

2019
ANNUAL
REPORT



This financial report covers the consolidated entity consisting of Computershare Limited and its controlled entities.

The financial report is presented in United States dollars (USD), unless otherwise stated.

Computershare Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Computershare Limited
Yarra Falls
452 Johnston Street, Abbotsford
Victoria 3067 Australia

The financial report was authorised for issue by the directors on 23 September 2019. The company has the power to amend and reissue the financial report.

A separate notice of meeting including a proxy form is enclosed with this financial report.



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* The Chairman's Report, Chief Executive Officer's Report, Group Operating Overview and Business Strategies and Prospects comprise our Operating and Financial Review (OFR) and form part of the Directors' Report.

FINANCIAL HIGHLIGHTS

	JUNE 2019	JUNE 2018	% CHANGE
STATUTORY RESULTS			
Total revenue	2,346.0 million	2,289.9 million	2.4%
Net profit after non-controlling interests (NCI)	415.7 million	300.1 million	38.5%
Statutory earnings per share	76.57 cents	55.17 cents	38.8%
MANAGEMENT ADJUSTED RESULTS			
Management EBITDA	674.9 million	622.6 million	8.4%
Management net profit after NCI	381.4 million	344.7 million	10.6%
Management earnings per share	70.24 cents	63.38 cents	10.8%
Management earnings per share (in constant currency)	71.46 cents	63.38 cents	12.8%
BALANCE SHEET			
Total assets	4,685.0 million	3,888.2 million	20.5%
Total shareholders' equity	1,574.1 million	1,333.4 million	18.1%
PERFORMANCE INDICATORS			
Free cash flow (excluding SLS advances)	312.9 million	379.2 million	-17.5%
Net debt to management EBITDA (excluding non-recourse debt)*	1.84 times	1.33 times	Up 0.51 times
Return on equity*	26.40%	26.70%	Down 30bps
Staff numbers	12,701	18,362	

For a reconciliation between statutory and management adjusted results, refer to note 4 in the notes to the financial statements.

* These financial indicators are based on management adjusted results. Management adjusted results are used, along with other measures, to assess operating business performance. The Group believes that the exclusion of certain items permits better analysis of the Group's performance on a comparative basis and provides a better measure of underlying operating performance.

Where constant currency (CC) references are used in this report, constant currency equals FY2019 results translated to USD at FY2018 average exchange rates.

FINANCIAL CALENDAR

2019		2020	
21 AUGUST	Record date for final dividend	12 FEBRUARY	Announcement of financial results for the half year ending 31 December 2019
16 SEPTEMBER	Final dividend paid		
13 NOVEMBER	The Annual General Meeting of Computershare Limited ABN 71 005 485 825		
	LOCATION: Computershare Conference Centre Yarra Falls, 452 Johnston Street Abbotsford, Victoria 3067		
	TIME: 10.00am		

CHAIRMAN'S REPORT*



I am pleased to report that Computershare has continued to deliver on our commitments. In FY2019, we achieved strong results, ahead of guidance, through disciplined execution of our long-term strategies for growth, profitability and capital management.

All our major business lines delivered improved performance, contributing to solid earnings growth, consistent high returns on capital and another increased dividend for shareholders.

YEAR IN REVIEW

During FY2019, Computershare took some important steps in executing our growth strategies. We made the second largest acquisition in Computershare's history, purchasing Equatex, and we are well underway with our integration project and focused on delivering the benefits of this investment. At the same time, we began the work of transitioning our major business lines from a regional to a global model, to empower each of them to identify and take advantage of the best market opportunities wherever they might be found.

With all this taking place, we still continued to hit our targets. Management EPS increased by 12.8%, EBITDA increased by 10.2% and return on equity once again exceeded 26%. We've seen improved operating leverage and margin expansion in the business.

We benefited from higher interest rates which helped margin income increase by 40% to over \$250 million. This enhanced our results and contributed to funding higher returns for shareholders. The final FY2019 dividend of AU 23 cents (up 9.5%) brings the total dividend for the year to AU 44 cents, an increase of 10% year on year. We are also carrying out an AUD 200 million on-market share buy-back to efficiently distribute capital to shareholders.

In Employee Share Plans, the contribution of Equatex has outperformed our initial expectations, bringing stronger than expected transactional revenues. US Mortgage Services is also tracking to plan, with improving US market conditions leading to a stronger second half performance.

The focus for Issuer Services, our largest business, has broadened from seeking efficiencies and margin improvement to achieving growth. We are focused on bringing new services and products to market to build share in new, complementary revenue pools.

Our cost-out programs are another important contributor to our results, delivering over US \$30 million of gross savings this year. Over the last three years, we have now realised over \$80 million of gross savings with another \$60 million to come over the next four years.

Our balance sheet remains strong. After funding several major investments, our leverage ratio (net debt to EBITDA excluding non-recourse debt) remains conservative at 1.84x. With our free cash flow we are well placed to self-fund our growth strategies and reward shareholders.

OUTLOOK

Computershare's success comes from our disciplined execution. We have clear, long-term strategies, which in turn drive specific priorities for each year, communicated to every employee. In plain language, everyone knows exactly what they need to do.

In FY2020 we expect underlying profit growth in all our major business lines. However, we expect this growth to be offset by the impact of two factors that are explained by our CEO in detail in his report. In effect, Management EPS is expected to decline by 5% this year. We are strongly committed to delivering sustained earnings growth and improved shareholder returns.

* All references to Management Results in the Chairman's report are in constant currency unless otherwise stated

ACKNOWLEDGMENTS

On behalf of my fellow directors, I'd like to thank you for your ongoing support as a shareholder and look forward to your continuing involvement in FY20. Computershare is well positioned to maintain growth and profitability into the future, and to provide real value for our shareholders, customers and communities alike.

Of course, none of this would be possible without the outstanding people that work in our offices around the world. As we often reiterate, culture is critical to us. In support of this, our global People team has rolled out a new program 'Being Purple' to codify our core values of Certainty, Ingenuity and Advantage that underly our strong performance year on year.

I'd also like to take a moment to convey our appreciation to more than 50 of our employees participating in Trek Nepal 2018 and 2019, who have committed to raise more than AUD 440,000 to support our major Change A Life partner, World Youth International. You can read more about this in the Community section of this report.

Finally, I would like to especially thank Stuart Irving, our CEO and President, for the tireless work he performs on behalf of our company, and the high quality of leadership he provides, ensuring our strategies are fully realised. I'd also like to thank Mark Davis, our CFO. After nineteen years of service Mark has informed the Company of his intention to resign. We appreciate his outstanding contribution to Computershare and wish him all the very best for the future. I would also like to acknowledge my fellow board members for their considerable expertise, skills and invaluable support.

A handwritten signature in black ink, appearing to read 'Simon Jones', with a stylized flourish at the end.

Simon Jones
Chairman

CEO'S REPORT*

I am pleased to report Computershare has delivered a strong performance this year. We've demonstrated that when we lay out long-term growth plans and we execute well, we can deliver good earnings growth and consistently high returns. We are benefiting from building quality businesses with clear competitive strengths and a commitment to customer service.

We continue to lay the foundations for sustained growth with disciplined investments in our growth engines, tight cost controls to enhance profitability and selective, complementary acquisitions.



MANAGEMENT RESULTS	REVENUE \$2,411.4M ↑ 4.8%	EBITDA \$685.9M ↑ 10.2%	EPS 71.46 CENTS ↑ 12.8%
GROWTH	EMPLOYEE SHARE PLANS Strong revenue growth +29.6% including initial contribution from Equatex	US LOAN SERVICES - Improved performance in the second half with UPB of \$101.8bn (+25.7%) - Revenue +18% with scope for long-term growth	ISSUER SERVICES - Global alignment building traction in our largest business - Revenue +2.7%, EBITDA +10.2%
PROFITABILITY - Group EBITDA margin - continues to rise to 28.4% (up 130bps) - Margin income improves again to \$250.7m (+39.7%) with \$18.5bn average client balances - US Register Maintenance - revenues +5.3% with further margin expansion		CAPITAL MANAGEMENT - Strong balance sheet post funding Equatex acquisition and organic growth initiatives - Final dividend AU 23 cents (+9.5%). New on market share buy-back announced AUD 200m	

BUILDING COMPUTERSHARE FOR THE NEXT STAGE OF GROWTH

Computershare has been run, since the mid-1990s when it first ventured overseas, as a regional business model, with some global shared services, and our reporting focused on country-by-country breakdowns.

During the last 18 months we have been looking at ways to work smarter, intensify our customer focus, identify opportunities for new business and, importantly, build out additional products. At times the regional model has restricted us, so we have moved to an entirely new management structure aligned around complementary products in the group, designed to enable the next phase of growth. (Please note, this will bring changes in our segment reporting from FY2020, but not in this report.)

We design and execute long-term plans and we do the right thing by the business, our customers and our people. That's Computershare in a nutshell and our new structure is part of that. We continue to do the things that have served us well and evolve with our customers' needs.

* All references to Management Results in the CEO's report are in constant currency unless otherwise stated

For Issuer Services, our ongoing focus is to re-energise, expand and increase the profitability of our largest and most established business. We are ambitious for growth – our aim is to continue to build our core business while leveraging our registry skills and deep customer relationships into new complementary markets (including Entity Management, Registered Agent, and Private Markets). We will continue to improve our front office capabilities and expand and enhance our product suite. With Net Promoter Scores in this business between 50 to 70 across all our regions, we are well-placed to build share in these new revenue pools.

