



**ANNUAL GENERAL MEETING**

The Annual General Meeting will be held on Tuesday 11 November 2003 at 10:00 am in Cinema 2, Australian Centre for the Moving Image, Federation Square, Flinders Street, Melbourne. The Notice of Meeting and Proxy Form are separate items accompanying this Concise Annual Report.

Computershare Limited ABN 71 005 485 825



# CONTENTS

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## OUR RESULTS

|                                    |   |
|------------------------------------|---|
| Chairman and CEO's Review          | 4 |
| Management Discussion and Analysis | 7 |

## PRODUCTS AND SERVICES

### TECHNOLOGY SERVICES REPORTS

|                                         |    |
|-----------------------------------------|----|
| Computershare Technology Services (CTS) | 11 |
| Markets Technology Group                | 12 |

## REGIONAL REPORTS

|                                       |    |
|---------------------------------------|----|
| Asia Pacific                          | 13 |
| North America                         | 19 |
| Europe, Middle East and Africa (EMEA) | 27 |

## BOARD OF DIRECTORS

## REGIONAL MANAGING DIRECTORS

## FINANCIALS

|                                     |    |
|-------------------------------------|----|
| Corporate Governance Statement      | 36 |
| Directors' Report                   | 41 |
| Statements of Financial Performance | 48 |
| Statements of Financial Position    | 49 |
| Statements of Cash Flows            | 51 |
| Notes to the Financial Statements   | 52 |
| Independent Audit Report            | 69 |
| Shareholder Information             | 70 |
| Office Locations                    | 72 |

# A TAILORED GLOBAL SERVICE – LIVE CASE STUDY



# FINANCIAL HIGHLIGHTS

|                                                                       | JUNE 2003   | JUNE 2002  | % CHANGE |
|-----------------------------------------------------------------------|-------------|------------|----------|
| <b>PROFIT (A\$000)</b>                                                |             |            |          |
| Sales Revenue                                                         | 694,519     | 757,055    | - 8.3%   |
| Earnings before interest, depreciation, amortisation and tax          | 133,887*    | 147,564    | - 9.3%   |
| Profit attributable to shareholders after tax                         | 41,148*     | 57,931*    | -29.0%   |
| <b>BALANCE SHEET (A\$000)</b>                                         |             |            |          |
| Total Assets                                                          | 894,406     | 959,716    | -6.8%    |
| Total shareholders' equity                                            | 588,407     | 655,748    | -10.3%   |
| <b>PERFORMANCE INDICATORS</b>                                         |             |            |          |
| Basic earnings per share (Normalised)                                 | 6.05 cents  | 9.6 cents  |          |
| Basic earnings per share                                              | 1.47 cents  | 12.0 cents |          |
| Return on shareholders' equity                                        | 7%**        | 9.6%**     |          |
| Net debt to equity                                                    | 13.2%       | 5%         |          |
| Earnings before interest, depreciation, amortisation and tax/interest | 16 times ** | 15 times   |          |
| Staff numbers as at 30 June                                           | 5,029       | 5,321      |          |

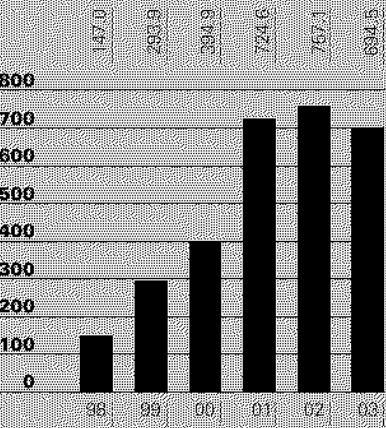
\* Excluding non-recurring items

\*\* Normalised

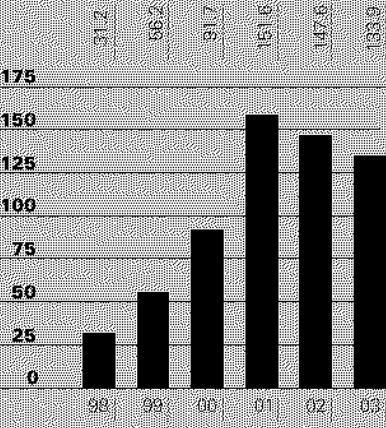
# PERFORMANCE INDICATORS

1998-2003

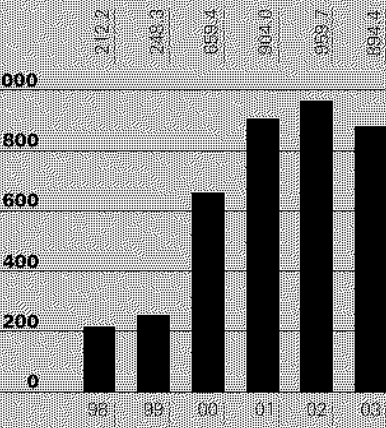
Sales revenue A\$m



EBITDA A\$m

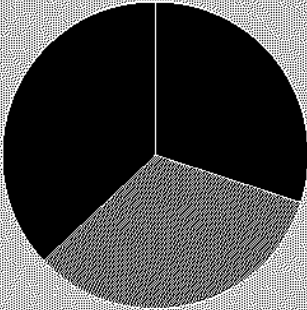
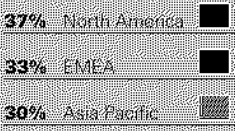


Total assets A\$m

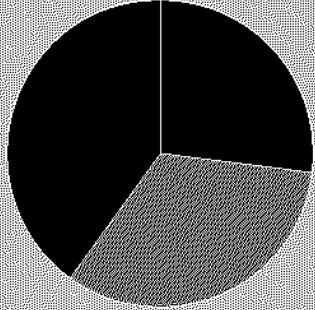
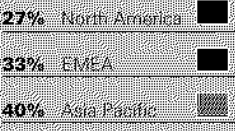


## REGIONAL ANALYSIS

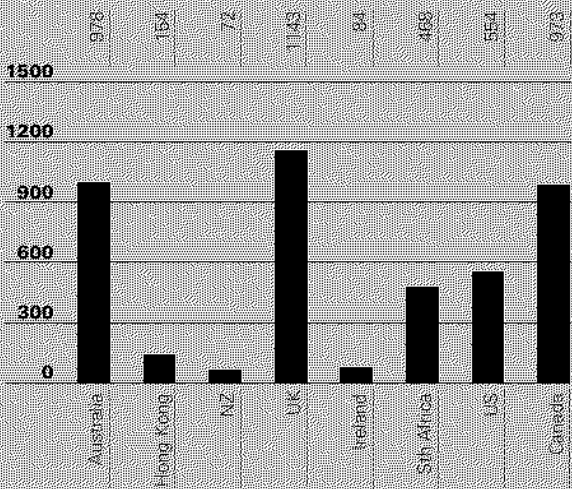
Total Revenue



EBITDA



## BUSINESS UNIT HEAD COUNT



# CHAIRMAN AND CEO'S REVIEW

## INTRODUCTION

Computershare provides integrated shareholder services to more than 7000 listed entities with over 60 million individual shareholder accounts in 10 countries around the world. The business delivers a full suite of integrated services to meet the needs of listed entities, their employees and their shareholders.

Computershare's competitive advantages can be summarised as follows:

- All services provided by the company to issuers and shareholders are our core businesses.
- We are the only global provider of these services.
- We are the only service provider in the industry who provides a full service capability.

## THE YEAR IN REVIEW

In our report to you last year we explained that revenue and earnings growth would depend on the recovery of global equity markets and in particular, improved interest rates and a higher level of corporate actions. This message was reinforced in our half-year guidance.

We also undertook to exercise vigilance in managing the cost base to ensure costs were kept in line with lower activity levels.

The past year did not provide any real recovery in either corporate actions or interest rate levels. In some areas the past year actually provided declines in these two factors. Due to continued poor market conditions, our approach over the past year has been to manage the company through the cycle and deliver the best possible result for the year.

We embarked on a three-point strategy including:

- Reduction in operating costs
- Improvement in service quality
- Improvement in the management of working capital

Against a revenue decline of 9%, we have achieved:

- Sustainable reduction in total operating costs of 10% (excluding non-recurring items)
- EBITDA (excluding non-recurring items) declined by 9%
- Improvement in service standards evidenced by minimum attrition rates that have been more than offset by new business wins and maintenance of market share
- Steady growth in our Employee Plans and Document Services businesses
- Modest improvement in the management of working capital (although more is needed).

However, the significant restructuring of our global businesses does come at a short-term cost to the NPAT line, which is affected by the non-recurring costs of redundancy and other write-offs. The underlying fundamentals of our global business remain sound. Our balance sheet continues to be strong and our businesses are more efficient and client-focused. Our businesses around the world are poised to benefit from an upturn in the market without adding significantly to the cost line.

## Significant Events (excluding acquisitions)

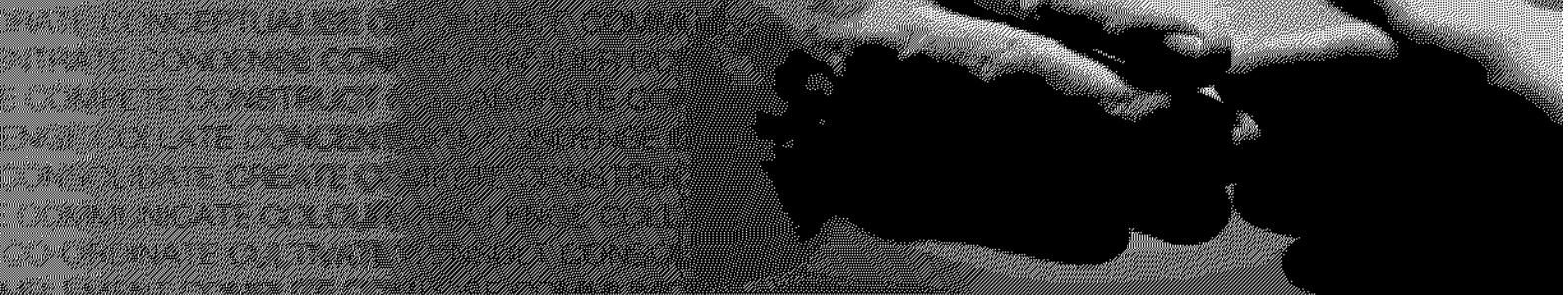
- On 11 September 2002, Computershare announced the buy back of up to 10% of ordinary shares in issue.
- The buy-back resulted in the purchase of 18,710,000 ordinary shares (3.38%) for a total cost of \$38,350,708 (average price of \$2.05) at the time of its completion date of 11th March 2003. Our gearing on a net debt to equity basis changed from 5% at end of FY 2002 to 13.2% as at 30 June 2003.
- During the year we announced our intention to move to new global headquarters in Abbotsford. This initiative will bring all Melbourne business units together with the centralisation of global technology development and some global processes, which will create significant cost saving and process improvement opportunities.
- On 28 August 2003, we announced a dividend of 2.5 cents per share, fully franked making a full year return of 5 cents per share, fully franked.

## Operating Achievements

### The Regions

#### Asia Pacific

- Delivered a reduction of 4% in sustainable savings
- Won 57% of Initial Public Offerings (IPOs) in competitive tenders
- Achieved a 50% increase in holders under management in Fixed Interest registers
- Increased the value of Plans under management by 22% to \$475 million
- Grew commercial sales for Document Services
- Maintained market share in New Zealand
- Accounted for 81% of total funds raised in IPOs on the Hong Kong market



## **North America**

- Delivered a reduction of 10.7% in sustainable savings
- Acquired the share registry business previously owned by Fifth Third Bancorp
- Maintained market share and won business in competitive tenders
- Sustained the improvement in quality of service in the US
- Acquired the employee stock plan business previously owned by Charles Schwab
- Won a major outsource Document Services contract from a blue-chip insurer in a year that saw growth in their revenue

## **Europe, Middle East and Africa (EMEA)**

- Reduced overall cost base with full benefits to accrue in FY 2004
- Acquired 27% interest in Pepper AG
- Acquired 30% interest in National Registry Company of Russia
- Grew the Plans business against the trend that included winning the business of four blue-chip companies.
- Grew commercial revenues for CDS from 25% to 37% of total revenue
- Maintained market share in Ireland where the Plans business has experienced healthy growth

## **Technology Advances**

- During the course of the year there have been successful conversions from existing third-party platforms to SCRIP in the US, Canada, South Africa and Hong Kong. All businesses are now operating on Computershare's own technology platform.
- COSMOS Global Options has now been deployed in the US, UK and in Australia providing a unique full management service for this type of employee remuneration.
- Technology Services has also successfully delivered improvements in web-based services, implemented workflow into key businesses and introduced improved telephony technology.
- As a further step in bringing added value to Computershare's global model, a new product aimed at multi-listed companies (PORTIS) was successfully launched. This unique product is explained in the 'Products and Services' section of this report.
- Total technology costs this year were 13% of total revenue compared to 13.7% last year.

## **Resource Management**

The technology advances made during the year, combined with a restructuring of our businesses and reengineering of processes has resulted in a reduction in operating costs (excluding non-recurring items) of \$60.8 million (9.6%) against the same period for last financial year and a reduction in full time employees (FTE's) of 5.5%.

Over the course of the year, all businesses have given priority to improvements in service standards and service quality for issuers, their employees and shareholders. This has included a realignment of our businesses to make us better able to understand the current and future needs of our clients and to fine-tune our service levels.

Indications so far suggest that this strategy has been effective, with a very small attrition rate for clients that has more than been offset by a variety of business wins across our businesses.

The management of working capital has improved but not to the degree that was expected. As a consequence this area will receive focused management attention during the first quarter of the coming financial year with the expectation that there will be significant and sustained improvements.

## **Acquisitions**

Acquisitions during the year were as follows:

- On 7 November 2002 the acquisition of the employee stock purchase plan business from Charles Schwab was announced. This acquisition served to further strengthen our competitive position in the employee plans market in the US.
- On 17 December 2002 the acquisition was announced of EFA Group assets for a cash payout of approximately \$7.4 million. The assets included the software rights to EFA's trading systems and settlement and clearing systems. A full report on Markets Technology can be found later in this report.
- In March 2003 we acquired an initial stake of 27% in ComputersharePepper SRM, a joint venture with Pepper Technologies. Shareholder Relationship Management is an exciting, innovative approach that provides listed companies with tools to derive value from the shareholder base.
- In May 2003 Computershare purchased a 30% interest in National Registry Company of Russia (NRC). NRC has a 20% domestic market share that includes a number of companies that are listed both in Russia and the UK.
- In June 2003, Computershare purchased the share registry and employee plans businesses of Fifth Third Bancorp in the USA.

## Opportunities

Following the successful drive to reduce costs, the company is well-positioned to reap the benefits of any upturn in market activity. The efficiency gains and reduction in operating costs have been underpinned by process and structural changes and technology innovation and, as such, are sustainable against any rising trend in the market.

Equally, the realignment of the businesses to a client-focused model, creates a far better climate for achieving cross-selling goals, indicating an expectation that at least some of the organic growth this year will come from these sources.

Acquisition opportunities will continue to be sought in support of the company's continuing global strategy.

## Risks

A further deterioration in the level of market activity, particularly in the areas of corporate actions, IPOs, and interest rates will have a negative effect on revenues. In these circumstances there will be opportunities for further efficiency gains as the benefits of the SCRIP system and other process and technology improvements flow through our businesses during the course of the coming year.

Pricing pressures are all part of the competitive landscape and these may continue into the next financial year. In this climate it is important that we leverage our competitive advantages and bring the full value of our revised structures to maintain and improve the quality and range of services to clients.

## Regional Management

During the course of the year we consolidated our regional structures with the appointment of Mr Rob Chapman as Managing Director for Europe, Middle East and Africa and Mr Steven Rothbloom as Managing Director for North America. Together with Mr Stuart Crosby, Managing Director for Asia Pacific they share the executive responsibilities for our share registry, plans, analytics and document services businesses.

## Board Appointments

We announced in March 2003 the retirement from the Board of Dr Iain Saville CBE. We would like to thank Iain for his contribution to the Board during his tenure.

In line with our commitment to maintain our international focus on the Board, we have appointed two additional non-executive directors.

William Ford MBA, BA Econ, was appointed as a non-executive director in January 2003. He is based in New York and is the Chairman of the Investors' Committee at General Atlantic Partners LLC. Mr Ford has brought an extensive understanding of the financial markets and has specific expertise in the finance and services sector.

Mr Ford brings relevant knowledge to the Board as well as a keen understanding of the US and international markets.

Thomas Butler BSc MBA, joined the Board on 15th May 2003. Mr Butler resides in the United Kingdom and has had an impressive career that has had its focus in Information Technology. Mr Butler's most recent roles included the executive management of multi-billion dollar service companies in the European region. Mr Butler's experience is wholly relevant to the company and will bring added depth to the Board.

Both gentlemen are standing for re-election as directors at the Annual General Meeting in November.

Mr Peter Griffin, our Deputy Chairman who has been on the Board for nine years since the company listed, is not standing for re-election this year.

Peter has contributed enormously to the guidance of the company in all areas, particularly with his background knowledge in the securities industry. He has worked well with the Board and management during his term and will be missed both personally and professionally by us all.

He is making way for another non-executive director to be appointed from the UK so that the balance on the Board reflects our spread of business.

We thank him sincerely for his contributions.

## Outlook

There are indications that market activity began to pick up towards the end of the year. However it is not clear at this stage whether this is a sustainable trend. Equally we cannot predict with any certainty how interest rates will react over the coming 12 months. As in previous years, these two factors largely drive profitability levels in FY04.

We expect the growth trend in Employee Plans to flow through next financial year and we will continue to seek out prudent acquisitions to provide a step-up in our growth profile in appropriate regions.

Regardless of revenue growth, we will continue to look for further cost reductions, through restructuring operations, the smart use of technology and further process improvements.

We have asked much of our staff this year and their determination and commitment to the company's goals has been impressive. On behalf of the Board we would like to express our sincere thanks to all staff for a job well done. We would also like to thank our shareholders for their continuing support for the company.

# MANAGEMENT DISCUSSION AND ANALYSIS

Computershare delivered another solid profit result for 2003 with reduced costs partially offsetting the continued pressure on revenue.

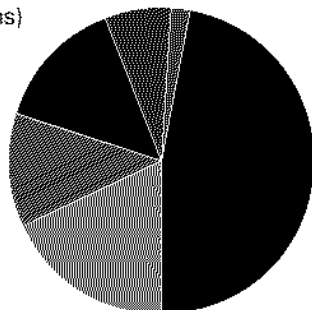
- Normalised net profit after tax declined 29% to \$41.1 million.
- Net profit after outside equity interests was \$16.3 million.
- Normalised earnings per share were 6.05 cents per share. Earnings per share, after non-recurring items, were 1.47 cents per share.
- A final dividend of 2.5 cents per share, fully franked, takes total dividends for the year to 5 cents per share fully franked, compared with 3 cents per share last year.

## FINANCIAL PERFORMANCE

- Total revenues were \$708.6 million, a 9% decline on last year. Sales revenue declined 8% to \$694.5 million. Registry maintenance income declined 7% to \$334.0 million due to price competition and the continued poor market conditions impacting transactional revenues, particularly in Europe and North America.
- Corporate actions income declined 25% to \$43.6 million as corporate activity remained low.
- Non-registry income declined marginally by 1% to \$145.6 million however the decline is attributable to reduced bureau income from the technology business.
- The Plans business experienced strong growth, particularly in the UK, and the Analytics and Document Services businesses delivered steady revenue growth.
- Margin income declined 11% to \$63.7 million reflecting the continued low interest rate environment.
- Recoverable income decreased 11% however this has been more than offset by a 17% decrease in cost of sales.

## Operating cost breakdown (excluding non-recurring items)

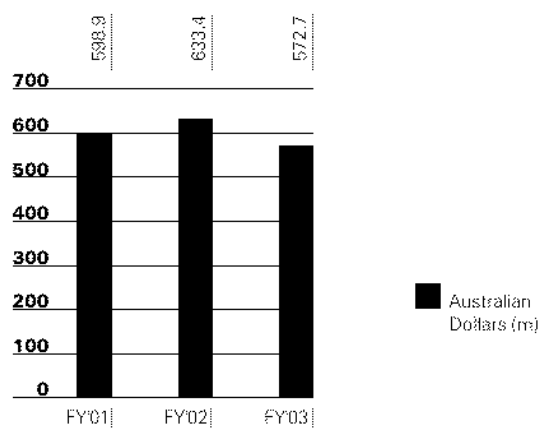
|     |                      |  |
|-----|----------------------|--|
| 2%  | Corporate            |  |
| 7%  | Occupancy            |  |
| 12% | Other direct         |  |
| 14% | Technology           |  |
| 18% | Recoverable expenses |  |
| 47% | Personnel            |  |



- Total operating expenses have decreased 10% on last year, with sustainable reductions in all cost categories.

## Operating costs

(excludes non-recurring items)



- Excluding cost of sales, total operating expenses declined 8%, equal to the 8% decline in sales revenue.
- Computer costs decreased 20% to \$29.1 million with the conversion to SCRIP in North America resulting in external bureau fees no longer being incurred.
- Personnel costs decreased 5% to \$326.5 million reflecting the decline in head count as a result of organisation restructuring and consolidation in all regions. The reduction in headcount, together with the continued focus on cost control, has contributed to the declines in discretionary and overhead costs.
- The operating result is unfavourably impacted by \$35.1 million of non-recurring items. This includes \$23.2 million of redundancy costs, the result of which will provide sustainable reductions in personnel costs in future years. The balance of non-recurring items relate to property write-offs (\$7.5 million) and other costs of restructuring the business (\$4.4 million).
- Borrowing costs declined 18% to \$8.3 million reflecting lower interest rates together with lower average debt levels since the preference share issue in December 2001.
- Depreciation and amortisation increased 10% to \$60.7 million. Depreciation increased 13% to \$24.9 million reflecting the significant capital expenditure in prior years, particularly on occupancy refurbishments. Amortisation increased 8% to \$35.9 million due to the acquisition of businesses and expenditure on leased assets and leasehold improvements.
- The headline effective tax rate is 41.8% as at 30 June 2003 (30 June 2002 31.0%) and the underlying effective tax rate adjusted for the benefit of tax losses not brought to account is 20.7% (30 June 2002 31.0%).

This result is primarily due to:

- a critical examination of the group's qualifying research and development activities in conjunction with the introduction of the 175% research and development concession regime in Australia, as well as qualifying research and development activities in the UK and Canada, that attracted tax concessions in those jurisdictions;
- an increased benefit arising from the difference in tax rates on overseas income as a result of a reduction in tax rates in Canada and, further to the completion of the joint venture arrangements with the Hong Kong Stock Exchange, the comparatively strong performance of the group's Hong Kong business in FY 2003 prior to the SARS outbreak, and
- limiting inefficient transactions where possible.

Computershare has conservatively not booked the benefit of \$18 million of income tax losses and there are a further \$18.3 million of capital losses. The benefit of these losses will be reflected in a lower tax expense in future periods when their recovery is virtually certain.

## REGIONAL PERFORMANCE

Regionally, revenues were apportioned between Asia Pacific 30%, North America 37% and Europe, Middle East and Africa (EMEA) 33%, which is broadly consistent with FY2002.

EBITDA was apportioned between Asia Pacific 40%, North America 27% and EMEA 33%. The North American EBITDA contribution has increased from 18% at December 2002 demonstrating a significant improvement in their profitability in the 2nd half. The 2nd half EBITDA splits were Asia Pacific 37%, North America 32% and EMEA 31%.

The Asia Pacific region contributed revenues of \$214.6 million and EBITDA of \$53.6 million. A decline in registry performance was partly offset by improved contributions from the Plans and Document Services businesses.

The EMEA region contributed revenues of \$231.9 million and EBITDA of \$44.3 million. The Plans business experienced significant growth during the year. With the exception of the Technology Services business, all other European businesses results were unfavourably impacted by the market conditions.

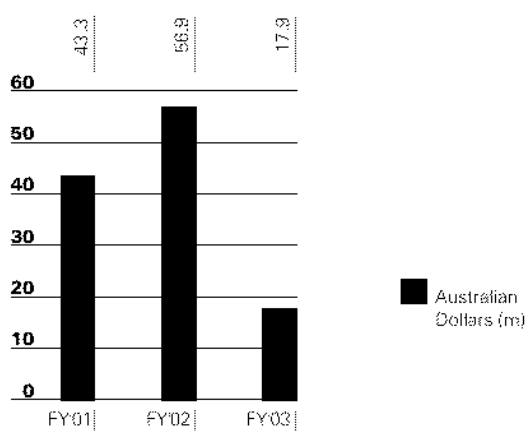
The North American region contributed revenues of \$258.8 million and EBITDA of \$36.0 million. Investor Services and Plan Managers businesses were considerably down on last year, reflecting the unfavourable market conditions. All other businesses, including Canada's Corporate Trust business, generated improved results on last year.

## INVESTMENT ANALYSIS

Technology expenditure increased 3% to \$82.5 million (excluding external bureau costs). Development expenditure of \$38.6 million continued to be expensed. Development and infrastructure expenditure increased by 9% and 15% respectively while maintenance spend decreased by 9%.

Capital expenditure totalled \$17.9 million, down \$39.0 million on FY2002. Capital expenditure included occupancy upgrades of \$1.7 million, technology infrastructure of \$12.8 million and Document Services equipment of \$1.0 million.

### Capital expenditure



Computershare also acquired the software rights to the trading systems and settlement and clearing systems of EFA Group for \$7.4 million.

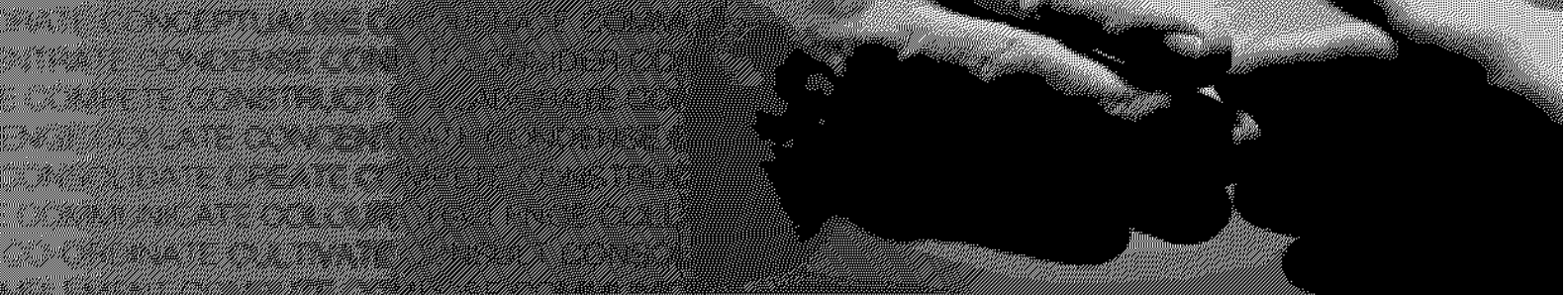
Computershare continued to expand in the key US market with the acquisition of businesses including Charles Schwab Corporate Services' Employee Stock Purchase Plan business for \$1.7 million and the stock transfer business previously owned by Fifth Third Bancorp for \$3.2 million.

Computershare also expanded its strategic relationships through associate businesses including:

a 49% interest in Deutsche Börse Computershare GmbH for \$9.5 million;

a 27% interest in Pepper Technologies for \$6.6 million, and

a 30% interest in National Registry Company of Russia for \$1.5 million.



In addition, Computershare invested \$8.6 million in shares in listed companies, including the New Zealand Stock Exchange.

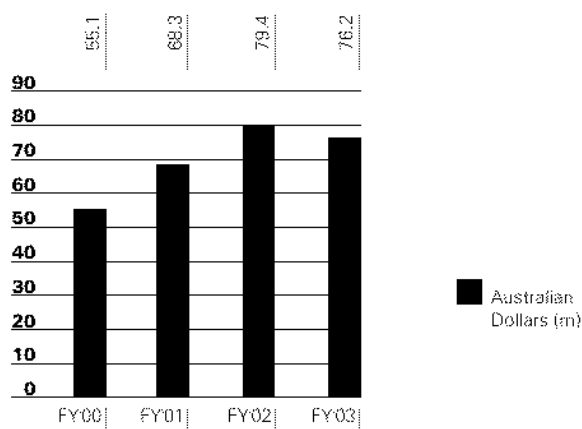
Computershare acquired 18.7 million (3.38%) of its ordinary shares through an on-market buy back, for \$38.4 million (an average price of \$2.05 per share).

