
Borrowing costs	2,732	-
Cash flow hedge	-	1,166
Plant, equipment & software	895	1,129
Tax losses	19,333	36,554
	<u>34,076</u>	<u>47,411</u>
<i>Deferred tax liability:</i>		
Intangible assets	25,283	23,545
Plant, equipment & software	18,331	17,895
Other	15	316
	<u>43,629</u>	<u>41,756</u>
Net deferred tax (liability)/asset	<u>(9,553)</u>	<u>5,655</u>
(d) Movement in net deferred tax balances during the year		
Opening net deferred tax balance	5,655	22,656
Credited to profit and loss account	12,060	3,639
Charge to other comprehensive income and equity	(1,166)	(493)
Utilisation of tax losses	(22,414)	(17,210)
Acquired through business combinations	(3,688)	(2,937)
Closing net deferred tax balance	<u>(9,553)</u>	<u>5,655</u>

(e) Unrecognised tax losses

As at 30 June 2013, companies within the Group had tax losses of \$2.8 million unrecognised for deferred tax purposes, available to offset against taxable income in future years.

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

(f) Franking credits

Amount of franking credits available to shareholders for subsequent financial years	<u>8,239</u>	<u>7,942</u>
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The ability to use the franking credits is dependent on the ability to declare dividends.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		

Investment in equity accounted investees	<u>2,889</u>	<u>2,941</u>
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The Group's share of net profit in the equity accounted investees for the year was \$548,000 (2012: \$509,000).

The table below shows summary financial information for the equity accounted investee, not adjusted for the percentage ownership held by the Group, for the year ended 30 June 2013 and 2012.

	Current assets \$'000	Non- current assets \$'000	Current liabilities \$'000	Non-current liabilities \$'000	Revenues \$'000	Operating Expenses \$'000	Profit \$'000
2013							
Link Market Services Limited (NZ)	2,234	3,691	768	-	6,338	(3,985)	1,096
	<u>2,234</u>	<u>3,691</u>	<u>768</u>	<u>-</u>	<u>6,338</u>	<u>(3,985)</u>	<u>1,096</u>
2012							
Link Market Services Limited (NZ)	1,406	3,993	533	-	5,621	(3,539)	996
	<u>1,406</u>	<u>3,993</u>	<u>533</u>	<u>-</u>	<u>5,621</u>	<u>(3,539)</u>	<u>996</u>

Details of ownership interest in equity accounted investees:	Country of incorporation	Associated reporting date	Ownership interest	
			2013	2012
Link Market Services Limited (NZ)	New Zealand	31-Dec	50%	50%

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
6. PROFIT FOR THE YEAR		
Profit before tax includes the following:		
Finance expense		
Loan interest paid/payable	37,329	34,393
Foreign exchange loss/(gain)	135	(2,101)
Other	507	3,734
	<u>37,971</u>	<u>36,026</u>
7. TRADE AND OTHER RECEIVABLES		
Trade receivables	45,513	41,250
Less: Impaired amounts	(659)	(1,148)
	<u>44,854</u>	<u>40,102</u>
Other debtors	1,163	216
	<u>46,017</u>	<u>40,318</u>
8. OTHER ASSETS		
Current		
Prepayments	4,510	3,464
Deferred expenditure	-	1,027
	<u>4,510</u>	<u>4,491</u>
Non Current		
Other	299	-
	<u>299</u>	<u>-</u>
9. INVESTMENTS		
Listed equity securities – at fair value through profit or loss	3,644	2,140
Unlisted investments – at fair value through profit or loss	23,301	314
	<u>26,945</u>	<u>2,454</u>

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

10. PLANT AND EQUIPMENT

	Plant & equipment \$'000	Fixtures and fittings \$'000	Total \$'000
Cost			
Balance at 1 July 2012	29,939	27,810	57,749
Acquisitions through business combinations	593	938	1,531
Reclassification	(495)	495	-
Reclassification to software	(225)	-	(225)
Additions	3,915	2,251	6,166
Effects of movements in exchange rates	33	1	34
Disposals/write offs	(341)	(3,955)	(4,296)
Balance at 30 June 2013	33,419	27,540	60,959

Depreciation and impairment losses

Balance at 1 July 2012	(22,700)	(13,781)	(36,481)
Depreciation charge for the period	(2,795)	(3,760)	(6,555)
Reclassifications	495	(495)	-
Effects of movements in exchange rates	(17)	(12)	(29)
Disposals/write offs	327	2,921	3,248
Balance at 30 June 2013	(24,690)	(15,127)	(39,817)
Carrying amount at 30 June 2013	8,729	12,413	21,142

Cost

Balance at 1 July 2011	27,241	27,586	54,827
Acquisitions through business combinations	240	95	335
Additions	2,129	192	2,321
Transfers from intangible assets	661	-	661
Effects of movements in exchange rates	(242)	(63)	(305)
Disposals	(90)	-	(90)
Balance at 30 June 2012	29,939	27,810	57,749

Depreciation and impairment losses

Balance at 1 July 2011	(19,638)	(10,535)	(30,173)
Depreciation charge for the period	(3,260)	(3,289)	(6,549)
Effects of movements in exchange rates	132	43	175
Disposals	66	-	66
Balance at 30 June 2012	(22,700)	(13,781)	(36,481)
Carrying amount at 30 June 2012	7,239	14,029	21,268