We also see positive structural growth trends in this area, such as rising compliance and regulatory reporting requirements, and increasing numbers of subsidiaries within company structures. The emerging field of 'RegTech' – technologies and services that help companies come to grips with rising compliance, governance and reporting requirements – offers us many new opportunities for cross-selling and further revenue growth.

In Share Plans, our decision to acquire Equatex is already bearing fruit, providing a greater than expected contribution towards these FY2019 results. Business integration is on track. We have commenced moving clients to the EquatePlus platform, and we reaffirm the \$30 million of synergy cost benefits across the combined business that we detailed last May.

Taking a wider view, Equatex increases our scale, upgrades our technology and capabilities, balances our industry exposure and improves our earnings. It also enables us to continue to upgrade customer experience and to provide data insights to help our client companies attract, retain and reward their key employees.

We've also continued to invest in our US Mortgage Services business: \$31.8m for the LenderLive acquisition, \$100.4m in mortgage service rights and capex of \$55.6m. We expect further growth in this market to be less capital intensive. The balance of loans under management in the US is up 25.7% to \$101.8bn, and we are carefully building additional scale with scope to grow to around \$150bn. Towards the end of FY2019, we achieved our target of 20% pre-tax profit margins in this business. We are quietly proud of this. We are now working on delivering these margins on a sustained basis.

Supporting our major business lines, we've continued to transition to a global service model, eliminating inefficiency and duplicated effort, and finding the best locations to provide the highest levels of service at lower cost.

We are also changing the way that technology is leveraged within Computershare. We have created specialised roles at the highest level of global technology management – a global CIO to drive innovation and development, and a global CTO to oversee service delivery and infrastructure. Together, they will be offering our business lines a range of models for how they develop new products and how they deploy them. Each business line has been assigned its own CIO, working with business heads to determine the best strategies to bring new products to market and the right mix of technology investment.

EXECUTING OUR STRATEGIC PRIORITIES

We have a very positive scorecard in terms of delivering on what we committed to do during the past twelve months. This is not accidental. Every year our global management team develops a carefully focused set of objectives that align with our longer-term plans for achieving sustained growth. I share updates for these priorities regularly with all my fellow employees across our global organisation. Everyone here knows them. It's that shared alignment that underpins our execution strength and drives our results.

Please bear in mind that FY2018's results benefited from over \$60 million of event-based revenue that came from three large pieces of work – these mask somewhat the strength of our FY2019 results. Notwithstanding that high base, our revenue increased by 4.8% to \$2,411.4 million.

Management EBITDA increased to \$685.9 million, a rise of 10.2% which was aided by the improved revenue mix coming from margin income.

The EBITDA margin for the year increased by 130bps to 28.4%. Over the last ten years, Computershare's EBITDA margin has been in a consistent range of between 24.1% and 29.4%. It has been below 26% in only two of those 20 half-year periods. Our goal is to continue to deliver high quality results through economic cycles.

Our management effective tax rate for the year was 26.5% which was a little lower than expected in our original guidance assumptions. As we noted at the half, there was a favourable settlement of a legacy tax matter, around \$3 million, which was a major part of the benefit.

Management EPS was up 12.8% and statutory EPS was higher again at 76.57 cents, up almost 40% on last year. (This includes the gain on sale from the disposal of the Karvy business.)

Our cost-out programs are clearly part of this performance, delivering over \$30 million of gross savings this year. These savings help us manage our costs. Total operating costs increased by 2.7% compared to revenue growth of 4.8%. Excluding acquisitions and disposals, total operating costs decreased 0.2%.

Our largest business, US Register Maintenance, continues to perform, achieving 5.3% organic revenue growth on the back of some high-profile client wins increasing the number of shareholders we service. These clients recognise our technical expertise, capability in complex transactions and global scope.

Across Register Maintenance and Corporate Actions, our EBITDA margin increased to 35.8% (+250bps) despite weaker Corporate Actions activity in the second half.

In Employee Share Plans, revenue grew 29.6% and EBITDA was up 31.6%. This includes the Equatex contribution. EBITDA margin (excluding margin income) increased to 19.5% (+200bps) supported by efficiency gains.

In Business Services, we achieved revenue growth of 5.7%, which includes growth of 11.5% in mortgage services and another strong performance in corporate trust. We have started to expand this strong business into new markets.

Margin income also made a strong contribution of \$250.7m, up 39.7%, on average client balances of \$18.5bn for the year.

Computershare continues to deliver high returns, achieving returns of 26.4% (on equity) and 14.8% (on invested capital). We've paid a final dividend of 23 cents (+9.5% pcp) and an overall dividend of 44 cents (+10% on FY2018), along with an AUD 200m on-market buy-back. At the same time, we have maintained a conservative balance sheet. This provides us with the flexibility to self-fund our organic growth strategies with value adding acquisitions as they arise.

OUTLOOK FOR FY2020

While we have good cause to be optimistic about how Computershare is positioned for long-term growth and profitability, FY2020 Management EPS is expected to decrease by around 5% on FY2019 in constant currency terms.

While I am disappointed by this expected result, particularly for our shareholders, it shouldn't be taken as an indicator of weakness in our core businesses. Rather, it reflects two factors for FY2020: extra costs imposed by the delayed migration of UK loans onto our own platforms and the adoption of AASB16 accounting for leases. Without these two factors, we would expect Management EPS to increase by 5% in constant currency terms.

We've been clear and consistent on our guidance on the UKAR migrations. Our engagement with UK Mortgage Services clients continues to be positive as we jointly progress through to the new agreed migration dates, and we absolutely expect to complete this onboarding by May 2020. In the meantime, we've brought forward a program of cost reductions in this business to respond to short-term weakness in the UK mortgage market due to uncertainties surrounding Brexit.

However, more widely, we have expectations for higher growth and profitability in 2021 and beyond. We've brought in fresh management talent to revitalise performance and empowered them to pursue growth through new products and services to clients and shareholders. Our new global business line structure allows greater focus on front-office coordination and cross-selling. Improved customer service levels and investments in product development give us an increasing competitive edge in large markets.

We continue to foster technology innovation and expect to gain wider benefits from the toolkit we brought in with the Equatex purchase. We are driving further digitisation and data mining to streamline operational processes and improve our delivery for customers.

In light of this, I'd like to express my appreciation to our shareholders for the interest, input and support they have provided to us over the past year and look forward to their ongoing participation in the future.

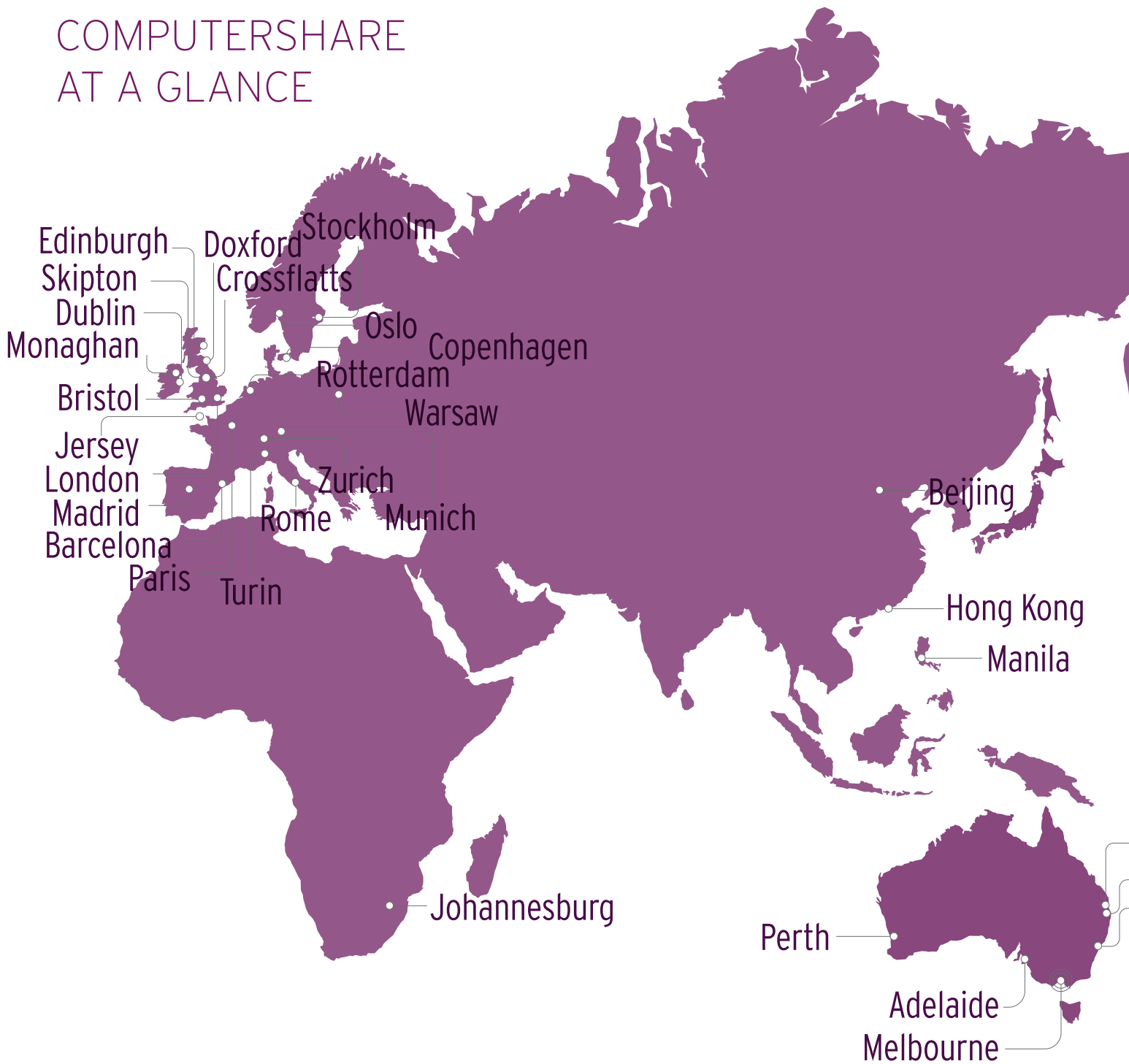
I'd also like to thank my fellow workers across our many global offices for the outstanding contribution they continue to make to Computershare's success. We have a special culture of customer focus and a 'can do' ethic that I have observed countless times on my travels. I draw a great deal of inspiration from their enthusiasm and professionalism; those interactions are the thing I enjoy most about my role. Mark Davis deserves special recognition. He has been a great partner for me and I thank him for his counsel and support over the years we have worked together.