## BALANCE SHEET AND CASH FLOWS

Total assets were \$894.4 million. Shareholders funds decreased by 10% to \$588.4 million due to the share buy back and the effect of foreign currency translation.

Cash flows from operations were \$76.2 million reflecting profit generation and improved working capital management.

### Cashflows from operations

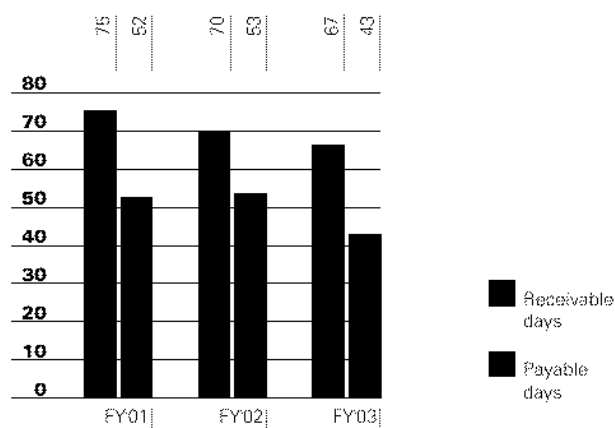


Debtor days outstanding are 67 days, down from 70 days at June 2002. This is still unacceptably high and further actions will be taken to address this in the early stages of FY2004. Payable days outstanding declined to 43 days.

Net borrowings increased by \$43.2 million to \$77.7 million to fund the share buy back, increased dividends and acquisition of, and investments in businesses. Gearing – net debt to equity – increased to 13.2% from 5% over the past year.

During FY2003, Computershare managed funds of between \$3.7 billion and \$5.5 billion. Our strategy is to minimise downside risk in the current low interest rate environment. 38% of funds are not exposed to interest rate movements and effective hedging is in place for 71% of the remaining exposed funds.

### Improved working capital management



### POST BALANCE DATE

There have been no significant events since the end of the financial year.

# PRODUCTS AND SERVICES

## TECHNOLOGY SERVICES (CTS)

A global group of business and technology experts, who maintain our existing proprietary share registry systems and develop, design, enhance and implement advanced technology solutions in support of our global businesses.

### SCRIP

Computershare's proven, fully integrated, share registry system that is deployed throughout all our businesses. The SCRIP system interfaces into the settlement systems of eight different countries around the world and in this context, is unique.

Its diverse functionality and flexibility facilitates Interactive Voice Recognition (IVR), automated workflow and web-based services that in many countries were a first.

### COSMOS Technology

SCRIP is complemented by COSMOS technology that strengthens and broadens the services provided to listed companies, their employees and shareholders.

### PORTIS

Multi-listed companies generally have a share register that is split between the countries in which they list. PORTIS is designed to provide issuers with a single view of their share register through aggregating and displaying shareholder information across international databases managed by Computershare. This service, the first of its kind, significantly enhances the ability of issuers to understand and manage their shareholder base.

## INVESTOR SERVICES (our share registries)

Provides a comprehensive range of registry and investor services including efficient daily management of company share registers, assistance in corporate actions such as initial public offerings, floats, rights issues, bonus issues, takeovers, mergers, capital restructures and dividend reinvestment plans. The company also manages company meetings, proxy processing, mailing, document management, demutualisation and investor contact solutions.

## COMPUTERSHARE PLAN MANAGERS (CPM)

Offers total management of employee share, stock and option plans through the provision of effective and efficient design, communication and ongoing administration of plans for the benefit of companies and their employees. The service is combined with a detailed understanding of the legal and regulatory environments across different markets, while technology channels orders through the appropriate markets and brokers. Information is delivered to plan participants in a highly efficient manner, through fully integrated web-based services.

## COMPUTERSHARE DOCUMENT SERVICES (CDS)

Provides all paper and document needs for share registries as well as handling the high volume mail-outs that are a feature of modern day share registry practice. The diverse offerings include integrated communication design and standardised communication offerings, laser printing, intelligent mailing and electronic information delivery services.

## COMPUTERSHARE ANALYTICS SERVICES (CAS)

Uses Computershare's global databases to deliver a comprehensive range of investor services to companies and securities industry participants. Services include share ownership analysis; proxy targeting and solicitation, global peer company ownership, share trading analysis, investor relations contacts management database system, investor targeting, and investor relations consulting. These offerings help companies to understand the dynamics of their share registers and to implement their investor relations programs.

## COMPUTERSHAREPEPPER SRM

Shareholder Relationship Management (SRM) is an innovative value-oriented approach to managing the relationships between a company and its retail shareholders, providing quantifiable benefits to the company secretariat, marketing, and investor relations. SRM has been developed and introduced to the UK, European, US, and Australian markets by Pepper Technologies, a client relationship management and marketing communications consultancy, and Computershare through its 27% ownership in the joint venture company ComputersharePepper SRM.



# TECHNOLOGY SERVICES REPORTS

## COMPUTERSHARE TECHNOLOGY SERVICES (CTS)

CTS is organised as a global business supporting all Computershare's technology needs. Its role includes the support of existing systems as well as the ongoing development and implementation of innovative technologies to achieve further efficiencies and cost savings throughout our businesses.

### THE YEAR IN REVIEW

This has been an intense year for CTS with a wide range of applications delivered into the global businesses. The level of our activity over the year has resulted in a marginal increase in technology costs (3.3%) over last year. Similarly, numbers of full-time employees were up 5% on last year, many of whom were part of the acquisition of EFA International in Canada. Staff turnover remains at a satisfactory level of less than one per cent.

As a result of this investment, the implementation of our technologies is providing our businesses throughout the world with the means for gaining efficiencies and savings that are eminently sustainable. The most significant systems implementations during the year include:

- Four key migrations of businesses onto Computershare technologies were completed in Hong Kong, USA, Canada and South Africa. Systems servicing those regions were developed to meet local requirements and to interface with local settlement systems. The completion of migrations in Canada and the USA has largely eliminated our exposure to external bureau fees and means that the bulk of our businesses are now operating on a common platform and are presented via a common web interface to both clients and their shareholders.
- The launch and ongoing roll out of our new options management and dealing platform in the UK, USA and Australia. Through fully integrated web and IVR interfaces, Computershare can now offer global companies and their employees the ability to view and exercise options, sell resulting shares and receive multi-currency payment.
- Supporting the options platform and other initiatives, CTS continues to develop the fully integrated dealing system which interfaces with our proprietary order routing and management technology to place buy or sell orders through the appropriate international market. The dealing system supports multi-currency payment and facilitates settlement of transactions in the appropriate market. This significant development continues to evolve from its initial implementation in the USA and has recently been implemented in the UK. The system is accessed by a number of products which are offered in a straight-through-processing environment through the web, IVR and requests received by operations staff.

- A new global product, PORTIS, delivers a consolidated global register view to companies whose share registers are split across countries as a result of multiple listings. This unique web-based tool was developed as a result of the needs of our global clients and utilises global infrastructure, all possible due to Computershare's common technology platform.
- In continued rationalisation efforts, CTS implemented a new fixed interest management and administration system in Australia and New Zealand. This enhanced system has already opened up a more lucrative market for our existing businesses.
- InvestorPhone uses a range of our technologies to provide efficient and effective services to shareholders. It significantly enhances the management and efficiency for incoming and outgoing telephone calls. This service was first implemented in the US and later in Australia. Plans are well advanced to implement this service in the UK later in calendar year 2003.
- Significant R&D spend continued on three crucial developments that bring sustainable efficiency gains into our businesses during the course of the year. Workflow, Document Storage Systems (DSS) and Electronic Data Capture (EDC) are now implemented globally. Workflow and DSS cater for the 'white paper' needs of our businesses (letters from shareholders etc) while EDC delivers high volume scanning capabilities for the processing needs of medium to large companies.
- Markets Technology, the group that provides a variety of technology solutions to stock exchanges, regulators and brokers has had a successful year that was augmented by the purchase of the assets of a key competitor. Full details of this group are contained in a separate section of this Concise Annual Report.

### FOCUS FOR THE COMING YEAR

- To continue to control IT costs and where appropriate make permanent reductions.
- To ensure that technology delivers the full potential of our global model to issuers, their employees and their shareholders.
- To further finesse our employee plan technologies.
- To continue to web-enable applications for both issuers and investors and refine the services that are currently deployed.
- To maintain the investment in our staff and ensure they have the tools and knowledge they require.
- To review and enhance our global data communications network.
- To constantly monitor resource levels to ensure that we can continue to deliver benefits to the business while remaining sensitive to costs for our shareholders.

# MARKETS TECHNOLOGY GROUP

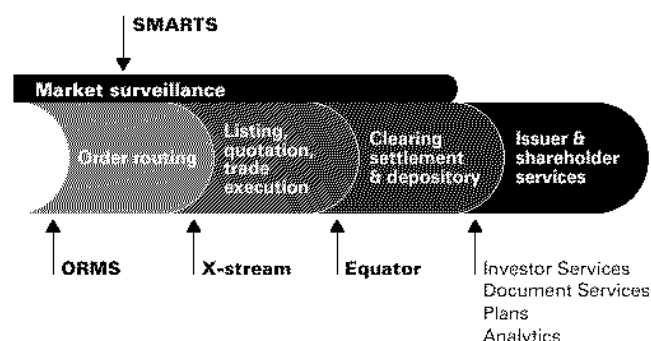
## BACKGROUND

Computershare Markets Technology is an independent and global business unit of Computershare Technology Services, providing business critical software systems for automated trading in financial instruments, order routing, real time surveillance of market activity, and post-trade clearing and settlement.

A major event for the group was the purchase of the software assets of our nearest competitor, EFA International of Canada. Computershare Markets Technology now has the largest installed base of exchange systems of any supplier. Client relationships that have flowed from this purchase have strengthened our ongoing revenue stream from support agreements. Forty national and other exchanges, Central Securities Depositories and surveillance authorities now depend on Markets Technology systems.

## PRODUCTS AND CLIENTS

### Value Chain in Financial Markets



All products are built on open platforms, with scale and flexibility paramount in their design, providing customers with solutions that facilitate long-term expansion of their operations without being limited by the technology.

- **X-stream**, our flagship product, is an extremely high performance trading platform used to trade all types of financial instruments, from equities and fixed interest to the most sophisticated multi-leg derivative strategies. It is the only product available that can trade all these instruments on a single platform and is particularly suited to the world's largest exchanges.
- **Horizon** is an automated trading and market management system tailored for markets that are automating for the first time or in the early phases of growth. It is a fully functional system for trading cash based instruments (equity, warrants, bonds). Combined with Equator it provides complete settlement, clearing and depository functions for a national exchange.

- **Equator**, Computershare's clearing, settlement and depository solution, is the most widely used CSD solution in the world. It provides complete, flexible and reliable processing of trades through to settlement, credit and inventory management and advanced collateral management facilities, including stock borrowing and lending.
- **ORMS**, our Order Routing Management System, is a high performance, fault tolerant system that routes orders to multiple markets from a single point. ORMS continues to support the growth of Computershare's dealing system by providing the necessary exchange connectivity.
- **SMARTS** is a world leading system that protects market integrity in fast-paced, volatile investment environments, through a complete set of surveillance tools for market regulators and securities commissions. It alerts authorities in real time, to any market improprieties and assists in ensuring a fair and efficient market.

## SIGNIFICANT EVENTS

- Completed the delivery of X-stream to ICAP plc, the world's largest inter-dealer broker.
- Purchased the software assets of the former EFA International, a Canadian competitor with clients in 25 countries.
- Delivered further technology to Helsinki Exchanges, which operates the Helsinki and Tallinn Stock Exchanges.
- Signed agreement with Oslo Börs to develop real-time surveillance in SMARTS for indexes, warrants, options and futures for both the Oslo Börs and Stockholm Börsen – a world first.
- Signed agreement with the Icelandic regulator to SMARTS, consolidating SMARTS position as the world leader in this field.

## MARKET CONDITIONS

In 2002, a year characterised by limited activity, financial exchanges, regulators and CSDs spent an estimated US\$200m on externally sourced central systems. This market spend plus the large emerging-market customer base and relationships that have flowed from the EFA purchase, provide a key opportunity for growth. Emerging markets are expected to follow the traditional pattern of growth requiring improved market regulation and surveillance all of which can be provided by Computershare Markets Technology.



## REGIONAL REPORTS

### ASIA PACIFIC

The Asia Pacific region comprises Australia, New Zealand and Asia, including Hong Kong and Philippines

#### REGIONAL SUMMARY

Market conditions in Asia Pacific were difficult during 2002/03, if a little less so than in other regions. Very low levels of corporate actions and continued lower interest rates across the region, combined with the SARS outbreak in Hong Kong and aggressive price competition in the Australian registry market, placed significant pressure on revenues. These were met with a range of restructuring and cost savings initiatives, and offset to some extent by some significant client wins.

Our Asia Pacific Document Services, Plans and Analytics businesses all achieved excellent results in a difficult climate.

A key development during the year was the establishment of a single regional infrastructure for sales and marketing, finance, human resources, and legal, risk and compliance. This provided efficiencies, but more importantly provides a strong platform from which to deploy our integrated offering across product lines and geographical boundaries. We are already winning significant new business with our integrated offerings and we look forward to continued growth from the same quarter going forward.

Another significant change initiated during the year is the consolidation of our Australian document processing operations, enabled by further deployment of 'workflow' paperless processing technology. New technology has also been introduced into our call centre operations. Both these measures have already provided significant quality and service level improvements as well as contributing to cost control. Further benefits will accrue during the current year as these initiatives complete.

### AUSTRALIA

#### INVESTOR SERVICES

##### (OUR SHARE REGISTRY)

##### The Year in Review

Due to the expected continuation of poor market conditions, a series of strategies were developed to minimise the impact on the investor services business. The strategies focused on cost reduction, improvements in service standards and an increase in cross-selling our various products and services to existing clients.

The year's results reflect the successful delivery of this strategy. Restructuring in the operational processing area of our business together with a re-alignment of business into a 'matrix management' model has delivered 4% improvement in sustainable savings for this financial year.

We have maintained market share in a tough competitive climate with an increase of 5% in shareholder numbers. Investor Services accounts for 63% of all listed companies including 64% of ASX 200 issuers.

During the course of the year, we won 57% of initial public offerings (38 out of 67) in competitive tenders, which equates to around 58% of the total new capital raised last year.

The re-structure of the product development, sales and marketing group is also beginning to deliver positive results across products and services with an increased take-up rate for Analytics, Plans, Document Services and electronic shareholder communication products.

In order to provide an increased level of support for staff, the learning and development teams have been centralised in Melbourne and this has resulted in marked improvements in delivery of 'on the job training', skills transfer, and industry specific knowledge and competencies.

Our graduate program, now in its second year, has been an outstanding success, with no graduates leaving the program. The first intake of graduates are fully integrated throughout our businesses and those in the second intake are proceeding successfully, as they are rotated throughout our main business units. The overall standard of the graduates has been extremely high.

Technology has played a pivotal role in creating efficiencies in our business and in facilitating improvements in our service levels. During the year we implemented InvestorPhone, a new telephony platform delivering better services to shareholders and other industry participants and improved management information to measure the quality of our delivery.

A further refinement to our workflow technology, that records and tracks all paper-based shareholder communications, has resulted in a more effective and timely service to these stakeholders.

#### Market Conditions

In line with many other countries, financial markets in Australia have been characterised by low levels of capital raising activity, although there were signs of a modest increase in levels as the year came to a close.

In this climate there has been a natural tendency for corporate Australia to reduce costs wherever they can and, as a consequence, this has put pressure on pricing. Despite this pressure we successfully held off a number of challenges to existing accounts and won significant new business. It is also encouraging to note that this was achieved while still protecting acceptable profit margins.

## Significant Transactions

A key differentiation between Computershare and its competitors is in its ability to offer fully integrated services to issuers, shareholders and their employees. The list that follows contains transactions that include elements of our varied service offerings.

- BHP Billiton Group – integrated global service offering of investor services together with employee plans, analytics and document services
- Foster's Group Limited – integrated global service offering of investor services, employee plan services, analytics and document services
- Selected as the preferred tenderer for the processing on behalf of Residential Tenancies Bond Authority
- MIM Holdings – processed in excess of 38,000 proxies in connection with the scheme of arrangement between MIM and Xstrata
- Promina – integrated service offering to one of the largest floats globally, including investor services, employee plans, document services and analytics
- Constellation/BRL Hardy merger
- CSR Limited demerger
- WMC Limited demerger
- Coles Myer AGM – complex action with over 260,000 proxies processed

We further developed our fixed interest business (both wholesale and retail products), and experienced a 50% increase in holders under management. Business wins included:

- South Australia Financing Authority – last of the Australian State Government borrowing authorities to sign with Computershare
- The rights to manage the debenture register for a large retail credit provider
- Consolidated penetration of our products within Commonwealth Bank of Australia (eg CBFC Ltd)

## Priorities for the Coming Year

As we plan for the year ahead, our strategy will be to continue to deliver cost reductions where possible and to seek even greater improvements in the standard of our services to issuers, shareholders and employees. Cross-selling to our base of 1200 issuers will also continue.

Debt instrument registration has provided growth and a good counterbalance to investment cycles and we will develop our capacity and services in this important arena.

Further areas of continued development are planned in the key area of electronic shareholder communications, including ComputersharePepper SRM.

Finally, we will further build on our human resource practices to develop 'employer of choice' platforms that will include family friendly work practices, increased staff reward and recognition programs set against defined goals and ongoing training and support.

## PLAN MANAGERS

### The Year in Review

Coming into the year, our strategy was built around generating growth through new clients and moving existing registry clients onto our fully outsourced plan service platform. This strategy was complemented with a drive to further enhance our technology and to develop increased specialisation of job functions with our staff.

This strategy has proved successful and is reflected in our statistics. To begin with, there were no major withdrawals or decreases in the period, highlighting the continued popularity of employee share ownership despite the decline in market conditions. During the year client numbers on full outsource have grown by 31%.

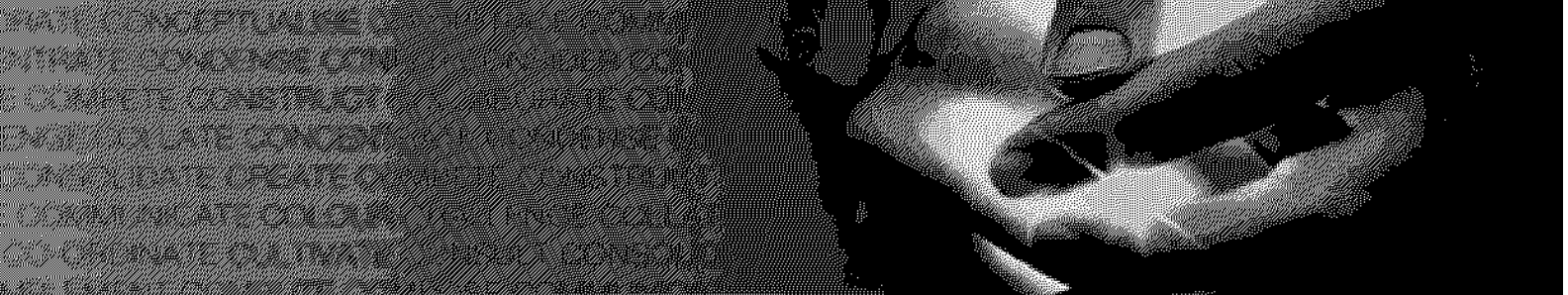
Participants have increased from 73,000 at the beginning of the year to a total of 124,000 by financial year-end (an increase of 70%). The value of plans under management has increased by 22% to \$475 million.

During the course of the year, Plan Managers facilitated over \$100 million worth of share purchases on behalf of participating employees.

Going into the end of the financial year, we assisted 20 clients in respect of over 30,000 eligible staff, to either launch or re-offer their plans for the forthcoming tax year. Only 3 of these clients were with us at the same time last year.

To promote effective change in employee ownership rules, Computershare co-founded The Employee Ownership Group with other ASX listed companies and professional service firms. The group is actively involved in lobbying Government and has already met with Australian Senators Minchin and Alston and Minister Abbott.

Computershare's Managing Director for Plans in Asia Pacific region, Mr Geoff Price has also been elected to the board of Global Equity Organisation (GEO). GEO is a non-profit organisation that aims at providing a forum for an open exchange of the latest information about equity-based employee compensation in the global community.



### Market Conditions

In defiance of overall market trends, the employee share plan business showed remarkable resilience, evidenced by the strong growth previously reported. This tends to underscore the continuing popularity of employee share plans as a strategic remuneration and wealth-creating vehicle, within an increasingly robust taxation and regulatory framework.

Our success in this market also reflects well on our business model. The local offering is increasingly appealing to domestic listed entities and, as the model can be drawn on globally, it also appeals to Australian and offshore multi-national companies.

### Significant Transactions

Towards the end of the year, Plan Managers won the employee plan business for the newly listed Promina Group. The plan provided services to 6,500 employees in Australia and New Zealand. In addition, we have been awarded the contract to fully outsource AMCOR's employee share and executive option plans business.

These are global plans being offered to 30,000 employees in over 30 countries. We expect this business will come to fruition during the first half of 2004 financial year.

Other significant contracts during the year include AMP, ANZ, CSL, BHP Billiton Group, Fosters Group, IAG New Zealand and Futuris. The majority of plan management contracts won this year were in competitive tenders.

### Priorities for the Coming Year

We expect another year of strong growth, so our priority will be to establish processes and controls designed to manage growth, and continue to deliver reliable results to clients. We will continue our commitment to developing and enhancing our management software, and the specialist skills of our growing team of share plan professionals.

Further, we will be working hard with existing clients to achieve strong employee participation rates, produce relevant information for participants, and reporting information to meet growing compliance obligations of employers.

## DOCUMENT SERVICES

### The Year in Review

With 70% of revenue arising from non-share registry sources, Document Services was cushioned from the effect of the downturn in securities market activity and was able to meet its sales targets in both its registry and commercial markets. This resulted in an increased contribution to Computershare's earnings before interest, tax, depreciation and amortisation.

Efficiency gains achieved through processing and structural improvements, some of which came through our ISO 9001 accreditation, delivered a 14% reduction in full-time employees.

New print and mail technologies were implemented that enabled us to increase our production to meet the demand of 180 million images and 72 million mailpacks during the year.

A range of new products were successfully launched during the year. These included:

- Viewpoint – to allow electronic archive and delivery of documents over the internet.
- Intersect – enabling clients' customers to make bill payments electronically.
- Signal – email and fax delivery of essential communications.

### Market Conditions

Competition in the commercial arena has been fierce. Many companies have now outsourced their print and mail requirements. This environment is creating pricing pressures that, in turn, are forcing a significant rationalisation of our industry.

Our traditional registry-related services experienced a small decline that was offset with the introduction of new products and services and an increase in commercial revenue.

### Significant Transactions

- We re-signed 5 major customer contracts during the year.
- We were awarded a commercial contract with Australia Post to support their new Billmanager service. As part of this contract, Document Services provided design and programming of the application and managed the resulting printing of documents and their despatch. Australia Post also deployed the Viewpoint product.
- Signed a major bank for Viewpoint services.

### Priorities for the Coming Year

- Our priorities will be driven by the expected market conditions. A key element of our strategy is to work closely with existing clients to make sure we continue to deliver superior service and achieve a full understanding of their future business objectives and establish how we can help them in achieving these.
- Continued, prudent investment that brings an adequate return is also important, to position the business to compete. We will therefore be looking to selected acquisitions that grow the business, expand our coverage and underpin sustainability of our earnings.
- We will move to capture more revenues through the wider application of our registry products and increase our presence both nationally and internationally in line with the location of our existing and future customer base.

## ANALYTICS SERVICES

### The Year in Review

Growth this year has been moderate, in line with general market conditions, although share ownership analysis has retained its popularity as a valuable investor relations' tool.

With the subdued equity markets, we saw an emergence of jumbo capital raisings and share purchase plans as alternative mechanisms of capital raising. We were involved as adviser in 80% of all jumbo capital raisings during 2002-2003.

Many companies enacted merger and acquisition (M&A) strategies during the year that were also beneficial to our business in terms of takeover defence, target company analysis and proxy solicitation campaigns. The proxy solicitation work is segregated between institutional campaigns and retail campaigns. These retail campaigns are implemented through the investor contact centre using ComputersharePepper's SRM software.

During the year Analytics provided services to 56% of companies in the S&P/ASX50 and 54% of companies in the S&P/ASX100. Some 20% of Analytics customers have their registry management with other registry service providers, thereby providing a valuable entrée to other Computershare services.

Integration of the service offering of Computershare Analytics UK, North America, South Africa and Australia continued during the year, with considerable advances in product development, aimed at making Analytics a leader in provision of global stock ownership and investor relations market intelligence.

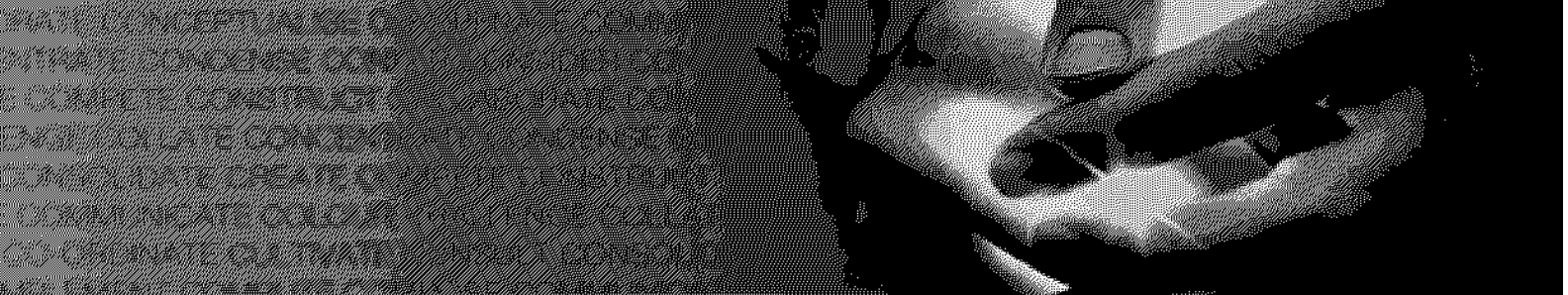
### Significant Transactions

Despite the flat market, a number of notable corporate transactions gave us business opportunities, these included:

- Jumbo capital raisings for the Macquarie Bank group of companies and Transurban.
- Proxy solicitation for CSR Limited and WMC Limited de-merger votes.
- Investor targeting for the Promina initial public offering.
- Combined stock surveillance reporting for companies with listings on multiple stock exchanges.
- Takeover defence campaigns for Goodman Fielder and AMP Property Trusts.

### Priorities for the Coming Year

- Growing our client base in Australia and New Zealand, expanding the services taken up by clients and expanding to issuers in Asia.
- Increasing our role in special corporate actions and contentious polls, in particular in proxy campaigns and during M&A activity as a support service for either the bidder or the target.
- Implementing new technology including launching global IRtrack – a web-delivered investor relations contact management database, allowing investor relations officers to access accurate global buy-side and sell-side contacts and investor market intelligence.



## NEW ZEALAND

### INVESTOR SERVICES

#### (OUR SHARE REGISTRY)

##### The Year in Review

Our business accounts for 75% of companies listed on the New Zealand Exchange (NZX) including 44 of the top 50. We manage around 90% in terms of total issued share capital and 85% of volumes through NZX.

The New Zealand Stock Exchange demutualised in January and listed as newly branded New Zealand Exchange. Shares in NZX opened at a third above the expected price. This successful debut reflected the market's optimism for the demutualisation and for NZX's new CEO and management team. As a major player in this market, Computershare has excellent working relationships with the exchange. Computershare Limited acquired a stake in NZX as this was considered a sound investment in a forward thinking exchange, which is re-organising its business model under new leadership.

The NZX listing has been accompanied by renewed interest in NZ listed stocks, with trading volumes rising in the Q4 2003 (April-June). In turn, this has halted the decline in the number of holders under management.