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

11. INTANGIBLE ASSETS

	Goodwill	Client lists	Software	Intellectual Property	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
Balance at 1 July 2012	420,988	107,473	189,184	535	718,180
Acquisitions through business combinations	3,333	15,766	21,098	-	40,197
Additions	-	-	14,012	-	14,012
Reclassification from plant and equipment	-	-	225	-	225
Effects of movements in exchange rates	-	-	36	-	36
Disposals/Assets written off	-	-	(1,856)	-	(1,856)
Balance at 30 June 2013	424,321	123,239	222,699	535	770,794
Amortisation and impairment losses					
Balance at 1 July 2012	(2,500)	(30,513)	(87,404)	(199)	(120,616)
Effects of movements in exchange rates	-	-	(2)	-	(2)
Disposals	-	-	1,622	-	1,622
Amortisation charge	-	(8,448)	(20,857)	(141)	(29,446)
Balance at 30 June 2013	(2,500)	(38,961)	(106,641)	(340)	(148,442)
Carrying amount at 30 June 2013	421,821	84,278	116,058	195	622,352
Cost					
Balance at 1 July 2011	415,487	99,280	174,422	535	689,724
Acquisitions through business combinations	5,501	8,189	1,824	-	15,514
Additions	-	-	13,744	-	13,744
Adjustments due to changes in deferred consideration	-	-	(661)	-	(661)
Effects of movements in exchange rates	-	4	(114)	-	(110)
Disposals/Assets written off	-	-	(31)	-	(31)
Balance at 30 June 2012	420,988	107,473	189,184	535	718,180
Amortisation and impairment losses					
Balance at 1 July 2011	(2,500)	(25,019)	(70,280)	(57)	(97,856)
Effects of movements in exchange rates	-	(3)	75	-	72
Amortisation charge	-	(5,491)	(17,199)	(142)	(22,832)
Balance at 30 June 2012	(2,500)	(30,513)	(87,404)	(199)	(120,616)
Carrying amount at 30 June 2012	418,488	76,960	101,780	336	597,564

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

11. INTANGIBLES (continued)

Impairment testing for cash generating units (CGU) containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	2013 \$'000	2012 \$'000
Registry and Investor Relations	214,962	214,962
Pension and Super	173,151	173,151
Infrastructure Services	20,381	17,048
	<u>408,494</u>	<u>405,161</u>
Multiple units without significant goodwill	13,327	13,327
Total goodwill	<u>421,821</u>	<u>418,488</u>

The recoverable amounts of CGU's were determined through value in use calculations. The value in use calculations applied a post-tax discounted cashflow model, based on a five year budget approved by the Board and an appropriate terminal value. Cashflows after the fifth year were projected at growth rates of 3% (2012: 3%) for Registry and Investor Relations, 3% (2012: 3%) for Pension and Super and 3% (2012: 3%) for Infrastructure Services.

The value in use calculations employed a range of pre-tax discount rates from 11.5% to 13.2% (2012: 10.8% to 13.1%). These rates relate to the risks in the respective segments and countries in which they operate.

The discount rate used reflects management's estimate of the time value of money and the Group's weighted average cost of capital (WACC), which is calculated separately for each CGU.

Management is of the opinion that other reasonable changes in the key assumptions on which the recoverable amount of the Group's goodwill is based would not cause the Group's carrying amount to exceed its recoverable amount.

	2013 \$'000	2012 \$'000
12. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	10,706	6,789
Deferred consideration	5,785	11,898
Accrued operational expenses	14,670	5,731
Other creditors and accruals	29,946	16,768
	<u>61,107</u>	<u>41,186</u>
Non-current		
Other creditors and accruals	10,587	11,620
Deferred consideration	-	4,838
	<u>10,587</u>	<u>16,458</u>

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

		2013 \$'000	2012 \$'000
13. INTEREST-BEARING LOANS AND BORROWINGS			
Current			
Finance lease		228	8
Loans		17,695	187,500
		<u>17,923</u>	<u>187,508</u>
Non – current			
Finance lease		-	-
Loans		301,366	140,831
		<u>301,366</u>	<u>140,831</u>
Contractual Interest rate			
Financing Arrangements			
Total facilities available:			
Amortising loan facility	6.37%	128,000	-
Non amortising term loan facility	6.62%	512,000	124,500
Junior facility	-	-	35,000
Capex and acquisition facility	6.37%	50,000	93,000
Working capital facility	6.62%	20,000	15,000
Mezzanine facilities	-	-	105,831
		<u>710,000</u>	<u>373,331</u>
Facilities utilised at reporting date:			
Amortising loan facility	6.37%	128,000	-
Non amortising term loan facility	6.62%	212,000	124,500
Junior facility	-	-	35,000
Capex and acquisition facility	-	-	63,000
Working capital facility	3.75%	6,367	1,356
Mezzanine facilities	-	-	105,831
		<u>346,367</u>	<u>329,687</u>
Facilities not utilised at reporting date			
Non amortising term loan facility	1.00%	300,000	-
Capex and acquisition facility	1.88%	50,000	30,000
Working Capital facility	1.88%	13,633	13,644
		<u>363,633</u>	<u>43,644</u>

On 21 June 2013 the Group entered into a syndicated loan facility for a 3.5 year term underwritten by Westpac Banking Corporation and Commonwealth Bank of Australia Ltd. As a result, the Group repaid all of its pre-existing loans on 28 June 2013.

Facilities utilised at reporting date includes \$6,367,000 (2012: \$1,356,175) of guarantees provided to external parties, which have not been drawn down and which will not be drawn down in the foreseeable future.