In short, I am excited by the opportunities ahead of us and I am confident in our ability to deliver.



Stuart Irving
CEO

COMPUTERSHARE AT A GLANCE



STAFF NUMBERS IN EACH REGION

Asia

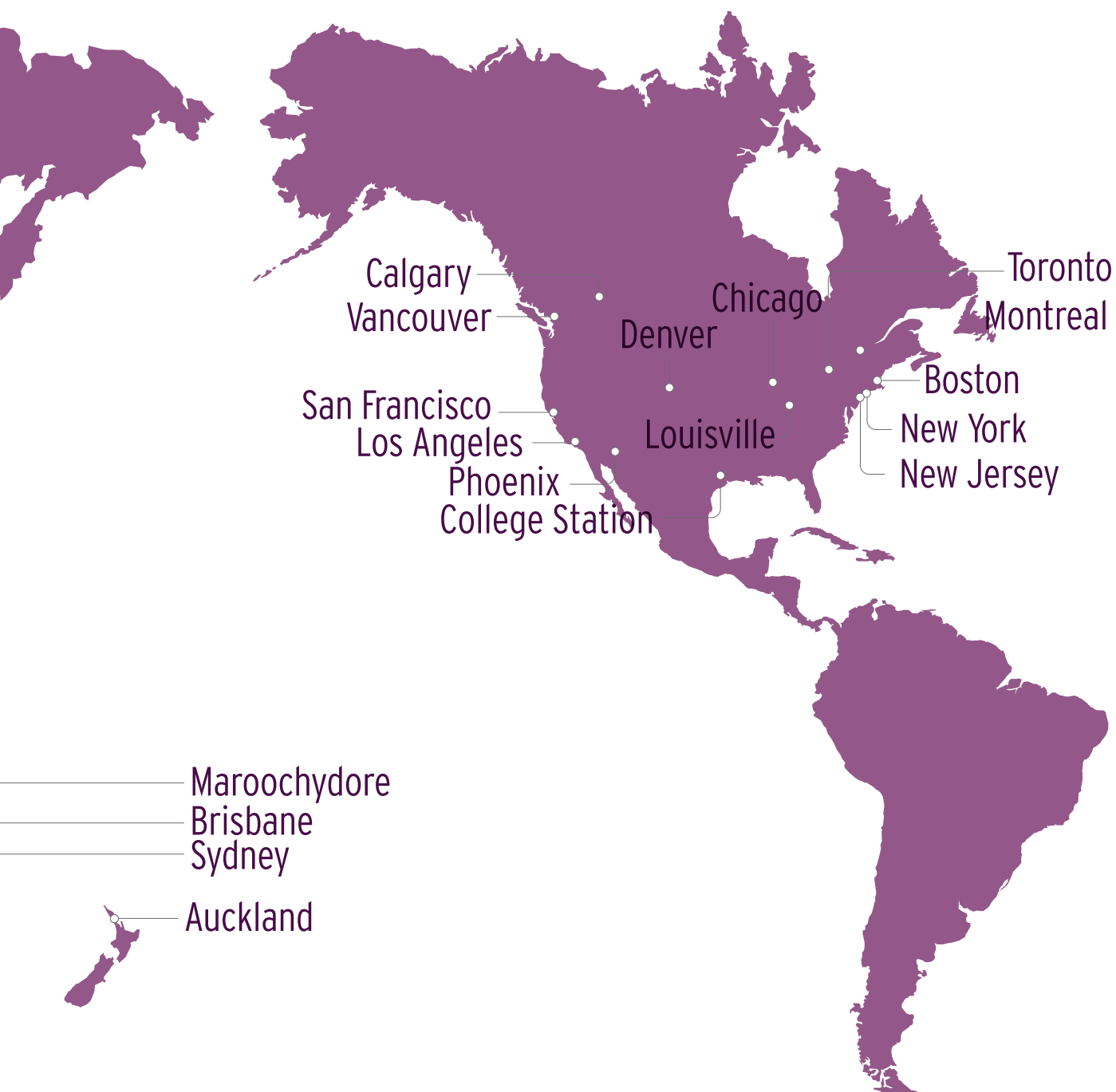
386

Australia and
New Zealand

1,313

Canada

943



Continental
Europe

384

United Kingdom, Channel
Islands and Africa

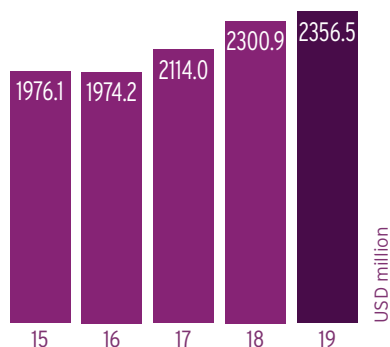
4,685

United
States

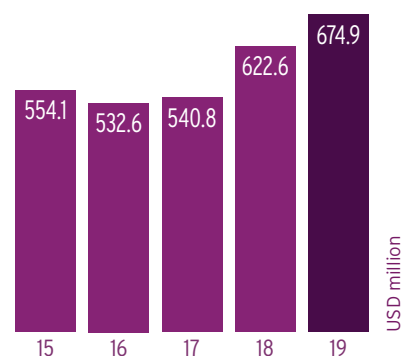
4,160

KEY FINANCIAL METRICS

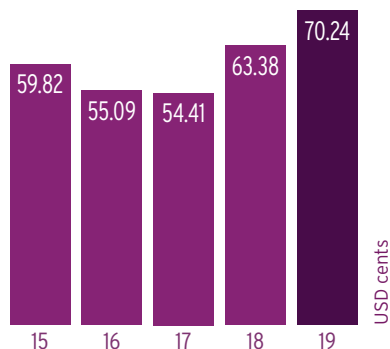
MANAGEMENT
REVENUE



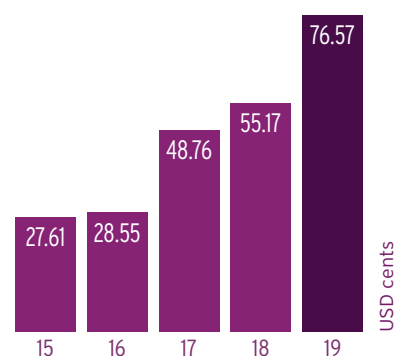
MANAGEMENT
EBITDA



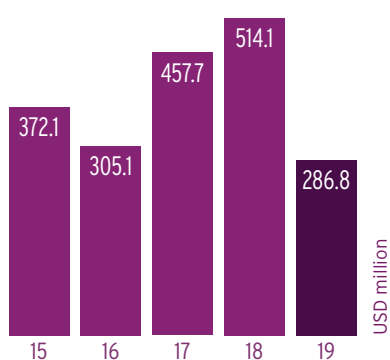
MANAGEMENT
EPS



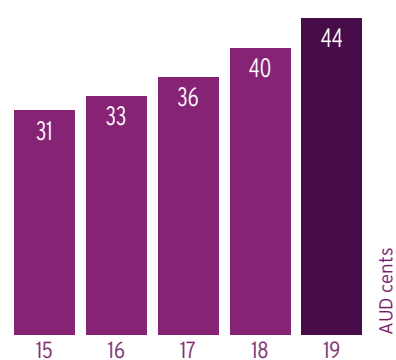
STATUTORY
EPS



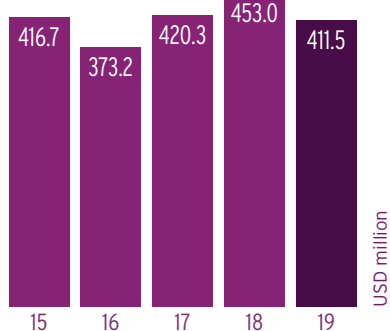
CASH FLOW FROM
OPERATIONS



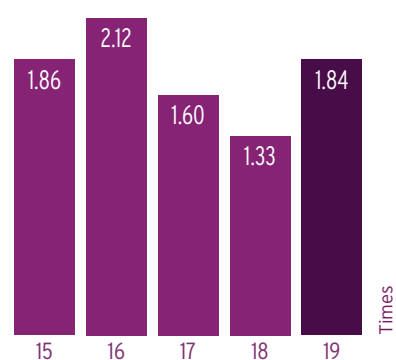
DIVIDEND
PER SHARE

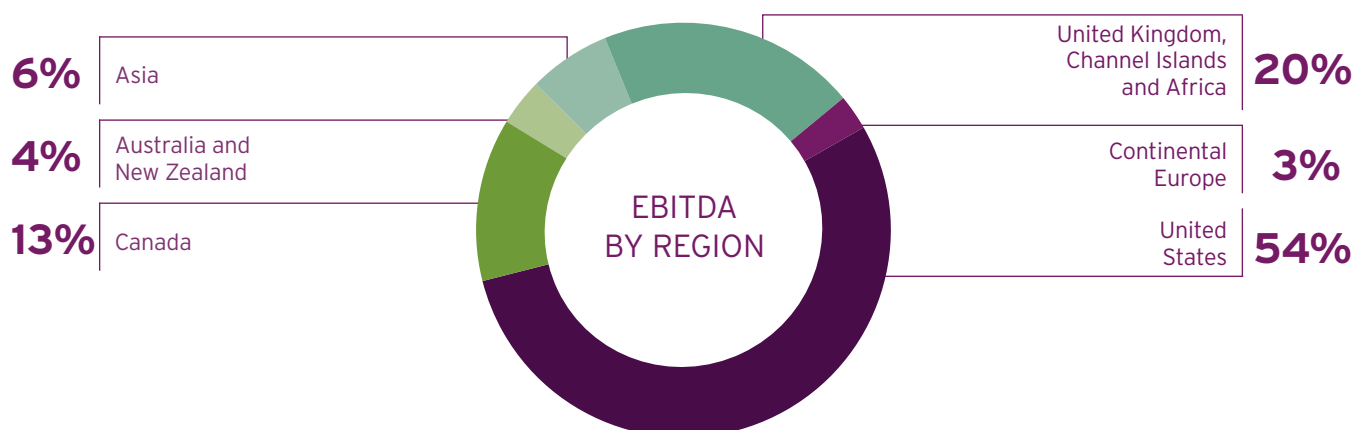
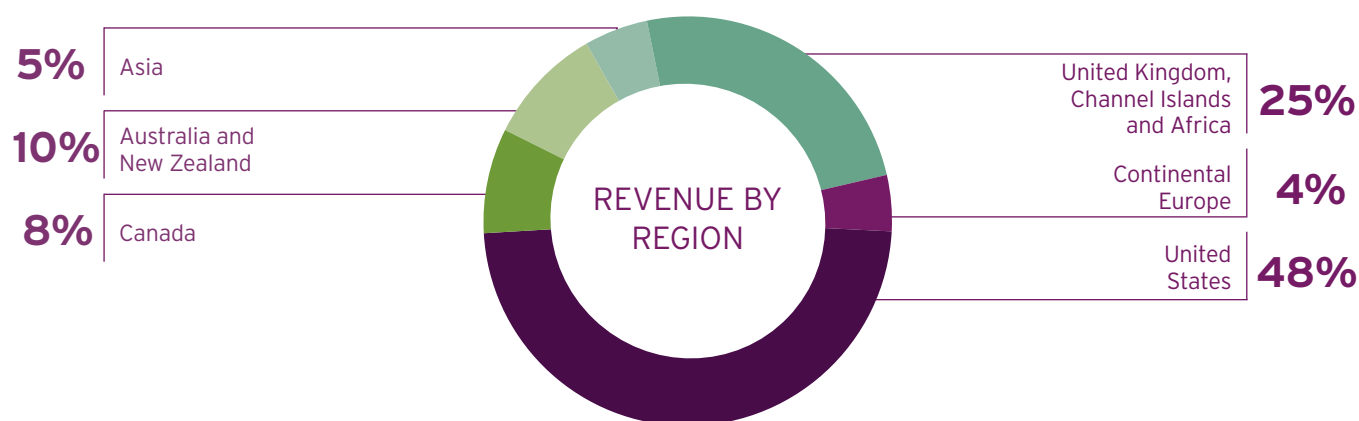
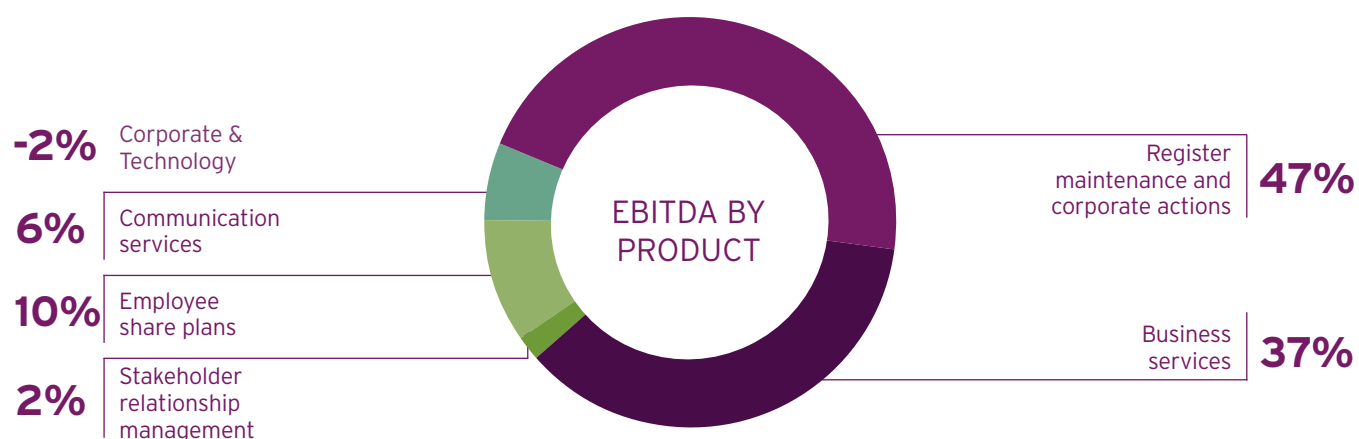
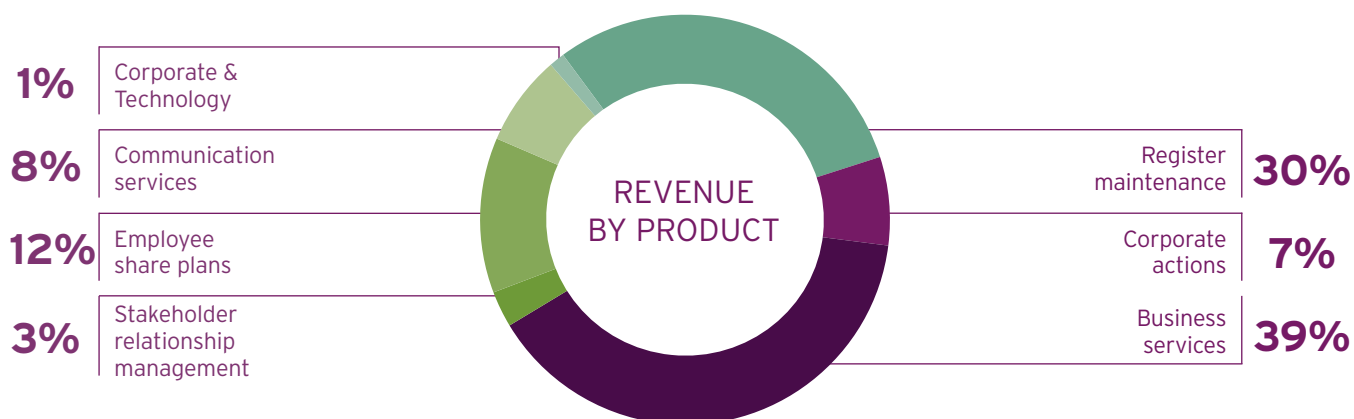


NET OPERATING
CASH FLOW
EXCLUDING
SLS ADVANCES



NET DEBT TO EBITDA
RATIO EXCLUDING
NON-RECOURSE SLS
ADVANCE DEBT





All numbers presented on this page are in actual currency rather than constant currency.

GROWTH

Computershare continues to lay the foundations for sustained growth and returns through disciplined investments in growth engines, careful cost controls and selective complementary acquisitions.

EMPLOYEE SHARE PLANS

Computershare leverages local knowledge and full-service expertise to support complex global requirements for our employee share plan clients. Our growth strategy is to continue building our client base and volume of assets under administration, to drive high quality recurring revenues and fees on potential transactions.