Through focusing on our core service provision and processing efficiency, we have been able to achieve a prudent, 8% reduction in staffing numbers to help mitigate the market downturn. However, we have taken care to ensure that staffing levels are appropriate and will not jeopardise service provision when the market improves.

##### Market Conditions

In line with weak regional and world capital markets, the NZ stock market has been very subdued, in particular when compared to activity levels throughout FY 2002.

The number of corporate actions managed was low due to the flat market, while a number of planned actions, especially initial public offerings, have been postponed because of limited market 'appetite'.

However, there are signs of renewed activity in the wake of the NZX listing, which has acted to rekindle interest in the NZ stock market.

##### Significant Transactions

- Debt market continues its 2-3 year run as a mainstay of the New Zealand market. The issue of capital notes and other debt instruments is fast becoming a preferred source of capital raising for NZ companies, especially by equity issuers.

- Debt of Capital Notes, which typically pay interest at 8% to 9%, have been repeatedly oversubscribed. This market provides a long-term source of revenue to the registry as the bonds have a fixed length maturity of 5 to 8 years. Furthermore the current trend is to pay interest quarterly rather than six-monthly, with a consequent increase in revenue from payment activities. Debt registers now account for 15% of the registers we maintain.
- Retail finance providers in particular are sources of potential business, as many still operate debt registers in-house. Our business strategy has therefore been to actively pursue debt instrument registry business throughout the year. This strategy will be ongoing into FY 2004.

##### Priorities for the Coming Year

- We plan to continue to expand registry services and introduce other products/services.
- There will be a continuing focus on service improvement and diversity of services/products.
- We will continue to work closely with NZX to explore opportunities of mutual advantage.
- We will work with market participants to lead debate and development of key industry issues. Automating the reporting of possible 'Insider Trading' to comply with new 'Continuous Disclosure' regime is an example of this.
- We plan to further develop the fixed interest/debt instrument registry system to place us in an even stronger position to take over the management of debt registers that are currently in-house, in particular debenture registers managed by retail credit suppliers (eg Fisher & Paykel).
- We will further develop the user-friendliness of FASTER statements by including additional portfolio information (eg unlisted stocks as well as listed stocks); and providing flexibility in the timing of these statements, so that market participants can receive holding statements that suit their own reporting requirements.
- We will proactively encourage clients to mandate direct credit as the means for the payment of dividends and interest in order to assist with risk management objectives (eg reducing cheque fraud). There appears to be no major legal or company constitutional blocks to making this the norm, rather than the exception across our industry in New Zealand.

## HONG KONG

### INVESTOR SERVICES

(OUR JOINT-VENTURE SHARE REGISTRY OWNED IN CONJUNCTION WITH HONG KONG STOCK EXCHANGE AND CLEARING LIMITED)

#### The Year in Review

Overall, the share registry industry in Hong Kong has experienced a slowdown in IPOs and corporate actions. The market was affected by the war in Iraq and the outbreak of SARS. The general economic downturn led a large number of companies to postpone their listing.

Our share registry provides services to 375 Hong Kong listed companies, representing 83% of the total capitalisation of the Hong Kong market. By segment, we serve 21 of the 33 companies that make up the Hang Seng Index, all 29 of the companies that constitute the Hang Seng China Enterprise Index and half of the companies in the GEM Equity Index. During the year, we handled 31 IPOs, accounting for 81% of total funds raised on the Hong Kong market.

A new system for Poll Voting was designed to meet the needs of local company requirements. It is designed to facilitate shareholder attendance and voting counts. This was first used during the Hong Kong Exchanges and Clearing AGM and produced excellent results.

#### Market Conditions

SARS severely affected mainland China and Hong Kong in the spring of 2003. This disruption had a negative impact on markets and resulted in no IPOs being listed in Hong Kong over a three month period.

To ensure the smooth continuous business operation, management invoked its disaster recovery plan that resulted in no interruption to services during the period.

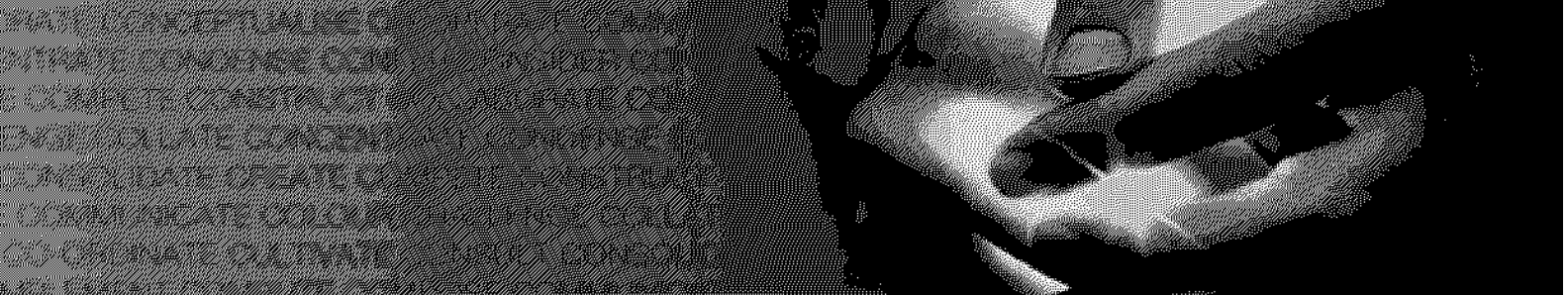
A consultation paper was issued to discuss the proposal of the merger between the Companies Registry and the Securities and Futures Commission (SFC) into a single corporate regulator. This would provide for a clearer regulatory structure.

### Significant Transactions during the year

- We successfully bid for the Standard Chartered Bank HK IPO that listed concurrently on the London Stock Exchange. Computershare was uniquely positioned to manage this IPO from both countries. This was the first IPO run on our SCRIP platform in Hong Kong.
- We played a key role in the successful listing of Bank of China Hong Kong in July. This was the biggest public offering in Asia in 2002 with over 400,000 applications that were processed in the required five days.
- China Telecom represents another major China company that listed on our market and successfully started trading on November 2002. We were awarded the contract for the IPO and ongoing share register.
- The IPO of CK Life Sciences, which is a subsidiary of Cheng Kong (Holdings) Ltd, was a challenging experience, as a range of application forms and criteria were required.

### Priorities for the Coming Year

- We will continue to work closely with market intermediaries to gain their support and referral for new business.
- We will continue our improvement in customer service.
- We will continue to seek improvements in efficiency through process and technology innovation.



## NORTH AMERICA

The North American region comprises the United States of America and Canada.

### REGIONAL SUMMARY

During the year, Computershare North America made significant strides. We completed the implementation of SCRIP for the bulk of our North American businesses. We have lowered our operating costs across North America, while maintaining high client satisfaction and loyalty, and we have added new clients, both through direct sales and through strategic acquisitions.

We accomplished all of this despite the difficult market conditions experienced in the US following the burst of the 'dot com' bubble and the September 11 attacks. These have continued to affect us, as they have affected Computershare worldwide. US interest rates are at a 40 year low, with the US Federal Reserve making 13 rate cuts in the past two years, directly affecting income from funds held in trust by Computershare.

Many analysts foresee economic recovery in the near future. Even so, we have continued to focus on recession-proofing our North American operation by concentrating on client retention, efficiency and cost containment.

The implementation of SCRIP in North America provided a significant opportunity to not only eliminate the costs of licensing third-party systems, but also to begin implementing a significant regional-wide business process review. This review, which will continue through the 2004 fiscal year, will result in efficiencies across the board that will reduce costs by increasing the speed and accuracy of processing and eliminating unnecessary staffing and facilities expenses.

As areas of the business in North America have gone through this process, we have seen immediate results. Both our plan managers and share registry businesses in North America have not only retained the vast majority of their clients, despite intensifying competition, but both have acquired significant new clients over the course of the year, including The Home Depot<sup>®</sup>, Abbott Laboratories, The PNC Financial Services Group Inc, and Chicago Mercantile Exchange.

The efficiencies gained through implementation of SCRIP have also enabled us to acquire other companies' business without the added expense of increased staffing, building our client base and forging new alliances. Our acquisition of Charles Schwab's employee stock purchase plan business includes not only the acquisition of new clients but also a strategic alliance to provide ongoing equity plan solutions for prospects and clients requesting combined employee stock purchase plan and stock option plan services.

At the end of the year we announced the acquisition of Fifth Third Bancorp's transfer agency business, which not only brings us 80 new issuer clients but also forges a relationship with a major Midwest commercial bank.

In addition, we have focused this year on improving cash flow, to enable us to reinvest in the business and make strategic acquisitions. We have implemented stringent collection procedures for all our clients, and expect to see greater improvements flowing into FY 2004.

We have also significantly improved our cash position, partly through strict spending controls for fixed assets and information technology, but also largely thanks to the implementation of SCRIP, which eliminated the expense associated with using the SunGard system. Our improved cash position in the US means that not only are we completing the fiscal year with a positive cash position, but that we were able to complete the acquisition of the Fifth Third transfer agency business with no outside financing.

We are now beginning to see the same types of progress in other areas of our North American business. Document Services is effectively expanding beyond supporting our investor services business into sales of commercial printing and mailing services. Analytics has established content licensing and private label agreements with a number of major US firms, including Standard and Poor's and the American Stock Exchange.

In Canada, the primary focus has been on the implementation of SCRIP for our transfer agency and employee plans businesses. Even so, we have been involved in some major transactions in Canada this year, most notably the Great West Life Company plan of arrangement with Canada Life. This is an extremely complex transaction that began in February 2003 and is due to close in July 2003, and we will see the full revenue benefit of this action in FY 2004.

As the world economy recovers, the relationships and reputation we have been building will lead to greater opportunities for growth. We will focus in FY 2004 not only on continuing to build market share by acquiring new clients, but also on effectively cross-selling to our current client base. The efficiencies we have implemented through SCRIP and through business process review will make us better able to compete both in service and in price in the highly competitive North American marketplace.

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## UNITED STATES OF AMERICA

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### TRANSFER AGENCY

#### (OUR SHARE REGISTRY)

##### The Year in Review

The 2003 fiscal year represented the first full year of operating on the SCRIP platform for Computershare's Chicago US transfer agency business, serving mid-sized to large clients. With SCRIP fully implemented, our large US clients benefit from SCRIP's advanced management reporting capabilities, access to Computershare's online web-based services for themselves and their shareholders, and increased accuracy and efficiency in shareholder communication and support.

Implementation of SCRIP has also enabled rollout and implementation of Computershare's Workflow systems, driving increased accuracy and efficiency in processing for our largest US clients, as well as enhanced investor communications.

Our Denver office continues to serve our smaller US clients, relying on specialised software uniquely tailored for their needs. This year, we developed and rolled out a version of our web-based Issuer Online tool customised for use by our Denver clients.

##### *Client Retention*

Our reputation continues to improve among our clients. For example, in a major annual independent third-party survey of issuers, we scored number one against our largest competitors in 21 survey categories, including:

- Client loyalty
- Overall satisfaction
- Record accuracy
- Correspondence
- Call centre operations
- Relationship management responsiveness.

Moreover, we had the largest increase in satisfaction of any of our competitors, with an increase in our overall score of almost 6 percent.

We continue to emphasise client communication, meeting with an advisory board of our top clients twice a year to obtain feedback and maintain strong relationships. We have replaced our quarterly client magazine with a higher-frequency, lower cost targeted client email more specifically tailored for our Denver and Chicago clients' needs.

As a result of these efforts, client retention in the US has been at its highest since we entered the US market, with less than 2% of clients choosing to leave us for another agent. Despite intensive competition from large, established competitors, we continue to maintain a 5% market share in the US.

##### *Innovative products and solutions*

With the full implementation of SCRIP, we have been able to leverage Computershare's extensive experience in dematerialised environments to take the lead in moving the US away from traditional stock certificates. Our first step in that arena, the introduction of a generic stock certificate solution to the US market as an alternative to engraved certificates, has met with success in the US market and is currently in use with a number of our transfer agency clients, including Harley Davidson and Apple Computer Incorporated.

##### Market Conditions

The US market continues to be difficult, largely due to continuing stagnation in the US economy and a challenging competitive environment.

The economic downturn is impacting current revenues as well as new business opportunities. This has resulted in a slowdown in IPO and merger and acquisition activity, resulting in fewer opportunities for transaction-related revenue, and fewer opportunities to step in as a new issuer's transfer agent. The number of mergers and acquisitions during the first quarter of calendar year 2003 was the lowest it has been since 1994, and deal volume was down 25 percent from the same period the previous year. Initial public offerings have declined steadily since 2001, when there were 767 initial public offerings in the US, to only 230 in calendar year 2002.

In addition, Computershare's US transfer agency business continues to face several very large, long-established competitors in the US market. Meanwhile, prospective new business is relatively scarce, as companies are less inclined to risk changing providers in the current climate. Despite intensive competition, however, we continued to maintain our market share, and brought on several significant new transfer agency clients.



### Significant Transactions

During 2003, we added more than 50 transfer agency clients to our US client list, as well as handling corporate actions for more than 50 organisations.

- The PNC Financial Services Group Inc., one of the largest diversified financial services organisations in the US, selected us as their transfer agent.
- The Chicago Mercantile Exchange selected us as their transfer agent, and is a flagship client for the Chicago office.
- Church and Dwight Co Inc., makers of Arm and Hammer products, selected us as their transfer agent, adding another 'household name' to our US client list.
- We participated with Computershare offices around the world in a number of cross-border corporate actions, demonstrating the value of Computershare's global model, such as:
  - HSBC Holdings plc and Household International.
  - Moore Corporation Limited and Wallace Computer Systems Inc (now Moore Wallace Incorporated).
  - Computershare was appointed as agent to process the termination of UAL Corporation's employee stock ownership plan, involving more than 73,000 accounts with more than 16 million shares. Processing began in July 2003, and we will recognise revenue from this work in FY 2004.
  - Computershare is also assisting with the sale of shares for a group of UAL employees in Japan, through the combined support of our US, UK and German offices.
- At the end of the year, we announced the acquisition of Fifth Third Bank's transfer agency business that provides registry and employee plan services for 80 issuers and over 180,000 shareholders and plan participants. This includes the management of the register and employee share plans for Fifth Third itself. We will absorb the business into our Chicago and Cleveland offices and, as a consequence, there will be no transfer of staff from Fifth Third's share registration or employee plans businesses. We expect to migrate the Fifth Third records to the SCRIP platform by the end of August 2003, and to realise the revenue from the acquisition in FY 2004.

### Priorities for the Coming Year

During FY 2004, we will seek to expand our client base, while continuing to focus on efficiency and results for client retention; we will

- Drive operational efficiency and service delivery, enabling us to expand without adding significant costs.

- Control costs and increase cash flow to allow for reinvestment in the business and strategic acquisitions.
- Increase revenue growth through acquisitions and upselling new products to existing clients, while continuing to build on the momentum gained this year to sell our services to new clients.
- Enhance our relationships and retain clients, focusing on service delivery and client communication.

### EMPLOYEE PLANS

#### The Year in Review

This fiscal year, Computershare Plan Managers continued to focus on client satisfaction and the enhancement of current services to existing clients. For example, this year we rolled out online tax certification for participants for both the web and the IVR to improve our competitive position by adding new functionalities. We also developed employee communications materials for employee stock purchase plans that can be customised for individual clients' plans.

Computershare Plan Managers also successfully implemented plans for two major clients:

- Royal Philips Electronics – stock option plan.
- The Home Depot® – employee stock purchase plan, our largest ESPP client with over 130,000 accounts.

We hosted the second annual North American Strategic Council meeting attended by clients from both the US and Canada, helping us refine our services to best meet our clients' needs.

Call volumes also increased this fiscal year with a significant jump in the last quarter, primarily due to bringing on board participants from The Home Depot®, and those of clients obtained through the acquisition of Charles Schwab's employee stock purchase plan business.

#### Market Conditions

There was continued decline in market activity throughout the year coming off the previous year's economic downturn. This has impacted our financials – reducing administrative revenues and commission revenues.

Overall, declines in the first nine months of FY 2003 showed signs of improvement in the final quarter, when sales increased by 19%, together with a 39% rise in volumes.

Despite these difficult times, we were able to retain the majority of our employee stock purchase plan clients and at the same time acquired several new ones.

As the financial year came to a close we began to see improvement in the Dow Jones Industrial Average that climbed in the last two months of this fiscal year. In line with this, we experienced an increase in stock sales that resulted in improved commission revenue for Computershare, and set the stage for market productivity and positive transaction revenue in the coming year.

Further, many of the clients added this year are newly implemented employee stock purchase plans, suggesting that companies continue to view employee stock plans as a valuable employee benefit.

#### Significant Transactions

- Acquired Charles Schwab's employee stock purchase plan business, including First Data Corporation and Storage Technologies. In addition to the acquisition, Schwab and Computershare have entered into a strategic alliance to provide ongoing equity plan solutions for prospects and clients requesting combined employee stock purchase plan and stock option plan services.

In addition, we were appointed to manage the employee stock purchase plans for the following companies:

- The Home Depot®
- Abbott Laboratories
- Express Jet Holdings Inc
- Washington Group International Inc

#### Priorities for the Coming Year

- Continue to roll out new technology to support other employee stock plans beyond stock options and stock purchase plans, as well as additional web-based services, to broaden our service offering and to provide a higher level of service to our clients, increasing our competitive advantage.
- Effectively cross-sell to existing clients to broaden the array of services. We have restructured the Plan Managers sales team for more effective selling, and plan to aggressively target existing Computershare transfer agency clients with our employee stock purchase plan offerings.
- Aggressively pursue new business and at the same time increase the market awareness of Computershare, our services and expertise.

## DOCUMENT SERVICES

### The Year in Review

Computershare Document Services completed its second year of operations in the US and is now fully staffed and fully operational. It generated additional revenue over FY 2002 through registry-related sales from our Denver office, fulfillment services, recovery of work previously outsourced, financial printing, and proxy services. In addition, three significant new commercial clients were won.

A new product portfolio of annual meeting services called Quorum was launched during the year which met success in the Denver office in terms of generating sales leads among Denver transfer agency clients.

The SCRIP conversion was successfully completed and an internal production system that shows the current status of each job from conception to completion, called Job Tracker, was introduced during the year. This will create further processing efficiencies and will be introduced into other Document Services sites during the coming year.

Volumes grew significantly this fiscal year compared to last year with 27% more mail packs and a 23% increase in print volumes compared to FY02. This translates into a revenue increase of 18% over the prior year.

### Market Conditions

The US equity markets were flatter with little activity flowing through in respect of corporate actions.

There exists a very low percentage of outsourcing (<50%) in this market. The sheer size of companies possessing in-house document print and mail obscures the need for cost imperatives. However we predict a rise in the number of companies outsourcing this activity due to it being 'non-core' and/or to gain specialist external expertise.

Indeed, we note that the general economic downturn in the US favours us to capture market share as more companies look to cut costs and gain 'economies of scale' benefits from external outsource providers such as CDS.



### Significant Transactions

Three Significant 'commercial' print and mail work contracts were won during the year – Destiny Health, Group 5, and a major provider of environmental, health and safety compliance and information management services. Also we:

- Significantly expanded support for US transfer agency and employee plans businesses with increased volumes.
- Developed a high-security laser printed generic certificate as alternative to existing bank note printed certificated for corporate actions. This enables automation of printing and mailing processes and positions Document Services to gain extensive corporate actions work. The product also provides significant benefits to the issuer in terms of greater security and lower costs.

### Priorities for the Coming Year

The focus in the coming year will be on increasing revenue from commercial document design, production and delivery. It will also be on implementing an automated billing process called Meridian to improve the billing processes and gain consistency between both North American locations.

In particular we will focus on the following:

- Aggressively focus on organisations that have small in-house print facilities to sell them our value proposition.
- With the change in the market in Canada with National Instrument 54-101, the US market remains as one of the last bastions of a closed, non-competitive market. Given that there is a groundswell of issuers that would benefit from a competitive market and competitive pricing, Computershare will be actively lobbying for and/or proposing policy alternatives to the US Government (similar to Canada's National Instrument 54-101) to help create a freer, more open and fairer market in the US.

## ANALYTICS SERVICES (NORTH AMERICA)

### The Year in Review

Although the North American economy continued its downturn in 2003, Analytics emerged with good results and some important wins, including the provision of private-labelled content to the American Stock Exchange and Standard and Poor's. This was also the first full year in which we recognised revenue from third-party redistribution relationships we established last year, and in fact succeeded in growing that revenue this year by adding users to those contracts.

We invested significantly in sales and marketing of Analytics products, expanding the sales team to improve coverage. We have intensified our marketing efforts for StreetSight, which brought market share gains, and conducted a major telemarketing campaign for IRtrack with promising responses.

Over the course of the year, we enhanced our content to create the largest available contact database of capital market participants. In addition, Analytics has also been investing resources in the development of global equity ownership content. We have been promoting this development to the marketplace over the past year, and expect to increase revenue following rollout of this content in FY 2004.

### Market Conditions

Difficult economic conditions had a negative impact on issuers' investor relations activities. During the past fiscal year issuers were more focused on corporate governance issues than targeting new institutional investors.

The lift in the market in the last few months of the year, however, resulted in increased trading and in increased interest by investor relations professionals in our IRtrack product.

Lower trading volumes had an adverse affect on StreetSight sales. However, with Wall Street firms focused on cost cutting, Computershare Analytics has a strong competitive advantage as a high quality/low cost alternative to incumbent suppliers.

### Significant Transactions

- Issuers – provided IRtrack private labelling for companies of the American Stock Exchange and issuer clients of an international investment firm.
- Capital Markets – sales of multi-seat subscriptions to StreetSight to several large sell-side institutions as well as an expanded content licensing relationship with Standard and Poor's.

### Priorities for the Coming Year

In alignment with the global support Computershare provides issuer clients, Analytics will provide similar support through the introduction of global security ownership content within the IRtrack and StreetSight offerings, and by offering global ownership content to third parties for redistribution.

We will also continue to improve our online product offerings through enhanced design and increased service offerings, and will leverage our expertise to expand into additional service areas, such as consulting.

## CANADA

### TRANSFER AGENCY

#### (OUR SHARE REGISTRY)

##### The Year in Review

The primary focus was to maintain existing business and to be in a position to leverage existing client relationships in an effort to capture revenue opportunities as they arose and to position us to meet the opportunities that improved economic conditions will bring.

IPO activity was minimal, relative to prior years, although there was a slight increase in the total number of IPOs during FY 2003. This past quarter saw an increase in IPO activity, leading to increased provision of transfer agency and registrar services.

During the year, we also piloted a new business model in the Western region and incorporated a reengineered process that enabled stock transfer to gain efficiencies and reduce salary expense. This pilot will be rolled out on a national basis during FY 2004, resulting in further efficiency gains and expense reductions.

A major achievement in Canada during the year was the successful conversion of all Canadian accounts to Computershare's proprietary SCRIP system. Also of note was the introduction of web-based services for issuers and shareholders, and electronic document delivery services, including the delivery of new services for Corporate Actions.

In all, Canada retained its 62% share of the market and continues to serve approximately 3000 issuers across the country.

##### Market Conditions

The past year has been characterised by minimal IPO activity. However, we are starting to see slight improvements with more IPOs and some merger and acquisition transactions taking place.

Income funds flourished during the third and fourth quarter of FY 2003, which acted to offset some of the reduced IPO activity this past year.

The internet continues to play a key role in the development of services by industry players and their usage by clients. Ease of use, flexibility, 24/7 access and convenience are key market drivers.

Adoption of National Instrument (NI) 54-101 provides transfer agents with the ability to deliver shareholder communication to beneficial holders. Implementation of NI 54-101 has moved the industry closer to complete transparency and has opened the market up considerably to transfer agents, although the full impact of these changes will not be felt until FY 2005.

### Significant Transactions

- Great West Life Company Plan of Arrangement with Canada Life. This large and complex deal involved participation by Investor Services, Document Services, and Technology Services. The full revenue benefit of this action will be realised in FY 2004.
- Reorganisation of Fording into a Unit Trust – this deal included our proxy solicitation services (including 8 mailings) and generic certificates were used in the reorganisation.
- Client acquisition from Desjardins Trust – following its exit from the stock transfer business, Computershare acquired 28 of 33 clients of Desjardins Trust.

### Priorities for the Coming Year

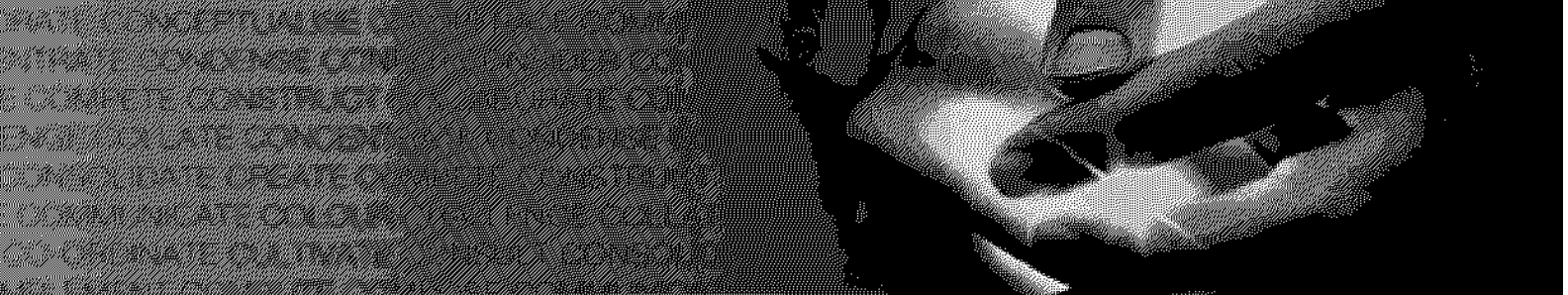
- There will be a continued focus on building effective relationships with our issuers, their employees and shareholders.
- We will enhance our service standards to ensure we fully meet the expectations of our shareholders.
- We will implement our new business model that will result in services that are tailored to individual customer needs and will effectively promote our products and services range.
- There will be a continuing drive to deliver additional efficiencies through products and services utilising the newly implemented SCRIP platform and other technology innovations.
- We will seek to ensure that our business is well-placed to reap the benefits of regulatory changes that open the shareholder communication market to competition.
- We will introduce a Client Advisory Board, which will allow us more time with key clients thereby strengthening client relationships.

## CORPORATE TRUST

### The Year in Review

This past year has been characterised by a continued downturn in the business cycle, which has affected top line revenue. The impact to our bottom line has been contained through prudent cost management and continued growth in the Energy Trust/Income Fund sector.

Although the adverse economic conditions have made it difficult to replace revenues from businesses lost or matured, we have had successful results with some of our key product offerings.



Special business related to the Energy Trust Market, primarily internalisation transactions has contributed substantially to our financial success. In addition, our broker-registered products have provided increased revenues due to an improvement in our float income and number of accounts. Further, our mortgage-backed securities business has continued to be strong, as we are uniquely positioned as the sole central payer and registrar to benefit from the increased issuance through the National Housing Act program.

### Market Conditions

There has been a significant decrease in new business activity due to very few new issues entering the marketplace over the past 6 months. The business cycle downturn has been strongly felt as new businesses failed to materialise in significant volumes, particularly in the autumn of 2002 and early 2003. Our expectation is that there will be an increase in activity during the final months of 2003.

### Significant Transactions

- SFK Pulp Income Fund – we were appointed as both trustee and registrar for this IPO – the biggest income fund on the TSX in 2002.
- Caisse de Dépôt – N45 First CMBS Issuer Corp – this subsidiary of Caisse de Dépôt et placement du Québec issued its fifth Commercial Mortgage-Backed Bonds Issue on June 21st, 2002. Computershare acts as paying agent and holder of the power of attorney for the benefit of the Bondholders.
- Aéroports de Montréal (ADM) – with capital expenditures for airport improvements on the rise, ADM issued 30-year bonds and appointed Computershare as Trustee and interest paying agent.
- Merrill Lynch Financial Assets – a notable transaction was the combination of three additional Commercial Mortgage-Backed Securitisation deals this year with Merrill Lynch Financial Assets. A further issuance is expected in the beginning of the next fiscal year, which will bring to eleven the total number of such deals with them.