14. DERIVATIVE FINANCIAL LIABILITIES

Current

Interest rate hedge	-	<u>3,887</u>
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Further information on the Group's hedging policies is contained in note 20.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

15. PROVISIONS	2013	2012
	\$'000	\$'000
Current		
Employee entitlements	15,445	11,099
All other provisions	2,717	607
	18,162	11,706
Non-current		
Employee entitlements	6,692	5,448
All other provisions	2,538	4,175
	9,230	9,623

	Self insured claims	Make good	Other	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012	1,006	2,302	1,474	4,782
Acquisitions through business combinations	915	518	1,817	3,250
Provisions made during the year	1,074	5	150	1,229
Provisions used during the year	(765)	(604)	(366)	(1,735)
Provisions reversed during the year	-	(2,120)	(151)	(2,271)
Unwinding of discount	-	-	-	-
Balance at 30 June 2013	2,230	101	2,924	5,255

Current	1,015	101	1,601	2,717
Non-current	1,215	-	1,323	2,538

Self Insured Claims

The Group self-insures for processing errors associated with the handling of administration activities for clients. Incidents that may give rise to a claim are measured at the cost that the Group expects to incur in settling the claim but have not been reported.

Make Good provision

The make good provision is provided in respect of contracts entered into by the Group.

Other

Other provisions are for onerous contracts, restructuring and acquisition related liabilities.

16. CONTRIBUTED EQUITY

	2013	2012
	\$'000	\$'000
Issued and paid-up capital		
Balance at the beginning of the period	279,971	279,646
Equity issued	-	325
Balance at the end of the period	279,971	279,971

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16. CONTRIBUTED EQUITY (continued)

	Ordinary Shares issued 000's	Class A shares issued 000's	Preference shares issued 000's
Opening balance 1 July 2011	209,091	26,575	12,942
Additional shares issued	100	-	-
Balance as at 30 June 2012	209,191	26,575	12,942
Additional shares issued	-	-	-
Closing balance as at June 2013	209,191	26,575	12,942

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

Class A shares

Holders of Class A shares are entitled to receive dividends as declared from time to time but are not entitled to vote at shareholders' meetings. In the event of winding up of the Company, ordinary and class A shareholders rank equally after all other shareholders and creditors and are fully entitled to any proceeds of liquidation. Class A shares automatically convert to Ordinary shares at an Exit Event.

Preference shares

Holders of preference shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. The dividends are non-cumulative and non-interest bearing. The preference element relates to the return to the shareholder on exit and insolvency, in that the investor receives a return equivalent to 10% p.a. in priority to other equity investors and then achieves returns equivalent to other investors above this return.

Unvested Class A shares

Unvested Class A shares are partly paid and automatically convert to Class A shares when arrangements are put in place to pay the unpaid portion of the issue price. Any shares not converted immediately prior to an Exit Event converts to a deferred share and the outstanding issue price ceases to be payable. The Company can not make a call for any amount unpaid on Unvested Class A shares. These shares do not confer in the holders any right to participate in profits or assets of the Company.

Warrants

As at 30 June 2013 the number of warrants issued was 8,888,888 (2012: 8,888,888). Holders of warrants are entitled to acquire one Ordinary Share by way of a new issue and subject to the rights and restrictions as set out in the shareholders agreement.

Management Performance Shares

Management Performance Shares (MPS) are partly paid and convert to ordinary shares at an Exit Event dependent on the achievement of investor return targets and the payment of the outstanding issue price, including a variable interest component. Any MPS that do not convert to Ordinary shares automatically convert to deferred shares and the outstanding issue price is no longer payable. The Company can not make a call for any amount unpaid on MPS. These shares do not confer in the holders any right to participate in profits or assets of the Company.

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NOTES TO THE FINANCIAL STATEMENTS
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17. RESERVES

	Share compensation reserve \$'000	Hedge reserve \$'000	Translation reserve \$'000	Acquisition reserve \$'000	Total \$'000
Consolidated					
Balance at 1 July 2012	3,144	(2,721)	(1,865)	(12,979)	(14,421)
Net profit	-	-	-	-	-
Other comprehensive income, net of income tax					
Foreign currency translation differences	-	-	379	-	379
Total other comprehensive income	-	-	379	-	379
Total comprehensive income for the year	-	-	379	-	379
Finalisation of cashflow hedge in the year	-	2,721	-	-	2,721
Transactions with shareholders					
Acquisition of non controlling interests	-	-	(278)	2,245	1,967
Balance at 30 June 2013	3,144	-	(1,764)	(10,734)	(9,354)
Balance at 1 July 2011	3,144	(3,871)	(1,873)	(12,979)	(15,579)
Net profit	-	-	-	-	-
Other comprehensive income, net of income tax					
Net change in fair value of cash flow hedge, net of tax	-	1,150	-	-	1,150
Foreign currency translation differences	-	-	8	-	8
Total other comprehensive income	-	1,150	8	-	1,158
Total comprehensive income for the year	-	1,150	8	-	1,158
Balance at 30 June 2012	3,144	(2,721)	(1,865)	(12,979)	(14,421)

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**NOTES TO THE FINANCIAL STATEMENTS
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17. RESERVES (continued)

Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Acquisition Reserve

The reserve for acquisition represents the purchase of non-controlling interests where there is no change in control. The accounting standards prescribe that the value of such acquisitions should be accounted for as equity transactions instead of accounting for them as an adjustment to Goodwill.

Share compensation reserve

The reserve for own shares represents the value of shares held by an equity compensation plan that the Company is required to include in the Company's financial statements. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity, as well as from the translation of liabilities that hedge the Company and the Group's net investment in a foreign subsidiary.