FINANCIAL RESULTS IN FY2019

	FY2019 @ CC	FY2018 Actual	CC Variance
Fee revenue	\$133.7	\$107.3	+24.6%
Transactional revenue	\$123.9	\$86.0	+44.1%
Margin income	\$16.2	\$16.7	-3.0%
Other revenue	\$22.1	\$18.4	+20.1%
Total employee Share Plans revenue	\$295.9	\$228.4	+29.6%
Employee Share Plans EBITDA	\$70.8	\$53.8	+31.6%
EBITDA margin	23.9%	23.5%	+40bps
EBITDA ex margin income	\$54.6	\$37.0	+47.6%
EBITDA margin ex margin income	19.5%	17.5%	+200bps

HIGHLIGHTS

ENHANCED

- > Client base with new client wins reflecting our technical expertise
- > Equatex is outperforming expectations - it enhances our scale, capabilities and financial performance

COMMENCED

- > Integration of Equatex, including adopting the EquatePlus platform across our European business

ADMINISTERED

- > \$156.7bn employee share plan assets globally

INCREASED

- > Client satisfaction ratings across all markets

DELIVERED

- > Strong revenue growth +29.6%

FOCUS FOR FY2020



Complete the integration of Equatex



Complete migration of UK and EU clients to the EquatePlus platform



Continue to build our client base to increase revenue

MORTGAGE SERVICES

Computershare offers a comprehensive range of services across the mortgage services value chain. It's an industry that aligns with our core strengths and which we've come to understand well. We are building competitive differentiation by focusing on service quality, technology and product offerings. We achieved our 20% pre-tax profit margins towards the end of FY2019 and are building towards our Free Cash Flow Return on Capital target of 12-14%.

