

**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

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

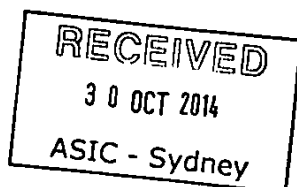
SYDNEY

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	3
[D]	[D]	[M]	[M]	[Y]	[Y]

to

Financial year ends

3	0	0	6	1	4
[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?

410,408,000

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

815,047,000

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

2,230

D How many members does the large proprietary company have?

41

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 Institute of Public 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] [M] [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

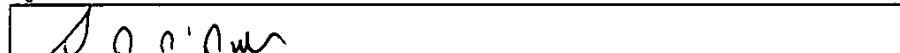
See Guide for details of signatory.

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 0 1 0 1 4
 [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 2014

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 2014 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
R Shelswell, BSc, BSc(Hons), MBA	Director Appointed 12 December 2013
J M Tasker, MA(Cantab)	Director Appointed 12 December 2013
J Haines, BA, HBA	Appointed Director on 12 December 2013 Previously, Alternate Director for P J McCullagh Since 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	9	10
Mr C Blanks	9	10
Mr J McMurtrie	10	10
Mr R Shelswell	5	5
Mr J Tasker	4	5
Mr J Haines	7	10

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.

LINK ADMINISTRATION HOLDINGS PTY LIMITED and its Controlled Entities

DIRECTORS' REPORT

Dividends

Dividends declared and paid by the Company since the end of the financial year were \$nil (2013: \$169,450,383).

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 2014 other than:

- The Group drew a further \$163,000,000 of its syndicated loan facility (non-amortising portion) on 5 July 2013 and \$137,000,000 on 24 September 2013. As a result of these drawdowns, the balance of the syndicated loan facility (non-amortising portion) increased from \$212,000,000 at 30 June 2013 to \$512,000,000. A further \$41,000,000 (acquisition facility) was drawn during the year. The Group has made a number of voluntary and mandatory repayments during the financial year.
- 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 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. No unpaid amounts remain on any of the abovementioned instruments.

All the contributions were funded by shareholder loans to the value of \$19,586,000. The short-term, non-interest bearing shareholder loans were repaid during the period.

- 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 resulted in the Group increasing its ownership interest by 23.9% to 99.9%. This did not have a significant impact on the net assets of the Group.
- On 18 September 2013, the Group made a capital return to shareholders. All share classes participated in the return, which resulted in a reduction to share capital of \$138,748,000.
- On 17 December 2013, the Group issued 12,214,984 new ordinary shares. This resulted in a \$36,726,000 increase in share capital after adjusting for equity raising costs.
- On 28 February 2014, the Group acquired 100% of Registrar Services GmbH, a company incorporated in Germany. The Group also signed an Asset Sale Agreement in relation to the Dubai listed equity registry business of Deutsche Bank on 28 February 2014.

LINK ADMINISTRATION HOLDINGS PTY LIMITED and its Controlled Entities

DIRECTORS' REPORT

Events Subsequent to Reporting Date

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 loss of the Group for the financial year was \$25,188,000 (2013: net profit of \$50,153,000).

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
	2014 \$'000	2014 \$'000	2014 \$'000
Revenue – rendering of services	410,408	-	410,408
Expenses			
Employee expenses	(168,852)	(23,432)	(192,284)
Occupancy expenses	(14,130)	-	(14,130)
IT costs	(25,126)	(3,028)	(28,154)
Administrative and general expenses	(62,290)	(4,515)	(66,805)
Net acquisition and capital management related expenses	-	(33,875)	(33,875)
	(270,398)	(64,850)	(335,248)
Profit/(loss) before interest, tax, depreciation and amortisation (EBITDA)	140,010	(64,850)	75,160
Depreciation expense	(6,811)	(247)	(7,058)
Intangibles amortisation expense	(23,740)	(19,816)	(43,556)
	(30,551)	(20,063)	(50,614)
Profit/(loss) before interest and tax (EBIT)	109,459	(84,913)	24,546
Finance income	741	41	782
Finance costs	(42,208)	(18,529)	(60,737)
	(41,467)	(18,488)	(59,955)
Share of net profit of joint venture accounted for using the equity method	540	(106)	434
Profit/(loss) before tax	68,532	(103,507)	(34,975)
Tax (expense)/benefit	(20,377)	30,164	9,787
Profit/(loss) after tax	48,155	(73,343)	(25,188)

For the financial year ended 30 June 2014, 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 and one off employee expenses;
- IT costs – restructuring of IT infrastructure and operations;
- Administration and general expenses – consultancy expenses, legal expenses and other general expenses;
- Net acquisition and capital management related expenses – acquisition related income and expenses and advisory costs related to re-financing/capital management activities;
- Intangible amortisation expense – amortisation of client relationships and software recognised on acquisition; and
- Finance costs – other general expenses relating to restructuring loan facilities and capitalised borrowing costs.

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	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 and capital management related (expenses)/income	-	7,063	7,063
	(232,784)	1,464	(231,320)
Profit before interest, tax, depreciation and amortisation (EBITDA)	132,231	1,500	133,731
Depreciation expense	(6,337)	(218)	(6,555)
Intangibles amortisation expense	(15,179)	(14,267)	(29,446)
	(21,516)	(14,485)	(36,001)
Profit/(loss) before interest and tax (EBIT)	110,715	(12,985)	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	82,812	(21,603)	61,209
Tax (expense)/benefit	(17,880)	6,824	(11,056)
Profit/(loss) after tax	64,932	(14,779)	50,153

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 and one off employee expenses;
- IT costs – restructuring of IT infrastructure and operations;
- Administration and general expenses – consultancy expenses, legal expenses and other general expenses;
- Net acquisition and capital management related (expenses)/income – acquisition related income and expenses and advisory costs related to re-financing/capital management activities;
- Intangible amortisation expense – amortisation of client relationships and software recognised on acquisition.
- Finance costs – other general expenses relating to restructuring loan facilities and capitalised borrowing costs.

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

DIRECTORS' REPORT

Rounding Off

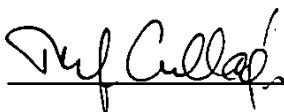
The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

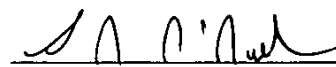
Lead Auditor's Independence Declaration

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 2014.