	2013	2012
	\$'000	\$'000
18. RETAINED EARNINGS		
Retained earnings/(accumulated losses) at the beginning of the financial year	4,028	(27,549)
Net profit attributable to equity holders	49,972	31,577
Retained earnings at the end of the year	54,000	4,028

Dividends declared and paid by the Company since the end of the financial year were \$169,450,383 (2012: nil).

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for the year ended 30 June 2013

19. NOTES TO THE STATEMENT OF CASH FLOWS	2013	2012
	\$'000	\$'000
(a) Reconciliation of net profit after tax to net cash inflow from operating activities		
Net profit after income tax before non-controlling interest	50,153	32,704
Add/(less) non-cash items		
Depreciation	6,555	6,549
Amortisation	29,446	22,832
Change in fair value of investments	(43)	176
Foreign exchange gain	76	(2,032)
Share of profit from associates	(548)	(509)
Interest expenses capitalised	12,205	11,092
Unwinding discount on deferred acquisition	507	1,232
Change in value of Deferred Consideration	-	(1,615)
Bargain purchase on acquisition	(9,239)	-
Reversal of provision for diminution of investment in joint venture	-	(134)
Net cash inflow from operating activities before changes in assets and liabilities	89,112	70,295
Change in operating assets and liabilities		
Change in trade and other receivables	(522)	(409)
Change in other assets	101	2,200
Change in trade and other payables	12,025	(8,490)
Change in provisions	(557)	764
Change in current and deferred tax balances	10,156	13,206
Net cash inflow from operating activities	110,315	77,566
(b) Reconciliation of Cash		
Cash and cash equivalents	31,081	10,463

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for the year ended 30 June 2013

20. FINANCIAL RISK MANAGEMENT

Objectives

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risk Management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group has established risk management policies that identify and analyse the risks faced by the Group, set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and attaches principally to the Group's receivables from customers, cash and cash equivalents and other financial assets. The carrying amount of financial assets less any provisions for impairment represents the maximum credit exposure.

Exposure to credit risk

The Group's exposure to credit risk arises predominantly through its cash and cash equivalents and trade and other receivables. Cash and cash equivalent amounts as well as transactions involving derivative financial instruments are all held or maintained by banks and financial institutions with high credit ratings. Trade Receivables are monitored in line with the Group's credit policy. The credit quality of customers is assessed by taking into account its financial position, past experience and other relevant factors.

The maximum exposure to credit risk for trade and other receivables at the end of the reporting period was as follows:

	2013	2012
	\$000	\$000
Neither past due nor impaired	40,976	34,839
Past due 1 - 30 days	2,703	3,381
Past due 31 - 60 days	1,257	1,008
Past due over 61 days	1,081	1,090
	46,017	40,318

There were no material movements in the allowance for impairment in respect of trade and other receivables during the year.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages its liquidity risk by maintaining adequate cash reserves and available committed credit lines combined with continuously monitoring of actual and forecast cashflows on a short, medium and long term basis. See note 13 for details of the Group's unused facilities at year end.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. The amounts include both interest and principal cashflows and therefore the totals will differ from those disclosed in the statement of financial position. It is noted that the interest repayments are based on

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20. FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk (continued)

forward interest rates and as such these amounts could vary however it is not expected that they will do so significantly from the amounts stated below.

	Carrying amount \$000	Total \$000	< 1 year \$000	1-2 years \$000	2 – 5 years \$000	> 5 years \$000
30 June 2013						
Non-derivative liabilities						
<i>Non interest bearing</i>						
Trade and Other Payables	71,694	71,694	60,294	4,800	5,765	835
Secured Interest bearing loans and borrowings	319,061	403,424	57,218	70,864	275,342	-
Total non derivative liabilities	390,755	475,118	117,512	75,664	281,107	835
30 June 2012						
Non-derivative liabilities						
<i>Non interest bearing</i>						
Trade and Other Payables	57,644	57,644	45,610	4,178	7,856	-
Secured interest bearing loans and borrowings	328,331	342,876	195,701	147,175	-	-
Total non derivative liabilities	385,975	400,520	241,311	151,353	7,856	-
Derivatives						
Interest rate swaps used for hedging	3,887	3,736	3,736	-	-	-

The timing impact of the hedge's cashflow on profit or loss is the same as the cashflow timings disclosed above.

The parent Company and a number of the subsidiaries are guarantors to the Group's loans and borrowings.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or carrying value of its holdings of financial instruments.

Foreign Currency Risk

The Group is exposed to currency risk on sales, purchases and foreign currency bank accounts that are denominated in a currency other than the functional currency of the Group entities, being the Australian dollar (AUD). Any exchange rate movements would not have a significant impact on the Group's result as foreign operations do not materially contribute to the group results or position. Some overseas subsidiaries within the group transact in a different functional currency and investments in these subsidiaries are not hedged. The effects of any exchange rate movements in respect to the net investment in foreign subsidiaries are recognised in the foreign currency translation reserve.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Group is exposed to interest rate risk attaching specifically to the Group's financial assets and liabilities as well as through the maintenance of paying agent and escrow bank accounts administered on behalf of clients. The Group's primary financial assets impacted by changes in interest rates include cash and cash equivalents. The Group's primary financial liabilities impacted by interest rate movements include loans and borrowings.

Group policy is to maintain approximately 75% of its net borrowings (loans and borrowings less cash and cash equivalents) at fixed rates, achieved by using fixed for floating interest rate swaps where necessary. During 2013, the interest rate swap in place at the beginning of the year expired on 12 January 2012 with no additional hedging arrangements entered into for the remainder of the financial year with the consent of shareholders and lenders. Following the refinance of the Group's senior debt facilities, and in accordance with the loan documents as well as the Group's own policy, the Group entered into a new hedging program on 12 July 2013 (refer note 31).