FINANCIAL RESULTS IN FY2019

	FY2019 @ CC	FY2018 Actual	CC Variance
US Mortgage Services revenue	\$361.2	\$306.1	+18.0%
UK Mortgage Services revenue	\$263.4	\$254.1	+3.7%
Total Mortgage Services revenue	\$624.6	\$560.2	+11.5%
Total Mortgage Services EBITDA	\$136.5	\$124.5	+9.6%

HIGHLIGHTS

INCREASED

- > Unpaid Principal Balances in the US by 25.7% to \$101.8bn
- > Capital light sub servicing Unpaid Principal Balances, +34.9%

LAUNCHED

- > Loss mitigation workflow and customer service applications
- > Correspondence reconciliation website for borrowers
- > Point of sale system supporting expansion of servicing retention/recapture business

INTEGRATED

- > LenderLive business

RATED

- > Highest again, out of all UK third-party mortgage providers by Fitch and S&P Global

FOCUS FOR FY2020



Successfully complete the CLS UK asset migration



Continue to grow the US business while maintaining the optimum revenue mix



Deliver on target pre-tax profit margins and returns on capital for the year

PROFITABILITY

ISSUER SERVICES

Our Issuer Services business encompasses a wide range of markets across every major region, but its core remains in Register Maintenance and Corporate Actions, where our financial performance continues to be strong. We have deep expertise in international markets to guide our clients and their advisors through highly complex transactions. Our continued focus is re-energising, growing and increasing the profitability of our largest business.

FINANCIAL RESULTS IN FY2019

	FY2019 @ CC	FY2018 Actual	CC Variance
Register Maintenance revenue	\$727.1	\$710.3	+2.4%
Corporate Actions revenue	\$167.5	\$160.6	+4.3%
Total Register Maintenance & Corporate Actions revenue	\$894.6	\$870.9	+2.7%
Register Maintenance & Corporate Actions EBITDA	\$319.9	\$290.4	+10.2%
EBITDA margin	35.8%	33.3%	+250bps
EBITDA ex margin income	\$202.2	\$207.9	-2.7%
EBITDA margin ex margin income	26.0%	26.4%	-40bps

HIGHLIGHTS

INCREASED

- › Market recognition for CPU's expertise in complex cross border transactions, driving high profile client wins

LAUNCHED

- › *DirectStock*, a new online investment plan in the US
- › Program for UK issuers to proactively reissue outstanding monies to shareholders
- › *Proximity* service in conjunction with Citibank for UK, Irish and offshore equity issuers
- › Investor Centre app for Australian securityholders

IMPROVED

- › Customer service levels and investments in product development resulting in increased client satisfaction ratings

FOCUS FOR FY2020



Continue to improve our front office capabilities and align them with our global business model



Grow new revenue streams and continue to grow our client base



Launch further premium service offerings for shareholders

POSITIONED TO

- › Leverage core skills and strong client relationships into new Issuer Services – private markets, governance and corporate secretarial services

CAPITAL MANAGEMENT

This encompasses our strategy to enhance shareholder returns. Our balance sheet remains strong after funding the Equatex and LenderLive acquisitions and organic growth initiatives.

	CONSISTENTLY HIGH RETURNS > ROE 26.4%, ROIC 14.8%		CONSERVATIVE BALANCE SHEET > 1.84x net debt to EBITDA, below mid point of range > 4.0 year average debt duration, \$550m USPP completed on improved terms > BBB/Baa2 ratings
GROWTH INVESTMENTS > Equatex \$419.7m > LenderLive \$31.8m > MSR's \$100.4m		RECYCLING CAPITAL > Karvy sold, \$75.7m post tax proceeds	
	SHARE BUY-BACK > AUD 200m announced		INCREASED DIVIDEND > Final 23 cps, +9.5% > Franked @ 30%

FOCUS FOR FY2020



Continue to improve total returns for shareholders



Carry out share buy-back of up to AUD 200m

CORPORATE RESPONSIBILITY

Computershare is committed to being a responsible business - we recognise the environmental and social impacts of our activities and seek to manage them appropriately.

SUSTAINABILITY

In the 1970s, Computershare pioneered electronic platforms for managing share registers. Forty years later, all our global businesses continue to champion the use of innovative technology to enable our clients to reduce the environmental footprint of their own activities.



REDUCING ENERGY AND PAPER USE FOR SHAREHOLDERS IN ISSUER SERVICES

In our Issuer Services business, we offer a comprehensive range of technology solutions to our clients to reduce the need for paper forms and printing, including electronic voting solutions for company meetings, online annual reports, fully electronic IPOs, M&A and tax statements. For one UK FTSE 100 company, moving to electronic dividend payments eliminated more than 270,000 paper cheques and 17 tonnes of carbon annually - and we've since enabled hundreds of our client companies around the globe to follow their example. Our new hybrid meeting solutions make it possible for people to participate fully in AGMs via video conference and online facilities, eliminating the need to travel to the event - around 20 companies have taken advantage of this over the past 12 months. Via industry consultation, we try to eliminate paper from the registry process wherever possible and aim to make it possible to manage a share register paper-free from beginning to end.

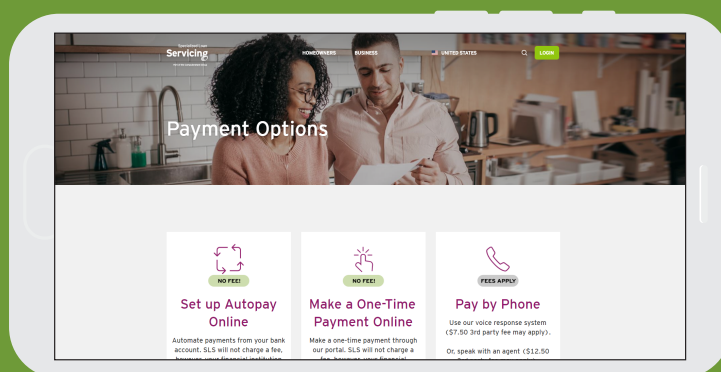


~20 COMPANIES UNDERTAKING HYBRID MEETINGS HELPS ELIMINATE TRAVEL



INVESTING IN MOBILE-FIRST CAPABILITIES FOR OUR MORTGAGE SERVICES CUSTOMERS

Our mortgage division puts paperless options front and centre in its relationship with customers. From the moment when a new customer comes on board, we highlight user-friendly electronic options to complete their registration, as well as online account management tools. In the USA, we have also piloted personalised video statements to convey information in a clear and approachable way, without the need for print and mail. We see significant opportunities to extend our online capabilities and are actively investing in this over the coming few years.





PROMOTING FULLY ELECTRONIC ENROLMENT FOR EMPLOYEE SHARE PLANS

Our employee share plans promote the use of email and SMS options for participant enrolment, and also utilise eStatements and payment via direct transfers. More than 800 of the share plans we manage for clients around the world have completely eliminated paper throughout their lifecycle, with many more delivering 100% paperless enrolment. Our multi-award-winning participant communications programs focus on giving clients the choice of video and other electronic channels above paper to help them in their efforts to be green.

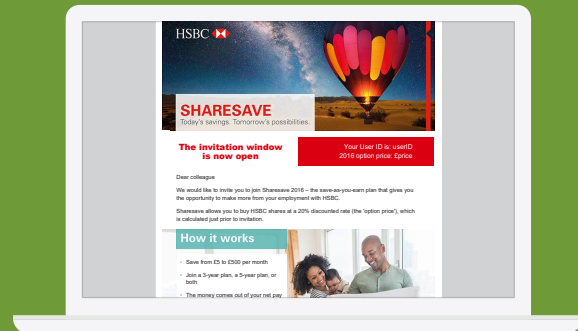


800+ PAPERLESS SHARE PLANS



REPLACING PRINT AND MAIL WITH DIGITAL COMMUNICATIONS

For more than ten years, our Communication Services division has enabled clients to move from printed statements to more efficient and engaging multi-channel digital communications, including email, SMS and secure electronic document retrieval. We've seen a circa 50% increase in e-communications over the past four years, alongside a 25% drop in physical mailing packs, benefiting clients in the traditional shareholder and share plan space as well as commercial clients ranging from utility companies to banks and supermarkets.



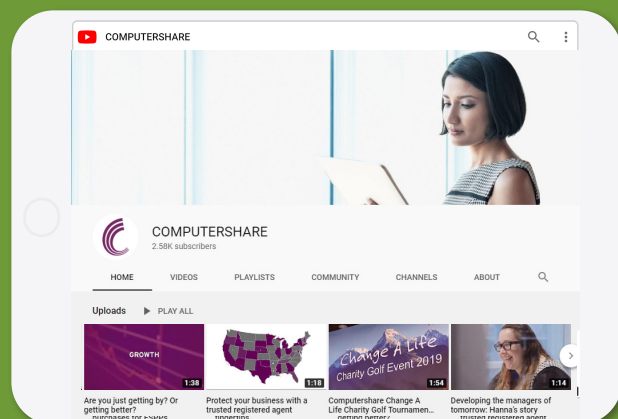
25% DROP IN PHYSICAL MAILING PACKS OVER THE PAST FOUR YEARS



ENABLING SELF-SERVICE THROUGH OUR VIDEO CHANNEL

The Computershare YouTube channel, started in 2011, provides hundreds of 'how to' videos aimed at making it easy for people to manage their accounts electronically, whether updating a home address, obtaining information for a tax return or understanding the vesting process - and has over a million views, helping to eliminate the need for paper guides.