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

Dated 26 August 2014 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 2014

	<i>Note</i>	2014 \$'000	2013 \$'000
Revenue – rendering of services		<u>410,408</u>	365,051
Expenses:			
Employee expenses		(192,284)	(148,654)
Occupancy expenses		(14,130)	(12,712)
IT costs		(28,154)	(17,942)
Administrative and general expenses		(66,805)	(59,075)
Net acquisition and capital management related (expenses)/income		<u>(33,875)</u>	7,063
		<u>(335,248)</u>	(231,320)
 Depreciation expense	 10	 (7,058)	(6,555)
Intangibles amortisation expense	11	<u>(43,556)</u>	(29,446)
		<u>(50,614)</u>	(36,001)
 Finance income		 782	902
Finance costs	6	<u>(60,737)</u>	(37,971)
Net finance costs		<u>(59,955)</u>	(37,069)
 Share of profit of equity accounted investee, net of tax	 5	 <u>434</u>	548
(Loss)/profit before tax		<u>(34,975)</u>	61,209
 Tax benefit/(expense)	 4(a)	 <u>9,787</u>	(11,056)
(Loss)/profit for the year		<u>(25,188)</u>	50,153
 Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Defined benefit remeasurement		<u>(153)</u>	-
 Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(8,899)	412
Net change in fair value of cash flow hedge, net of tax		<u>(2,009)</u>	-
		<u>(10,908)</u>	412
Other comprehensive income, net of tax		<u>(11,061)</u>	412
Total comprehensive income for the year		<u>(36,249)</u>	50,565

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 2014

	2014 \$'000	2013 \$'000
(Loss)/profit attributable to:		
Owners of the Company	(25,260)	49,972
Non-controlling interests	72	181
(Loss)/profit for the year	(25,188)	50,153
Total comprehensive income attributable to:		
Owners of the Company	(36,260)	50,351
Non-controlling interests	11	214
Total comprehensive income for the year	(36,249)	50,565

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 2014

	Note	30 June 2014 \$'000	30 June 2013 \$'000
Current assets			
Cash and cash equivalents	19(b)	27,706	31,081
Trade and other receivables	7	54,962	46,017
Derivative financial assets	14(a)	129	-
Other assets	8	5,700	4,510
Current tax assets		318	162
Total current assets		88,815	81,770
Non-current assets			
Investments	9	27,720	26,945
Investments accounted for using the equity method	5	2,652	2,889
Plant and equipment	10	18,157	21,142
Intangible assets	11	636,883	622,352
Deferred tax assets	4(c)	40,110	34,076
Other assets	8	710	299
Total non-current assets		726,232	707,703
Total assets		815,047	789,473
Current liabilities			
Trade and other payables	12	57,441	61,107
Interest-bearing loans and borrowings	13	32,111	17,923
Derivative financial liabilities	14(b)	1,558	-
Provisions	15	22,767	18,162
Current tax liabilities		586	503
Total current liabilities		114,463	97,695
Non-current liabilities			
Trade and other payables	12	8,989	10,587
Interest-bearing loans and borrowings	13	603,534	301,366
Derivative financial liabilities	14(b)	1,312	-
Provisions	15	7,523	9,230
Deferred tax liabilities	4(c)	40,499	43,629
Total non-current liabilities		661,857	364,812
Total liabilities		776,320	462,507
Net assets		38,727	326,966
Equity			
Contributed equity	16	197,535	279,971
Reserves	17	(147,879)	30,945
(Accumulated losses)/retained earnings	18	(11,559)	13,701
Total equity attributable to equity holders of the parent		38,097	324,617
Non-controlling interest		630	2,349
Total equity		38,727	326,966

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 2014

	Share capital \$'000	Reserves \$'000	Non- controlling interest \$'000	(Accumulated losses)/Retained earnings \$'000	Total \$'000
Balance at 1 July 2013	279,971	30,945	2,349	13,701	326,966
Net profit	-	-	72	(25,260)	(25,188)
Defined benefit remeasurement		(153)	-	-	(153)
Net change in fair value of cash flow hedge, net of tax	-	(2,009)	-	-	(2,009)
Foreign currency translation differences	-	(8,838)	(61)	-	(8,899)
Total other comprehensive income, net of income tax	-	(11,000)	(61)	-	(11,061)
Total comprehensive income for the year	-	(11,000)	11	(25,260)	(36,249)
Transactions with shareholders					
Return of capital	(138,748)	-	-	-	(138,748)
Conversion of partly paid instruments to fully paid shares	19,586	-	-	-	19,586
Issue of ordinary shares, net of costs of raising capital and tax	36,726	-	-	-	36,726
Acquisition of subsidiary	-	(267)	163	-	(104)
Acquisition of non controlling interests in a subsidiary	-	1,893	(1,893)	-	-
Dividends paid	-	(169,450)	-	-	(169,450)
Total contributions by and distributions to owners	(82,436)	(167,824)	(1,730)	-	(251,990)
Balance at 30 June 2014	197,535	(147,879)	630	(11,559)	38,727
Balance at 1 July 2012	279,971	(14,421)	4,299	4,028	273,877
Net profit	-	40,299	181	9,673	50,153
Foreign currency translation differences	-	379	33	-	412
Total other comprehensive income	-	379	33	-	412
Total comprehensive income for the year	-	40,678	214	9,673	50,565
Finalisation of cashflow hedge	-	2,721	-	-	2,721
Transactions with shareholders					
Acquisition of non controlling interests in a subsidiary	-	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	30,945	2,349	13,701	326,966

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 2014

	<i>Note</i>	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		437,157	396,122
Cash payments in the course of operations		(361,067)	(269,436)
		<u>76,090</u>	<u>126,686</u>
Interest received		501	680
Dividend received		281	222
Borrowing costs paid		(47,969)	(16,654)
Income taxes paid		(791)	(619)
Net cash provided from operating activities	19(a)	<u>28,112</u>	<u>110,315</u>
Cash flows from investing activities			
Payments for plant and equipment		(3,059)	(2,623)
Payments for software		(17,139)	(13,221)
Acquisition of subsidiary, net of cash acquired		(31,769)	(29,094)
Proceeds from equity buy-back of associates		324	-
Dividends from equity accounted investee		346	600
Payments for investments		(656)	(24,386)
Net cash used in investing activities		<u>(51,953)</u>	<u>(68,724)</u>
Cash flows from financing activities			
Proceeds from borrowings		341,000	382,300
Repayment of borrowings		(42,015)	(375,077)
Payment of transaction costs related to borrowings		-	(21,712)
Payment of transaction costs related to equity raising and other financing costs		(22,080)	-
Return of share capital		(138,748)	-
Proceeds from the issue of shares and conversion of partly paid shares	16	57,086	-
Acquisition of non-controlling interests		(5,334)	(5,856)
Repurchase of subsidiary's redeemable preference shares		-	(500)
Dividends paid to non-controlling interests		-	(197)
Dividends paid		(169,450)	-
Net cash provided by/(used in) financing activities		<u>20,459</u>	<u>(21,042)</u>
Net (decrease)/increase in cash and cash equivalents		(3,382)	20,549
Cash and cash equivalents at the beginning of the financial year		31,081	10,463
Effect of exchange rate fluctuations on cash held		7	69
Cash and cash equivalents at the end of the financial year	19(b)	<u>27,706</u>	<u>31,081</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 2014