A sensitivity analysis was performed to assess the impact interest rates have on the Group's statement of financial performance, including the impact of hedging and escrow bank accounts. Sensitivity testing was performed by increasing interest rates by 100 (2012: 100) basis points which would result in an adverse/favourable effect on the profit and loss result of \$1,697,000 (2012: \$1,484,000). A decrease of 100bps would have an equal and opposite effect.

The percentage change was chosen based on historical movements of official exchange rates and analysts forecasts. The method of calculation has not changed from the prior period.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain shareholder and other stakeholder confidence and to sustain future development of the business. Capital consists of total equity less amounts accumulated in equity in relation to cashflow hedges.

There were no changes in the Group's approach to capital management during the year. The Group monitors capital using an adjusted net debt to market value ratio, which is adjusted net debt divided by adjusted equity. A key ratio for the Group is net financial indebtedness to earnings before interest, tax, depreciation and amortisation, (EBITDA). Net debt is calculated as interest bearing liabilities less cash and cash equivalents.

Fair Value of financial instruments

The following table details the Group's fair values of financial instruments categorised by the following levels:

- Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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20. FINANCIAL RISK MANAGEMENT (continued)

Fair Value of financial instruments (continued)

	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
30 June 2013				
Assets				
Unlisted investments	-	747	22,554	23,301
Listed equity securities designated at fair value through profit and loss	3,644	-	-	3,644
	<u>3,644</u>	<u>747</u>	<u>22,554</u>	<u>26,945</u>
30 June 2012				
Assets				
Unlisted investments	-	314	-	314
Listed equity securities designated at fair value through profit and loss	2,140	-	-	2,140
	<u>2,140</u>	<u>314</u>	<u>-</u>	<u>2,454</u>
Liabilities				
Interest rate swaps used for hedging	-	(3,887)	-	(3,887)

There have been no assets transferred between levels during the year (2012: none).

The Level 3 unlisted investment held by the Group is not listed on any stock exchange nor has a widely observable market price and as such was determined to be Level 3 under the fair value hierarchy. The fair value of the investment is based on a recent external independent valuation.

Fair value vs carrying amounts

	2013		2012	
	Fair value	Carrying amount	Fair value	Carrying amount
	\$000	\$000	\$000	\$000
Assets				
Cash and cash equivalents	31,081	31,081	10,463	10,463
Trade and Other receivables	46,017	46,017	40,318	40,318
Investments	26,945	26,945	2,454	2,454
	<u>104,043</u>	<u>104,043</u>	<u>53,235</u>	<u>53,235</u>
Liabilities				
Trade and other payables	71,694	71,694	57,644	57,644
Loans and borrowings	319,289	319,289	328,339	328,339
Derivative – interest rate hedge	-	-	3,887	3,887
	<u>390,983</u>	<u>390,983</u>	<u>389,870</u>	<u>389,870</u>

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21. BUSINESS COMBINATIONS

The Group seeks to grow through acquisitions and seeks to obtain synergies as a result of these acquisitions to obtain positive returns for shareholders.

(a) Significant acquisitions

The below tables summarise the major classes of consideration transferred, and the fair value of assets acquired and liabilities assumed at the acquisition date.

	2013
	\$000
Total cash consideration paid	37,801
Less fair value of identifiable assets acquired	(43,707)
Gain on bargain purchase – Pension and Superannuation acquisitions	(9,239)
Goodwill – Synchronised Software acquisition	3,333
Identifiable assets acquired and liabilities assumed*:	
Cash	13,339
Receivables	5,949
Plant and equipment	1,531
Client Lists	15,766
Software	21,098
Deferred tax assets	2,213
Payables	(2,315)
Provisions	(7,706)
Deferred tax liabilities	(6,039)
Other	(129)
Net assets	43,707

* The fair value of the assets and liabilities acquired are not materially different to their gross contractual maturities.

During the year, a subsidiary of the group, Link Super Pty Limited acquired the Pension and Superannuation Administration division of Russell Investments and 100% of FuturePlus Financial Services Pty Limited and its wholly owned subsidiary, FuturePlus Legal Services Pty Limited (providers of administration services for pension and superannuation clients). The Pension and Superannuation division of Russell Investments was acquired on 30 April 2013 and both FuturePlus companies were acquired on 14 December 2012. These acquisitions add to the Group's ability to provide Pension and Superannuation administration services to Industry, Corporate, Defined Benefit and Government superannuation funds.

Since acquisition, the Pension and Superannuation division of Russell Investments and FuturePlus contributed \$20.8 million of revenue to the Group's 30 June 2013 results. If the acquisitions had occurred on 1 July 2012, management estimate that the consolidated revenue would have increased by \$37.7 million and consolidated profit for the year would have increased by \$2.6 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2012.

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NOTES TO THE FINANCIAL STATEMENTS
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21. BUSINESS COMBINATIONS (continued)

The Group also acquired 100% of Synchronised Software Limited on 17 June 2013. This acquisition enables the Group to provide software systems to superannuation funds that self administer and will result in future benefits that support the recognition of goodwill.

Since acquisition, Synchronised Software Limited contributed \$687,000 of revenue to the Group's 30 June 2013 results. If the acquisition had occurred on 1 July 2012, management estimate that the revenue would have increased by \$7.6 million and profit for the year would have increased by \$2.8 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2012.