### Priorities for the Coming Year

- Manage costs and identify internal efficiencies.
- Focus on client retention and added quality servicing.
- Pursue additional revenue opportunities from within and outside our client base.
- Promote staff training and minimise staff turnover.
- Market Computershare as the corporate trustee of choice for the legal and business community.

- Drive the cultural change of increasing the relationship management and business development activities of our Trust Officers.

## PLAN MANAGERS

### The Year in Review

Our main strategy was to retain existing business relationships while we were preparing for the conversion to our proprietary system SCRIP. The additional features and functionalities of this platform will include web access, placing us in a better position to capture business opportunities as they arise and to capitalise on our dominant market position in share registry in the future.

To date we have successfully migrated the majority of the accounts to the new system and the remainder should be completed before the end of the current calendar year. We remain a major player in employee plan administration and with the investments in recent years we will become the only global provider of solutions in that specific market.

The focus this year was primarily on the conversion of the Canadian ESPP business to SCRIP, and on implementing the associated process changes, which will continue into the next fiscal year.

Computershare Plan Managers hosted the second annual North American Strategic Council meeting attended by clients from both the US and Canada.

### Market Conditions

The past year has seen more Canadian companies review their use of stock options as employment incentives. This is a consequence of a potential change to accounting policy for options along the lines of the Sarbanes-Oxley Act in the US and general shareholder concerns in the wake of alleged abuses of executive-based option plans.

This may well turn into an opportunity as companies may decide to outsource the administration of their stock option and share ownership plans to third-party suppliers. This will improve transparency and add the advantage of arms-length plan administration.

As general employee turnover has increased over the years, employee plans are playing a more significant role in attracting and retaining employees at the expense of the pension plan. More companies are either starting employee plans or relaxing the eligibility requirements of their existing plans.

### Significant Transactions

- Fortis: Employee Share Purchase Plan with Retirement Savings Plan component transferred to Computershare March 2002.

- CP Ships: completed rollout of North-America-wide Award Plan launched early 2002 with the implementation of the US Employee Share Purchase Plan launched August 2002.
- Pepsi Employee Benefit Plan transferred to Computershare August 2002.

#### Priorities for the Coming Year

Our priorities for the coming year are designed to solidify our market position and to educate our employees and clients about the new system that has been deployed. The priorities can be summarised as follows:

- Maximising internal operational efficiencies and productivity gains as a result of implementing the Canadian component of the SCRIP employee plans administration platform.
- Continued focus on quality by implementing service improvements to achieve a high level of plan sponsor and participant satisfaction.
- Increasing investment in staff training and development.
- Using our technology to secure additional business from existing clients and business from new clients.
- Implementing COSMOS Options, our new stock option record keeping system.

### DOCUMENT SERVICES

#### The Year in Review

This was a formative first year for Document Services in Canada. We are now firmly installed in our new facility and fully integrated with Computershare's other range of businesses in Canada.

We have implemented straight-through processing for registry products and we have converted the entire client base to our generic products.

The new facility, coupled with more efficient technology and plant, has increased our print capabilities. In turn, this has flowed through to the bottom line in the last quarter with improvements in our contribution to both revenue and EBITDA.

During the course of the year we brought about improvements in our post and mail services that delivered significant margin savings.

As well as winning our first commercial client in March, we were also awarded a significant contract with a major, multi-listed insurance company to provide document delivery services and communication solutions for their insurance business in Canada.

Regulatory changes were effected during the course of the year that will open up significant new opportunities for the share registry and for documents services. We have worked in tandem with our share registry to engage the industry to support these changes and we continue to work with our share registry on plans to provide a superior service to issuers following these changes.

#### Market Conditions

Against the overall trend we were able to capture a reasonable part of merger and acquisition activity, which created a cushion from the effects of relatively flat share registry opportunities.

The commercial side of the business was slow in a climate that saw reluctance among large corporations to outsource this business. We do not consider this to be a long-term trend but rather a feature of current market conditions. In the mid-term we believe corporations will more and more turn to outsourcing non-core activities and we believe we are well positioned to grasp these opportunities as they arrive in the market.

#### Significant Transactions

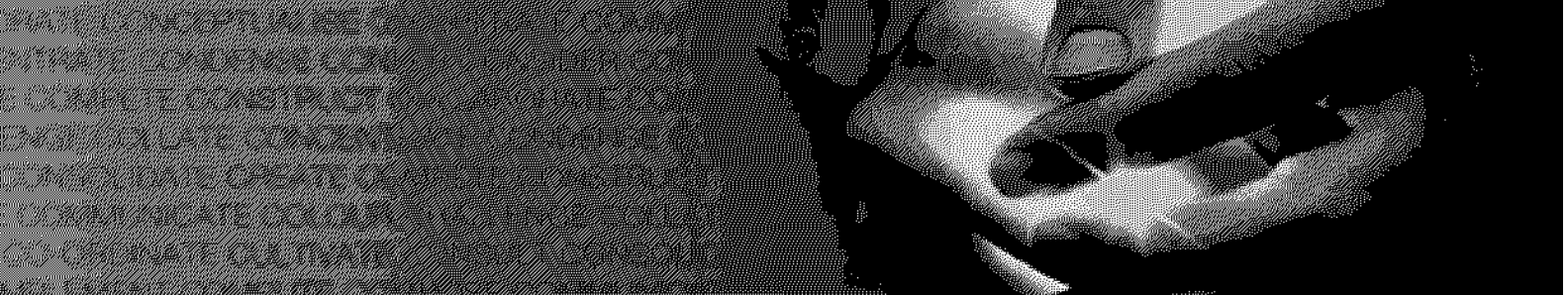
- Share registry print and mail for Great West/Canada Life corporate action resulting in the production of 1.2 million documents.
- We signed up our first commercial client in March (Open Access) to service their client communications needs.
- We successfully won the outsourcing contract for Royal & SunAlliance to provide document design and printing and other important communications services.

#### Priorities for the Coming Year

- Further development of the commercial market in Canada.
- We will deliver new technology and increase our range of services and products to better serve the needs of the share registry and commercial markets.
- We will continue to work towards smooth implementation of the additional services we and share registry can offer following regulatory changes in the Canadian market.

### ANALYTICS

This business is run on regional lines and the report can be found in the previous section 'United States of America'.



## EUROPE, MIDDLE EAST AND AFRICA (EMEA)

The EMEA region comprises the United Kingdom, Ireland, Channel Islands, South Africa and Germany.

### REGIONAL SUMMARY

During the last year we have looked closely at the organisation and implemented a series of changes to improve financial returns. The restructuring the business operations in the UK will deliver significant benefits that accrue in FY 2004. The introduction of electronic shareholdings required us to restructure operations in South Africa, (where we work for 90% of listed companies) and staff numbers were reduced from 671 to 468.

There has been careful investment in businesses in potential growth areas for the future. Computershare acquired a 27% interest in Pepper AG to provide issuers with sophisticated tools to analyse and communicate with retail shareholders. We also purchased a 30% interest in NRC (National Registry Company of Russia) to extend our footprint in the region.

Further diversification from core registry services is progressing with alternative revenue streams developing well despite adverse market conditions. There has been consistent growth in Plan Managers' income. Revenues from CDS from non-registry clients increased to 37% of billing. In addition the introduction of new services for issuers such as Shareholder Solutions, SRM, and Proxy Solicitation received a positive response in all regions, and is beginning to generate returns.

Changes in the management team have resulted in the appointment of Rob Chapman as Managing Director, EMEA Region.

## UNITED KINGDOM

### INVESTOR SERVICES

#### (OUR SHARE REGISTRY)

##### The Year in Review

During the course of the year, management has focused on streamlining operations to reduce the cost base. We implemented our centralisation and restructuring policy that resulted in a reduction in employee numbers together with a consolidation of operational processing in Bristol. This has delivered some savings this financial year and will deliver significant reductions in the overall cost base in FY 2004.

The business concentrated on drawing together the services Computershare offers to issuers into a more integrated offering. We have successfully introduced a range of services for issuers including proxy voting and corporate action solicitation, proxy telephone voting, premium broker line, Open Ended Investment Companies (OEICs) management, and IPO registration.

Low-cost dealing services have been promoted to issuers and revenues have increased in employee share plans dealing and telephone dealing.

### Market Conditions

Financial markets in the UK have contracted in the last year, with a reduction in the number of listed companies; the value of trades on the London Stock Exchange has remained static. As a result the level of corporate actions was reduced with European IPOs down from 309 in 2001 to 174 in 2002.

There has been market consolidation in the registry business with the acquisition of Northern Registrars by a competitor, and continuing strong price competition for the limited amount of available new business. This has impacted our core business, and as a result management has taken action to ensure that all resources – staff, capital, investment in technology – are deployed effectively. We are continuing to make investments in order to automate our processes for greater efficiency, so when market activity picks up we will benefit from a significantly reduced cost base. Interest rates in the UK are at a 50 year low, which has a clear impact on margins.

Despite adverse market conditions, the business has gained two major clients where we were successful in introducing them to products which help to reduce the cost of servicing shareholders while continuing to meet their legal obligations and protecting their corporate reputations.

### Significant Transactions

- Whitbread plc transferred their registry to Computershare following the award of the SAYE and Executive Options plans to CPM in the previous year.
- The Shareholder Solutions business gained the Bradford and Bingley program to trace 75,000 unclaimed shareholders.
- Shareholder Relationship Management projects have been run for 15 clients.
- 123 Corporate action projects have been undertaken including Marconi, Boots, Kingfisher, Rolls-Royce and Arcadia.
- Delisting and the first liquidation payments were managed for RT Group plc (formerly Railtrack Group plc, who went into voluntary liquidation).

### Priorities for the Coming Year

In the coming year, the priority will be to continue the focus on exemplary service delivery to retain existing clients, and to offer them additional services to help them further understand and communicate with retail and institutional investors.

The key focus areas will include:

- Continued attention on cost reduction and client retention strategies.
- Helping clients develop strategies to address their retail shareholders long term with shareholder relationship management programs aimed at delivering cost savings, additional revenue and, where appropriate, liquidity in the retail base.
- Supporting clients' cost saving objectives through e-Communications initiatives and programs to trace missing shareholders.
- Introducing UK clients to our ADR capability, so they can take advantage of Computershare's integrated network and extensive knowledge of securities markets.
- Providing clients with an integrated set of services such as share option plans with low cost dealing.
- Increase the use of automated phone based and web based services by issuers, shareholders and brokers.
- Increase revenue from the contact centre facility as part of communications programmes for non-registry clients.

## PLAN MANAGERS (CPM)

### The Year in Review

Our strategy this year has been to focus on plan implementation, client retention and growth, specifically with clients administering multiple plan types in different countries.

After a period of rapid growth this has been a year of consolidation, where we have invested in new technology and improved management and operational processes. Our focus has been to ensure the successful implementation of new share plans and to introduce new technology to improve efficiency and service. COSMOS Options, which allows employee plan members around the world to conduct transactions online, was successfully introduced for Philips. An Interactive Voice Response enrolment system has improved services for new plan participants – speeding up registration and improving internal efficiency.

There have been enhancements for online services for plan members including historical transaction enquiries, and enrolment, account closure and maturity transactions plus real time share price information. We have also integrated share trading with our share plan administration packages and this has significantly increased our ability to generate revenues from sources other than core administration.

The main services Plan Managers have promoted during the year are Share Incentive Plans (SIP) and Executive Share Options Plans. While our focus has been on consolidation, we have still increased our revenues significantly and attracted some sizeable new business from blue-chip clients.

### Market Conditions

The year was characterised by a slow-down in option plan activity following proposed changes in accounting treatment for options and the general economic downturn. Despite these conditions, the plans business performed well, and against the trend, by producing an increased contribution to revenues and to EBITDA.

### Significant Transactions

Major new executive options and share incentive plan schemes have been won from blue chip clients including:

- Global share plans for British American Tobacco.
- Global share plans for Reckitt Benckiser.
- Share Incentive Plan for the Royal Bank of Scotland.
- Share Incentive Plan for Powergen.

Working with Ernst & Young UK, we undertook a series of share plan workshops addressing key topics for clients.

### Priorities for the Coming Year

- Improve online and IVR services to further enhance services to plan members
- Target global companies with large employee pools
- Continue to improve the quality of services in order to gain more plans business from new clients and from existing clients of our other business.



## DOCUMENT SERVICES (CDS)

### The Year in Review

CDS provides a comprehensive range of secure document and printing services to Computershare's registry clients and also now increasingly handles many communication projects unrelated to shareholders. Revenue from non-registry related services has grown to 37% of total revenue compared to 24.7% the previous year.

The SMART printing capability, implemented this year, was developed for shareholder communications and is used to offer services for utilities and telecommunications billing, loyalty and store card membership mailings and financial services client materials.

New capabilities have been added during the year with a print project management and creative team added in-house in order to handle the complete design and end-to-end management of a wide range of communications projects. Postal discounts for clients have been increased through a new agreement with the Post Office. Other new services include secure PIN mailings and clients' stock management. Contact centre staff can now retrieve images of communications sent to individual customers for improved query handling.

### Market Conditions

Registry related work has been affected by the economic downturn and limited corporate action work, however we have been actively targeting clients who use other printers with some success. In other areas, the economic factors have worked in our favour as companies return to core competencies and close their in-house printing facilities. Price is a major factor for print sales, so the strategy has been to concentrate on 'smart' printing applications, which offer both maximum value to the client and maintain good margins for the business.

### Significant Transactions

- Transformed mobile phone billing for Cellular Operations with greatly improved payment/cash flow and significant reduction in their client queries.
- AGM mailing for West Bromwich Building Society.
- Quarterly mailing to Co-Operative Retail Society Store Card Holders.
- The business achieved ISO 9001 accreditation.

### Priorities for the Coming Year

- Provide end-to-end communication and enquiry handling solutions for new clients, which involves all areas of Computershare's operations including the contact centre and workflow.

- Expand capabilities beyond paper into electronic communications.
- Provide web services to clients so they can view business information, project progress and invoice details online.

## ANALYTICS SERVICES

### The Year in Review

Citywatch is the market leader in the UK in the supply of UK equity ownership data, with 90% penetration among the top investment banks. From this strong base our next opportunity for growth lies in the provision of global data – a key requirement as the City of London becomes even more international in its outlook. Our focus this year has been to reengineer our systems and structures and to exploit synergies with teams in the US and Australia, in order to increase the breadth and consistency of content. There has been streamlining within the team on a global basis to improve efficiency and cap costs.

We have been exploring partnerships in Scandinavia to increase our European client base when the global data set comes on stream later in 2003.

A proxy solicitation unit has been established to complement the analytics services and Computershare's meeting management services for issuers. The hot topic of corporate governance has brought resolutions on directors' remuneration and board structure into focus for both retail and institutional investors. Understanding shareholders and how they will react in upcoming meetings is becoming more important to issuers. The mechanisms in the market do not provide end-to-end confirmation for beneficial owners – and the proxy service fills this structural gap.

### Market Conditions

The business has maintained its position against difficult conditions – most clients have pursued significant cost cutting programmes reducing both services and staff. Our data is more timely and accurate than other services in the market, so competitors have been suffering more keenly from cancellations. We have experienced some pressure on prices, but cancellation levels remain negligible.

The increasing focus on shareholder participation in corporate governance and pressure on management to justify remuneration packages and board appointments in the UK has accelerated the growth in our proxy solicitation programs, and helped in building market awareness of our new capabilities.

### Priorities for the Coming Year

- Launch of Citywatch Global for analysis of worldwide shareholders online
- Launch of IRtrack with global ownership information
- Building awareness and reputation of the proxy solicitation team as experts in the institutional shareholder voting process

### Significant Transactions

Mainly in the M&A area the completed projects include:

- Green Property
- Alphyra
- First Active Capital Repayment Program
- Riverdeep – a Management Buy Out (MBO) managed across multiple jurisdictions

## IRELAND

### INVESTOR SERVICES

#### (OUR SHARE REGISTRY) AND PLANS

##### The Year in Review

Our share registry business maintained its 72% market share for the year. Our plans business continues to grow and we have now secured 80% of the SAYE administration market and approximately 20% of the total employee plans market. Consequently, cross-selling strategies to the existing client base has been a priority – clients have been introduced to other Computershare products such as Analytic's, SRM, ADRs and other investor services.

The new products launched into the Irish market include Computershare's ADR program and Shareholder Relationship Management (SRM) services. SRM has been well received with AIB, Bank of Ireland and First Active using, for the first time, our eCommunications and online proxy voting services.

Plans administration capabilities have been introduced to all registry clients and of our profit sharing product to our SAYE clients has gained momentum and will see further revenues coming through in 2004.

We continued our investment in staff training and development to ensure we have the skills and knowledge in place across all disciplines to support further business expansion.

##### Market Conditions

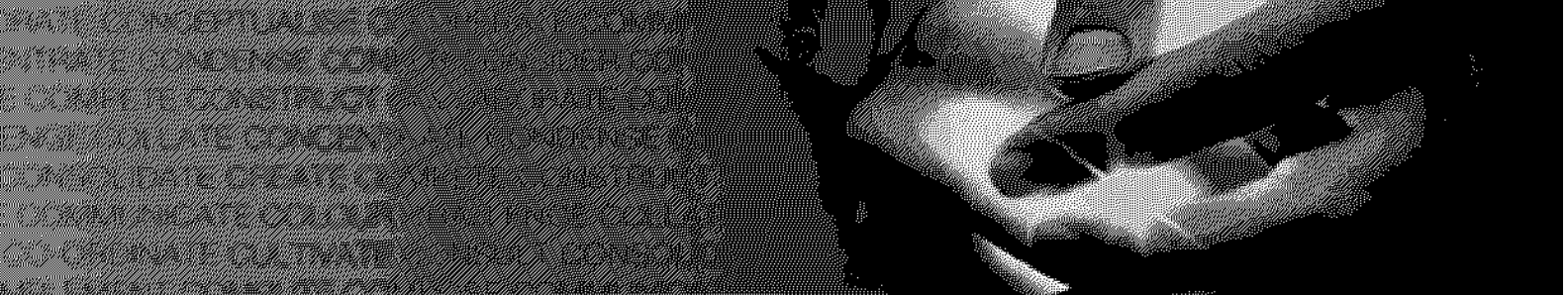
As in other countries and regions, Ireland has experienced flat market conditions over the past year. There has been an absence of IPO activity and a decline in the number of companies listed.

In contrast, there has been very positive interest in developing employee plans and we have seen this business grow considerably from a standing start in 2001 to administering almost 150 schemes this year.

We continue to be the registrar and receiving agent of choice with the main finance houses and recent research indicates this is likely to continue over the next year.

### Priorities for the Coming Year

- To develop a funds administration product that exploits the growing demand for this type of service.
- To increase our global share plan administration for Irish clients and Irish employees of global clients.
- To develop new online tools for issuers and shareholders, automating core registry services.
- To deliver all aspects of employee plans including administration, custody, share dealing and trustee service.



## **SOUTH AFRICA**

The market infrastructure in South Africa differs from other of our world markets and, as a result, Computershare's business is structured differently.

Investor Services has two elements. The first is the traditional model for share registry services and the second is custodial services where, as a participant in South Africa's depository, STRATE, we hold shares on behalf of investors.

A third component of our business is CST Outsourcing providing custody and settlement services for brokers.

### **The Year in Review**

Investor Services accounts for over 90% of the companies listed on the JSE Securities Exchange.

The conversion of companies that were previously managed by Mercantile Registrars onto the SCRIP platform was successfully completed during the year. In addition to this we have also implemented workflow and call-flow technology to provide more effective and efficient services to our clients.

The overall economic and market downturn together with changes to the market infrastructure necessitated a prudent reengineering program. One of the outcomes has been a reduction in staff from 671 at the end of FY 2002 to 468. These savings were made possible through improved efficiencies following the conversion of all companies onto the SCRIP platform, the introduction of workflow and other technologies and a sharp focus on process improvements.

CST Outsourcing Ltd is a joint venture between Computershare Outsourcing and Tasc Settlements (Pty) Ltd and provides custody and settlement services to 20 of the 60 JSE Securities Exchange broker members. The joint venture became effective on 1 July 2003. The value of funds under custody in this business has grown from R12 billion (A\$2.4 billion) one year ago to R26 billion (A\$5.2 billion).

Computershare Custodial Services accounts for 1.5 million private investors in the Issuer Sponsored Nominee program, 10 international clients and many institutional investors with a combined value of shares held in custody of R150 billion (A\$30 billion). We anticipate continued growth in this area of our business.

### **Market Conditions**

As with other world markets, South Africa experienced depressed economic and market conditions. New listings on the JSE Securities Exchange ground to a halt with Computershare winning the Telkom float and share registry, the only IPO for the period.

### **Priorities for the Coming Year**

- To consolidate the process reengineering strategy
- To create a sharp focus on service standards and quality to better serve our clients and their shareholders
- To work within industry forums that are bringing about changes to the South African securities industry

## BOARD OF DIRECTORS



**ALEXANDER (SANDY)  
STUART MURDOCH DDA,  
BEC, ASA, ASIA**  
**Chairman, age 62**

Sandy Murdoch joined the Board of Computershare as non-executive Chairman when the company listed in 1994. His previous experience included five years with merchant bank

Chase NBA Group Limited in corporate finance and lending and twelve years as the Chief Executive Officer of Linfox Transport Group. He is an active participant in senior executive meetings, and his wealth of knowledge and leadership skills are highly valued.

Sandy is Chairman of the Nomination Committee and is a member of the Remuneration Committee and the Risk and Audit Committee.

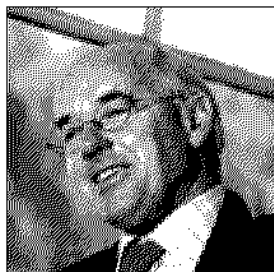


**CHRISTOPHER JOHN  
MORRIS**  
**Chief Executive Officer, age 55**

Chris Morris was a founding member of Computershare at its establishment in 1978 and was appointed Chief Executive Officer in 1990. Chris has extensive knowledge of the securities industry and its user

requirements from both a national and international perspective and this, coupled with his passion and long-term strategic vision, has been instrumental in developing Computershare into the world's largest and only global share registrar and a leading technology provider for the global securities industry.

Chris is a member of the Remuneration Committee and the Nomination Committee.



**PETER JOHN GRIFFIN  
B.COMM (MELB), ASIA**  
**Deputy Chairman, age 63**

Peter Griffin joined the Board of Computershare as non-executive Deputy Chairman in 1994. Peter has over 35 years investment banking and funds management experience. Peter is an active and involved

member of the company, where he regularly attends and participates in senior executive meetings. His background, experience and understanding of international markets are highly valued both at board level and within the senior management of Computershare.

Peter also serves on the Boards of N M Rothschild Australia Holdings Pty Limited and Grand Hotel Company Ltd. He is Vice President of the Cancer Council of Victoria and a director of the Murdoch Children's Research Institute. Peter is a member of the Remuneration Committee, the Risk and Audit Committee and the Nomination Committee.



**PENELOPE JANE  
MACLAGAN BSc (Hons),  
Dip Ed**  
**Executive Director, age 51**

Penny MacLagan joined Computershare in 1983 and was appointed to the Board as an executive director in May 1995. In her role as Managing Director of Computershare Technology

Services, Penny is responsible for planning, developing and executing technology across the world in support of our global strategy. Throughout her career with Computershare Penny has been involved with all aspects of technology support and development. Her detailed understanding of Computershare's proprietary technology and of the global securities industry and processing infrastructure has greatly contributed to the establishment of Computershare's competitive advantage in the global marketplace. Penny is a member of the Nomination Committee.



**ANTHONY NORMAN  
WALES FCA, FCIS**  
**Non-Executive Director,  
age 59**

Tony has been involved with Computershare since 1981 and was appointed Executive (Finance) Director in 1990. On 30 September 2001, Tony relinquished his executive

responsibilities and remained on the Board as a non-executive director.

During his time as Finance Director, Tony was instrumental in much of the strategic expansion of the group from its days as a small Australian provider of bureau services to one of Australia's largest and most successful technology companies, spread throughout eight countries. Of particular importance was Tony's major role in negotiations and in the due diligence process for all of the company's major acquisitions.

Tony continues to be actively involved with the company and regularly attends and participates in senior executive meetings. His background, experience and understanding of the company and international markets are valued highly by both the Board and senior management. Tony is a director of Midware Limited and is Chairman of the Risk and Audit Committee and a member of the Nomination Committee and the Remuneration Committee.



**PHILIP DANIEL DEFEO**  
**BA Economics**  
**(Iona, USA)**  
**Non-Executive Director, age 57**

Philip DeFeo joined the Board of Computershare in 2002 as a non-executive director. Philip's highly respected reputation in the US marketplace, and his financial services experience,

further strengthens the company's expansion efforts particularly in North America.

Philip is currently Chairman and Chief Executive Officer of the California-based Pacific Exchange (PCX), one of the world's leading derivatives markets and the most innovative securities exchange in the USA.

Prior to taking up his role at PCX, Philip was President and CEO of Van Eck Associates Corp., a diversified global mutual fund and brokerage company specialising in alternative asset classes.

Philip's outstanding and distinguished career includes the following senior appointments: Executive Vice President and Director of Marketing and Customer Service at Cedel International, the second largest provider of Eurobond clearance and custody services; Senior Vice President and a member of the Operating Committee at FMR Corporation (parent of Fidelity Investments); Managing Director for Worldwide Equities Operations and Systems at Lehman Brothers; and Senior Vice President in the International Securities Division at Bankers Trust Company in London. His professional career began with Procter & Gamble, where he managed operations. He graduated with a BA in Economics and International Finance from Iona College in the USA.

Philip is the chairman of the Remuneration Committee and a member of the Nomination Committee and is based in San Francisco.

## NEW BOARD APPOINTMENTS



**THOMAS MICHAEL BUTLER**  
**BSc, MBA**  
**Non-Executive Director, age 51**

Tom Butler joined the Board of Computershare on 15 May 2003 as a non-executive director. Tom has had an impressive career that has had its focus in Information Technology in the United Kingdom and Europe.

Operating at the highest level he has demonstrated exceptional skills in both strategic positioning and in business management, often turning companies around

to deliver significant profits. Tom's experience is wholly relevant to Computershare and will bring added depth to the Board.

Tom has an MBA from Strathclyde University and a BSc from Glasgow University. He has been a Council Member of the Confederation of British Industry and is a member of the Institute of Mechanical Engineers. Tom is also the Chairman of RebusHR and is a member of the Nomination Committee. He is based in the United Kingdom.



**WILLIAM E. FORD MBA**  
**(Stanford, USA), BA**  
**Economics (Amherst**  
**College, USA)**  
**Non-Executive Director,**  
**age 42**

Bill joined the Board of Computershare in January 2003 as a non-executive director. He is a General Partner at General

Atlantic Partners, LLC, a worldwide private equity firm, where he has worked since 1991. Bill brings an extensive understanding of the financial markets and has specific expertise in the finance and consumer sectors. He is currently a director of several public companies including Chordiant Software, Critical Path and Soundview Technology Group.

From 1987 to 1991, Bill worked at Morgan Stanley & Company as an investment banker. He was a member of the mergers and acquisitions and corporate finance departments where he worked with the firm's technology clients. He is active in a number of educational and not-for-profit institutions. Bill is a member of the Board of Trustees of Amherst College, the Spence School, the Echoing Green Foundation, Common Ground Community, the United Hospital Fund and NYC2012. He received a BA in Economics from Amherst College in 1983 and an MBA from the Stanford Graduate School of Business in 1987.

Bill is a member of the Nomination Committee and is based in New York.

## REGIONAL MANAGING DIRECTORS



**STUART CROSBY**  
Managing Director – Asia  
Pacific, age 47

In his role as Managing Director – Asia Pacific, Stuart is responsible for Computershare's operations in Australia, New Zealand and Hong Kong. Prior to his appointment to this position, Stuart spent two years

heading Computershare's strategic business development in continental Europe and Asia. In this role he had prime responsibility for negotiating and implementing major contracts, alliances and acquisitions within the region.

Before joining Computershare in 1999, Stuart was ASX's national head of listings ('96- '99), and was actively involved in ASX's demutualisation and listing. Stuart has also worked in Hong Kong where he ran the Hong Kong Securities and Futures Commission's intermediary licensing division and was a director of enforcement.