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 Group as at and for the year ended 30 June 2014 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 pension and superannuation administration, share registry and investor relations and 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 have been prepared on a going concern basis. The current year loss and deficiency of current asset over current liabilities is impacted by one-off costs associated with re-financing and capital management. The Directors of Link Administration Holdings Pty Limited consider it appropriate that the Group will continue to fulfil all obligations as and when they fall due for the foreseeable future and accordingly consider that the Group's financial statements should be prepared on a going concern basis.

The consolidated financial statements were approved by the Board of Directors on 26 August 2014.

(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:

- Note 11 – Key assumptions in Value in Use (VIU) calculations
- Note 3(k) – Provisions
- Note 4(e) – Utilisation of tax losses
- Note 23 – Contingent liabilities
- Note 21 – Business combinations
- Note 20 – Financial instruments

The Group assesses the fair value of its assets on a regular basis. As far as possible observable market data is used and assessed for compliance with IFRS. Each fair valued amount is then categorised into the different levels of the fair value hierarchy based on its inputs.

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

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

2. Basis of preparation (continued)

(e) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements. The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

AASB 10 Consolidated Financial Statements

As a result of AASB 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that is applicable to all investees by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, AASB 10 (2011) requires the Group consolidate investees that it controls on the basis of de facto circumstances.

The Group has assessed that this standard had no significant impact on its consolidated financial statements.

AASB 11 Joint arrangements

As a result of AASB 11, the Group has changed its accounting policy for its interests in joint arrangements. Under AASB 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other factors and circumstances. Previously the structure of the arrangement was the sole focus of classification.

The Group has assessed that this standard had no significant impact on its consolidated financial statements.

AASB 12 Disclosure of interests in other entities

The accounting standard sets out new disclosure requirements for the group's interests in other entities.

The Group has increased its disclosure to fully comply with the new disclosure requirements under the new standard.

AASB 13 Fair value measurement

AASB 13 established a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASB's. In particular it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about the fair value measurements in other AASB's, including AASB 7 *Financial Instruments: Disclosures*.

The Group has increased its disclosure to fully comply with the new disclosure requirements under the new standard.

AASB 119 (2011) Defined Benefit Plans

As a result of AASB 119 (2011), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to defined benefit.

Under AASB 119 (2011), the Group determines the net interest expense/(income) for the period on the net defined benefit liability/(asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments.

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

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

2. Basis of preparation (continued)

(e) Changes in accounting policies (continued)

AASB 119 (2011) Defined Benefit Plans (continued)

Consequently, the net interest on the net defined benefit liability/(asset) now comprises:

- Interest cost on the defined benefit obligation;
- Interest income on plan assets; and
- Interest on the effect on the asset ceiling.

The Group has assessed that this standard had no significant impact on its consolidated financial statements.

(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

Except for the changes explained in Note 2(e), the group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

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) Investments in equity-accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income ("OCI") of equity accounted investees, until the date on which significant influence or joint control ceases.

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.

LINK ADMINISTRATION HOLDINGS PTY LIMITED and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2014

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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.

(c) Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, interest bearing 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

3. Significant accounting policies (continued)

(c) Financial Instruments (continued)

(i) Non-derivative financial instruments (continued)

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 interest bearing 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 held for trading and 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. Changes therein are recognised in profit or loss for derivatives held for trading. Derivatives held for hedging purposes are accounted for as described below.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

3. Significant accounting policies (continued)

(c) Financial Instruments (continued)

(ii) Derivative financial instruments (continued)

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.

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) 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	(2013: 3 – 8 years)
Fixtures and Fittings	2 – 10 years	(2013: 2 – 10 years)
Leased plant and equipment	3 – 10 years	(2013: 3 – 10 years)

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

LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

3. Significant accounting policies (continued)

(d) Plant and equipment (continued)

(iii) 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.

(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 to initial 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.

(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 – 19 years	(2013: 2 – 15 years)
Client Lists	3 – 20 years	(2013: 3 – 20 years)
Brand Names	5 – 10 years	(2013: 5 – 10 years)

Refer Note 11 for details on the change in estimated useful life of software.

(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.

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

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

3. Significant accounting policies (continued)

(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.

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.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

3. Significant accounting policies (continued)

(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.

Defined Benefit plans

During the year, the Group acquired a subsidiary that has a defined benefit plan. The subsidiary makes contributions to the plan that provides pension benefits to certain employees on retirement or when a covered exit event occurs. The plan is not material to the Group. The calculation of defined benefit obligations is performed annually by a qualified actuary using the Projected Unit Credit Method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan for reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets excluding interest (and the effect of the asset ceiling (if any, excluding interest)), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other related expenses to defined benefit plans are recognised profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

(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 wholly expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

3. Significant accounting policies (continued)

(i) Employee benefits (continued)

(iv) Share-based payment transactions (continued)

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.

(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.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

3. Significant accounting policies (continued)

(m) Expenses (continued)

(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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

3. Significant accounting policies (continued)

(n) Income tax (continued)

(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 2014, 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 does not plan to adopt these standards early.

- AASB 9 *Financial Instruments*, which becomes mandatory for the Group's 2018 consolidated financial statements, introduces new requirements for the classification and measurement of financial assets. The extent of the impact has not yet been determined.
- IFRS 15 *Revenue*, which becomes mandatory for the Group's 2017 consolidated financial statements, introduces new requirements for the measurement of contract revenue. The extent of the impact has not yet been determined.