The bargain purchase arose due to a desired exit by the former vendors and uncertainty around the assets and liabilities acquired. It is recognised in net acquisition related income/(expense) in the statement of profit or loss and other comprehensive income.

Acquisition of non-controlling interests

The Group accounted for the acquisition of its 49% non-controlled interest in Link Intime India Private Limited (Link Intime) in its 30 June 2012 financial statements when it became probable that the transaction would occur. This resulted in payment of A\$5.9 million occurring on 22 October 2012 to acquire 25% of Link Intime. The deferred consideration relating to the remaining 24% interest has been accounted for as a current liability in the 30 June 2013 financial statements. The Group will obtain 99.9% of Link Intime's equity subsequent to finalisation of the 30 June 2013 financial statements (Refer to note 31 for further details).

22. COMMITMENTS

Non-cancellable operating lease commitments

Operating lease rentals are payable as follows:

	2013 \$'000	2012 \$'000
Not later than one year	14,080	13,372
Later than one year but not later than five years	46,486	43,464
More than five years	23,204	872
	<u>83,770</u>	<u>57,708</u>

23. CONTINGENT LIABILITIES

The Group has granted bank guarantees to the favour of:

Guarantees

AFSL Performance Bond – NAB/Westpac	5,000	5,000
Letter of Credit – ASX	500	500
Letter of Credit – Strate Limited	580	377
Bank guarantee – Westpac	-	279
Bank guarantee – Australia Post	-	200
Bank guarantee – CBA	287	-

Australian Financial Services Licence (AFSL) Performance Bond

A Guarantee for \$5m is held with National Australia Bank (NAB) on behalf of a subsidiary of the Group, Pacific Custodians Pty Limited, as a requirement of the subsidiary's Australian Financial Services Licence (AFSL) requirements (*AFSL Performance Bond*). Westpac Banking Corporation (Westpac) has provided a back to back guarantee of \$5,000,000 to NAB.

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23. CONTINGENT LIABILITIES (continued)

Letter of Credit

The Westpac Banking Corporation ("Westpac") guarantee of \$500,000 to the favour of ASX Settlement and Transfer Corporation Pty Limited covers any liability arising from a subsidiary being a Specialist Settlement Participant.

The ZAR5,000,000 (\$580,000) guarantee in favour of Strate Limited (2012: ZAR3,000,000 or \$377,000) covers any liability arising from Link Investor Services South Africa (Proprietary) Limited becoming a Central Securities Depository Participant and was provided by Westpac.

Bank guarantee

A guarantee for \$279,000 was held on behalf of a subsidiary as a requirement of their lease agreement. This guarantee expired in January 2013 and was renewed post 30 June 2013.

A guarantee for \$200,000 was held in favour of Australia Post which covered any liability arising from a subsidiary's handling of bulk postage and was provided by Commonwealth Bank. This expired in January 2013.

A guarantee for \$287,000 is held with Commonwealth Bank of Australia Limited ("CBA") on behalf of a newly acquired subsidiary as a requirement of their lease agreement.

	2013	2012
	\$	\$
24. AUDITORS' REMUNERATION		
Audit of the financial statements		
Auditor of the Company	678,250	712,822
Audit related services		
Auditor of the Company	248,321	316,443
Other auditors	764,096	694,000
	<u>1,012,417</u>	<u>1,010,443</u>
Other services		
Auditor of the Company	377,917	258,434
	<u>377,917</u>	<u>258,434</u>
	<u>2,068,584</u>	<u>1,981,699</u>

'Other services' includes tax, accounting and due diligence work provided during the financial year. It excludes non-audit fees paid to other firms.

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25. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2013 the ultimate parent entity of the Group was Link Administration Holdings Pty Limited.

	2013	2012
	\$'000	\$'000
Result of parent entity		
Profit / (loss) for the year	39,046	(318)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	<u>39,046</u>	<u>(318)</u>
Financial position of parent entity at year end		
Current assets	826	101
Total assets	289,088	350,738
Current liabilities	6,533	1,368
Total liabilities	6,533	107,229
Total equity of the parent entity comprising of:		
Contributed equity	279,971	279,971
Share compensation reserve	3,144	3,144
Distributable profits reserve	39,046	-
Accumulated losses	<u>(39,606)</u>	<u>(39,606)</u>
Total equity	<u>282,555</u>	<u>243,509</u>

Other than those disclosed in note 20, the parent entity has no contingent liabilities, contractual commitments or guarantees as at 30 June 2013 (2012: none). The distributable profits reserve is available to enable the payment of future franked dividends.

26. SHARE BASED PAYMENTS

Description of the share-based payment arrangements

At 30 June 2013 the Group has the following share-based payment arrangements:

Equity settled share programme

On 12 January 2007, the Group established an equity settled share based payment programme named the Management Performance Share (MPS) plan that entitled senior executives to purchase shares in the Company. The terms and conditions related to the conversion of the MPS to ordinary shares are as follows; all MPS are to be settled by physical delivery of ordinary shares and no early exercise is permitted.

Grant Date	Number of instruments	Weighted average exercise price	Vesting Conditions	Contractual life of MPS
MPS granted on 12 January 2007	9,896,816	\$0.29 + interest	Change in ownership, continued employment and meeting investment hurdles between grant date and change in ownership date	Determined by date of change in ownership

During the year ended 30 June 2013 there were no changes to the number of MPS on issue and no modifications to the MPS plan. During the year ended 30 June 2012, an additional 200,000 MPS were allocated on the same terms and conditions as the original grant on 12 January 2007, with no changes to the weighted average exercise price or vesting conditions.