**ROB CHAPMAN**  
Managing Director – Europe,  
Middle East and Africa, Age 42

Rob was appointed as Managing Director for the EMEA region in June 2003. He has an outstanding record of delivering growth in outsourcing businesses similar to

Computershare and possesses

strong operational knowledge, market experience and commercial acumen that promises to deliver positive results in the region.

Rob has over 18 years experience of delivering services to clients in the financial services, commercial and government arenas. He spent 15 years at EDS Corporation in a variety of roles, his last being Managing Director of its Business Process Management Division in the UK. He has also spent time leading businesses in Ireland and South Africa.



**STEVEN ROTHBLOOM**  
Managing Director –  
North America, age 48

In his role as Managing Director – North America, Steven is responsible for Computershare's operations in the United States and Canada. Prior to his appointment, Steven was president of Computershare

Investor Services USA with direct responsibility for the registry and stock transfer businesses across all our US offices as well as our US employee plan services and options business. Steven was part of the Executive Team that came across to Computershare following the Harris Bank acquisition in 2000. He joined Harris in 1986 and after a series of senior appointments, became Executive Vice President in 1998.

Steven has more than 22 years of experience in the securities industry including 10 years in the brokerage community with Bache & Company and Merrill Lynch.

He holds a BA from Queens College, New York, and an MBA in Financial Management (with distinction) from Pace University in New York.

# FINANCIALS CONTENTS

|                                     |    |
|-------------------------------------|----|
| Corporate Governance Statement      | 36 |
| Directors' Report                   | 41 |
| Statements of Financial Performance | 48 |
| Statements of Financial Position    | 49 |
| Statements of Cash Flows            | 51 |
| Notes to the Financial Statements   | 52 |
| Independent Audit Report            | 69 |
| Shareholder Information             | 70 |

## FINANCIAL CALENDAR

### 2003

|              |                                                              |
|--------------|--------------------------------------------------------------|
| 28 August    | Announcement of result for the Company's 2003 financial year |
| 12 September | Books close for final dividend                               |
| 26 September | Payment of final dividend                                    |
| 11 November  | Annual General Meeting – Melbourne                           |

### 2004

|             |                                                                  |
|-------------|------------------------------------------------------------------|
| 26 February | Announcement of result for the half year ending 31 December 2003 |
|-------------|------------------------------------------------------------------|

The 2003 Concise Financial Report has been derived from Computershare Limited's Financial Report 2003. The financial statements included in the Concise Financial Report cannot be expected to provide as full an understanding of Computershare Limited's performance, financial position and financial and investing activities as provided by the Financial Report 2003.

1. All amounts within this report are in Australian dollars unless otherwise stated.

# FINANCIALS

## CORPORATE GOVERNANCE STATEMENT

### BOARD RESPONSIBILITIES

The Board of directors of Computershare Limited is responsible for the corporate governance of the Computershare Group. The principal role of the Board in this capacity is to ensure the long term prosperity of the Group by setting broad corporate governance policies and ensuring that they are effectively implemented by management. The Board carries out this role principally by:

- overseeing the Group and its global operations;
- appointing and removing, where appropriate, the senior executives of the Group;
- setting the strategic direction of the Group and providing strategic advice to management;
- providing input into and approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of governance, risk management, and internal compliance and control, codes of conduct and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- approval of budgets and monitoring progress against budget via the establishment and reporting of both financial and non-financial key performance indicators.

### BOARD MEETINGS

The Board meets quarterly in conjunction with senior management to discuss the short and long term strategy of the Group.

The Board receives a monthly Board report which provides the Board with current information concerning the Group and each of the three regions in which it operates, together with a report from the CTS Managing Director. The monthly Board report includes salient financial details together with information on the performance of operations, major initiatives as well as legal and compliance issues.

The Board convenes monthly by phone conference to review the monthly Board report, discuss matters of importance with management, make recommendations to management, discuss strategy and plan quarterly Board meetings.

### BOARD COMPOSITION

The Company has for the past several years been revising the composition of its Board of directors to better reflect the global nature of its businesses. Consistent with this effort, the number of Australian-based directors has declined, and new directors have been added from the North American and European regions in which the Company operates. The Board believes that the non-executive directors bring the necessary range of skills, knowledge, and experience to govern the Group and understand the markets and challenges that the Group faces.

Details regarding each of the current Board members and their respective shareholdings and remuneration are set out in the Directors' Report.



### Current Board Composition:

| Name                     | Appointed | Non-Executive | Independent | Executive | Retiring in 2003 | Seeking election or re-election in 2003 |
|--------------------------|-----------|---------------|-------------|-----------|------------------|-----------------------------------------|
| Alexander Stuart Murdoch | 1994      | Yes           | Yes         | No        | No               | N/A                                     |
| Christopher John Morris  | 1978      | No            | No          | Yes       | No               | N/A                                     |
| Penelope Jane Maclagan   | 1995      | No            | No          | Yes       | Yes              | Yes                                     |
| Anthony Norman Wales     | 1980      | Yes           | No          | No        | Yes              | Yes                                     |
| William E. Ford          | 2003      | Yes           | No          | No        | N/A              | Yes                                     |
| Peter John Griffin       | 1994      | Yes           | Yes         | No        | Yes              | No                                      |
| Thomas Butler            | 2003      | Yes           | Yes         | No        | N/A              | Yes                                     |
| Philip Daniel DeFeo      | 2002      | Yes           | Yes         | No        | No               | N/A                                     |

The Company's constitution provides that:

- The minimum number of directors shall be 3 and the maximum number of directors shall be 10 unless amended by a resolution passed at a general meeting.
- At each annual general meeting, at least two directors must retire from office. Re-appointment is not automatic. If retiring directors wish to continue to hold office, they must submit themselves to re-election by shareholders.
- No director may be in office for longer than 3 years without facing re-election.

### Independence

The concept of independence in the context of directors is variously defined. The Board has considered each of the 8 directors in office at the date of this report and determined that four of them are independent. The four directors who are not considered independent are Mr Christopher Morris and Ms Penelope Maclagan who are each executive directors, Mr Anthony Wales who is a substantial shareholder and a former executive director and Mr Bill Ford who is associated with a substantial shareholder.

Of the four independent directors, none has previously been an employee of the Group and the Board believes that none has any relationship that could materially interfere with the exercise of their independent judgment.

No directors participate in share, share option or performance based plans. Non-executive directors receive only cash compensation and reimbursement of expenses for their services.

### BOARD COMMITTEES

It is the Board's policy that committees dealing with corporate governance matters should be chaired by a non-executive director and have at least a majority of members being non-executive directors. Any director or committee of the Board is entitled to obtain independent professional or other advice at the Company's cost, unless the Board determines otherwise, and is entitled to obtain such resources and information from the Company, including direct access to employees of and advisers to the Company, as they may require.

Three Board Committees have been established to assist the Board in discharging its responsibilities as follows:

#### The Risk and Audit Committee

The principal functions of the Risk and Audit Committee include reviewing and making recommendations to the Board and assisting it in the discharge of its responsibilities relating to accounting policy and disclosure. It is responsible for assessing the adequacy of accounting, financial and operating controls, reviewing the performance of external auditors and examining their evaluation of internal controls and management's response.

## CORPORATE GOVERNANCE STATEMENT (continued)

The Risk and Audit Committee is chaired by Mr Tony Wales and has two other permanent members being Mr Sandy Murdoch and Mr Peter Griffin. The Managing Director, Chief Financial Officer, Chief Legal Officer and the Company's external auditors are invited to Risk and Audit Committee meetings at the discretion of the Committee. The Committee meets at least twice each year. As Mr Griffin is not seeking re-election as a director, the Board is currently considering a replacement for his role on this Committee.

### The Nomination Committee

The composition of the Board is reviewed at least annually by the Nomination Committee to ensure that the Board has the appropriate range of expertise and experience. Any selection of suitable candidates for the position of director must stand for election at the general meeting of shareholders. The Nomination Committee is comprised of all of the directors, which the Board feels gives it the broadest range of input from the diverse members of the Board.

### The Remuneration Committee

The principle function of the Remuneration Committee is to assist the Board in ensuring that the Computershare Group's remuneration levels are appropriate and sufficient to attract and retain the directors and key executives needed to run the Group.

The Committee is chaired by Mr Defeo and comprises Mr Murdoch, Mr Wales, Mr Griffin and Mr Morris.

The Committee meets at least annually with additional meetings being convened as required. The Committee has access to executive management of the Group and may consult independent experts where the Committee considers this necessary in order to effectively discharge its responsibilities.

As a policy, the Board seeks to remunerate staff in accordance with market conditions and reflective of their contribution. The Board is keen to encourage equity holdings by employees to align staff interest with that of shareholders. Many staff have participated in the Company's various share and option plans and the directors believe this has historically been a significant contributing factor to the Company's success.

## IDENTIFYING SIGNIFICANT BUSINESS RISKS

There are a variety of risks that exist in the markets in which Computershare operates and there are a range of factors, some of which are beyond the control of Computershare, which may impact on the Company's performance.

The Board and senior management work actively to identify, review, analyse and mitigate significant areas of risk across the Group. The Board in conjunction with the Risk and Audit Committee reviews and approves the parameters under which such risks are managed including the responsibility for internal control systems, the procedure for identifying business risks and the methods to control their financial impact on the Company.

Although no system of risk management can provide total assurance that all risks will be fully diminished, the Company's approach to risk management seeks to meet the Group's specific needs and minimise the risks to which it is exposed.

## ETHICAL STANDARDS

The Company recognises the need for directors and staff to observe the highest standard of behaviour and business ethics when engaging in corporate activity.

The Board has adopted a code of ethics that sets out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions. A key element of that code is the requirement that directors, officers and staff act in accordance with the law and with the highest standards of propriety. The code and the methods of its implementation are reviewed annually.

## ANNUAL REVIEW

In order to ensure that the Board continues to discharge its duties effectively the performance of all directors is reviewed at least annually by the Chairman. The Board also annually reviews the performance of senior management.



## **CONFLICTS OF INTEREST AND INDEPENDENT ADVICE**

If a director has a potential conflict of interest in a matter under consideration, that director must abstain from deliberations on those matters. In that instance the director is not permitted to exercise any influence over other Board members on that issue nor receive relevant Board papers.

The Company permits directors to obtain advice about transactions or matters of concern at the Company's cost. Approval of directors seeking independent advice is subject to the approval of the Chairman acting reasonably.

## **COMMITMENT TO AN INFORMED MARKET RELATING TO COMPUTERSHARE SECURITIES**

The Board has approved a market disclosure policy to ensure the fair and timely disclosure of price sensitive information to the investment community as required by applicable law. Mr Paul Tobin, Computershare's joint Company Secretary and Chief Legal Officer, has been appointed the disclosure officer and is required to keep abreast of all material information and where appropriate, ensure disclosure of share price sensitive information.

## **CODE OF PRACTICE FOR BUYING AND SELLING COMPUTERSHARE SECURITIES**

The freedom of directors and executives to deal in Computershare's securities is restricted in a number of ways – by statute, by common law and by the requirements of the listing rules of the ASX. In addition to these restrictions, the Company has adopted a code of practice for buying and selling Computershare securities. The code of practice contains additional restrictions on dealing. The code of practice provides that directors or executives may only deal in Computershare securities, provided they are not in possession of material non-public information, in the four weeks immediately following the Company's half year and full year financial results announcements and, if relevant, any Annual General Meeting announcement. Directors and executives may only deal in Computershare securities outside of these times with the express prior approval of the Chairman.

## **EQUITY PARTICIPATION BY NON-EXECUTIVE DIRECTORS**

The Board encourages non-executive directors to own shares in the Company.

## **SHAREHOLDER RELATIONS**

The Board of directors aims to ensure that shareholders are informed of all information necessary to assess the performance of the directors. Information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders;
- the annual general meeting and other shareholder meetings called to obtain approval for Board action as appropriate;
- making available all information released to the Australian Stock Exchange on the Company's website at [www.computershare.com](http://www.computershare.com) immediately following confirmation of receipt by the Australian Stock Exchange. This information includes annual reports, half yearly results, notice of general meeting and associated explanatory documents and other market announcements;
- in circumstances where presentations are the subject of a webcast, making available the webcast on the Company's website shortly after the close of the presentation;
- ensuring all press releases issued by Computershare Limited are posted on the Company's website;
- encouraging active participation by shareholders at General Meetings. For shareholders who are unable to attend and vote at General Meetings, the Company encourages shareholders to vote electronically by accessing the Company's website where, in advance of a General Meeting, shareholders can view an electronic version of the proxy form and submit their votes;
- actively encouraging shareholders to provide their e-mail addresses to facilitate more timely and effective communication with shareholders at all times;
- contacting shareholders who have provided e-mail addresses directly to provide details of upcoming events of interest;
- encouraging all shareholders who are unable to attend general meetings of the Company to communicate issues or ask questions by writing to the Company.

## **CORPORATE GOVERNANCE STATEMENT** (continued)

### **COMPANY SECRETARIES**

The Company Secretaries are Mr Paul Tobin and Mr Mark Davis. Under the Company's Constitution, the appointment and removal of the Company Secretaries is a matter for the Board. Amongst other matters, the Company Secretaries advise the Board on governance procedures and seek to support the effectiveness of the Board by monitoring Board policy and procedures and coordinating the completion and despatch of the Board meeting agendas and papers. All directors have access to the advice and services of the Company Secretaries.

### **ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS**

This Corporate Governance Statement reflects the corporate governance practices that have been in place throughout the financial year ended 30 June 2003. On 31 March 2003, the ASX Corporate Governance Council released its principles of 'Good Corporate Governance and Best Practice Recommendations'. While the Company's current practices substantially accord with these principles and recommendations, the Company has undertaken a process to review its corporate governance practices and will make a full statement on its compliance with the best practice recommendations in its 2004 Annual Report.

## DIRECTORS' REPORT

The board of directors of Computershare Limited has pleasure in submitting its report in respect of the financial year ended 30 June 2003.

### DIRECTORS

The following directors were directors during the whole of the financial year and up to the date of this report:

A S Murdoch (Chairman)  
C J Morris (Managing Director)  
P D DeFeo  
P J Griffin  
P J MacLagan  
A N Wales

W E Ford was appointed a director on 17 January 2003 and continues in office at the date of this report.

T M Butler was appointed a director on 15 May 2003 and continues in office at the date of this report.

I D Saville was a director from the beginning of the financial year until his resignation on 15 May 2003.

The qualifications, experience and responsibilities of directors are outlined on pages 32-33 of the 2003 Concise Annual Report.

### DIRECTORS' INTERESTS

At the date of this report, the direct and indirect interests of the directors in the shares of the company are:

| Name         | Number of options | Number of Ordinary Shares | Number of Reset Preference Shares |
|--------------|-------------------|---------------------------|-----------------------------------|
| T M Butler   | –                 | –                         | –                                 |
| P D DeFeo    | –                 | 40,000                    | –                                 |
| W E Ford     | –                 | –                         | –                                 |
| P J Griffin  | –                 | 1,900,000                 | –                                 |
| P J MacLagan | –                 | 16,567,525                | 1,330                             |
| C J Morris   | –                 | 55,447,042                | –                                 |
| A S Murdoch  | –                 | 609,800                   | –                                 |
| A N Wales    | –                 | 32,592,384                | –                                 |

### DIRECTORS' MEETINGS

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

|              | Directors' Meetings |   | Audit Committee Meetings |   | Nomination Committee Meetings |   | Remuneration Committee Meetings |   |
|--------------|---------------------|---|--------------------------|---|-------------------------------|---|---------------------------------|---|
|              | A                   | B | A                        | B | A                             | B | A                               | B |
| A S Murdoch  | 6                   | 6 | 4                        | 5 | 2                             | 2 | 1                               | 1 |
| T M Butler*  | –                   | – | –                        | – | –                             | – | –                               | – |
| P D DeFeo    | 6                   | 6 | –                        | – | 2                             | 2 | 1                               | 1 |
| W E Ford*    | 2                   | 2 | –                        | – | –                             | – | –                               | – |
| P J Griffin  | 6                   | 6 | 4                        | 5 | 2                             | 2 | 1                               | 1 |
| P J MacLagan | 6                   | 6 | –                        | – | 2                             | 2 | –                               | – |
| C J Morris   | 6                   | 6 | –                        | – | 2                             | 2 | 1                               | 1 |
| I D Saville* | 4                   | 6 | –                        | – | –                             | – | –                               | – |
| A N Wales    | 6                   | 6 | 5                        | 5 | 2                             | 2 | 1                               | 1 |

**A** – Number of meetings attended

**B** – Number of meetings held during the time the director held office during the year.

\* I D Saville is no longer a director and resigned on 15 May 2003. W E Ford was appointed a director on 17 January 2003.

T M Butler was appointed a director on 15 May 2003.

## DIRECTORS' REPORT (continued)

### PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were the operation of computer technology services, operation of share registries, including the administration of employee share and option plans and the provision of software specialising in share registry, financial services and stock markets. The Group also offers corporate trust services and acts as trustee for clients' debt offerings in certain markets and provides share ownership and other investor relations services through its Analytics businesses and print and mail distribution services through its Document services businesses.

During the year the Group entered the Shareholder Relationship Management business which provides listed companies with tools to derive value from their shareholder base.

Computershare is a registered securities transfer agent. In addition, certain subsidiaries are Trust companies whose charters include the power to accept deposits, primarily acting as an escrow and paying agent on behalf of customers. In certain jurisdictions the Group is subject to regulation by certain federal, provincial and state agencies and undergoes periodic examinations by those regulatory agencies.

There were no other significant changes in the nature of the activities of the consolidated entity during the year.

### CONSOLIDATED PROFIT

The profit of the consolidated entity for the financial year was \$17,132,581 after income tax and \$16,255,550 after outside equity interests. The profit after tax and outside equity interests represents a 77% decline on the 2002 result of \$71,293,536. Consolidated profit of the consolidated entity for the financial year excluding non-recurring items was \$41,147,550 after income tax and outside equity interests. This represents a 29% decline on the 2002 results of \$57,930,984. Net profit before non-recurring items is determined as follows:

|                                                                 | 2003<br>\$000s | Consolidated<br>2002<br>\$000s |
|-----------------------------------------------------------------|----------------|--------------------------------|
| Net profit                                                      | <b>16,256</b>  | 71,293                         |
| Exclusion of normalising transactions (net of tax):             |                |                                |
| Redundancies                                                    | <b>16,234</b>  | –                              |
| Property write-offs                                             | <b>4,980</b>   | –                              |
| Asset write-offs                                                | <b>1,092</b>   | –                              |
| Restructuring costs                                             | <b>2,586</b>   | –                              |
| Hong Kong equity transaction                                    | –              | (13,362)                       |
| <b>Net profit excluding non-recurring items (refer note 2b)</b> | <b>41,148</b>  | 57,931                         |

### DIVIDENDS

The following dividends of the consolidated entity have been paid, declared or recommended since the end of the preceding financial year:

#### Ordinary shares

- A final ordinary dividend of two and a half cents per share amounting to \$13,861,273 fully franked at 30% in respect of the year ended 30 June 2002 was paid on 26 September 2002.
- An interim ordinary dividend of two and a half cents per share amounting to \$13,421,042 fully franked at 30% in respect of the half year ended 31 December 2002 was paid on 31 March 2003.
- A final dividend recommended by the directors of the company in respect of the year ended 30 June 2003, to be paid on 26 September 2003, is an ordinary dividend of two and a half cents per share amounting to \$13,527,925 fully franked at 30%. This dividend was not declared until 28 August 2003 and accordingly no provision has been recognised at 30 June 2003.



### Reset preference shares

- A reset preference share dividend of 5.5% per annum amounting to \$4,136,500 franked at 30%, in respect of the six months ended 30 November 2002, was paid on 3 December 2002.
- A reset preference share dividend of 5.5% per annum amounting to \$4,113,750 franked at 30% in respect of the six months ended 30 May 2003 was paid on 3 June 2003.
- A reset preference share dividend of 5.5% per annum amounting to \$678,083 has been accrued in respect of the period 1 June 2003 to 30 June 2003.
- The total preference share dividend referable to the year ended 30 June 2003 is \$8,249,948.

## REVIEW OF OPERATIONS

The year was characterised by a continuation in the decline in corporate action activity combined with low interest rates both of which significantly impact on revenue and profitability. In response to these factors, a strategy was implemented that had its focus on improving operational efficiencies, reducing costs, improving capital management and retaining clients.

The success of this strategy is reflected in sound results that place the company in a strong position to either withstand a continued decline in market conditions or to benefit from any improvement in either corporate action activity or in interest rates, without adding significantly to the cost line.

The group has recorded an operating profit before tax and non-recurring items of \$64.5 million for the year ended 30 June 2003 (2002: \$83.8 million). The result was achieved on revenue of \$708.6 million (2002: \$781.0 million). Before non-recurring items the group's earnings before interest, tax, depreciation and amortisation ("EBITDA") decreased by 9% to \$133.9m (2002: \$147.6 million). Computershare had an effective corporate tax rate of 41.8% during the year. Operating expenses were down 10% to \$572.7m. Following the 5% decline in the first half, operating costs were a down a further 5% in the second half. Capital expenditure decreased by 68% from the year ended 30 June 2002 to \$17.9 million.

Normalised basic earnings per share were 6.05 cents per share. The basic earnings per share were 1.47 cents per share.

During the year, there has been significant restructuring of the company's global businesses, which comes at a short-term cost to net profit after tax ("NPAT"). The before tax impact is \$35.1 million of non-recurring costs, comprising \$23.2 million in redundancies and \$11.9 million in write-offs and other restructure costs. The \$35.1 million charge is expected to deliver more than \$22 million per annum in on-going savings, of which \$3.5 million was delivered in the year ended 30 June 2003.

Some of the one off restructuring items have occurred as a result of a group wide review of physical assets, which led to the recommended sale of property assets. The Board of directors has accepted the review with the expectation that asset sales will provide capital gains in the next financial year.

The buy-back of the company's shares came to a close, as announced, on 11 March 2003. This resulted in the purchase of 18,710,000 ordinary shares for a total cost of \$38,350,708 (at an average price of \$2.05).

Total technology spending decreased from \$106.7 million last year to \$92.1 million. Of this amount, \$38.6 million which related to research and development of a capital nature, has been expensed.

A proportion of the total technology spending relates to activities designed to reduce dependency on outsourced bureau services. The migration of all major business onto the company's own technology platform was completed in March 2003 with the result that external bureau costs for the financial year ended 30 June 2004 will be largely eliminated.

Operating expenses have decreased 10% on last year, with sustainable reductions in all cost categories. Excluding cost of sales, operating expenses declined 8%, equal to the 8% decline in sales revenue. Personnel costs decreased 5% reflecting a gross decline of 575 people as a result of organisational restructuring and consolidation in all regions. The reduction in personnel numbers, together with the continued focus on cost control, has contributed to the decline in discretionary and overhead costs.

Regionally, revenues were apportioned between Asia Pacific 30%, North America 37% and Europe, Middle East and Africa ("EMEA") 33%, which is broadly consistent with last year. EBITDA was apportioned between Asia Pacific 40%, North America 27% and EMEA 33%. The North American EBITDA contribution has increased from 18% at December 2002 demonstrating a significant improvement in their profitability in the second half of the year. The second half EBITDA splits were Asia Pacific 37%, North America 32% and EMEA 31%.

The Asia Pacific region contributed revenues of \$214.6 million and EBITDA of \$53.6 million. A decline in Registry performance was partly offset by improved contributions from the Employee Plans and Document services businesses.

## DIRECTORS' REPORT (continued)

The EMEA region contributed revenues of \$231.9 million and EBITDA of \$44.3 million. The Employee Plans business experienced significant growth during the year. With the exception of Technology services, the results of all other EMEA businesses were unfavourably impacted by the market conditions.

The North American region contributed revenues of \$258.8 million and EBITDA of \$36.0 million. The Registry and Employee Plans businesses were considerably down on last year, reflecting the unfavourable market conditions. All other businesses, including Canada's Corporate Trust business, generated improved results on last year.

Improved working capital management contributed to the generation of \$76.2 million of cash flow for the year. Debtors days outstanding was cut from 70 days at 30 June 2002 to 67 days at 30 June 2003.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the affairs of the consolidated entity during the financial year which are reported in the consolidated financial statements were:

- On 7 November 2002 the acquisition of the Employee Plans business from Charles Schwab was announced. This acquisition served to further strengthen the Group's competitive position in the Employee Plans market in the US.
- On 17 December 2002 the company announced the acquisition of EFA Group assets for a cash payout of approximately \$7.4 million. The assets acquired included the software rights to EFA's trading systems and settlement and clearing systems.
- In March 2003 the company acquired an initial stake of 27% in Computershare Pepper SRM, a joint venture with Pepper Technologies. Shareholder Relationship Management ("SRM") is an exciting, innovative approach that provides listed companies with tools to derive value from their shareholder base.
- In May 2003 Computershare purchased a 30% interest in The National Registry Company of Russia ("NRC"). NRC has a 20% domestic market share including a number of companies that are listed both in Russia and the United Kingdom.
- In June 2003 Computershare purchased the share registry and Employee Plans businesses of Fifth Third Bancorp in the USA. This acquisition will allow the company to modestly grow the share registry and Employee Plans businesses in the USA.
- The decline in the total of shareholders' funds of 10% was due to the share buy-back and the effect of foreign currency translation.
- Net borrowings increased by \$43.2 million to \$77.7 million to fund the share buy-back, increased dividends and acquisition of, and investments in businesses. Gearing – net debt to equity – increased to 13.2% from 5% over the past year.

### New appointments to the Board

On 17 January 2003 the board appointed William Ford to the Board as a non-executive director. Mr Ford is a general partner at General Atlantic Partners, LLC where he has worked since 1991. General Atlantic is an international private equity investment firm focused on information technology, process outsourcing and communications businesses globally. It has over USD 5 billion in capital under management. Mr Ford has brought an extensive understanding of financial markets and has specific expertise in the finance and consumer sectors.

On 15 May 2003 the Board appointed Tom Butler to the Board as a non-executive director. Mr Butler has very broad European industry experience and most recently held the position of CEO at MSI prior to its successful trade sale to Marconi plc for in excess of USD800 million. Prior to his successes at MSI, he was CEO and COO of Origin BV in the Netherlands.

In the opinion of the directors there were no other significant changes in the affairs of the consolidated entity during the financial year under review that are not otherwise disclosed in this report or the consolidated accounts.



## **SIGNIFICANT EVENTS AFTER YEAR END**

No matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years, other than on 19 August 2003 the company issued 548,271 ordinary shares to Citigroup in consideration of the release of the company's obligation to issue up to 10,581,633 shares for \$1.83 per share on the exercise of a like number of options.

## **LIKELY DEVELOPMENTS AND FUTURE RESULTS**

There are indications that market activity began to pick up towards the end of the year. However it is not clear at this stage whether this is a sustainable trend. Equally it is difficult to predict with any certainty how interest rates will react over the coming twelve months. As in previous years, these two factors will largely drive profitability levels in the financial year ended 30 June 2004.

The focus on costs and improved management of working capital will continue throughout the coming year. The strategy positions the company to either benefit from an improvement in market activity (particularly corporate actions) and in interest rates or to withstand a continued decline in these two factors.

## **SHARE OPTIONS**

Details of options granted to directors or relevant officers as part of their remuneration are set out in the section of this report headed Directors' and Officers' Remuneration. Details of shares under option, or issued during or since the end of the financial year due to the exercise of an option, are set out in Note 19 to the detailed financial report. The Register of Options kept by the company pursuant to section 170 of the Corporations Act 2001 may be inspected by shareholders free of charge.

## **DIRECTORS' AND OFFICERS' REMUNERATION**

Remuneration of directors and senior executives of the company is established by the Remuneration Committee. Remuneration is determined as part of an annual performance review, having regard to market factors and a performance evaluation process. For executive directors and officers, remuneration packages generally comprise salary and superannuation. Executives are also provided with longer-term incentives through the employee share ownership and option schemes, which act to align the executives' actions with the interests of the shareholders.

## DIRECTORS' REPORT (continued)

The Board meets annually to review its own performance. The non-executive directors are responsible for evaluating the performance of the Chief Executive, who in turn, and in conjunction with the Board, evaluates the performance of all other senior executives.