(q) Comparatives

Certain of the prior period comparatives have been reclassified to conform with the presentation adopted in the current year.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

4. TAXATION	2014	2013
	\$'000	\$'000
(a) Income tax benefit/(expense)		
Current tax benefit/(expense)		
Current year	(5,875)	(23,207)
Adjustment for prior years	430	91
	<u>(5,445)</u>	<u>(23,116)</u>
Deferred tax benefit/(expense)		
Origination and reversal of temporary differences	15,606	11,232
Adjustment for prior years	(374)	828
	<u>15,232</u>	<u>12,060</u>
Tax benefit/(expense) from continuing operations	<u>9,787</u>	<u>(11,056)</u>
(Loss)/profit before income tax	(34,975)	61,209
Prima facie income tax expense calculated at 30% on operating loss/(profit) from ordinary activities:	10,493	(18,363)
Effect of tax rates in foreign jurisdictions	(50)	(271)
(Non-deductible expenses)/Non-assessable income	(1,239)	2,138
Recognition of tax effect of previously unrecognised tax losses	527	4,521
Over provision of tax in respect of prior years	56	919
Income tax benefit/(expense)	<u>9,787</u>	<u>(11,056)</u>

(b) Tax recognised in other comprehensive income and equity

	Before tax	2014 Tax (expense) benefit	Net of tax	Before tax	2013 Tax (expense) benefit	Net of tax
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Foreign Currency Translation Reserve	(9,194)	356	(8,838)	144	(43)	101
Cash flow hedge	(2,870)	861	(2,009)	3,887	(1,166)	2,721
	<u>(12,064)</u>	<u>1,217</u>	<u>(10,847)</u>	<u>4,031</u>	<u>(1,209)</u>	<u>2,822</u>

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

4. TAXATION (continued)	2014	2013
	\$'000	\$'000
(c) Deferred tax assets/(liabilities)		
<i>Deferred tax asset:</i>		
Provisions	11,288	9,878
Accruals	444	778
Business/acquisition related costs	6,998	460
Borrowing costs	5,734	2,732
Cash flow hedge/swaption	861	-
Plant, equipment & software	6	895
Tax losses	14,779	19,333
	<u>40,110</u>	<u>34,076</u>
<i>Deferred tax liability:</i>		
Intangible assets	(24,749)	(25,283)
Plant, equipment & software	(14,800)	(18,331)
Other	(950)	(15)
	<u>(40,499)</u>	<u>(43,629)</u>
Net deferred tax liability	<u>(389)</u>	<u>(9,553)</u>
(d) Movement in net deferred tax balances during the year		
Opening net deferred tax (liability)/asset balance	(9,553)	5,655
Credited to profit and loss account	15,232	12,060
Charge to other comprehensive income and equity	861	(1,166)
Utilisation of tax losses	(5,117)	(22,414)
Acquired through business combinations	(1,812)	(3,688)
Closing net deferred liability tax balance	<u>(389)</u>	<u>(9,553)</u>

(e) Unrecognised tax losses

As at 30 June 2014, companies within the Group had tax losses of \$2.8m (2013: \$2.8m) utilised 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 utilised 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>560</u>	<u>8,239</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 2014**

	2014 \$'000	2013 \$'000
5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		

Investment in equity accounted investees	2,652	2,889
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Link Market Services Limited (NZ) is the only joint arrangement in which the Group participates. It provides Registry Services to New Zealand based organisations and is not publically listed. Link Market Services Limited (NZ) is structured as a separate legal entity and the Group has a residual interest its net assets. The Group exercises significant influence over the investee. Accordingly, the Group has classified its interest in Link Market Services Limited (NZ) as a joint arrangement and equity accounted for the investment.

The Group's share of net profit in the equity accounted investees for the year was \$434,000 (2013: \$548,000).

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 2014 and 2013.

	Current assets \$'000	Non-current assets \$'000	Current liabilities \$'000	Revenues \$'000	Operating Expenses \$'000
2014					
Link Market Services Limited (NZ)	2,386	3,480	737	7,022	(4,893)
2013					
Link Market Services Limited (NZ)	2,234	3,691	768	6,338	(3,985)
	Profit from continuing operations \$'000	Total comprehensive income \$'000			
2014					
Link Market Services Limited (NZ)	868	868			
2013					
Link Market Services Limited (NZ)	1,096	1,096			

Details of ownership interest in equity accounted investees:	Country of incorporation	Associated reporting date	Ownership interest	
			2014	2013
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 2014

	2014	2013
	\$'000	\$'000
6. PROFIT FOR THE YEAR		
Profit before tax includes the following:		
Finance expense		
Loan interest paid/payable	43,098	27,059
Amortisation of capitalised borrowing costs	17,379	10,270
Foreign exchange loss	114	135
Other	146	507
	<u>60,737</u>	<u>37,971</u>
7. TRADE AND OTHER RECEIVABLES		
Trade receivables	53,837	45,499
Trade receivables – related parties	116	14
Less: Impaired amounts	(1,018)	(659)
	<u>52,935</u>	<u>44,854</u>
Other debtors	2,027	1,163
	<u>54,962</u>	<u>46,017</u>
8. OTHER ASSETS		
Current		
Prepayments	5,700	4,510
Non Current		
Prepayments	548	-
Other	162	299
	<u>710</u>	<u>299</u>
9. INVESTMENTS		
Listed equity securities – at fair value through profit or loss	3,803	3,644
Unlisted investments – at fair value through profit or loss	23,917	23,301
	<u>27,720</u>	<u>26,945</u>

The equity securities have been designated at fair value through profit or loss because they are managed on a fair value basis and their performance is actively monitored.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

10. PLANT AND EQUIPMENT

	Plant & equipment \$'000	Fixtures and fittings \$'000	Total \$'000
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Cost

Balance at 1 July 2013	33,419	27,540	60,959
Acquisitions through business combinations	351	363	714
Additions	3,055	351	3,406
Effects of movements in exchange rates	(76)	(12)	(88)
Disposals/write offs	(708)	-	(708)
Balance at 30 June 2014	36,041	28,242	64,283

Depreciation and impairment losses

Balance at 1 July 2013	(24,690)	(15,127)	(39,817)
Depreciation charge for the period	(3,737)	(3,321)	(7,058)
Effects of movements in exchange rates	54	13	67
Disposals/write offs	682	-	682
Balance at 30 June 2014	(27,691)	(18,435)	(46,126)

Carrying amount at 30 June 2014	8,350	9,807	18,157
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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
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LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