During the year ended 30 June 2013, there was \$nil (2012: \$nil) impact on the consolidated statement of profit or loss and other comprehensive income or the consolidated statement of financial position as the fair value for all MPS has been fully expensed in previous years.

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27. CONTROLLED ENTITIES

Subsidiaries	Country of incorporation	% Ownership interest consolidated 2013	% Ownership interest consolidated 2012
Link Administration Pty Limited	Australia	100	100
Link Infrastructure Services Pty Limited (formerly Link Analytics Pty Limited)	Australia	100	100
Link Investor Services Pty Limited	South Africa	100	100
Link Market Services Group Pty Limited	Australia	100	100
Link Market Services Holdings Pty Limited	Australia	100	100
Link Market Services Limited	Australia	100	100
Pacific Custodians Pty Limited	Australia	100	100
Link MS Services Pty Limited	Australia	100	100
Link Share Plan Pty Limited	Australia	100	100
Link Market Services South Africa (Pty) Limited	South Africa	82	82
PNG Registries Pty Limited	Papua New Guinea	100	100
Orient Capital Pty Limited	Australia	100	100
Orient Capital Limited	UK	100	100
Corporate File Pty Limited	Australia	100	100
Open Briefing Pty Limited	Australia	100	100
Australian Administration Services Pty Limited	Australia	100	100
AAS Superannuation Services Pty Limited	Australia	100	100
aaspire Pty Limited	Australia	100	100
Atune Financial Solutions Pty Limited	Australia	100	100
Primary Superannuation Services Pty Limited	Australia	100	100
The Super Clearing House Pty Limited	Australia	100	100
Complete Corporate Solutions Pty Limited	Australia	100	100
Company Matters Pty Ltd	Australia	100	100
The Australian Superannuation Group (WA) Pty Ltd	Australia	100	100
City Mail Room Pty Ltd	Australia	100	100
Link Intime India Private Ltd	India	76 *	51 *
Link Business Services Pty Ltd	Australia	100	100
Link Administration Services Pty Limited	Australia	100	100
Money Solutions Pty Limited	Australia	100	100
Link Super Pty Limited	Australia	100	100
PSI Superannuation Management Pty Limited	Australia	100	100
Empirics Marketing Pty Limited	Australia	51.3	51.3
FuturePlus Financial Services Pty Limited	Australia	100	-
Link Property Pty Limited	Australia	100	-
FuturePlus Legal Services Pty Limited	Australia	100	-
Accrued Holdings Pty Limited	Australia	51.3	-
Synchronised Software Pty Limited	Australia	100	-

*The Group's investment increased by 25% to 76% on 22 September 2012 and is expected to increase to 99.9% post 30 June 2013 (refer to Note 31).

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28. RELATED PARTIES

Key management personnel compensation

The aggregate key management personnel ("KMP") compensation comprised the following:

	2013 \$	2012 \$
Short term employee benefits	2,344,712	2,077,970
Post-employment benefits	56,410	47,326
Share based payments	-	-
Other long term benefits	62,189	21,989
	2,463,311	2,147,285

In addition to their salaries, the Group's KMP and selected employees have been issued Management Performance Shares (MPS). There have been no new issues of MPS to KMP in the current year (2012: nil). All MPS have been fully expensed in a prior period (refer note 26).

Transactions with associates

The Group provides IT and support services to Link Market Services New Zealand ("Link NZ") on an arms length basis. The amounts invoiced in the year to 30 June 2013 were \$170,654 (2012: \$251,798) and the outstanding balance as at the year end was \$9,839 (2012: \$36,738). The Group also receives services from Link NZ that enable it to provide registry services to Australian and New Zealand clients. Link NZ invoice the Group for these amounts. The amounts invoiced by Link NZ in the year to 30 June 2013 were \$310,671 (2012: \$302,120) and the outstanding balance as at the year end was \$45,066 (2012: \$35,363).

Other related party transactions

The Group from time to time has dealings with PEP Advisory III Pty Ltd, an entity in which two Directors have an interest and which provides advisory services for the benefit of the Investor Funds that are shareholders. All dealings are on commercial, arms length terms and involve the provision of strategic, acquisition and financing advice, negotiating and arranging services. Fees paid during the year were \$9,694,765 (2012: \$3,210,905), of which \$7,810,415 was outstanding at year end (2012: nil).

In a prior period, the Group entered into arm's length mezzanine loans with entities associated with and funds managed by Intermediate Capital Group plc, the ultimate holding company for a shareholder. Under the terms of the loan, interest was capitalised at a fixed rate of 10%. During the year, the Group repaid the entire facility of \$116.2m. During the year ended 30 June 2013, \$10.4m (2012: \$11.1m) of capitalised interest was incurred.

The Group transacts from time to time with American Stock Transfer and Trust Company ("AST"), a related party of two Directors. All dealings are on a commercial arm's length terms and involve the provision of administrative, computing and accounting services. Amounts invoiced to AST during the year were \$nil (2012: \$209,261). The balance due from AST as at 30 June 2013 was \$3,709 (2012: \$3,709).

During the year a guarantee of up to \$3,000,000 (2012: \$nil) was provided by the Company over a 3rd party loan to key management personnel. The guarantee was provided on arm's length terms and conditions, with the costs being borne and collateral provided by the key management personnel. As at 30 June 2013, the balance of related party guarantees was \$nil (2012: \$nil).