Our state-of-the-art video conferencing facilities give clients the option to collaborate without the need to travel.



ONE MILLION YOUTUBE VIEWS

CORPORATE RESPONSIBILITY

SUSTAINABILITY

We have sustainability and environmental programs in place around the globe to further reduce our already low impact on the natural world, underpinned by our environmental policy and annual sustainability objectives. For more information visit www.computershare.com/cr

REDUCTION TARGETS

We have a number of sustainability targets in place for delivery in FY2020, FY2022 and FY2023. Having these sustainability goals ensures we maintain a focus on managing and reducing our environmental impact wherever possible.

We set targets where data is available and have prioritised our key locations around the world.

With one year to go, we are on track to achieve our FY2020 goals and continue to progress towards reaching our FY2022 and FY2023 reduction goals.

FY2020 targets - one year to go - 100% on target				
New Zealand	Electricity: On target We met and have maintained our electricity reduction target since 2016 at this location.			
Canton	Office has relocated - setting new targets.			
Hong Kong	Office has relocated - setting new targets.			
FY2022 targets - three years to go - 38% on target				
Crossflatts	Electricity: On target Continual year-on-year decrease. Initiatives include LED lighting replacement and replacement of over-door heaters to efficient alternatives.		Gas: Working to target 24% increase in consumption this year due to significantly colder winter in the UK.	
Skipton	Electricity: On target We have met our target at this location partly due to reduced IT server equipment which has been co-located offsite.		Gas: Working to target 25% increase due to increased operational hours in this location (14%), a colder winter and a warmer summer (this location has gas chillers).	
Halifax	Electricity: On target We have met and maintained our target at this location since 2017. This office underwent a significant refurbishment in 2017 including new LED lighting and efficient controls, as well as a new heating and cooling system.			
Munich	Electricity: Working to target Consumption has remained flat at this location. At the start of the target period, this office relocated to an office with a certified low-energy design. We also undertook an extensive replacement program of our on-site IT infrastructure to reduce energy consumption.			
Doxford	Electricity: Working to target Consumption increased due to increased operating hours at this location (up 28%).		Gas: Working to target Increased consumption due to colder winter and an increase in operating hours. Improvements expected following replacement of gas boilers at this location.	
FY2023 targets - four years to go - 57% on target				
Yarra Falls	Electricity: On target Consumption has decreased since target baseline. Recent initiatives include ongoing upgrade of lighting to LED and grouping people within the office to allow us to switch off lighting and AC in under-used areas.	Gas: Working to target The design of the building requires significant energy to heat. Initiatives include reducing heating in underused areas and reviewing heating controls to minimise use during out-of-hours periods.	Water: Working to target Initiatives include upgrading to efficient plumbing and sensors and employee awareness campaigns.	Waste: On target We're on target at this location. Initiatives include reduced waste collections and financial incentives at the café to encourage use of reusable cups.
Bristol	Electricity: Working to target After one year, electricity consumption is lower than the target baseline and we are upgrading lighting to LED on an ongoing basis where this hasn't already been completed.	Gas: Working to target We've recently undertaken a review of the timers for AC and heating to reduce energy consumption.	Water: Working to target Consumption remains the same as target baseline. We're reviewing improvements that can be made, such as replacing water sensors on taps and urinals.	Waste: On target We have met our target for waste and will focus on maintaining this through raising awareness of recycling and waste reduction among employees.
East Beaver Creek	Electricity: Working to target Recent initiatives include LED lighting replacement, printer consolidation and on-site server decommissioning.	Gas: On target	Water: On target	Waste: On target
Bolingbrook	Electricity: On target Recent initiatives include installation of occupancy sensors in meetings rooms and an awareness campaign among employees.		Gas: On target Recent initiatives include improvements to AC and heating timers.	

For more information on how we're tracking against each of our reduction targets, visit www.computershare.com/cr

PROGRESS ON OBJECTIVES

GREEN OFFICE CHALLENGE 9: TURNING THE TIDE ON PLASTIC WASTE

As part of our two-year commitment to cut single-use plastic from across our business, we challenged our employees to submit proposals to reduce plastic waste. We received over 30 submissions from around the world, with six selected to receive funding:



TERRACYCLE RECYCLING

UK

Reduce the amount of single-use plastic waste going to landfill by sending plastic items such as plastic crisp packets and wrappers to TerraCycle for recycling.



REUSABLE BOTTLES

Canada

Distribute a reusable drink bottle to every Canadian member of staff to reduce the use of single-use cups.

SPOON-FREE NORTH AMERICA

USA

Reduce the need for single-use plastic cutlery and coffee stirrers by providing staff with reusable cutlery/flatware.



REUSABLE BOTTLES

NZ

Distribute a reusable drink bottle to every member of staff in New Zealand to reduce the use of single-use cups.



ELIMINATE SINGLE-USE PLASTIC CONDIMENT SACHETS

UK

Introduce dispensers for condiments across all UK sites to eliminate the 55,000 single-use plastic condiment sachets currently used each year.



ELIMINATE SINGLE-USE HOT BEVERAGE CUPS AND LIDS

UK

Distribute a reusable hot beverage cup to all our UK Loan Services employees to reduce the use of single-use cups.

TREE PLANTING PROGRAM



During FY2019 we maintained our global tree planting program and planted 1,966 trees around the world, with the aim of covering 10% of the carbon emitted as a result of our business air travel during the previous financial year. Since 2016 we've planted 5,894 trees as part of the initiative.

While our efforts remain focused on reducing unnecessary travel, we'll continue to work with our partners to plant further trees in FY20.

GREEN IT



We undertook an extensive relocation and update of one of our key data centres in the US. Approximately 30 tons of equipment was decommissioned, all of which was recycled with nothing sent to landfill.

We have taken significant steps to promote tools for virtual collaborative working in order to reduce the need to travel. All employees have access to video conferencing software from their desktop as well as easy-to-follow user guides with step-by-step guidance.

Our video communication capabilities have also been enhanced, with video conferencing rooms set up in 12 key locations across our offices globally.

FOCUS FOR FY2020



Continue the work achieved so far with our Green Office Challenge 9 staff initiatives and roll out the 10th Challenge



Work towards eliminating single-use plastic in Computershare offices globally by FY20



Further focus on Green IT to reduce our carbon footprint

CORPORATE RESPONSIBILITY

COMMUNITY

Globally, Computershare is dedicated to supporting initiatives that help alleviate poverty through our community giving scheme, Change A Life. This important and long-running program has a focus on sustainability by investing 80% of donations in global projects that provide long-term solutions for the communities our employees vote to support. The remaining 20% of donations go to local projects via established charities, chosen by employees in each locality. Computershare matches all employee payroll donations.

AUD 9.3 million raised
for Change A Life since launch

AUD 760,150 donated
to our projects in FY2019

WORLD YOUTH INTERNATIONAL

Our employees chose World Youth International (WYI) to be our global Change A Life partner in 2017. WYI is an Australian-based charity committed to enhancing quality of life, strengthening communities and reducing poverty through sustainable development projects. Change A Life has made a five-year commitment to support the WYI School in Gokarna, Nepal, which opened in 1999 and has an annual enrolment of over 500 students. From 2017 to 2022 we have committed to fund a range of improvements to the school, upgrading classrooms and other facilities, extending the school program into Year 11 and 12, and supporting improvements to the quality of education provided.



TREK NEPAL

From 2018 through 2020, Computershare is funding an annual employee trek, with participants chosen from regular contributors to Change A Life. Trek teams each year are drawn from one of our three regions: UK and Europe, Asia Pacific and North America. Each trek follows the Ghorepani Poon Hill trail in the Annapurna region and concludes with a visit to the WYI school. Computershare pays for all trekking costs, travel, meals, guides, accommodation and provides participants with an additional two weeks of annual leave to cover the time spent away from the office.

2018 TREK

In November 2018, 33 Computershare staff from the United Kingdom, Channel Islands, Ireland, and Continental Europe teamed up to complete Trek Nepal. The team had a fundraising goal of AUD 250,000.

To reach their target, trekkers organised activities to raise funds in their offices and local communities, including the Yorkshire Three Peaks Challenge and the 'On Yer Bike' bicycle challenge which offered 20, 50 or 75 mile routes around Bristol, Monaghan or Edinburgh.

The trek was hugely successful, raising over AUD 300,000 which went to WYI to fund the construction of a co-ed student boarding home to allow students from remote areas to access education.

2019 TREK

In November 2019, 22 Computershare staff from Australia, New Zealand and Hong Kong will travel to Nepal with the goal of raising AUD 150,000 to fund ongoing projects at the WYI school.

As part of their fundraising, trekkers from participating countries have organised events including Nepali dinners, bake sales and trivia nights, as well as a successful charity golf tournament in Hong Kong which attracted corporate sponsors for the trek.

If you'd like to donate to the trek, please visit
<https://worldyouth.org.au/fundraising/trek-nepal-2019>

COME-SHARE EDUCATION - SRI LANKA

Come-Share assists students from low-income families to complete their high school education and undertake other post-secondary education and training to further their employment prospects.