11. INTANGIBLE ASSETS

	Goodwill	Client lists	Software	Brand Names	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
Balance at 1 July 2013	424,321	123,239	222,699	535	770,794
Acquisitions through business combinations	28,522	12,889	3,618	648	45,677
Adjustment for prior year business combinations	(345)	-	-	-	(345)
Additions	-	4,484	18,150	-	22,634
Effects of movements in exchange rates	(7,421)	(3,242)	(222)	(34)	(10,919)
Disposals/Assets written off	-	-	(96)	-	(96)
Balance at 30 June 2014	445,077	137,370	244,149	1,149	827,745
Amortisation and impairment losses					
Balance at 1 July 2013	(2,500)	(38,961)	(106,641)	(340)	(148,442)
Effects of movements in exchange rates	-	1,011	29	-	1,040
Disposals	-	-	96	-	96
Amortisation charge	-	(11,156)	(32,218)	(182)	(43,556)
Balance at 30 June 2014	(2,500)	(49,106)	(138,734)	(522)	(190,862)
Carrying amount at 30 June 2014	442,577	88,264	105,415	627	636,883
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
Adjustments due to changes in deferred consideration	-	-	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

LINK ADMINISTRATION HOLDINGS PTY LIMITED
and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

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:

	2014	2013
	\$'000	\$'000
Registry and Investor Relations Australia	214,962	214,962
Pension and Super	173,514	173,151
Registry and Investor Relations Overseas	34,065	13,327
Infrastructure Services	20,036	20,381
Total goodwill	442,577	421,821

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% (2013: 3%) for Registry and Investor Relations Australia, 3% (2013: 3%) for Pension and Super, 3% (2013: 3%) for Infrastructure Services and 2.89% (2013: 2.9%) for Registry and Investor Relations Overseas. All key assumptions were determined using the past experiences of the Group and management. Where possible, assumptions were validated against external sources of information.

The value in use calculations employed a range of pre-tax discount rates from 11.42% to 12.13% (2013: 11.5% to 13.2%). 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.

Change in estimate

During 2014, the Group conducted an assessment of the remaining useful economic life of its core software assets which resulted in changes in the expected remaining useful economic life of the software. The associated impact of these changes is \$6.2m of additional depreciation expense in the current year and an expected decrease in depreciation expense of \$3m p.a over the next 4 years.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
12. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	13,728	10,706
Deferred consideration	3,014	5,785
Accrued operational expenses	19,030	14,670
Other creditors and accruals	21,669	29,946
	<u>57,441</u>	<u>61,107</u>
Non-current		
Other creditors and accruals	8,989	10,587
	<u>8,989</u>	<u>10,587</u>
13. INTEREST-BEARING LOANS AND BORROWINGS		
Current		
Finance lease	-	228
Loans	32,111	17,695
	<u>32,111</u>	<u>17,923</u>
Non – current		
Loans	603,534	301,366
	<u>603,534</u>	<u>301,366</u>
Financing Arrangements	Contractual	
Total facilities available:	Interest	
	rate	
Amortising loan facility	6.21%	86,075
Non amortising term loan facility	6.46%	512,000
Capex and acquisition facility	6.21%	50,000
Working capital facility	6.46%	20,000
		<u>668,075</u>
Facilities utilised at reporting date:		
Amortising loan facility	6.21%	86,075
Non amortising term loan facility	6.46%	512,000
Capex and acquisition facility	6.21%	41,000
Working capital facility	6.46%	12,281
		<u>651,356</u>
Facilities not utilised at reporting date		
Non amortising term loan facility	-	-
Capex and acquisition facility	1.88%	9,000
Working Capital facility	1.88%	7,719
		<u>16,719</u>

Facilities utilised at reporting date includes \$12,281,000 (2013: \$6,367,000) of guarantees provided to external parties, which have not been drawn down and which will not be drawn down in the foreseeable future.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

14. DERIVATIVE FINANCIAL INSTRUMENTS	2014 \$'000	2013 \$'000
a. Derivative financial asset - current		
Interest rate swap option	129	-
b. Derivative financial liability - current		
Interest rate swap – cashflow hedge	1,558	-
Derivative financial liability – non current		
Interest rate swap – cashflow hedge	1,312	-

Further information on the Group's hedging policies is contained in Note 20.

15. PROVISIONS

Current		
Employee entitlements	15,890	15,451
All other provisions	6,877	2,711
	22,767	18,162
Non-current		
Employee entitlements	3,796	6,692
All other provisions	3,727	2,538
	7,523	9,230

	Self insured claims \$'000	Restructuring \$'000	Other \$'000	Total \$'000
Balance at 1 July 2013	2,224	150	2,875	5,249
Acquisitions through business combinations	-	-	2,626	2,626
Provisions made during the year	1,088	3,464	1,281	5,833
Provisions used during the year	(639)	(150)	(1,553)	(2,342)
Provisions reversed during the year	(328)	-	-	(328)
Foreign exchange translation difference	-	-	(434)	(434)
Balance at 30 June 2014	2,345	3,464	4,795	10,604
Current	1,196	3,464	2,217	6,877
Non-current	1,149	-	2,578	3,727

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.

Restructuring provision: The restructuring provision is for redundancy expenses and one-off employee expenses.

Other: Other provisions are for onerous contracts, litigation, make good and acquisition related liabilities.

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

16. CONTRIBUTED EQUITY	2014 \$'000	2013 \$'000
Issued and paid-up capital		
Balance at the beginning of the year	279,971	279,971
Return of capital	(138,748)	-
Conversion of partly paid instruments to fully paid shares	19,586	-
Equity issued	37,500	-
Equity raising costs, net of tax	(774)	-
Balance at the end of the year	197,535	279,971

On 18 September 2013 the Company reduced its share capital by an aggregate amount of \$138.8m (\$0.5782 per share) by making a distribution to each shareholder who had fully paid shares (including Ordinary, Preference, MPS and Class A shares).

Number of shares:	Ordinary Shares issued 000's	Class A shares issued 000's	Preference shares issued 000's	Management performance shares issued 000's
Opening balance 1 July 2012	209,191	26,575	12,942	9,897
Additional shares issued	-	-	-	-
Balance as at 30 June 2013	209,191	26,575	12,942	9,897
Conversion of warrants to fully paid shares	8,889	-	-	-
Conversion to ordinary shares from other classes	11,964	(7,162)	(2,721)	(2,081)
Shares issued	12,215	-	-	-
Closing balance as at 30 June 2014	242,259	19,413	10,221	7,816

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.