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29. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

As stated in note 2(a), the Group has elected to prepare general purpose financial statements for the first time for the year ended 30 June 2013. In previous periods, the Group prepared special purpose financial statements, which were unable to claim compliance with IFRS because they did not comply with the disclosure requirements of all accounting standards. There were no transitional IFRS adjustments to the Group's opening balances in its statement of financial position as a result of it claiming compliance with IFRS in all periods presented in this financial report because the Group has always materially complied with the recognition and measurement requirements of all accounting standards.

	30 June 2011 closing balance 2011 \$'000	IFRS adjustments	1 July 2011 opening balance 2011 \$'000
Current assets			
Cash and cash equivalents	4,244	-	4,244
Trade and other receivables	39,346	-	39,346
Other assets	5,541	-	5,541
Total current assets	<u>49,131</u>	-	<u>49,131</u>
Non-current assets			
Investments	3,164	-	3,164
Investments accounted for using the equity method	2,980	-	2,980
Plant and equipment	24,654	-	24,654
Intangible assets	591,868	-	591,868
Deferred tax assets	64,627	-	64,627
Other assets	1,027	-	1,027
Total non-current assets	<u>688,320</u>	-	<u>688,320</u>
Total assets	<u>737,451</u>	-	<u>737,451</u>
Current liabilities			
Trade and other payables	45,437	-	45,437
Interest-bearing loans and borrowings	30	-	30
Derivative financial liabilities	3,737	-	3,737
Provisions	12,073	-	12,073
Current tax liabilities	380	-	380
Total current liabilities	<u>61,657</u>	-	<u>61,657</u>
Non-current liabilities			
Trade and other payables	27,759	-	27,759
Interest-bearing loans and borrowings	355,997	-	355,997
Derivative financial liabilities	1,793	-	1,793
Provisions	8,220	-	8,220
Deferred tax liabilities	41,961	-	41,961
Total non-current liabilities	<u>435,730</u>	-	<u>435,730</u>
Total liabilities	<u>497,387</u>	-	<u>497,387</u>
Net assets	<u>240,064</u>	-	<u>240,064</u>
Total equity attributable to equity holders of the parent	236,518	-	236,518
Non-controlling interest	3,546	-	3,546
Total equity	<u>240,064</u>	-	<u>240,064</u>

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

30. LETTER OF SUPPORT

A letter of support has been provided by Link Administration Holdings Pty Limited to support the net asset position of a subsidiary, Link Administration Pty Limited to ensure it continues to operate as a going concern.

31. SUBSEQUENT EVENTS

On 5 July 2013 the Group drew down a further \$163,000,000 of its syndicated loan facility (non-amortising portion). As a result of this drawdown, the balance of the non-amortising loan facility increased from \$212,000,000 at 30 June 2013 to \$375,000,000.

In accordance with the Group's policies and the terms of its debt facilities, the Group commenced its interest rate hedging program in July 2013. The hedging program uses floating-to-fixed interest rate swaps and options which have the economic effect of converting borrowings from floating to fixed rates, thereby mitigating the effect of adverse changes in floating interest rates. The program targets maintaining a minimum notional value of approximately 75% of the total floating rate loans and borrowings, net of cash and cash equivalents. The duration of the interest rate hedging program matches the tenor of the underlying loans and borrowings, expiring on 21 December 2016.

The Group declared a dividend on 5 July 2013 and paid a dividend of \$169,450,383 on 8 July 2013.

On 30 July 2013 minority shareholders of the Group's Indian subsidiary exercised a put option that will result in the Group increasing its ownership interest by 23.9% to 99.9%. This will not have a significant impact on the net assets of the Group.

On 4 July 2013, shareholders of the Company, with the consent of the underlying instrument holders, passed a resolution to modify the terms of the Management Performance Share (MPS) plan enabling MPS holders to participate in profit and distributions from the Company. The 9,896,816 MPS were, with the approval of the MPS holders, subsequently called and fully paid up via contributions of \$0.29 + interest per instrument, entitling the holders to participate in profit and distributions from the Company.

The Unvested Class A shares were similarly approved by the holders to be called and subsequently contributions were paid (\$1.10 + interest per instrument) and converted into 3,986,182 Class A shares. Also on this date, all Warrants on issue were exercised for \$1.10 per warrant and converted into 8,888,888 Ordinary Shares. All the contributions were funded by shareholder loans to the value of \$19,586,000. The non-interest bearing, unsecured shareholder loans are repayable on or before 31 December 2013.

No unpaid amounts remain on any of the abovementioned instruments.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

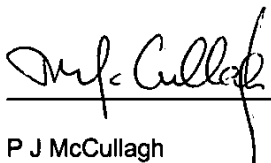
**LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities**

Directors Declaration

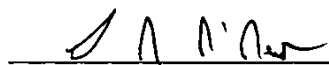
- 1 In the opinion of the Directors of Link Administration Holdings Pty Limited ('the Company'):
 - (a) the consolidated financial statements and notes that are set out on pages 7 to 49 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated 3 September 2013 at Sydney.



P J McCullagh
Chairman



J M McMurtrie
Managing Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Link Administration Holdings Pty Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that appears to read 'Kim Lawry'.

Kim Lawry
Partner

Sydney

3 September 2013



Independent auditor's report to the members of Link Administration Holdings Pty Limited

Report on the financial report

We have audited the accompanying financial report of Link Administration Holdings Pty Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2013, and consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 31 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply 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 of 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 of the financial report that gives a true and fair view 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.



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*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

A handwritten signature of Kim Lawry, with the letters 'KPMG' written above it.

KPMG

A handwritten signature of Kim Lawry.

Kim Lawry

Partner

Sydney

3 September 2013