HIGHLIGHTS	Supported over 520 individual students and a further 167 in group classes in the 12 months to March 2019.	Provided post A-level and O-Level English and IT classes to 116 individual students.
Supported group classes for general subjects in Sinhala and Tamil, and Mathematics, IT and Vocational Training and provided desks, chairs and laptops for IT and English classes.	Provided weekend computer classes to 25 students which include training in the Microsoft Office suite of programs.	100% of students supported by Come-Share achieved a pass in their Ordinary Level examinations.

VOLUNTEER DAYS

We encourage our staff to be actively involved in local community projects by providing staff with a day of paid volunteer leave each year to support the charity of their choice. This year our offices across the United States coordinated their efforts to maximise the benefit to our chosen local charities in that country.

Over 550 staff across the US volunteered their time, achieving the following for our charitable partners:

HIGHLIGHTS	910 postcards written for students at the World Youth International school.	1,000 craft kits assembled for Cradles to Crayons.
495 duffle bags for foster children decorated and filled for Together We Rise.	8 mentoring sessions with CPU staff for Family Scholar House.	14 high school students mentored for Big Brothers Big Sisters.

LOCAL CHARITIES

In 2018 Computershare established a process of employee consultation to assist us in selecting our global charitable partners, as well as to choose charities local to our major regional offices. We allocate 20% of Change A Life funds to those local projects and will undertake reviews this year to ensure our donations are achieving their intended aims.

HIGHLIGHTS	Staff from our Hong Kong offices joined a session of dramatic storytelling with their local charity Hans Andersen Club, which supports the development and wellbeing of underprivileged children in the community.	Our Bristol office donated over AUD 5,000 of quality clothing to their local charity CLIC Sargent, who provide critical support to children and young adults receiving treatment for cancer.
Our offices in Victoria voted to support the Royal Children's Hospital Foundation which provides medical care and treatment, and invests in research and learning that will improve the lives of young people and their families. Our New South Wales offices support Sydney Children's Hospital Foundation, which invests in the health and wellbeing of children and families.	Our Brisbane staff spent a day at Leichhardt State School with their charity Kickin' with a Cuz, which works closely with indigenous and disadvantaged youth, using sport and community as avenues to reinforce positive messages about education, health and personal safety.	Our New Zealand office participated in the Auckland Angels appeal with their local charity Auckland City Mission. Our staff supported the appeal by donating food and gifts, and a team of Computershare managers volunteered by packing and handing out Christmas food parcels and gifts to hundreds of families.

FOCUS FOR FY2020



Run a second successful Trek Nepal and raise AUD 150,000



Review our selected local charities to ensure they are meeting our expectations



Increase global employee participation in Change A Life to 10%

PEOPLE

We recognise that our success is driven by the quality and capabilities of our people. We aim to provide every person in our organisation with the opportunity to succeed and to have a positive experience of work, from the moment they first apply for a role, through to their longer-term professional development and career progression.

We believe that fostering diversity in our company brings with it higher levels of performance and creativity. We are committed to hiring, developing, rewarding, and promoting our people on the basis of their talent and the results they achieve. We support employees with specific individual needs such as physical disabilities or learning difficulties. We have programs to assist women returning to professional life after a significant break and are making progress in increasing the representation of women in senior leadership roles.

To ensure that we attract and retain the best people, we offer extensive training and professional development opportunities, competitive benefits including an employee share plan, and a range of personal supports. We know that looking after our employees is good for us and for our clients alike.

Above all, we are proud of our special culture of 'doing the right thing' by our customers and in the way we conduct ourselves professionally.

BEING PURPLE

As a global business, it's important that we're able to understand and articulate what it means to be a Computershare person, or as we say it, a 'purple person'. With this in mind, we have created and rolled out a new employee values framework across the business, our 'Being Purple' ways of working.

This framework builds on our existing pillars of Certainty, Ingenuity and Advantage, and makes it clear what's expected of each of us, regardless of our role or where we are based. Our Being Purple ways of working also helps to define the sort of people we want to bring into Computershare, and the conduct, behaviours and professional attributes we want to promote and reward.

We have made a toolkit available to every employee which outlines how the Being Purple ways of working applies to their role at each level of seniority. The toolkit details how they can exemplify Being Purple as an employee, a manager or as a senior leader, and provides examples of what is expected of a 'purple person'.



COMPUTERSHARE DAY

On 24 May we celebrated our third annual Computershare Day, marking 25 years since Computershare was listed on the Australian Securities Exchange. Employees around the world took part in the tea party themed event, which included 'most purple team', 'best purple outfit' competitions and a 'purple quiz'.

Our Port Melbourne office created a stunning Alice In Wonderland backdrop for their Mad Hatter themed tea party. In our other offices around the world, staff baked an assortment of purple cakes and treats to enjoy with their teams. Members of our global management team, including CEO Stuart Irving, hosted a lively morning tea in our Yarra Falls headquarters.

We also presented our Purple Person awards for the third time, recognising 25 employees for making outstanding contributions to Computershare, and for exemplifying our values.

OUR 25 PURPLE PEOPLE FOR 2019 ARE:

Amy Blundell	Shared Services	UK
Candence Peters	Loan Services	USA
Cheuk Yin Yeung	Issuer Services	Hong Kong
Daniel Troisi	Business Services	Canada
Diane Allaire	Shared Services	USA
Faith Sullivan	Issuer Services	Australia
Gemma White	Loan Services	UK
Geoffrey Crocker	Technology Services	Australia
Jennifer Sun	Employee Share Plans	China
Jennifer Verrier	Issuer Services	USA
John Sutor	Employee Share Plans	UK
Karen Beke	Loan Services	USA
Katarina Avent	Issuer Services	UK
Katherine Ellis	Business Services	USA
Lenore Faulkner	Communication Services	Australia
Mark Harmon	Issuer Services	USA
Markus Eggendinger	Communication Services	Germany
Matthew Cook	Technology Services	UK
Michael Brady	Technology Services	USA
Michael Hein	Shared Services	Germany
Mirjana Hajdinjak	Employee Share Plans	Australia
Patricia Anderson	Loan Services	UK
Paul Capozzi	Issuer Services	USA
Quantz Bruns-Kyler	Loan Services	USA
Rizwana Esmail	Loan Services	UK



GROUP OPERATING OVERVIEW

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were the operation of investor services, employee share plan services, communication services, business services, stakeholder relationship management services and technology services.

- > The issuer services operations comprise the provision of registry maintenance and related services.
- > The employee share plan services operations comprise the provision of administration and related services for employee share and option plans.
- > The communication services operations comprise document composition and printing, intelligent mailing, inbound process automation, scanning and electronic delivery.
- > The business services operations comprise the provision of mortgage servicing activities, corporate trust, class actions, bankruptcy, childcare voucher administration, tenant bond protection services and mutual fund administration support services.
- > The stakeholder relationship management services group provides investor analysis, investor communication and management information services to companies, including their employees, shareholders and other security industry participants.
- > Technology services includes the provision of software, specialising in share registry and financial services.

Computershare has a range of regulated businesses around the world, including transfer agencies, licensed dealers, corporate trusts and mortgage servicers.

REVIEW OF OPERATIONS

Overview

Business Services revenue grew 5.7% on FY2018 delivering \$945.6 million in constant currency terms. The improvement was driven largely by strategic growth in US mortgage services and corporate trust partly offset by the disposal of Karvy and large one-off events in the class actions business in FY2018. Business Services EBITDA grew 6.2% year-on-year on a constant currency basis to \$255.0 million.

Revenue in the Issuer Services business improved by 2.7% in constant currency terms, benefiting from increased margin income partly offset by weaker corporate actions activity as expected. US register maintenance revenues increased by 5.3%. The number of shareholders serviced by Computershare increased and ongoing efficiency improvements enhanced business profitability. At the EBITDA level, the consolidated Issuer Services business increased by 10.2% over FY2018 on a constant currency basis with ongoing margin expansion to 35.8%.

Returning the Issuer Services business to organic growth has been a key priority. It was pleasing to see continued progress in the development of new, complementary revenue streams in private markets, company secretarial services and registered agent markets in the US.

Employee Share Plans benefited from the acquisition of Equatex in November 2018. Revenue was up 29.6% in constant currency terms. Equatex contributed \$68.9m of revenue and outperformed initial expectations with stronger than anticipated transactional revenues. EBITDA was up 31.6% in constant currency. EBITDA margin excluding margin income, was up 200bps to 19.5% supported by efficiency gains.

Revenue for Stakeholder Relationship Management was down 28.3% noting that FY2018 benefited strongly from large one-off events. Revenue for the Communication Services business was down 2.2% and EBITDA was up 5.6% at \$41.4 million in constant currency.

REVENUE

Business stream	Comparison in constant currency			FY2019 Actual \$ million
	FY2019 @ CC \$ million	FY2018 Actual \$ million	CC Variance	
Business services	945.6	894.4	+5.7%	927.4
Register maintenance	727.1	710.3	+2.4%	711.2
Corporate actions	167.5	160.6	+4.3%	164.3
Employee share plans	295.9	228.4	+29.6%	288.5
Communication services	177.6	181.6	-2.2%	168.9
Stakeholder relationship mgt	68.0	94.8	-28.3%	67.3
Corporate & Technology	29.7	30.7	-3.3%	28.9
Total management revenue	2,411.4	2,300.9*	+4.8%	2,356.5*

* Total management revenue excludes management adjustment items further described in note 4 of the financial statements

Regions	Comparison in constant currency			FY2019 Actual \$ million
	FY2019 @CC \$ million	FY2018 Actual \$ million	CC Variance	
ANZ	238.0	246.8	-3.6%	220.4
Asia	121.3	154.4	-21.4%	119.1
UCIA	603.0	490.4	+23.0%	580.3
CEU	108.6	106.9	+1.6%	104.4
USA	1,137.2	1,087.9	+4.5%	1,137.2
Canada	203.4	214.5	-5.2%	195.2
Total management revenue	2,411.4	2,300.9*	+4.8%	2,356.5*

* Total management revenue excludes management adjustment items further described in note 4 of the financial statements

Operating costs

Operating expenses were up 2.7% on FY2018 to \$1,724.4 million in constant currency terms, predominantly driven by investment in US mortgage services and Employee Share Plans. Excluding acquisitions and disposals, costs decreased by 0.2%. Pleasingly, the cost to income ratio fell by 150bps to 71.5%. The Group's cost-out program continues to deliver benefits with \$80.1 million of cumulative gross benefits achieved to date.