**LINK ADMINISTRATION HOLDINGS PTY LIMITED
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for the year ended 30 June 2014**

16. CONTRIBUTED EQUITY (continued)

Management Performance Shares

Management Performance Shares (MPS) are fully paid and convert to ordinary shares at an Exit Event dependent on the achievement of investor return targets and continuing employment (subject to Board discretion). MPS are entitled to receive dividends declared from time to time but are not entitled to vote at shareholders meetings.

17. RESERVES

Cashflow 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 settled.

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.

Distributable Profits reserve

The distributable profits reserve is available to enable the payment of future franked dividends.

Defined benefit reserve

The Defined benefit reserve represents the remeasurement of the net defined benefit liability and comprises the actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest).

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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17. RESERVES (continued)

	Share compen- sation reserve \$'000	Distributable Profits reserve \$'000	Cashflow hedge reserve \$'000	Foreign Currency Translation reserve \$'000	Acquisition reserve \$'000	Defined Benefit Reserve \$'000	Total \$'000
Consolidated							
Balance at 1 July 2013	3,144	40,299	-	(1,764)	(10,734)	-	30,945
Net profit	-	-	-	-	-	-	-
Other comprehensive income:	-	-	(2,009)	(8,838)	-	(153)	(11,000)
Total comprehensive income for the year	-	-	(2,009)	(8,838)	-	(153)	(11,000)
Transactions with shareholders							
Acquisition of subsidiary	-	-	-	-	-	(267)	(267)
Acquisition of non controlling interests	-	-	-	(281)	2,174	-	1,893
Dividends paid	-	(169,450)	-	-	-	-	(169,450)
Balance at 30 June 2014	3,144	(129,151)	(2,009)	(10,883)	(8,560)	(420)	(147,879)
Balance at 1 July 2012	3,144	-	(2,721)	(1,865)	(12,979)	-	(14,421)
Net profit	-	40,299	-	-	-	-	40,299
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	-	40,299	-	379	-	-	40,678
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	40,299	-	(1,764)	(10,734)	-	30,945

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 \$000	2013 \$000
18. (ACCUMULATED LOSSES)/RETAINED EARNINGS		
Retained earnings at the beginning of the financial year	13,701	4,028
Net (loss)/profit attributable to equity holders	(25,260)	9,673
(Accumulated losses)/retained earnings at the end of the year	<u>(11,559)</u>	<u>13,701</u>

Dividends declared and paid by the Company since the end of the financial year were nil (2013: 169,450,383 which is the equivalent of \$0.63 per share, franked to 11.35% per share).

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of net profit after tax to net cash inflow from operating activities

Net (loss)/profit after income tax before non-controlling interest	(25,188)	50,153
Add/(less) non-cash items		
Depreciation	7,058	6,555
Amortisation	43,556	29,446
Change in fair value of investments	(31)	(43)
Foreign exchange gain	(331)	76
Share of profit from associates	(434)	(548)
Interest expenses capitalised	-	12,205
Unwinding discount on deferred acquisition	135	507
Borrowing cost accrual	1,148	-
Borrowing cost amortisation	17,379	-
Bargain purchase on acquisition	-	(9,239)
Net cash inflow from operating activities before changes in assets and liabilities	43,292	89,112
Acquisition and finance costs paid, expensed through income statement	13,875	-
Change in operating assets and liabilities		
Change in trade and other receivables	(4,629)	(522)
Change in other assets	(977)	101
Change in trade and other payables	(12,108)	12,025
Change in provisions	(677)	(557)
Change in current and deferred tax balances	<u>(10,664)</u>	<u>10,156</u>
Net cash inflow from operating activities	<u>28,112</u>	<u>110,315</u>

(b) Reconciliation of Cash

Cash and cash equivalents	<u>27,706</u>	<u>31,081</u>
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**LINK ADMINISTRATION HOLDINGS PTY LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

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 their financial position, past experience and other relevant factors. Based on the above process, the Group believes that all unimpaired trade and other receivables are collectible in full.

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

	2014	2013
	\$000	\$000
Neither past due nor impaired	47,892	40,976
Past due 1 - 30 days	4,142	2,703
Past due 31 - 60 days	974	1,257
Past due over 61 days	1,954	1,081
	54,962	46,017

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.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

20. FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk (continued)

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 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 2014						
Non-derivative liabilities						
<i>Non interest bearing</i>						
Trade and other payables	66,430	66,430	57,441	5,529	2,769	691
<i>Interest bearing</i>						
Loans and borrowings	635,645	727,774	71,139	68,871	587,764	-
Total non-derivative liabilities	702,075	794,204	128,580	74,400	590,533	691
Derivative liabilities						
Interest rate hedge	2,870	3,784	1,558	1,519	707	-
Total derivative liabilities	2,870	3,784	1,558	1,519	707	-

30 June 2013

Non-derivative liabilities

Non interest bearing

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
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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 as at the year end.

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

Market risk (continued)

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). The 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. Sensitivity testing was performed by increasing foreign exchange rates by 10% (2013: 10%) which would result in an immaterial effect on the profit and loss result but would result in an adverse impact of \$4,945,000 (2013: \$2,013,000) to the Group's equity. A decrease of 10% would have an equal and opposite effect.

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.

In accordance with the Group's policies and the terms of its debt facilities, the Group implemented an 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 changes in floating interest rates. The program aims to hedge the notional value of total floating rate loans and borrowings, net of cash and cash equivalents.

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 (2013: 100) basis points which would result in an adverse/favourable effect on the profit and loss result of \$324,000 (2013: \$1,697,000). 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 capital base so as to provide 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, dividend reserves and other reserves.

During the year the Group undertook a dividend and capital return reflecting the significant premium of equity market value over book value. The Group monitors capital using an adjusted net debt to market value ratio, which is adjusted net debt divided by adjusted equity. The adjusted equity value at year end is sufficient to provide confidence that the Group maintains a strong capital base. 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.

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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

20. FINANCIAL RISK MANAGEMENT (continued)

Fair Value of financial instruments

The following table details the Group's fair value amounts 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).