Details of remuneration provided to directors and the five most senior executive officers of the consolidated entity and the parent entity for the year ended 30 June 2003 are as follows:

|                                                     | Base salary<br>\$ | Directors' fee<br>\$ | Superannuation<br>\$ | Bonus<br>\$ | Other benefits<br>\$ | Total excluding Options<br>\$ | Amortise unvested shares and options granted <sup>2,3</sup><br>\$ | Total including options<br>\$ | Number of unvested shares and options on issue |
|-----------------------------------------------------|-------------------|----------------------|----------------------|-------------|----------------------|-------------------------------|-------------------------------------------------------------------|-------------------------------|------------------------------------------------|
| <b>Directors</b>                                    |                   |                      |                      |             |                      |                               |                                                                   |                               |                                                |
| A S Murdoch                                         | –                 | 115,000              | 11,500               | –           | –                    | 126,500                       | –                                                                 | 126,500                       | –                                              |
| T Butler <sup>1</sup>                               | 9,018             | –                    | –                    | –           | –                    | 9,018                         | –                                                                 | 9,018                         | –                                              |
| P D DeFeo                                           | –                 | 99,422               | –                    | –           | –                    | 99,422                        | –                                                                 | 99,422                        | –                                              |
| W Ford <sup>2</sup>                                 | –                 | –                    | –                    | –           | –                    | –                             | –                                                                 | –                             | –                                              |
| P J Griffin                                         | –                 | 100,000              | 10,000               | –           | –                    | 110,000                       | –                                                                 | 110,000                       | –                                              |
| P J MacLagan                                        | 400,979           | –                    | 36,088               | –           | 40,903               | 477,970                       | –                                                                 | 477,970                       | –                                              |
| C J Morris                                          | 380,000           | –                    | 38,000               | –           | –                    | 418,000                       | –                                                                 | 418,000                       | –                                              |
| I D Saville <sup>3</sup>                            | 541,126           | –                    | 115,276              | –           | 1,655,065            | 2,311,467                     | –                                                                 | 2,311,467                     | –                                              |
| A N Wales                                           | –                 | 75,000               | 7,500                | –           | 36,688               | 119,188                       | –                                                                 | 119,188                       | –                                              |
| <b>Group and parent entity officers<sup>4</sup></b> |                   |                      |                      |             |                      |                               |                                                                   |                               |                                                |
| S Rothbloom                                         | 566,508           | –                    | 20,394               | –           | 13,176               | 600,078                       | 165,104                                                           | 765,182                       | 347,500                                        |
| R Waterhouse <sup>5</sup>                           | 424,881           | –                    | –                    | –           | 340,321              | 765,202                       | 133,478                                                           | 898,680                       | 250,000                                        |
| P Tobin <sup>6</sup>                                | 377,920           | –                    | 21,509               | –           | 1,344                | 400,773                       | 118,002                                                           | 518,775                       | 265,000                                        |
| S Crosby                                            | 349,920           | –                    | 10,519               | –           | –                    | 360,439                       | 102,728                                                           | 463,167                       | 242,500                                        |
| P Conn                                              | 339,904           | –                    | –                    | –           | 173,339              | 513,243                       | 55,890                                                            | 569,133                       | 140,000                                        |
| T Honan <sup>7,8</sup>                              | 300,000           | –                    | 10,519               | –           | 54,765               | 365,284                       | 57,871                                                            | 423,155                       | 167,000                                        |

1. Appointed as a director on 15 May 2003.

2. Appointed as a director on 17 January 2003.

3. Other benefits include separation payment of \$339,905.

4. The officers included in this disclosure are those employees having, during the year, the greatest authority for managing the Group. Other employees who have not had such authority may have received remuneration at a level in excess of that shown for the executives named above.

5. Resigned as a director on 15 May 2003. Other benefits include a separation payment of \$1,642,924.

6. The company has adopted the fair value measurement provisions of ED 108 "Share-based Payment" for all options and shares granted to directors and relevant executives, which have not vested as at 1 July 2002. The fair value of such grants is being amortised and disclosed as part of director and executive emoluments on a straight-line basis over the vesting period. No adjustments have been or will be made to reverse amounts previously disclosed in relation to options that never vest (i.e., forfeitures). Prior to 1 July 2002, the company disclosed the fair value of option grants using the Black-Scholes option pricing model but did not allocate those values over the vesting period. Rather, the full fair value of the grant was disclosed as an emolument in the year of the grant. As a result, the amounts disclosed above in relation to the 2003 financial year, include the amounts related to options which were granted in prior financial periods and therefore disclosed as part of emoluments in prior years as well. This is a one-off transitioning to the allocation of such amounts to emoluments over the vesting period rather than disclosure of the full amount as emoluments in the year of the grant. From 1 July 2002, options granted as part of director and executive emoluments have been valued using a Black-Scholes option pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share, the expected life of the option and vesting period applicable to the options. For further details, refer to Notes 19 and 21 to the financial statements.

7. T Honan is disclosed in his capacity as an executive of the parent entity. P Tobin is an executive of the parent entity and the group. There are only two non-director executives employed by the parent entity and the group. Other executives disclosed are group executives.

8. Other benefits disclosed in respect of T Honan represents the value of a grant of 30,000 ordinary shares during the year.

## INDEMNIFICATION OF OFFICERS

During the period, the company paid an insurance premium to insure directors and officers of the company and its controlled entities against liability. The directors of the company are as detailed earlier in the report and the contract also covers all executive officers and directors and executive officers of controlled entities.

Disclosure of the amount of insurance premium payable and a summary of the nature of liabilities covered by the insurance contract is prohibited by a confidentiality clause in the contract.



## ROUNDING OF AMOUNTS

The company is of a kind referred to in class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class order to the nearest thousand dollars unless specifically stated to be otherwise.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'A S Murdoch'.

A S MURDOCH  
Chairman

16 September 2003

A handwritten signature in black ink, appearing to read 'C J Morris'.

C J MORRIS  
Director

## STATEMENTS OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

|                                                                                                                                         | Note | 2003<br>\$000s  | Consolidated<br>2002<br>\$000s | 2003<br>\$000s | Parent entity<br>2002<br>\$000s |
|-----------------------------------------------------------------------------------------------------------------------------------------|------|-----------------|--------------------------------|----------------|---------------------------------|
| <b>Revenues</b>                                                                                                                         |      |                 |                                |                |                                 |
| Sales revenue                                                                                                                           | 2    | <b>694,519</b>  | 757,055                        | –              | –                               |
| Other revenue from ordinary activities                                                                                                  | 2    | <b>14,078</b>   | 23,911                         | <b>65,085</b>  | 84,735                          |
| Total revenue from ordinary activities                                                                                                  | 2    | <b>708,597</b>  | 780,966                        | <b>65,085</b>  | 84,735                          |
| <b>Expenses</b>                                                                                                                         |      |                 |                                |                |                                 |
| Direct services <sup>(a)</sup>                                                                                                          |      | <b>547,145</b>  | 578,507                        | –              | –                               |
| Technology services <sup>(a)</sup>                                                                                                      |      | <b>101,025</b>  | 92,293                         | –              | –                               |
| Corporate services <sup>(a)</sup>                                                                                                       |      | <b>20,633</b>   | 16,249                         | <b>14,079</b>  | 16,597                          |
| Borrowing costs                                                                                                                         | 2    | <b>8,296</b>    | 10,169                         | <b>930</b>     | 6,759                           |
| Total expenses                                                                                                                          |      | <b>677,099</b>  | 697,218                        | <b>15,009</b>  | 23,356                          |
| Share of net profit/(loss) of associates accounted for using the equity method                                                          |      | <b>(2,036)</b>  | –                              | –              | –                               |
| <b>Profit/(loss) from ordinary activities before related income tax expense</b>                                                         |      | <b>29,462</b>   | 83,748                         | <b>50,076</b>  | 61,379                          |
| Income tax (expense)/benefit relating to ordinary activities                                                                            | 3    | <b>(12,329)</b> | (25,995)                       | <b>(4,616)</b> | (2,823)                         |
| <b>Net profit/(loss)</b>                                                                                                                |      | <b>17,133</b>   | 57,753                         | <b>45,460</b>  | 58,556                          |
| Net (profit)/loss attributable to outside equity interests                                                                              | 2(b) | <b>(877)</b>    | 13,540                         | –              | –                               |
| Net profit/(loss) attributable to members of the parent entity                                                                          | 4    | <b>16,256</b>   | 71,293                         | <b>45,460</b>  | 58,556                          |
| Net exchange difference on translation of financial reports of self-sustaining foreign controlled entities                              |      | <b>(24,321)</b> | (24,365)                       | –              | –                               |
| Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity           |      | <b>(24,321)</b> | (24,365)                       | –              | –                               |
| Total changes in equity attributable to members of the parent entity other than those resulting from transactions with owners as owners |      | <b>(8,065)</b>  | 46,928                         | <b>45,460</b>  | 58,556                          |
| <b>Basic earnings per share (cents per share)</b>                                                                                       | 5    | <b>1.47</b>     | <b>12.00</b>                   |                |                                 |
| Normalised basic earnings per share (cents per share)                                                                                   | 5    | 6.05            | 9.60                           |                |                                 |
| <b>Diluted earnings per share (cents per share)</b>                                                                                     | 5    | <b>2.60</b>     | <b>12.20</b>                   |                |                                 |
| Normalised diluted earnings per share (cents per share)                                                                                 | 5    | 6.57            | 9.90                           |                |                                 |

(a) Depreciation and amortisation expense for the prior period has been reclassified to Direct services, Technology services and Corporate services.

The above Statements of Financial Performance should be read in conjunction with the discussion and analysis included in the Directors' Report.

## STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2003

|                                                   | 2003<br>\$000s | Consolidated<br>2002<br>\$000s | 2003<br>\$000s | Parent entity<br>2002<br>\$000s |
|---------------------------------------------------|----------------|--------------------------------|----------------|---------------------------------|
| <b>CURRENT ASSETS</b>                             |                |                                |                |                                 |
| Cash assets                                       | 60,828         | 74,327                         | 3,608          | 9,542                           |
| Receivables                                       | 132,220        | 150,210                        | 5,137          | 2,965                           |
| Other financial assets                            | 36,653         | 41,526                         | –              | –                               |
| Inventories                                       | 3,904          | 3,355                          | –              | –                               |
| Current tax assets                                | 941            | 1,731                          | –              | –                               |
| Other                                             | 11,152         | 11,092                         | 396            | 862                             |
| <b>Total Current Assets</b>                       | <b>245,698</b> | <b>282,241</b>                 | <b>9,141</b>   | <b>13,369</b>                   |
| <b>NON-CURRENT ASSETS</b>                         |                |                                |                |                                 |
| Receivables                                       | 1,049          | 595                            | 245,600        | 348,309                         |
| Investments accounted for using the equity method | 15,845         | –                              | –              | –                               |
| Other financial assets                            | 15,086         | 7,543                          | 345,702        | 311,551                         |
| Property, plant and equipment                     | 133,619        | 146,958                        | 4,094          | 4,738                           |
| Deferred tax assets                               | 47,175         | 39,804                         | 10,579         | 5,181                           |
| Intangibles – goodwill                            | 431,502        | 479,461                        | –              | –                               |
| Other                                             | 4,432          | 3,114                          | 144            | 285                             |
| <b>Total Non-Current Assets</b>                   | <b>648,708</b> | <b>677,475</b>                 | <b>606,119</b> | <b>670,064</b>                  |
| <b>Total Assets</b>                               | <b>894,406</b> | <b>959,716</b>                 | <b>615,260</b> | <b>683,433</b>                  |
| <b>CURRENT LIABILITIES</b>                        |                |                                |                |                                 |
| Payables                                          | 111,044        | 134,442                        | 7,739          | 11,607                          |
| Interest bearing liabilities                      | 5,564          | 5,975                          | 598            | 994                             |
| Current tax liabilities                           | 5,876          | 12,439                         | 9,769          | 114                             |
| Provisions                                        | 24,287         | 23,036                         | 678            | 14,535                          |
| Other                                             | 2,569          | 566                            | –              | –                               |
| <b>Total Current Liabilities</b>                  | <b>149,340</b> | <b>176,458</b>                 | <b>18,784</b>  | <b>27,250</b>                   |
| <b>NON-CURRENT LIABILITIES</b>                    |                |                                |                |                                 |
| Interest bearing liabilities                      | 132,923        | 102,824                        | 62,678         | 108,994                         |
| Deferred tax liabilities                          | 15,568         | 17,206                         | 114            | 538                             |
| Provisions                                        | 5,177          | 4,685                          | 290            | 224                             |
| Other                                             | 2,991          | 2,795                          | –              | –                               |
| <b>Total Non-Current Liabilities</b>              | <b>156,659</b> | <b>127,510</b>                 | <b>63,082</b>  | <b>109,756</b>                  |
| <b>Total Liabilities</b>                          | <b>305,999</b> | <b>303,968</b>                 | <b>81,866</b>  | <b>137,006</b>                  |
| <b>Net Assets</b>                                 | <b>588,407</b> | <b>655,748</b>                 | <b>533,394</b> | <b>546,427</b>                  |

## STATEMENTS OF FINANCIAL POSITION (continued)

FOR THE YEAR ENDED 30 JUNE 2003

|                                                | Note | 2003<br>\$000s  | Consolidated<br>2002<br>\$000s | 2003<br>\$000s | Parent entity<br>2002<br>\$000s |
|------------------------------------------------|------|-----------------|--------------------------------|----------------|---------------------------------|
| <b>EQUITY</b>                                  |      |                 |                                |                |                                 |
| <b>Parent Entity Interest</b>                  |      |                 |                                |                |                                 |
| Contributed equity – ordinary shares           |      | <b>324,881</b>  | 361,693                        | <b>324,375</b> | 361,187                         |
| Contributed equity – reset preference shares   |      | <b>147,195</b>  | 147,205                        | <b>147,195</b> | 147,205                         |
| Reserves                                       |      | <b>(17,907)</b> | 6,414                          | <b>545</b>     | 545                             |
| Retained profits                               | 4    | <b>128,366</b>  | 133,781                        | <b>61,279</b>  | 37,490                          |
| Total parent entity interest                   |      | <b>582,535</b>  | 649,093                        | <b>533,394</b> | 546,427                         |
| Outside equity interest in controlled entities |      | <b>5,872</b>    | 6,655                          | –              | –                               |
| <b>Total Equity</b>                            |      | <b>588,407</b>  | 655,748                        | <b>533,394</b> | 546,427                         |

The above Statements of Financial Position should be read in conjunction with the discussion and analysis included in the Directors' Report.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2003

|                                                                       | 2003<br>\$000s  | Consolidated<br>2002<br>\$000s | 2003<br>\$000s | Parent entity<br>2002<br>\$000s |
|-----------------------------------------------------------------------|-----------------|--------------------------------|----------------|---------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                           |                 |                                |                |                                 |
| Receipts from customers                                               | 688,690         | 796,816                        | 9,528          | 9,607                           |
| Payments to suppliers and employees                                   | (578,874)       | (654,645)                      | (13,211)       | (16,041)                        |
| Dividends received                                                    | 16              | 276                            | 34,159         | 41,512                          |
| Interest paid and other costs of finance                              | (9,711)         | (11,222)                       | (790)          | (8,286)                         |
| Interest received                                                     | 3,457           | 4,181                          | 7,622          | 12,069                          |
| Australian net GST (paid)/refunded                                    | (6,125)         | (7,976)                        | 1,810          | 758                             |
| Income taxes paid                                                     | (21,274)        | (48,076)                       | (851)          | (2,476)                         |
| <b>Net operating cash flows</b>                                       | <b>76,179</b>   | <b>79,354</b>                  | <b>38,267</b>  | <b>37,143</b>                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                           |                 |                                |                |                                 |
| Payments for purchase of controlled entities                          | (210)           | (12,496)                       | (34,159)       | –                               |
| Payments for purchase of businesses                                   | (12,335)        | (17,945)                       | –              | –                               |
| Payments for investment in associated entities                        | (17,603)        | –                              | –              | –                               |
| Payments for investment in subsidiaries                               | –               | –                              | –              | (99,776)                        |
| Payments for investment in listed entities                            | (8,579)         | (1,128)                        | –              | (1,137)                         |
| Payments for investment in unlisted entities                          | (25)            | –                              | –              | –                               |
| Payments for property, plant and equipment                            | (17,933)        | (56,886)                       | (370)          | (492)                           |
| Security deposit on premises                                          | –               | 1,200                          | –              | 1,200                           |
| Loans granted to other entities                                       | –               | (290)                          | –              | –                               |
| Net loan repayments from/(grants to) controlled entities              | –               | –                              | 63,282         | 57,877                          |
| Loan repayments received                                              | –               | –                              | –              | 1                               |
| Proceeds from sale of property, plant and equipment                   | 153             | 646                            | –              | 1                               |
| Proceeds from sale of property, plant and equipment to related entity | –               | –                              | –              | 102                             |
| Proceeds from sale of investments                                     | 372             | 8,520                          | –              | –                               |
| <b>Net investing cash flows</b>                                       | <b>(56,160)</b> | <b>(78,379)</b>                | <b>28,753</b>  | <b>(42,224)</b>                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                           |                 |                                |                |                                 |
| Proceeds from issues of ordinary shares                               | 1,539           | 7,090                          | 1,539          | 7,090                           |
| Proceeds from issue of reset preference shares                        | –               | 150,000                        | –              | 150,000                         |
| Costs of issue of reset preference shares                             | –               | (2,795)                        | –              | (2,795)                         |
| Buy-back of ordinary shares                                           | (38,351)        | –                              | (38,351)       | –                               |
| Proceeds from borrowings                                              | 227,015         | 57,265                         | –              | 19,295                          |
| Repayment of borrowings                                               | (182,885)       | (176,000)                      | –              | (158,000)                       |
| Dividends paid – ordinary shares                                      | (27,279)        | (5,504)                        | (27,279)       | (5,504)                         |
| Dividends paid – reset preference shares                              | (8,250)         | (4,204)                        | (8,250)        | (4,204)                         |
| Dividends paid to outside equity interest in controlled entity        | (524)           | –                              | –              | –                               |
| Proceeds from finance leases                                          | 759             | –                              | –              | –                               |
| Repayment of finance leases                                           | (1,860)         | (1,816)                        | (613)          | (756)                           |
| Other – settlement of deferred acquisition                            | –               | (12,597)                       | –              | –                               |
| <b>Net financing cash flows</b>                                       | <b>(29,836)</b> | <b>11,439</b>                  | <b>72,954</b>  | <b>5,126</b>                    |
| Net increase/(decrease) in cash held                                  | (9,817)         | 12,414                         | (5,934)        | 45                              |
| Cash at the beginning of the financial year                           | 74,327          | 65,453                         | 9,542          | 9,497                           |
| Exchange rate variations on foreign cash balances                     | (3,682)         | (3,540)                        | –              | –                               |
| <b>Cash at the end of the financial year</b>                          | <b>60,828</b>   | <b>74,327</b>                  | <b>3,608</b>   | <b>9,542</b>                    |

The above Statements of Cash Flows should be read in conjunction with the discussion and analysis included in the Directors' Report.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of accounting

The financial statements have been prepared as a general purpose financial report that complies with the requirements of the Corporations Act 2001, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views. The accounting policies used are consistent with those adopted in the previous year. The financial statements have also been prepared in accordance with the historical cost convention and do not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets except for certain assets that, where noted, are at valuation.

Comparative information has been reclassified or represented to maintain comparability with the current reporting period.

As a result of applying the new accounting standard AASB 1044 Provisions, Contingent Liabilities and Contingent Assets for the first time, certain liabilities have been reclassified as described in the final paragraph of note 1.

### Principles of consolidation

The consolidated financial statements include the financial statements of the parent entity, Computershare Limited, and its controlled entities, referred to collectively throughout these financial statements as the 'consolidated entity'.

All inter-entity balances and transactions have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

Financial statements of foreign controlled entities presented in accordance with overseas accounting principles are, for consolidation purposes, adjusted to comply with group policy and generally accepted accounting principles in Australia.

### Foreign currency transactions

Foreign currency transactions are converted to Australian dollars at exchange rates approximating those in effect at the date of each transaction. Amounts payable and receivable in foreign currencies at balance date are converted to Australian dollars at the average of the buy and sell rates available on the close of business at balance date. Revaluation gains and losses are brought to account as they occur. The financial statements of all foreign operations are translated using the current rate method as they are considered self-sustaining.

Exchange differences relating to monetary items are included in the Statements of Financial Performance, as exchange gains or losses, in the period when the exchange rates change. Where the exchange difference relates to hedging part of the net investment in a self-sustaining foreign operation the exchange difference is transferred to the foreign currency translation reserve on consolidation.

### Income tax

The financial statements apply the principles of tax-effect accounting. The income tax expense in the Statements of Financial Performance represents tax on the pre-tax accounting profit adjusted for income and expenses never to be assessed or allowed for taxation purposes. The provision for deferred income tax liability and the future income tax benefit include the tax effect of differences between income and expense items recognised in different accounting periods for book and tax purposes, calculated at the tax rates expected to apply when the differences reverse.

The benefit arising from estimated carry forward tax losses is recorded as a future income tax benefit only where realisation of such benefit is considered to be virtually certain. The benefit arising from timing differences is recorded as a future income tax benefit where realisation of such benefit is beyond reasonable doubt.

No provision is made for withholding tax on unremitted earnings of applicable foreign incorporated controlled entities as there is currently no intention to remit these earnings to the parent entity.



### **Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a first-in first-out basis.

Prepaid inventory is recorded at cost and is bought on behalf of the company's clients. As the inventory is used, the costs are billed.

### **Recoverable amount of non-current assets**

All non-current assets are reviewed at least annually to determine whether their carrying amounts require write-down to recoverable amount. Recoverable amounts for all non-current assets are determined using net cash flows that have not been discounted to present values.

### **Property, plant and equipment**

The amounts at which property, plant and equipment are stated in these financial statements are regularly reviewed. Where revaluations are made they are based on reports by independent valuers.

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the profit and loss of the consolidated entity in the year of disposal. Any related revaluation increment in the asset revaluation reserve at the time of disposal is transferred to retained earnings.

### **Depreciation**

Items of property, plant and equipment, excluding freehold land and leasehold plant and equipment, are depreciated on a straight line basis at rates calculated to allocate their cost or valuation, less estimated residual value, against revenue over their estimated useful life. Additions and disposals are depreciated for the period held in the year of acquisition or disposal. Depreciation expense has been determined based on the following rates of depreciation – Buildings (2.5% per annum), Plant and Equipment (10% to 50% per annum), Fixtures and Fittings (13% to 50% per annum) and Motor Vehicles (15% to 40% per annum).

### **Investments**

#### *Controlled entities*

The investments in the controlled entities are carried in the company's financial statements at the lower of cost and recoverable amount. Dividends from controlled entities are brought to account in the Statements of Financial Performance when they are proposed by the controlled entities.

#### *Associated entities*

Interests in material associated entities are brought to account using the equity method. Under this method the investment in associates is initially recognised at its cost of acquisition and its carrying value is subsequently adjusted for increases or decreases in the investor's share of post-acquisition results and reserves of the associate. The investment in associated entities is decreased by the amount of dividends received or receivable. Investments in associates are carried at the lower of cost and recoverable amount in the accounts of the parent entity.

#### *Other financial assets*

Broker client deposits and all other investments are carried in the accounts at the lower of cost or recoverable amount. Dividend and interest income from these assets is brought to account when received.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2003

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Leases

Assets acquired under finance leases are capitalised and amortised over the life of the relevant lease, or where ownership is likely to be obtained on expiration of the lease, over the life of the asset. Lease payments are allocated between interest expense and reduction in the lease liability.

Operating lease assets are not capitalised and rental payments are charged against operating profit in the period in which they are incurred.

#### Software development costs

Internally developed software and related costs are expensed in the year in which they are incurred.

#### Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at acquisition date, unless the notional price at which they could be placed in the market is a better indicator of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Provisions for restructuring costs and related employee termination benefits are recognised as at the date of acquisition of an entity or part thereof on the basis described in the accounting policy notes for restructuring costs and employee benefits. Goodwill is brought to account as described in the accounting policy note for goodwill.

#### Goodwill

On acquisition of a controlled entity, the difference between the purchase consideration plus incidental expenses and the fair value of identifiable net assets acquired is initially brought to account as goodwill or discount on acquisition.

In establishing the fair value of the identifiable net assets acquired, a liability for restructuring costs is only recognised at the date of acquisition where there is a demonstrable commitment and a detailed plan. The liability is only recognised where there is little or no discretion to avoid payments to other parties in settlement of costs of the restructuring and a reliable estimate of the amount of the liability as at the date of acquisition can be made.

Revisions in the estimated amount of restructuring costs which are recognised as a liability as at the date of acquisition are accounted for by adjusting the amount of the liability and the amount of goodwill. These adjustments are made in the reporting period in which the revision in the estimate occurs. Consequential adjustments to reflect the cumulative effect of revisions on the amount of amortisation of goodwill are recognised in the Statements of Financial Performance in the reporting period in which the revision in estimate occurs.

Purchased goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise. These periods have been individually assessed on an entity by entity basis and vary between 5 to 20 years from the date of gaining control. The unamortised balance of goodwill is reviewed at each balance date and charged to profit and loss to the extent that applicable future benefits are no longer probable.



### **Restructuring costs**

Liabilities arising directly from undertaking a restructuring program, not in connection with the acquisition of an entity or operations, are recognised when a detailed plan of the restructuring activity has been developed and implementation of the restructuring program as planned has commenced, by either entering into contracts to undertake the restructuring activities or making a detailed announcement such that affected parties are in no doubt the restructuring program will proceed.

Liabilities for the cost of restructuring entities or operations acquired are recognised as at the date of acquisition of an entity or operations, or part thereof, if the main features of the restructuring were planned and there was a demonstrable commitment to the restructuring at the acquisition date, and this is supported by detailed plan developed within three months of the acquisition, or prior to the completion of the financial report, if earlier.

Liabilities for employee termination benefits associated with restructuring relating to an acquisition are brought to account on the basis described in the accounting policy note for employee benefits. Liabilities for costs of restructurings and related employee termination benefits are disclosed in aggregate where the restructuring occurs as a consequence of an acquisition.

Reversals of part or all of a provision for restructuring relating to an acquisition because the costs are no longer expected to be incurred as planned, are adjusted against the goodwill or discount on acquisition. The adjusted carrying amounts of goodwill or non-monetary assets are amortised or depreciated from the date of the reversal.

### **Employee entitlements**

Provision has been made in the Statements of Financial Position for benefits accruing to employees in relation to annual leave, long service leave, workers compensation and vested sick leave. No provision is made for non-vesting sick leave as the anticipated pattern of future sick leave taken indicates that accumulated non-vesting sick leave will never be paid.

All on-costs, including payroll tax, workers' compensation premiums and fringe benefits tax are included in the determination of provisions. Vested sick leave, annual leave and the current portion of long service leave are measured at their nominal amounts.

The non-current portion of the long service leave provision is measured at the present value of estimated future cash flows, discounted by the interest rate applicable to Commonwealth Government securities maturing in the period the liability is expected to fall due. A 4% per annum rate of increase in employee wage and salary rates was assumed in the present value calculations.

#### *Retirement benefits*

Contributory superannuation and pension plans exist to provide benefits for the consolidated entity's employees and their dependants on retirement, disability or death. The plans are accumulation plans. The employee sponsors contribute to the plans at varying rates of contribution depending on the employee classification. The contributions made to the funds by group entities are charged against profits.

#### *Employee share and option ownership schemes*

Certain employees are entitled to participate in share and option ownership schemes. No remuneration expense is recognised in respect of employee shares and options issued.

#### *Termination benefits*

Liabilities for termination benefits, not in connection with the acquisition of an entity or operation are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as provisions.

Liabilities for termination benefits relating to an acquired entity or operation that arise as a consequence of acquisition are recognised as at the date of acquisition if, at or before the acquisition date, the main features of the terminations were planned and a valid expectation had been raised in those employees affected that the terminations would be carried out and this is supported by a detailed plan developed within three months of the acquisition, or prior to the completion of the financial report, if earlier. These liabilities are disclosed in aggregate with other restructuring costs as a consequence of the acquisition.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2003

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Operating revenue

##### *Sales Revenue*

Sales revenue comprises registry and bureau revenue, sale of software licences and associated development, installation and maintenance fees (net of returns, discounts and allowances) and document processing services.