	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
30 June 2014				
Assets				
Derivative – swaption at fair value through profit and loss	-	129	-	129
Unlisted investments	-	1,363	22,554	23,917
Listed equity securities designated at fair value through profit and loss	3,803	-	-	3,803
	<u>3,803</u>	<u>1,492</u>	<u>22,554</u>	<u>27,849</u>
Liabilities				
Derivative - Interest rate swap at fair value through profit and loss	-	2,870	-	2,870
	<u>-</u>	<u>2,870</u>	<u>-</u>	<u>2,870</u>
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>

There have been no assets transferred between levels during the year (2013: none).

The Level 2 derivatives are valued monthly by the financial institution which the Group entered the contract with. The unlisted investments are valued based on the original cost of the shares. This is deemed to be the closest approximation to fair value that is available.

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. Management has assessed the carrying value as appropriate based on a value in use model. The value in use calculations applied are post tax discounted cash flow model, based on the Board approved five year budget and an appropriate terminal value. A sensitivity analysis was performed by changing the key unobservable inputs, including EBITDA and terminal value, which resulted in no material effect on profit and loss or other comprehensive income.

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20. FINANCIAL RISK MANAGEMENT (continued)

Fair Value of financial instruments (continued)

The following table sets out the carrying amount and fair value of those financial assets and financial liabilities held at fair value:

Fair value vs carrying amounts	2014		2013	
	Fair value	Carrying amount	Fair value	Carrying amount
	\$000	\$000	\$000	\$000
Assets				
Financial assets measured at fair value				
<i>Designated at fair value through profit and loss</i>				
Interest rate swaption	129	129	-	-
Investments	27,720	27,720	26,945	26,945
Financial Assets not measured at fair value				
<i>Loans and Receivables</i>				
Cash and cash equivalents	27,706	27,706	31,081	31,081
Trade and other receivables	54,962	54,962	46,017	46,017
	<u>110,517</u>	<u>110,517</u>	<u>104,043</u>	<u>104,043</u>
Liabilities				
Financial liabilities measured at fair value				
<i>Fair value – hedging instruments</i>				
Interest rate swaps	2,870	2,870	-	-
Financial liabilities not measured at fair value				
<i>Other Financial Liabilities</i>				
Trade and other payables	66,430	66,430	71,694	71,694
Interest bearing loans and borrowings	635,645	635,645	319,289	319,289
	<u>704,945</u>	<u>704,945</u>	<u>390,983</u>	<u>390,983</u>

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.

	2014
	\$000
Total cash consideration paid	38,193
Less fair value of identifiable assets acquired	(9,671)
Goodwill	<u>28,522</u>

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

	2014
	\$000
Identifiable assets acquired and liabilities assumed:	
Cash	8,074
Receivables	3,754
Plant and equipment	714
Client Lists	12,889
Software	3,618
Brand Name	648
Deferred tax assets	1,078
Current tax asset	95
Payables	(13,118)
Provisions	(3,267)
Deferred tax liabilities	(4,663)
Portion of assets that relate to Minority interests	(151)
Net assets	9,671

On 28 February 2014 the Group acquired 100% of Registrar Services GmbH, a German Registry and Investor Relations business. The acquisition adds to the Group's ability to provide global Registry and Investor Relation services to our clients.

The Group's South African subsidiary acquired 70% of The Esop Shop (Proprietary) Limited, a South African company on 2 December 2013. This acquisition complements the Group's current offering to provide registry services and employee share plan services in South Africa.

On 20 June 2014, the Group acquired the trade and net assets of Capital Precision. This acquisition adds to the Group's ability to provide global Registry and Investor Relation services.

On 16 June 2014, the Group entered into an agreement with GESB to provide third party administration services to GESB. GESB manages \$18 billion of superannuation funds for current and former Western Australia public sector workers. This has been accounted for as a business combination that resulted in a number of assets and liabilities being recognised.

Since acquisition, Registrar Services and Esop Shop have contributed \$7.1 million of revenue to the Group's 30 June 2014 results. Capital Precision and GESB did not contribute any material revenues for the year ended 30 June 2014. If all acquisitions had occurred on 1 July 2013, management estimate that the consolidated revenue would have increased by \$43.4 million and consolidated result for the year from all acquisitions would not be significantly different from the loss currently reported in the income statement. 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 2013.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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21. BUSINESS COMBINATIONS (continued)

Acquisition of non-controlling interests

The Group accounted for the acquisition of its 49% non-controlled interest ("NCI") in Link Intime India Private Limited (Link Intime) in its 30 June 2012 financial statements when it became probable that the transaction would occur. 25% of the NCI was acquired in October 2012 and the deferred consideration relating to the remaining NCI was accounted for as a current liability in the 30 June 2013 financial statements. A \$5.4 million payment occurred on 27 September 2013 to acquire a further 23.9% of Link Intime. Vendor shareholders continue to hold 0.1%. There is an ongoing call option over this remaining shareholding.

22. COMMITMENTS

	2014	2013
	\$'000	\$'000
<i>Non-cancellable operating lease commitments</i>		
Operating lease rentals are payable as follows:		
Not later than one year	15,931	14,080
Later than one year but not later than five years	44,814	46,486
More than five years	16,969	23,204
	77,714	83,770

23. CONTINGENT LIABILITIES

The Group has granted bank guarantees to the favour of:

AFSL Performance Bond – Westpac/NAB	10,000	5,000
Letter of Credit – ASX	500	500
Letter of Credit – STRATE Limited	502	580
Bank guarantee – Westpac	1,000	-
Bank guarantee – CBA	287	287
Bank guarantee – Westpac	279	-

Australian Financial Services Licence (AFSL) Performance Bond

A Guarantee for \$10m (2013: \$5m) is held with Westpac (formerly 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*).

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 (\$502,000) guarantee in favour of STRATE Limited (2013: ZAR5,000,000 or \$580,000) covers any liability arising from Link Investor Services South Africa (Proprietary) Limited becoming a Central Securities Depository Participant and is provided by Westpac. This guarantee was increased to ZAR9,000,000 (\$900,000) subsequent to 30 June 2014 to support the growth of the business.

Bank guarantee

A guarantee for \$1,000,000 is held in respect of a material client contract.

A guarantee for \$287,000 (2013: \$287,000) is held with Commonwealth Bank of Australia Limited ("CBA") on behalf of a subsidiary as a requirement of their lease agreement.

A guarantee for \$279,000 is held on behalf of a subsidiary as a requirement of their lease agreement. This guarantee was cancelled on 16 July 2014.

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NOTES TO THE FINANCIAL STATEMENTS
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	2014	2013
	\$	\$
24. AUDITORS' REMUNERATION		
Audit of the financial statements		
Auditor of the Company	595,091	678,250
Audit related services		
Auditor of the Company	538,408	248,321
Other auditors	833,328	764,096
	<u>1,371,736</u>	<u>1,012,417</u>
Other services		
Auditor of the Company	3,000	377,917
	<u>1,969,827</u>	<u>2,068,584</u>

'Other services' includes tax and accounting work provided during the financial year.

25. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2014 the ultimate parent entity of the Group was Link Administration Holdings Pty Limited.

	2014	2013
	\$'000	\$'000
Result of parent entity		
Profit for the year	101,597	39,046
Other comprehensive income	-	-
Total comprehensive income for the year	<u>101,597</u>	<u>39,046</u>
Financial position of parent entity at year end		
Current assets	23	826
Total assets	132,374	289,088
Current liabilities	109	6,533
Total liabilities	109	6,533
Total equity of the parent entity comprising of:		
Contributed equity	197,535	279,971
Share compensation reserve	3,144	3,144
Distributable profits reserve	582	39,046
Accumulated losses	<u>(68,995)</u>	<u>(39,606)</u>
Total equity	<u>132,266</u>	<u>282,555</u>

Other than those disclosed in Notes 20 and 23, the parent entity has no contingent liabilities, contractual commitments or guarantees as at 30 June 2014 (2013: none).

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**NOTES TO THE FINANCIAL STATEMENTS
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26. SHARE BASED PAYMENTS

Description of the share-based payment arrangements

At 30 June 2014 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
2013	MPS granted on 12 January 2007	9,896,816	\$0.29 + interest	Change in ownership, continued employment (subject to Board discretion) and meeting investment hurdles between grant date and change in ownership date	Determined by date of change in ownership
2014	MPS granted on 12 January 2007	7,815,896	Fully paid	Change in ownership, continued employment (subject to Board discretion) and meeting investment hurdles between grant date and change in ownership date	Determined by date of change in ownership

On 4 July 2013, shareholders of the Company, with the consent of the underlying instrument holders and all shareholders, passed a resolution to modify the terms of the MPS plan and the Company's Constitution 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. As a result, all MPS have been fully paid.

It was assessed that this modification was not beneficial and hence there was no impact on the consolidated profit or loss statement.

On 17 December 2013 a transaction was undertaken which resulted in 2,080,920 MPS shares vesting in the hands of the employee. The remaining 7,815,896 MPS were unvested at year end with vesting dependent upon a change in ownership and meeting of the vesting conditions (as detailed above).

During the year ended 30 June 2014, there was \$nil (2013: \$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.

LINK ADMINISTRATION HOLDINGS PTY LIMITED
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27. CONTROLLED ENTITIES

Subsidiaries	Country of incorporation	% Ownership interest consolidated 2014	% Ownership interest consolidated 2013
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	82	82
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	99.9	76
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	100
Link Property Pty Limited	Australia	100	100
FuturePlus Legal Services Pty Limited	Australia	100	100
Accrued Holdings Pty Limited	Australia	51.3	51.3
Synchronised Software Pty Limited	Australia	100	100
Link Market Services (EMEA) Limited	UK	100	-
Link Market Services (Germany) GmbH	Germany	100	-
Registrar Services GmbH	Germany	100	-
ESOP Shop Pty Limited	South Africa	57.4	-
Pacific Custodians (Nominees) (RF) Pty Limited	South Africa	82	-

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

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

28. RELATED PARTIES

Key management personnel compensation

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

	2014 \$	2013 \$
Short term employee benefits	9,599,234	2,344,712
Post-employment benefits	56,410	56,410
Share based payments (refer note 26)	-	-
Other long term benefits	9,527	62,189
	<u>9,665,171</u>	<u>2,463,311</u>

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 (2013: nil). All MPS have been fully expensed in a prior period (refer Note 26).

During the year loans of \$4,605,974 were provided by the Company to KMP. The loans were interest free. As at 30 June 2014, the balance of KMP loans was \$nil (2013:\$nil).

Transactions with associates

The Group provides IT and support services to Link Market Services Limited (NZ) ("Link NZ") on an arm's length basis. The amounts invoiced in the year to 30 June 2014 were \$412,032 (2013: \$170,654) and the outstanding balance as at the year end was \$17,284 (2013: \$9,839). 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 2014 were \$277,145 (2013: \$310,671) and the outstanding balance as at 30 June 2014 was \$25,281 (2013: \$45,066).

Other related party transactions

The Group from time to time has dealings with PEP Advisory III Pty Ltd, an entity in which one Director has an interest and which provides advisory services for the benefit of the Investor Funds that are shareholders. All dealings are on commercial, arm's length terms and involve the provision of strategic, acquisition and financing advice, negotiating and arranging services. Fees invoiced during the year were \$21,308,231 (2013: \$9,708,274), of which \$11,398 was outstanding at 30 June 2014 (2013: \$7,825,275).

The Group transacts from time to time with American Stock Transfer and Trust Company, LLC ("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 \$98,812 (2013: \$nil). The balance due from AST as at 30 June 2014 was \$98,812 (2013 \$3,709).

During the prior year a guarantee of up to \$3,000,000 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 2014, the balance of related party guarantees was \$nil (2013: \$nil).

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

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

28. RELATED PARTIES (continued)

During the 6 months to 31 December 2013 consultancy fees were paid to the following related parties; Macquarie Capital (Australia) Limited (\$4,040,350), Intermediate Capital Group plc (\$2,400,000) and Intermediate Capital Asia Pacific Limited (\$228,028). The balances outstanding as at 30 June 2014 were \$nil.

During the year a loan of \$9,777,777 was provided by the Company to a shareholder, which was interest free. The loan was repaid during the period. As at 30 June 2014, the balance of the shareholder loan was \$nil (2013: \$nil).

29. 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.

30. SUBSEQUENT EVENTS

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 2014 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 26 August 2014 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 2014 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 of Kim Lawry, written in black ink, with the letters 'KPMG' clearly visible.

KPMG

A handwritten signature of Kim Lawry, written in black ink, in a cursive style.

Kim Lawry
Partner

Sydney
26 August 2014



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 2014 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 30 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 2014 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, written in black ink, above the printed name 'KPMG'.

KPMG

A handwritten signature of Kim Lawry, written in black ink, above the printed name 'Kim Lawry'.

Kim Lawry
Partner

Sydney
26 August 2014