Registry and bureau revenue includes all revenue earned on the provision of regular services to customers, primarily fixed monthly maintenance fees and transaction processing fees. Additionally, sales revenue includes all associated revenue earned from managing various client corporate actions, such as capital raisings, demutualisations and takeovers, which occur periodically. Revenue derived from both sources of sales revenue includes variable margin income earned on administered funds, including Save As You Earn Schemes.

In relation to the recognition of any profits and losses on the corporate actions which span reporting periods, where they can be reliably measured, revenue and expenses arising from the project are recognised in the Statements of Financial Performance by reference to the stage of completion of the project as at balance date.

Software licence sales and associated development, installation and maintenance fees are recognised in accordance with written customer agreements so as to match revenue with expenses.

Document processing revenues include revenue from the provision of paper and electronic document needs for issuers, investors and many corporations. This includes design, document composition and programming, through to various production and distribution methods.

##### *Other Revenue*

Other revenue includes interest income on short-term deposits controlled by the consolidated entity, royalties and dividends received from other persons.

#### Insurance recoveries

The consolidated entity recognises amounts receivable under its insurance policies, net of any relevant excess amounts, upon indemnity being acknowledged by the insurers.

#### Financial instruments included in equity

Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Reset preference shares earn a preferential non-cumulative dividend fixed for the first five years of 5.5% per annum.

#### Financial instruments included in liabilities

Loans are recognised when issued at the amount of the net proceeds received, with any premium or discount on issue amortised over the period to maturity. Interest is recognised as an expense on an effective yield basis.

#### Financial instruments included in assets

##### *Trade debtors*

Trade debtors are initially recorded at the amount of the contracted sale proceeds.

Provision for doubtful debts is recognised to the extent that recovery of the outstanding receivable balance is considered less than likely. Any provision established is based on a review of all outstanding amounts at balance date.



#### *Forward exchange contracts*

Forward currency exchange contracts are initially recognised as either an asset or liability, at an amount equal to the premium or discount on the forward currency exchange contracts. The assets and liabilities recognised are subsequently remeasured by reference to exchange rates at balance date. The gain or loss on remeasurement is brought to account in the Statements of Financial Performance unless the contracts are entered to hedge anticipated specific future transactions, in which case the gain or loss is deferred and included in the initial measurement of the anticipated item being hedged.

The premium or discount on the forward currency exchange contracts is amortised over the period of the contracts, unless the contracts are entered to hedge anticipated specific future transactions, in which case the premium or discount is included in the initial measurement of anticipated items being hedged.

#### *Bank deposits and loans*

Bank deposits and loans are carried at cost. Interest revenue is recognised on an effective yield basis.

#### *Other investments*

Other investments, including equity interests in non-subsidiary, non-associated corporations are included in investments at the lower of cost or recoverable amount. Dividend income is brought to account when received.

### **Hedge accounting**

The consolidated entity applies the principles of hedge accounting as set out in the relevant Australian Accounting Standards and UIG pronouncements, using both interest rate and foreign currency swaps and options. To the extent that hedging instruments are required to be marked to market and become ineffective as a hedge of the intended risk all gains and losses are recognised immediately in the Statements of Financial Performance.

### **Cash**

For the purposes of the Statements of Cash Flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Cash excludes Broker Client Deposits carried on the Statements of Financial Performance that are recorded as other current financial assets.

### **Change in accounting standards**

The new Australian accounting standard AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets' is applicable to the Group for the first time, effective 1 July 2002. This requires that provision is only made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the year, but not distributed at balance date.

In previous periods, in addition to providing for the amount of any dividends declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date, provision was made for dividends to be paid out of retained profits at the end of the financial year where the dividend was proposed, recommended or declared between the end of the financial year and the completion of the financial report.

An adjustment of \$13,856,959 was made against the consolidated and parent entity retained profits at the beginning of the financial year to reverse the amount provided at 30 June 2002 for the proposed final dividend for that year that was recommended by the directors between the end of the financial year and the completion of the financial report. This reduced the consolidated and parent entity current liabilities – provisions and total liabilities at the beginning of the financial year by \$13,856,959 with corresponding increases in their net assets, retained profits, total equity and the total dividends provided for or paid during the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2003

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The restatements of consolidated and parent entity retained profits, provisions and total dividends provided for or paid during the year set out below show the information that would have been disclosed had the new accounting policy always been applied.

|                                                                                         | Consolidated                 |                              | Parent entity                |                              |
|-----------------------------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                                                                         | 2003<br>\$000s<br>(Restated) | 2002<br>\$000s<br>(Restated) | 2003<br>\$000s<br>(Restated) | 2002<br>\$000s<br>(Restated) |
| <b>Restatement of retained profits</b>                                                  |                              |                              |                              |                              |
| Previously reported retained profits at the end of the previous financial year (note 4) | <b>133,781</b>               | 83,993                       | <b>37,490</b>                | 439                          |
| Change in accounting policy for providing for dividends                                 | <b>13,857</b>                | 2,738                        | <b>13,857</b>                | 2,738                        |
| Restated retained profits at the beginning of the financial year                        | <b>147,638</b>               | 86,731                       | <b>51,347</b>                | 3,177                        |
| Net profit attributable to members of the parent entity                                 | <b>16,256</b>                | 71,293                       | <b>45,460</b>                | 58,556                       |
| Total available for appropriation                                                       | <b>163,894</b>               | 158,024                      | <b>96,807</b>                | 61,733                       |
| Ordinary dividends provided for or paid (note 4)                                        | <b>(27,278)</b>              | (5,504)                      | <b>(27,278)</b>              | (5,504)                      |
| Reset Preference dividends provided for or paid                                         | <b>(8,250)</b>               | (4,882)                      | <b>(8,250)</b>               | (4,882)                      |
| <b>Restated retained profits at the end of the financial year (note 4)</b>              | <b>128,366</b>               | 147,638                      | <b>61,279</b>                | 51,347                       |

The liabilities for annual leave expected to be settled within 12 months of reporting date have been reclassified from provisions to other creditors in the current year as a result of the adoption of the new accounting standard AASB 1044 *Provisions, Contingent Liabilities and Contingent Assets*. The directors do not believe that there are any significant uncertainties relating to the amount and timing of future payments included in these employee benefits, therefore they do not meet the definition of a provision under the new standard. Comparative amounts have also been reclassified to ensure comparability with the current reporting period.



|                                                                                                                             | Note | 2003<br>\$000s | Consolidated<br>2002<br>\$000s | 2003<br>\$000s | Parent entity<br>2002<br>\$000s |
|-----------------------------------------------------------------------------------------------------------------------------|------|----------------|--------------------------------|----------------|---------------------------------|
| <b>2. OPERATING PROFIT</b>                                                                                                  |      |                |                                |                |                                 |
| <b>a) Profit from ordinary activities is after crediting the following revenues:</b>                                        |      |                |                                |                |                                 |
| <b>Sales revenue</b>                                                                                                        |      |                |                                |                |                                 |
| Rendering of services                                                                                                       |      | <b>694,519</b> | 757,055                        | –              | –                               |
| <b>Other revenue</b>                                                                                                        |      |                |                                |                |                                 |
| Net foreign exchange gains (refer also to borrowing costs)                                                                  |      | <b>264</b>     | 802                            | <b>6,546</b>   | 1,169                           |
| Decrease in underwriting liability to controlled entity following novation of financial instruments                         |      | –              | –                              | <b>8,044</b>   | 16,914                          |
| Gain on other financial instruments                                                                                         |      | <b>509</b>     | 1,406                          | <b>27</b>      | 1,070                           |
| Amortisation of discount on forward exchange contracts                                                                      |      | <b>2,318</b>   | 1,485                          | –              | –                               |
| Dividends received from:                                                                                                    |      |                |                                |                |                                 |
| – other persons                                                                                                             |      | <b>16</b>      | 278                            | –              | –                               |
| – controlled entity                                                                                                         |      | –              | –                              | <b>34,159</b>  | 41,512                          |
| Interest received from:                                                                                                     |      |                |                                |                |                                 |
| – other persons                                                                                                             |      | <b>3,584</b>   | 4,161                          | <b>148</b>     | 456                             |
| – controlled entities                                                                                                       |      | –              | –                              | <b>6,739</b>   | 13,189                          |
| Rent received and sub-lease rentals                                                                                         |      | <b>3,940</b>   | 1,947                          | –              | –                               |
| Other fees received from controlled entities                                                                                |      | –              | –                              | <b>9,366</b>   | 10,258                          |
| Gross proceeds from the sale of:                                                                                            |      |                |                                |                |                                 |
| – Property, plant and equipment                                                                                             |      | <b>153</b>     | 646                            | –              | –                               |
| – Investments                                                                                                               |      | <b>372</b>     | 8,520                          | –              | –                               |
| – Non-current assets to controlled entities                                                                                 |      | –              | –                              | <b>32</b>      | 102                             |
| Other revenue items in total                                                                                                |      | <b>2,922</b>   | 4,666                          | <b>24</b>      | 65                              |
| Total other revenues                                                                                                        |      | <b>14,078</b>  | 23,911                         | <b>65,085</b>  | 84,735                          |
| Total revenue from ordinary activities (excluding share of net profits of associates accounted for using the equity method) |      | <b>708,597</b> | 780,966                        | <b>65,085</b>  | 84,735                          |
| <b>Profit from ordinary activities is after charging the following expenses:</b>                                            |      |                |                                |                |                                 |
| <b>Depreciation and amortisation</b>                                                                                        |      |                |                                |                |                                 |
| Depreciation of property, plant and equipment                                                                               |      | <b>24,894</b>  | 21,951                         | <b>453</b>     | 406                             |
| Amortisation of:                                                                                                            |      |                |                                |                |                                 |
| – Leased assets                                                                                                             |      | <b>1,193</b>   | 1,115                          | <b>514</b>     | 618                             |
| – Leasehold improvements                                                                                                    |      | <b>2,905</b>   | 2,006                          | <b>16</b>      | 16                              |
| – Establishment costs                                                                                                       |      | <b>135</b>     | 67                             | –              | –                               |
| – Currency options                                                                                                          |      | –              | 37                             | –              | 37                              |
| – Employee shares                                                                                                           |      | <b>347</b>     | 85                             | <b>223</b>     | 74                              |
| – Goodwill                                                                                                                  |      | <b>31,263</b>  | 29,869                         | –              | –                               |
| Total depreciation and amortisation                                                                                         |      | <b>60,737</b>  | 55,130                         | <b>1,206</b>   | 1,151                           |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2003

| Note                                                            | 2003<br>\$000s | Consolidated<br>2002<br>\$000s | 2003<br>\$000s | Parent entity<br>2002<br>\$000s |
|-----------------------------------------------------------------|----------------|--------------------------------|----------------|---------------------------------|
| <b>2. OPERATING PROFIT (continued)</b>                          |                |                                |                |                                 |
| <b>Borrowing costs</b>                                          |                |                                |                |                                 |
| Interest paid:                                                  |                |                                |                |                                 |
| – to other persons                                              | <b>6,921</b>   | 8,798                          | –              | 6,456                           |
| – on finance leases                                             | <b>211</b>     | 344                            | <b>65</b>      | 109                             |
| – to controlled entities                                        | –              | –                              | <b>705</b>     | 315                             |
| Exchange (gain)/loss on foreign currency loans                  | –              | –                              | –              | (853)                           |
| Loan facility fees                                              | <b>1,164</b>   | 1,027                          | <b>160</b>     | 732                             |
| Total borrowing costs                                           | <b>8,296</b>   | 10,169                         | <b>930</b>     | 6,759                           |
| <b>Other operating expense items</b>                            |                |                                |                |                                 |
| Operating lease rentals <sup>(a)</sup>                          | <b>33,229</b>  | 27,973                         | <b>2,897</b>   | 2,897                           |
| Total technology spending                                       | <b>92,100</b>  | 106,700                        | –              | –                               |
| Provision for employee entitlements                             | <b>303</b>     | 3,212                          | <b>(41)</b>    | 330                             |
| Net charge to/(reduction in) provision for doubtful trade debts | <b>518</b>     | (242)                          | –              | (604)                           |
| (Profit)/loss on disposal of investments                        | <b>(8)</b>     | (1,889)                        | –              | –                               |
| Expense from sale of:                                           |                |                                |                |                                 |
| – Plant and equipment                                           | <b>572</b>     | 641                            | –              | –                               |
| – Plant and equipment to controlled entity                      | –              | –                              | <b>32</b>      | 102                             |
| – Investments                                                   | <b>364</b>     | 6,631                          | –              | –                               |
| (Profit)/ loss on sale of property, plant and equipment         | <b>419</b>     | (5)                            | –              | –                               |

(a) Operating lease rentals includes contingent rentals of approximately \$786,589 (2002: \$786,590)

### (b) Individually Significant Items

#### Expenses

During the year, there has been significant restructuring of the company's global businesses. The impact on expenses is \$35.1 million of non-recurring costs, comprising \$23.2 million in redundancies, \$7.5 million in property write-offs, \$3.0 million in restructuring costs and \$1.4 million in asset write-offs.

#### Outside equity interest

On 1 June 2002 Computershare Group sold 7.32% of its interest in Computershare Hong Kong Investor Services Limited (CHIS). In addition CHIS issued shares to a subsidiary of the Hong Kong Securities Clearing Company Limited ("MPL") equivalent to 18% of the expanded CHIS share capital. These shares were issued in consideration for MPL transferring its interest in its Hong Kong registry operations to CHIS. As part of the above transactions, the terms and conditions of the shares held by the Computershare Group in CHIS were changed to provide a preferential right to the extent of the retained profits in CHIS as at the transaction date. In accordance with AASB 1024 Consolidated Accounts, the movement in the parent entity's share of net assets of CHIS (arising as a consequence of the issue of new shares in CHIS) has been recorded in the Statements of Financial Performance as a loss of \$13,540,000 to the outside equity interest.



| Note                                                                                                                                       | Consolidated   |                | Parent entity   |                |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|-----------------|----------------|
|                                                                                                                                            | 2003<br>\$000s | 2002<br>\$000s | 2003<br>\$000s  | 2002<br>\$000s |
| <b>3. INCOME TAX</b>                                                                                                                       |                |                |                 |                |
| The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows: |                |                |                 |                |
| <b>Operating profit/(loss)</b>                                                                                                             | <b>29,462</b>  | 83,748         | <b>50,076</b>   | 61,379         |
| Prima facie income tax expense/(benefit) thereon at 30%                                                                                    | <b>8,839</b>   | 25,125         | <b>15,023</b>   | 18,414         |
| Tax effect of permanent differences:                                                                                                       |                |                |                 |                |
| – Amortisation of goodwill not deductible                                                                                                  | <b>5,418</b>   | 4,666          | –               | –              |
| – Research and development allowance                                                                                                       | <b>(1,692)</b> | (1,548)        | –               | –              |
| – Non-deductible provisions                                                                                                                | <b>194</b>     | 1,006          | –               | –              |
| – Benefit of tax losses not brought to account                                                                                             | <b>6,230</b>   | 23             | –               | –              |
| – Rebatable dividends                                                                                                                      | –              | –              | <b>(10,247)</b> | (12,454)       |
| – Other                                                                                                                                    | <b>(2,440)</b> | (243)          | <b>(118)</b>    | (206)          |
| Prior year tax (over)/under provided                                                                                                       | <b>(1,971)</b> | (2,086)        | <b>(42)</b>     | (2,931)        |
| Restatement of deferred tax balances due to income tax rate changes                                                                        | <b>(404)</b>   | (572)          | –               | –              |
| Effect of different tax rates on overseas income                                                                                           | <b>(1,845)</b> | (376)          | –               | –              |
| <b>Income tax expense/(benefit) on operating profit/(loss)</b>                                                                             | <b>12,329</b>  | 25,995         | <b>4,616</b>    | 2,823          |

As at 30 June 2003, companies within the consolidated entity had estimated unconfirmed gross income tax losses of \$18,038,000 (2002: \$4,556,000) available to offset against future years' taxable income. The benefit of these losses has not been brought to account as realisation is not virtually certain. The benefit for these tax losses will only be obtained if:

- the companies derive future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;
- the companies continue to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in the taxation legislation adversely affect the companies in realising the benefit from the deductions for the losses.

#### Tax consolidation legislation

Computershare Ltd and its wholly-owned Australian entities intend to implement the tax consolidation legislation as of 1 July 2003. The Australian Taxation Office has not yet been formally notified of this decision.

The entities have also entered into a tax sharing agreement. As a consequence, Computershare Limited, as the head entity in the tax consolidation group, has recognised the current tax liability relating to transactions, events and balances of the wholly owned Australian controlled entities in this group in the financial statements as if those liabilities were its own, in addition to recognising the current tax liability arising in relation to its own transactions, events and balances. Amounts receivable or payable under the tax sharing agreement are recognised separately as tax related payables or receivables. The impact on the income tax expense and results of Computershare Limited is unlikely to be material because of the tax sharing agreement. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense. The tax sharing agreement is not expected to have a material impact on the consolidated assets, liabilities and results.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2003

|                                                                                                                                  | 2003<br>\$000s  | Consolidated<br>2002<br>\$000s | 2003<br>\$000s  | Parent entity<br>2002<br>\$000s |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------------------|-----------------|---------------------------------|
| <b>4. RETAINED PROFITS AND DIVIDENDS</b>                                                                                         |                 |                                |                 |                                 |
| <b>Retained profits</b>                                                                                                          |                 |                                |                 |                                 |
| Retained profits at the beginning of the financial year                                                                          | <b>133,781</b>  | 83,993                         | <b>37,490</b>   | 439                             |
| Adjustment resulting from change in accounting policy for providing for dividends                                                | <b>13,857</b>   | –                              | <b>13,857</b>   | –                               |
| Ordinary dividends provided for or paid                                                                                          | <b>(27,278)</b> | (16,623)                       | <b>(27,278)</b> | (16,623)                        |
| Reset preference dividends provided for or paid                                                                                  | <b>(8,250)</b>  | (4,882)                        | <b>(8,250)</b>  | (4,882)                         |
| Net profit/(loss) attributable to members of Computershare Limited                                                               | <b>16,256</b>   | 71,293                         | <b>45,460</b>   | 58,556                          |
| Retained profits at the end of the financial year                                                                                | <b>128,366</b>  | 133,781                        | <b>61,279</b>   | 37,490                          |
| <b>Equity</b>                                                                                                                    |                 |                                |                 |                                 |
| Total equity at the beginning of the financial year                                                                              | <b>655,748</b>  | 472,902                        | <b>546,427</b>  | 355,081                         |
| Adjustment resulting from change in accounting policy for providing for dividends                                                | <b>13,857</b>   | –                              | <b>13,857</b>   | –                               |
| Total changes in equity recognised in the Statements of Financial Performance                                                    | <b>(8,065)</b>  | 46,928                         | <b>45,460</b>   | 58,556                          |
| Transactions with owners as owners:                                                                                              |                 |                                |                 |                                 |
| Contributed equity – ordinary shares, net of buy-backs                                                                           | <b>(36,812)</b> | 7,090                          | <b>(36,812)</b> | 7,090                           |
| Contributed equity – reset preference shares, net of costs of issue                                                              | <b>(10)</b>     | 147,205                        | <b>(10)</b>     | 147,205                         |
| Dividends – ordinary shares                                                                                                      | <b>(27,278)</b> | (16,623)                       | <b>(27,278)</b> | (16,623)                        |
| Dividends – reset preference shares                                                                                              | <b>(8,250)</b>  | (4,882)                        | <b>(8,250)</b>  | (4,882)                         |
| Total changes in outside equity interests                                                                                        | <b>(783)</b>    | 3,128                          | –               | –                               |
| Total equity at the reporting date                                                                                               | <b>588,407</b>  | 655,748                        | <b>533,394</b>  | 546,427                         |
| <b>Dividends</b>                                                                                                                 |                 |                                |                 |                                 |
| <i>Ordinary</i>                                                                                                                  |                 |                                |                 |                                 |
| Dividends paid during the financial year in respect of the previous year – fully franked at 30%                                  | <b>13,861</b>   | 2,746                          | <b>13,861</b>   | 2,746                           |
| Dividends paid and proposed in respect of the current financial year – fully franked at 30%                                      | <b>13,421</b>   | 16,623                         | <b>13,421</b>   | 16,623                          |
| <i>Reset Preference</i>                                                                                                          |                 |                                |                 |                                 |
| Dividends paid during the financial year in respect of the previous year – fully franked at 30%                                  | <b>4,137</b>    | –                              | <b>4,137</b>    | –                               |
| Dividends paid and proposed in respect of the current financial year – fully franked at 30%                                      | <b>8,250</b>    | 4,882                          | <b>8,250</b>    | 4,882                           |
| <b>Franked dividends</b>                                                                                                         |                 |                                |                 |                                 |
| The final franked dividends proposed in respect of the year ended 30 June 2003 will be franked out of existing franking credits. |                 |                                |                 |                                 |



|  | 2003<br>\$000s | Consolidated<br>2002<br>\$000s | 2003<br>\$000s | Parent entity<br>2002<br>\$000s |
|--|----------------|--------------------------------|----------------|---------------------------------|
|--|----------------|--------------------------------|----------------|---------------------------------|

#### Dividend franking account

Franking credits available for subsequent financial years based on a tax rate of 30%

|               |        |               |        |
|---------------|--------|---------------|--------|
| <b>43,265</b> | 38,667 | <b>43,265</b> | 25,700 |
|---------------|--------|---------------|--------|

The above amounts represent the balance of the franking account as at the end of the financial year adjusted for:

(a) franking credits that will arise from the payment of current tax liability

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

(d) franking credits that may be prevented from being distributed in subsequent financial years.

Under legislation that took effect on 1 July 2002, the amount recorded in the franking account is the amount of Australian income tax paid, rather than franking credits based on after tax profits, and amounts debited to that account in respect of dividends paid after 30 June 2002 are the franking credits attaching to those dividends rather than the gross amount of the dividends. In accordance with this legislation, the franking credits available at 30 June 2002 for the consolidated entity and parent entity of \$90,223,000 and \$59,966,000 respectively based on after tax profits, were converted so that the opening balances on 1 July 2002 reflected tax paid amounts of \$38,667,000 and \$25,700,000 which are shown as comparative amounts above.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2003

|                                                                                                                                       | Calculation of<br>Basic EPS<br>\$000s | Calculation of<br>Diluted EPS<br>\$000s | Calculation of<br>Normalised<br>Basic EPS<br>\$000s | Calculation of<br>Normalised<br>Diluted EPS<br>\$000s |
|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| <b>5. EARNINGS PER SHARE</b>                                                                                                          |                                       |                                         |                                                     |                                                       |
| <b>Year end 30 June 2003</b>                                                                                                          |                                       |                                         |                                                     |                                                       |
| Earnings per share (cents per share)                                                                                                  | 1.47 cents                            | 2.60 cents                              | 6.05 cents                                          | 6.57 cents                                            |
| Net profit                                                                                                                            | 17,133                                | 17,133                                  | 17,133                                              | 17,133                                                |
| Outside equity interest (profit)/loss                                                                                                 | (877)                                 | (877)                                   | (877)                                               | (877)                                                 |
| Exclusions of normalising transaction net of tax (refer note 2(b))                                                                    |                                       |                                         |                                                     |                                                       |
| – Redundancies                                                                                                                        | –                                     | –                                       | 16,234                                              | 16,234                                                |
| – Property write-offs                                                                                                                 | –                                     | –                                       | 4,980                                               | 4,980                                                 |
| – Asset write-offs                                                                                                                    | –                                     | –                                       | 1,092                                               | 1,092                                                 |
| – Restructuring costs                                                                                                                 | –                                     | –                                       | 2,586                                               | 2,586                                                 |
| Dividends on reset preference shares                                                                                                  | (8,250)                               | –                                       | (8,250)                                             | –                                                     |
| <b>Net profit</b>                                                                                                                     | <b>8,006</b>                          | <b>16,256</b>                           | <b>32,898</b>                                       | <b>41,148</b>                                         |
| Weighted average number of ordinary shares used<br>as denominator in calculating basic earnings per share                             | 544,130,199                           |                                         | 544,130,199                                         |                                                       |
| Weighted average number of ordinary and<br>potential ordinary shares used as denominator in<br>calculating diluted earnings per share |                                       | 626,076,728                             |                                                     | 626,076,728                                           |
| <b>Year end 30 June 2002</b>                                                                                                          |                                       |                                         |                                                     |                                                       |
| Earnings per share (cents per share)                                                                                                  | 12.0 cents                            | 12.2 cents                              | 9.6 cents                                           | 9.9 cents                                             |
| Net profit                                                                                                                            | 57,753                                | 57,753                                  | 57,753                                              | 57,753                                                |
| Outside equity interest (profit)/loss                                                                                                 | 13,540                                | 13,540                                  | 13,540                                              | 13,540                                                |
| Exclusion of Hong Kong equity transaction (refer note 2(b))                                                                           | –                                     | –                                       | (13,362)                                            | (13,362)                                              |
| Dividends on reset preference shares                                                                                                  | (4,882)                               | –                                       | (4,882)                                             | –                                                     |
| <b>Net profit</b>                                                                                                                     | <b>66,411</b>                         | <b>71,293</b>                           | <b>53,049</b>                                       | <b>57,931</b>                                         |
| Weighted average number of ordinary shares used<br>as denominator in calculating basic earnings per share                             | 551,615,920                           |                                         | 551,615,920                                         |                                                       |
| Weighted average number of ordinary and potential<br>ordinary shares used as denominator in calculating<br>diluted earnings per share |                                       | 582,348,267                             |                                                     | 582,348,267                                           |

## 6. SEGMENT INFORMATION

The consolidated entity operates predominantly in six business segments: Investor services, Plan services, Document services, Analytics services, Corporate and Technology services. The Investor services operations comprise provision of registry services. The Plan services operations comprise the provision and management of employee share plans. Document services operations comprise laser imaging, intelligent mailing, scanning and electronic delivery. The Asia geographic segment includes Hong Kong and Philippines. Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an 'arms-length' basis and are eliminated on consolidation.

### PRIMARY BASIS – Business Segments

2003

| Major business segments                                                | Analytics Services<br>\$000s | Corporate Services<br>\$000s | Document Services<br>\$000s | Investor Services<br>\$000s | Plan Services<br>\$000s | Technology Services<br>\$000s | Unallocated/<br>Eliminations<br>\$000s | Consolidated Total<br>\$000s |
|------------------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|-------------------------|-------------------------------|----------------------------------------|------------------------------|
| <b>Revenue</b>                                                         |                              |                              |                             |                             |                         |                               |                                        |                              |
| External revenue                                                       | 14,412                       | 7,179                        | 39,260                      | 544,618                     | 80,239                  | 19,623                        | 3,266                                  | 708,597                      |
| Inter-segment revenue                                                  | 55                           | 64,905                       | 59,547                      | 8,736                       | 2,947                   | 98,639                        | (234,829)                              | -                            |
| Total segment revenue                                                  | 14,467                       | 72,084                       | 98,807                      | 553,354                     | 83,186                  | 118,262                       | (231,563)                              | 708,597                      |
| <b>Segment Result</b>                                                  |                              |                              |                             |                             |                         |                               |                                        |                              |
| Profit from ordinary activities before income tax                      | (2,776)                      | (18,270)                     | 8,761                       | 32,750                      | (1,236)                 | 1,923                         | 8,310                                  | 29,462                       |
| Income tax expense                                                     |                              |                              |                             |                             |                         |                               |                                        | (12,329)                     |
| Profit from ordinary activities after income tax                       |                              |                              |                             |                             |                         |                               |                                        | 17,133                       |
| Depreciation                                                           | 26                           | 2,494                        | 2,868                       | 6,087                       | 196                     | 18,416                        | (5,193)                                | 24,894                       |
| Amortisation goodwill                                                  | 926                          | -                            | 835                         | 25,195                      | 2,825                   | 1,482                         | -                                      | 31,263                       |
| Other non-cash expenses                                                | 10                           | (1,566)                      | 1,261                       | 2,265                       | 153                     | 139                           | -                                      | 2,262                        |
| <b>Liabilities</b>                                                     |                              |                              |                             |                             |                         |                               |                                        |                              |
| Total segment liabilities                                              | 2,149                        | 138,284                      | 9,167                       | 132,255                     | 2,323                   | 10,448                        | 11,373                                 | 305,999                      |
| <b>Assets</b>                                                          |                              |                              |                             |                             |                         |                               |                                        |                              |
| Total segment assets                                                   | 20,408                       | 918,385                      | 48,478                      | 675,556                     | 55,827                  | 46,516                        | (870,764)                              | 894,406                      |
| Carrying value of investments in associates included in segment assets | -                            | 15,845                       | -                           | -                           | -                       | -                             | -                                      | 15,845                       |
| <b>Segment assets acquired during the reporting period:</b>            |                              |                              |                             |                             |                         |                               |                                        |                              |
| Investments                                                            | -                            | 17,639                       | -                           | 12,014                      | 1,690                   | 7,409                         | -                                      | 38,752                       |
| Property, plant and equipment                                          | 55                           | 1,662                        | 1,412                       | 6,659                       | 61                      | 8,084                         | -                                      | 17,933                       |
| <b>Total</b>                                                           | 55                           | 19,301                       | 1,412                       | 18,673                      | 1,751                   | 15,493                        | -                                      | 56,685                       |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2003

### 6. SEGMENT INFORMATION (continued)

#### 2002

| Major business segments                                     | Analytics Services<br>\$000s | Corporate Services<br>\$000s | Document Services<br>\$000s | Investor Services<br>\$000s | Plan Services<br>\$000s | Technology Services<br>\$000s | Unallocated/<br>Eliminations<br>\$000s | Consolidated<br>Total<br>\$000s |
|-------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|-------------------------|-------------------------------|----------------------------------------|---------------------------------|
| <b>Revenue</b>                                              |                              |                              |                             |                             |                         |                               |                                        |                                 |
| External revenue                                            | 13,160                       | 13,452                       | 37,266                      | 612,747                     | 66,188                  | 31,564                        | 6,589                                  | 780,966                         |
| Inter-segment revenue                                       | 50                           | 56,407                       | 44,887                      | 2,129                       | 8                       | 83,838                        | (187,319)                              | –                               |
| Total segment revenue                                       | 13,210                       | 69,859                       | 82,153                      | 614,876                     | 66,196                  | 115,402                       | (180,730)                              | 780,966                         |
| <b>Segment Result</b>                                       |                              |                              |                             |                             |                         |                               |                                        |                                 |
| Profit from ordinary activities before income tax           | (1,412)                      | (7,134)                      | 6,421                       | 88,864                      | (1,415)                 | (7,192)                       | 5,616                                  | 83,748                          |
| Income tax expense                                          |                              |                              |                             |                             |                         |                               |                                        | (25,995)                        |
| Profit from ordinary activities after income tax            |                              |                              |                             |                             |                         |                               |                                        | 57,753                          |
| Depreciation                                                | 96                           | 1,816                        | 2,871                       | 8,132                       | 188                     | 15,209                        | (6,361)                                | 21,951                          |
| Amortisation goodwill                                       | 966                          | –                            | 852                         | 23,562                      | 3,007                   | 1,482                         | –                                      | 29,869                          |
| Other non-cash expenses                                     | 11                           | (740)                        | 824                         | 1,629                       | 91                      | 10                            | –                                      | 1,825                           |
| <b>Liabilities</b>                                          |                              |                              |                             |                             |                         |                               |                                        |                                 |
| Total segment liabilities                                   | 1,820                        | 131,230                      | 8,529                       | 122,249                     | 1,907                   | 9,807                         | 28,426                                 | 303,968                         |
| <b>Assets</b>                                               |                              |                              |                             |                             |                         |                               |                                        |                                 |
| Total segment assets                                        | 21,925                       | 807,451                      | 41,993                      | 785,328                     | 66,555                  | 36,497                        | (800,033)                              | 959,716                         |
| <b>Segment assets acquired during the reporting period:</b> |                              |                              |                             |                             |                         |                               |                                        |                                 |
| Investments                                                 | –                            | 1,122                        | –                           | 30,447                      | –                       | –                             | –                                      | 31,569                          |
| Property, plant and equipment                               | 51                           | 15,103                       | 4,314                       | 20,441                      | 2,977                   | 14,000                        | –                                      | 56,886                          |
| Total                                                       | 51                           | 16,225                       | 4,314                       | 50,888                      | 2,977                   | 14,000                        | –                                      | 88,455                          |

## SECONDARY BASIS – Geographic Segment

2003

### Major geographic segments

|  | Asia   | Australia and New Zealand | Canada | South Africa | Europe | USA    | Unallocated/ Eliminations | Consolidated Total |
|--|--------|---------------------------|--------|--------------|--------|--------|---------------------------|--------------------|
|  | \$000s | \$000s                    | \$000s | \$000s       | \$000s | \$000s | \$000s                    | \$000s             |

### Revenue

|                  |        |         |         |        |         |         |       |         |
|------------------|--------|---------|---------|--------|---------|---------|-------|---------|
| External revenue | 27,393 | 187,197 | 143,117 | 33,454 | 198,445 | 115,725 | 3,266 | 708,597 |
|------------------|--------|---------|---------|--------|---------|---------|-------|---------|

### Segment Result

|                                                   |       |        |       |         |        |          |       |          |
|---------------------------------------------------|-------|--------|-------|---------|--------|----------|-------|----------|
| Profit from ordinary activities before income tax | 5,591 | 14,466 | 6,913 | (6,584) | 13,692 | (12,926) | 8,310 | 29,462   |
| Income tax expense                                |       |        |       |         |        |          |       | (12,329) |
| Profit from ordinary activities after income tax  |       |        |       |         |        |          |       | 17,133   |

### Assets

|                      |        |         |         |        |         |         |           |         |
|----------------------|--------|---------|---------|--------|---------|---------|-----------|---------|
| Total segment assets | 81,813 | 926,117 | 315,014 | 30,401 | 168,846 | 242,979 | (870,764) | 894,406 |
|----------------------|--------|---------|---------|--------|---------|---------|-----------|---------|

### Segment assets acquired during the reporting period:

|                               |     |        |       |       |        |       |   |        |
|-------------------------------|-----|--------|-------|-------|--------|-------|---|--------|
| Investments                   | 86  | 7,840  | 8,089 | 206   | 17,600 | 4,931 | – | 38,752 |
| Property, plant and equipment | 244 | 3,304  | 1,868 | 3,765 | 4,662  | 4,090 | – | 17,933 |
| Total                         | 330 | 11,144 | 9,957 | 3,971 | 22,262 | 9,021 | – | 56,685 |

2002

### Major geographic segments

|  | Asia   | Australia and New Zealand | Canada | South Africa | Europe | USA    | Unallocated/ Eliminations | Consolidated Total |
|--|--------|---------------------------|--------|--------------|--------|--------|---------------------------|--------------------|
|  | \$000s | \$000s                    | \$000s | \$000s       | \$000s | \$000s | \$000s                    | \$000s             |

### Revenue

|                  |        |         |         |        |         |         |       |         |
|------------------|--------|---------|---------|--------|---------|---------|-------|---------|
| External revenue | 26,384 | 210,180 | 157,369 | 21,393 | 211,903 | 147,148 | 6,589 | 780,966 |
|------------------|--------|---------|---------|--------|---------|---------|-------|---------|

### Segment Result

|                                                   |       |        |        |       |        |         |       |          |
|---------------------------------------------------|-------|--------|--------|-------|--------|---------|-------|----------|
| Profit from ordinary activities before income tax | 8,330 | 22,936 | 18,494 | 1,846 | 36,289 | (9,762) | 5,615 | 83,748   |
| Income tax expense                                |       |        |        |       |        |         |       | (25,995) |
| Profit from ordinary activities after income tax  |       |        |        |       |        |         |       | 57,753   |

### Assets

|                      |        |         |         |        |         |         |           |         |
|----------------------|--------|---------|---------|--------|---------|---------|-----------|---------|
| Total segment assets | 90,202 | 912,119 | 257,832 | 29,334 | 181,250 | 289,012 | (800,033) | 959,716 |
|----------------------|--------|---------|---------|--------|---------|---------|-----------|---------|

### Segment assets acquired during the reporting period:

|                               |     |        |        |        |        |        |   |        |
|-------------------------------|-----|--------|--------|--------|--------|--------|---|--------|
| Investments                   | 4   | 13,620 | –      | 17,945 | –      | –      | – | 31,569 |
| Property, plant and equipment | 163 | 8,575  | 12,470 | 10     | 20,073 | 15,595 | – | 56,886 |
| Total                         | 167 | 22,195 | 12,470 | 17,955 | 20,073 | 15,595 | – | 88,455 |

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 1 and revised segment reporting accounting standard, AASB 1005 Segment Reporting.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property plant and equipment and goodwill and other intangible assets, net of related provisions. Corporate segment assets also include financial assets. Segment liabilities consist primarily of trade and other creditors, employee entitlements and other provisions. Corporate segment liabilities also include borrowings. Segment assets and liabilities do not include income taxes.

## 7. SIGNIFICANT EVENTS OCCURRING AFTER BALANCE DATE

No matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years, other than on 19 August 2003 the company issued 548,271 ordinary shares to Citigroup in consideration of the release of the Company's obligation to issue up to 10,581,633 shares for \$1.83 per share on the exercise of a like number of options.

## 8. FULL FINANCIAL REPORT

Further financial information can be obtained from the full financial report, which is available from the Company, free of charge, on request. A copy may be requested by calling (03) 9235-5500. Alternatively, both the full financial report and the concise financial report can be accessed via the internet at: [www.computershare.com](http://www.computershare.com).

## 9. DIRECTORS' DECLARATION

The directors of Computershare Limited declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2003 as set out on pages 48 to 68 complies with Accounting Standard AASB 1039: Concise Financial Reports.

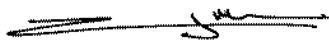
The financial statements and specific disclosures in this concise financial report have been derived from the full financial report for the year ended 30 June 2003.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which as indicated in Note 8, is available on request.

This declaration is made in accordance with a resolution of directors.



A S MURDOCH  
Chairman



C. J. MORRIS  
Director

16 September 2003

**PricewaterhouseCoopers**  
ABN 52 780 433 757

333 Collins Street  
MELBOURNE VIC 3000  
GPO Box 1331L  
MELBOURNE VIC 3001  
DX 77 Melbourne  
Australia  
[www.pwc.com/au](http://www.pwc.com/au)  
Telephone +61 3 8603 1000  
Facsimile +61 3 8603 1999

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF COMPUTERSHARE LIMITED

### Audit opinion

In our opinion, the concise financial report of Computershare Limited for the year ended 30 June 2003 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

This opinion must be read in conjunction with the rest of our audit report.

### Scope

#### *The concise financial report and directors' responsibility*

The concise financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, discussion and analysis of and notes to the financial statements, and the directors' declaration for Computershare Limited (the company) and the Computershare Limited Group (the consolidated entity), for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during the year.

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

#### *Audit approach*

We conducted an independent audit of the concise financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We also performed an independent audit of the full financial report of the company for the financial year ended 30 June 2003. Our audit report on the full financial report was signed on 16 September 2003, and was not subject to any qualification.

In conducting our audit of the concise financial report, we performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

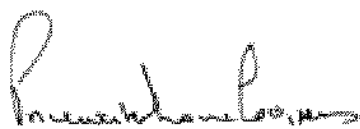
We formed our audit opinion on the basis of these procedures, which included:

- testing that the information included in the concise financial report is consistent with the information in the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report which were not directly derived from the full financial report.

When this audit report is included in an annual report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the Concise Financial Report.

### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.



PricewaterhouseCoopers



**Russell Sutton**  
Partner

Melbourne  
16 September 2003

## SHAREHOLDER INFORMATION

This section contains additional information required by the Australian Stock Exchange Limited listing rules not disclosed elsewhere in this report.

### SHAREHOLDINGS

#### Substantial Shareholders

The following information is extracted from the Company's Register of Substantial Shareholders.

| Name                           | Date of notice to Company | Number of ordinary shares |
|--------------------------------|---------------------------|---------------------------|
| Christopher John Morris        | 8 May 2003                | 55,447,042                |
| General Atlantic Partners      | 12 March 2003             | 53,000,705                |
| Schroder Investment Management | 18 June 2003              | 46,479,492                |
| Anthony Norman Wales           | 14 September 2000         | 32,592,384                |
| Portfolio Partners Limited     | 29 April 2003             | 32,280,202                |

#### Class of shares and voting rights

At 26 August 2003 there were 27,674 holders of ordinary shares in the Company. The voting rights attaching to the ordinary shares, set out in clause 50 of the Company's Constitution, are:

- "(a) every member may vote
- (b) on a show of hands every member has one vote, and
- (c) on a poll every member has:
  - (i) for each fully paid share held by the member, one vote; and
  - (ii) for each partly paid share held by the member, a fraction of a vote equivalent to the proportion that the amount paid up bears to the total issue price of the share."

At 26 August 2003 there were 4,082 holders of reset preference shares in the company. The voting rights of reset preference share are one vote for each share, but voting rights are limited to matters affecting the rights of reset preference shareholders.

At 26 August 2003 there were 15,118,891 options over ordinary shares issued to eligible employees at the absolute discretion of the Board. The options are generally exercisable 3 years after the date granted or earlier in the case of the employee's death or retirement.

#### Distribution of shareholders of shares as at 26 August 2003

| Size of holding    | Ordinary shareholders | Reset preference shareholders |
|--------------------|-----------------------|-------------------------------|
| 1 - 1,000          | 8,538                 | 3,986                         |
| 1,001 - 5,000      | 13,165                | 78                            |
| 5,001 - 10,000     | 3,303                 | 4                             |
| 10,001 and over    | 2,668                 | 14                            |
| Total shareholders | 27,674                | 4,082                         |

There were 879 shareholders holding less than a marketable parcel of 239 ordinary shares at 26 August 2003.

There were 5 shareholders holding less than a marketable parcel of 6 reset preference shares at 26 August 2003.



#### Twenty Largest Shareholders of ordinary shares as at 26 August 2003

|                                                                    | Ordinary Shares    |              |
|--------------------------------------------------------------------|--------------------|--------------|
|                                                                    | Number             | %            |
| National Nominees Limited                                          | 111,175,073        | 20.55        |
| Finico Pty Limited                                                 | 55,447,042         | 10.25        |
| J.P. Morgan Nominees Australia                                     | 42,700,635         | 7.89         |
| Welas Pty Limited                                                  | 32,592,384         | 6.02         |
| Westpac Custodian Nominees                                         | 22,644,843         | 4.18         |
| P. J. MacLagan                                                     | 16,567,525         | 3.06         |
| Citicorp Nominees Pty Limited                                      | 13,256,712         | 2.45         |
| Queensland Investment Corporation                                  | 13,081,702         | 2.42         |
| M. J. O'Hailoran                                                   | 12,568,529         | 2.32         |
| RBC Global Services Australia Nominees Pty Limited (CGU Insurance) | 5,920,383          | 1.09         |
| AMP Life Limited                                                   | 4,912,288          | 0.91         |
| Commonwealth Custodial Services Limited                            | 4,539,869          | 0.84         |
| Australian Foundation Investment Company Limited                   | 4,500,000          | 0.83         |
| CPU Share Plans Pty Ltd                                            | 3,343,250          | 0.62         |
| Cogent Nominees Pty Limited                                        | 3,058,435          | 0.57         |
| Mr Gary Leslie Ryan                                                | 2,769,732          | 0.51         |
| ANZ Nominees Limited                                               | 2,389,742          | 0.44         |
| RBC Global Services Australia Nominees Pty Limited (PP Account)    | 2,338,242          | 0.43         |
| RBC Global Services Australia Nominees Pty Limited                 | 2,069,730          | 0.38         |
| ARGO Investments Limited                                           | 2,060,000          | 0.38         |
| <b>Total</b>                                                       | <b>357,936,116</b> | <b>66.14</b> |

#### Twenty Largest Shareholders of reset preference shares as at 26 August 2003

|                                                    | Reset preference shares |              |
|----------------------------------------------------|-------------------------|--------------|
|                                                    | Number                  | %            |
| Australian Foundation Investment Company Limited   | 174,602                 | 11.64        |
| J P Morgan Nominees Australia Limited              | 96,407                  | 6.43         |
| ARGO Investments Limited                           | 73,164                  | 4.88         |
| Djerriwarrh Investments Limited                    | 67,000                  | 4.47         |
| Share Direct Nominees Pty Ltd                      | 50,660                  | 3.38         |
| Equity Trustees Limited                            | 23,515                  | 1.57         |
| Tower Trust Limited                                | 20,896                  | 1.39         |
| Sandhurst Trustees Ltd                             | 14,417                  | 0.96         |
| Permanent Trustee Company Limited                  | 14,382                  | 0.96         |
| Mirrabooka Investments Limited                     | 13,000                  | 0.87         |
| Westpac Financial Services Limited                 | 12,500                  | 0.83         |
| UBS Warburg Private Clients Nominees Pty Ltd       | 11,850                  | 0.79         |
| Mr Gerald Harvey                                   | 10,500                  | 0.70         |
| RBC Global Services Australia Nominees Pty Limited | 10,497                  | 0.70         |
| Bond Street Custodians Limited                     | 10,000                  | 0.67         |
| J.B. Were Capital Markets                          | 9,200                   | 0.61         |
| Warana Grange Pty Ltd                              | 5,710                   | 0.38         |
| McCusker Holdings Pty Ltd                          | 5,500                   | 0.37         |
| Australian United Investment Company Limited       | 5,000                   | 0.33         |
| Invia Custodian Pty Limited                        | 5,000                   | 0.33         |
| <b>Total</b>                                       | <b>633,800</b>          | <b>42.26</b> |

# OFFICE LOCATIONS

## AUSTRALIA

### Melbourne

#### Corporate Office

COMPUTERSHARE LIMITED  
18 to 62 Trenerry Crescent  
Abbotsford Victoria 3067  
Australia  
PO Box 103  
Abbotsford Victoria 3067  
Australia  
Telephone 61 3 9235 5500  
Facsimile 61 3 9235 5600  
www.computershare.com

### CIS-Melbourne

COMPUTERSHARE INVESTOR  
SERVICES PTY LIMITED  
Level 12/565 Bourke Street  
Melbourne Victoria 3000  
Australia  
GPO Box 2975EE  
Melbourne Victoria 3001  
Australia  
Telephone 61 3 9611 5711  
Facsimile 61 3 9611 5710

**Investor enquiries 1300 850 505**

**(for use within Australia only)**

www.computershare.com

### Sydney

COMPUTERSHARE INVESTOR  
SERVICES PTY LIMITED  
Level 3/60 Carrington Street  
Sydney NSW 2000  
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Sydney NSW 1115  
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Facsimile 61 2 8234 5050

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### Perth

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45 St George's Terrace  
Perth Western Australia 6000  
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Perth Western Australia 6840  
Australia  
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Facsimile 61 8 9323 2033

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### Adelaide

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Facsimile 61 8 8236 2305

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### Brisbane

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### CTS-Sydney

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PTY LIMITED  
Level 5/60 Carrington Street  
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Facsimile 61 2 8234 5455

### CAS-Sydney

COMPUTERSHARE ANALYTICS  
PTY LIMITED  
Level 3/60 Carrington Street  
Sydney New South Wales 2000  
Australia  
Telephone 61 2 8234 5000  
Facsimile 61 2 8234 5450

### CPM-Sydney

COMPUTERSHARE PLAN  
MANAGERS PTY LIMITED  
Level 3/60 Carrington Street  
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Australia  
GPO Box 1501  
Sydney New South Wales 2001  
Telephone 61 2 8234 5000  
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## CHANNEL ISLANDS

### Jersey

COMPUTERSHARE INVESTOR  
SERVICES (CHANNEL ISLANDS)  
Limited  
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Ordnance House 31 Pier Road  
St Helier Jersey JE4 8PW  
Channel Islands  
Telephone 44 1534 825 200  
Facsimile 44 1534 825 250  
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web.queries@computershare.co.uk

## CANADA

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### Calgary

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### Halifax

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Facsimile 1 902 420 2764

### Montreal

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### Vancouver

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Facsimile 1 604 669 1548

### Winnipeg

COMPUTERSHARE TRUST  
COMPANY OF CANADA  
1190-201 Portage Avenue  
Winnipeg Manitoba R3B 3K6  
Telephone 1 204 940 4600  
Facsimile 1 204 940 4608

## HONG KONG

COMPUTERSHARE HONG KONG  
INVESTOR SERVICES LIMITED  
Rooms 1901-5, 19th floor  
Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Telephone 852 2862 8628  
Facsimile 852 2865 0990  
852 2529 6087  
Email  
hkinfo@computershare.com.hk

## IRELAND

### Dublin

COMPUTERSHARE INVESTOR  
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Sandyford Industrial Estate  
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Facsimile 353 1216 3151  
Email  
web.queries@computershare.ie

COMPUTERSHARE  
TECHNOLOGY (IRELAND)  
LIMITED

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Facsimile 353 1216 3151  
Email  
web.queries@computershare.ie

## NEW ZEALAND

### Auckland

COMPUTERSHARE INVESTOR  
SERVICES LTD  
Level 2 159 Hurstmere Road  
Takapuna North Shore City  
Private Bag 92119 Auckland  
1020  
Telephone 64 9 488 8700  
Facsimile 64 9 488 8787  
**(Investor enquiries:  
64 9 488 8777)**

## PHILIPPINES

### Manila

COMPUTERSHARE  
TECHNOLOGY SERVICES  
PHILIPPINES INC.  
Unit 17C2, Citibank Tower, 8741  
Paseo de Roxas, Makati City  
Philippines  
Telephone 632 848 0720  
Facsimile 632 848 0727

## RUSSIA

### Moscow

THE NATIONAL REGISTRY  
COMPANY  
6 Veresayeva Street  
Moscow 121357 Russia  
Telephone 95 440 6345  
Facsimile 95 440 6355  
Email  
nrc@relline.ru

## SOUTH AFRICA

### Johannesburg

COMPUTERSHARE SOUTH  
AFRICA (PROPRIETARY) LIMITED  
- HOLDING COMPANY  
Computershare Limited (formerly  
Computershare Custodial  
Services Ltd) with its divisions  
INVESTOR SERVICES  
70 Marshall Street  
Johannesburg 2001  
PO Box 61051 Marshalltown  
Johannesburg 2001  
Telephone 27 11 370 5000  
Facsimile 27 11 688 7721  
Email  
investor.services@computershare.co.za

### CUSTODIAL SERVICES

70 Marshall Street  
Johannesburg 2001  
PO Box 62053 Marshalltown  
Johannesburg 2107  
Telephone 27 11 370 5000  
Facsimile 27 11 688 7732  
Swift CSEVZAJJ  
Email  
custody@computershare.co.za

### PLAN MANAGERS

70 Marshall Street  
Johannesburg 2001  
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Johannesburg 2001  
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planmanagers@computershare.co.za

### ANALYTICS

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PO Box 536 Auckland Park 2006  
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analytics@computershare.co.za

### CST OUTSOURCING LIMITED

(A joint venture company)  
70 Marshall Street  
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Facsimile 27 11 688 7726  
Email  
outsourcing@computershare.co.za

## UNITED KINGDOM

### Bristol

COMPUTERSHARE INVESTOR  
SERVICES PLC  
COMPUTERSHARE

ANALYTICS (UK) LIMITED  
COMPUTERSHARE DOCUMENT  
SERVICES LIMITED

COMPUTERSHARE  
TECHNOLOGY SERVICES (UK)  
LIMITED

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Facsimile 44 870 703 6101  
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### Edinburgh

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COMPUTERSHARE  
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8 Bankhead Crossway North  
Edinburgh EH11 4BR  
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### London

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TECHNOLOGY SERVICES (UK)  
LIMITED  
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SERVICES PLC  
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Facsimile 44 207 920 0120  
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## UNITED STATES OF AMERICA

### Chicago

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MANAGERS  
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Chicago Illinois 60602  
Telephone 1 312 588 4993  
Facsimile 1 312 601 4352

COMPUTERSHARE SECURITIES  
CORPORATION  
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Facsimile 1 312 601 4340

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Facsimile 1 312 601 4429

COMPUTERSHARE DOCUMENT  
SERVICES  
7600 Grant Street  
Burr Ridge Illinois 60527  
Telephone 1 630 568 0200  
Facsimile 1 312 601 4356

### Cleveland

COMPUTERSHARE INVESTOR  
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7550 Lucerne Drive, Suite 103  
Cleveland, Ohio 44130  
Telephone 1 440 239 7351  
Facsimile 1 440 239 7355

### Dallas

COMPUTERSHARE INVESTOR  
SERVICES LLC  
3020 Legacy Drive, Suite 100-307,  
Plano, Texas 75023  
Telephone 1 972 943 8780  
Facsimile 1 972 943 8823

### Golden

COMPUTERSHARE TRUST  
COMPANY, INC.  
COMPUTERSHARE INVESTOR  
SERVICES LLC

350 Indiana Street  
Golden Colorado 80401  
Telephone 1 303 262 0600  
Facsimile 1 303 262 0700

COMPUTERSHARE PLAN  
MANAGERS  
350 Indiana Street  
Golden Colorado 80401  
Telephone 1 303 262 0600  
Facsimile 1 303 262 0601

### Los Angeles

COMPUTERSHARE INVESTOR  
SERVICES LLC  
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Facsimile 1 818 710 1550

### New York

COMPUTERSHARE TRUST  
COMPANY OF NEW YORK  
Wall Street Plaza  
88 Pine Street 19th Floor  
New York New York 10005  
Telephone 1 212 701 7600  
Facsimile 1 212 701 7664

### Rockville

COMPUTERSHARE ANALYTICS  
NA INC.  
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### Edison

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MANAGERS  
Raritan Plaza 3  
101 Fieldcrest Avenue  
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Telephone 1 732 491 0400  
Facsimile 1 732 491 0451

## CORPORATE DIRECTORY

Alexander Stuart Murdoch (Chairman)  
Christopher John Morris (Chief Executive Officer)  
Peter John Griffin  
Penelope Jane MacLagan  
Anthony Norman Wales  
Philip Daniel DeFeo  
William E Ford  
Thomas Michael Butler

## COMPANY SECRETARIES

Paul Xavier Tobin  
Mark Benjamin Davis

## REGISTERED OFFICE

18-62 Trenerry Crescent  
Abbotsford Victoria 3067  
PO Box 103 Abbotsford  
Victoria Australia 3067  
Telephone +61 3 9235 5500  
Facsimile +61 3 9235 5601

## STOCK EXCHANGE LISTINGS

Australian Stock Exchange Limited  
The New Zealand Stock Exchange  
American Depository Receipts\*

## SOLICITORS

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Level 23, Rialto Towers  
525 Collins Street  
Melbourne Victoria 3000

## AUDITORS

PricewaterhouseCoopers  
333 Collins Street  
Melbourne Victoria 3000

## SHARE REGISTRY

Computershare Limited  
18-62 Trenerry Crescent  
Abbotsford Victoria 3067  
PO Box 103 Abbotsford  
Victoria Australia 3067  
Telephone +61 3 9235 5500  
Facsimile +61 3 9235 5600

## INVESTOR RELATIONS

18-62 Trenerry Crescent,  
Abbotsford, Vic 3067  
Telephone + 61 3 9235 5500  
Facsimile + 61 3 9235 5601  
Email [investor.relations@computershare.com.au](mailto:investor.relations@computershare.com.au)  
Website [www.computershare.com/investorrelations](http://www.computershare.com/investorrelations)

## BANKERS

National Australia Bank Limited  
500 Bourke Street  
Melbourne Victoria 3000  
  
Australia and New Zealand Banking Group Limited  
530 Collins Street  
Melbourne Victoria 3000

The Royal Bank of Scotland plc  
Corporate and Institutional Banking  
135 Bishopsgate  
London EC2M 3UR

\* Computershare has an unlisted ADR program in the United States of America. Information is available from the depository, Computershare Trust Company of New York, Wall Street Plaza Level 19, 88 Pine Street, New York, NY USA 10005

CONCENTRATE CONDEMN CONFER CONSIDER CONTROL CONVEY CONTRIBUTE CO-ORDINATE CULTIVATE C  
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O-ORDINATE CULTIVATE CONSULT CONSOLIDATE CREATE COMPETIT CONSTRUCT COLLABORAT  
CONTRIBUTE CONVERT CONVINCE CO-ORDINATE CULTIVATE CONSULT CONSOLIDATE CREATE  
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