Earnings per share

	2019 cents	2018 cents
Statutory basic earnings per share	76.57	55.17
Statutory diluted earnings per share	76.42	55.05
Management basic earnings per share	70.24	63.38
Management diluted earnings per share	70.10	63.24

The management basic and diluted earnings per share amounts have been calculated excluding the impact of management adjustment items (refer to note 4 in this financial report). All EPS numbers above have been translated at actual FX rates (not constant currency).

BUSINESS STRATEGIES AND PROSPECTS

OUTLOOK

In August 2019, we provided earnings guidance for FY2020. In constant currency we expect Management EPS to be down by around 5%.

This guidance is adversely impacted by the delay of the platform migration benefits for UK mortgage services as we previously announced at Investor Day in May, and the adoption of AASB16, the new accounting standard for leases.

Excluding these two elements, the FY2020 guidance would have been for Management EPS to increase by around 5%.

Importantly, in FY2020 we expect margin income revenue to be similar to FY2019 and that equity markets remain at the levels that existed at the time of providing that guidance. We expect the delayed migration of UK loans to have an isolated impact to Management EBITDA of \$35m.

This outlook assessment and other references to our FY2020 outlook in this document are subject to the forward-looking statements disclaimer and a number of other assumptions provided in our annual results announcement disclosed to the Australian Securities Exchange.

Computershare's strategy is to be the leading provider of services in our selected markets by leveraging our core skills and competencies to deliver outstanding client outcomes from engaged staff. We focus on new products and services to reinforce our leadership in established markets, and invest in technology and innovation to deliver growth, productivity gains and improved cost outcomes.

We are driving growth in our US mortgage services business by building scale and revenues across the mortgage value chain. Having achieved our initial servicing scale and margin targets towards the end of FY2019, we are now planning for further disciplined long term growth and returns.

In our other growth engine, Employee Share Plans, the recent Equatex acquisition enhances our scale, capabilities and earnings. Integration to a single market leading technology is well underway.

We see continuing growth and margin expansion in Issuer Services, our largest business. We have purposefully designed strategies to leverage our core registry skills and strong client relationships in to new, large, complementary revenue pools.

Our cost-out programs continue to progress well with around \$60m of additional benefits to come over the next four years.

Computershare's strong balance sheet, with the leverage ratio below the mid-point of the target range, supports our ongoing capital management strategy. We have announced a AUD 200m on market share buy-back to complement dividend payments. We will continue to maximise franking available to shareholders.

RISKS

The Board is ultimately responsible for setting the risk appetite for the Group and otherwise reviewing and approving Computershare's risk management framework and policies and assessing their effectiveness in mitigating the risks present in our business. The Board delegates some of this responsibility to the Risk and Audit Committee. The Risk and Audit Committee receives quarterly reports on the key and emerging risks in the Group and meets with management to discuss and challenge its view on Group or relevant business line risk positions as appropriate.

Computershare has a clear approach to the oversight and management of risk, based on the 'three lines of defence' model. This model provides a simple framework for the implementation and oversight of risk management in which management, as the first line of defence, has responsibility for risk management and control activities.

The risk function, as part of the second line of defence, is responsible for setting and implementing the risk framework and supporting tools and methodologies, as well as providing oversight of risk management activities and advisory support to management.

The internal audit function, as the third line of defence, provides an independent and objective assurance function with the responsibility of confirming that the framework, policies, and controls designed to manage key risks are being executed effectively by management. Internal audit carries out regular, systematic monitoring of control activities and reports its findings to the senior managers of each business unit as well as to the Risk and Audit Committee.

RISK SUMMARY

The following outlines areas of material risk that could impact our ability to achieve our strategic objectives and future financial prospects including, where applicable, our exposure to economic, environmental or social sustainability risks and how we seek to mitigate or manage them.

Strategic and regulatory risk

Our businesses operate in highly-regulated markets around the world and our success can be impacted by changes to the regulatory environment and the structure of these markets. As an organisation we pay very close attention to regulatory developments globally and play an active role in consulting with regulators on changes which could impact our business.

Many of our key businesses are also subject to direct regulatory oversight and we are required to maintain the appropriate regulatory approvals and licenses to operate, and in some cases adhere to certain financial covenants (such as capital adequacy). Computershare has robust compliance management and monitoring programs in place to support these regulatory obligations.

In the course of its business, Computershare's mortgage servicing business purchases Mortgage Servicing Rights (MSR) in order to service a group or portfolio of mortgages. Interest rate volatility creates risk related to the market value of the MSR assets and ability to generate revenue.

Our business is also at risk of disruption from new technologies and alternative service providers. This means we must be looking constantly for ways to improve our services by investing in new technologies and processes. We have a dedicated innovation team which is responsible for rapidly assessing the viability of new business ideas and initiatives in an agile yet systematic manner using proven innovation techniques.

In recent periods we have seen the emergence of distributed ledger technology or 'blockchain', which has the potential to be deployed across financial market systems, including post-trade clearing and settlement of securities. Deployment of distributed ledger technology into financial markets, if it ultimately proves to be a viable option, will require extensive dialogue and consultation with regulators and industry participants and its ultimate market structure implications are not yet known.

Computershare is adopting a measured and considered approach to blockchain. We are pursuing a dual-track approach in terms of assessing the commercial value of introducing innovative blockchain services in market adjacencies, while also rigorously defending our existing role and overall market positioning. We also believe that our global presence makes us an attractive partner to blockchain solution providers and gives us access to a wide range of potential commercial blockchain opportunities.

Our future prospects also depend on finding and executing on opportunities to grow and diversify our business. We are potentially constrained by market structure restrictions from significantly growing our registry services footprint by acquisition (unless subsequent market structure changes present new opportunities) and this has inevitably changed the focus of our investment decisions. There is also inherent risk in any acquisition, including risk of financial loss or missed earnings potential from inappropriate acquisition decisions as well as integration risk in its implementation. Computershare has a strong track record of acquiring and integrating businesses successfully, in particular in the businesses of registry and employee share plan administration. We have a deliberately focused acquisition strategy with rigorous approval processes, and we also undertake subsequent reviews of our acquisitions and their performance.

Computershare also operates across a diverse set of countries and tax jurisdictions. The tax environments in these jurisdictions can be complex and subject to change and these changes cannot be accurately predicted. Computershare operates a global finance function to manage tax risk within the Group's risk appetite and engages external tax advice as appropriate.

Financial risk

Our financial performance each year is underpinned by significant annuity revenue. However, there is also a material proportion of revenue that is derived from transactional activity that is dependent on factors outside our control, which can be challenging to predict. Changes to market activity generally, foreign exchange and interest rates have the ability to impact adversely on our financial performance. Computershare generates significant revenues from the transaction processing fees we earn from our services (including the interest income earned by investing client funds). These revenue sources are substantially dependent on customer trading volumes, market prices and liquidity of securities markets. Sudden sharp or gradual but sustained declines in market values of securities can result in reduced investor communication activity, including reduced mutual funds communication volumes, reduced mergers and acquisitions activity and reduced proxy activity; reduced trading activity; and illiquid markets.

Margin income is a key contributor to earnings. Changes in investment restrictions, interest rates, and to the level of balances that we hold on behalf of clients can have a material impact on the Group's earnings. We also have strong relationships with the global financial institutions that hold our client balances. We have robust policies and other protections to manage interest rate risk and other risks associated with placing those funds (including counterparty risk) and we also make significant investments in processes and technology to identify, allocate, reconcile and oversee client monies. Computershare's current policy for hedging its interest rate exposure is for a minimum of one year forward and 25% hedging coverage to a maximum of five years forward with 100% hedging coverage.

The market for Computershare's products and services is rapidly evolving and highly competitive. We compete with a number of firms that provide similar products and services to our own. In addition, we compete with our clients' in-house capabilities to perform functions that they might otherwise outsource to us. We continually strive to remain the leading provider of services in all our business lines globally and invest significantly in new technology and services to maintain our market-leading position.

Operational risk

Computershare deals with a high volume of daily transactions which can be exposed to data loss and security breaches. The nature of cyber-crime is constantly changing and information systems are vulnerable to cyber-attacks. Security breaches may involve unauthorised access to Computershare systems and databases, damage to Computershare's systems and the exposure and/or theft of confidential client data. This presents a range of challenges, from ensuring the security and integrity of that data as well as the continuity of our service in the face of internal and external factors. We manage these risks through extensive business resiliency planning and testing as well as rigorous internal controls around the ability to access and modify client data. We also make significant investments in technology and services to protect data at rest, in motion and at end point, including a specialist information security team whose responsibilities include ensuring we have appropriate and effective systems in place to protect our and our clients' data from unauthorised access. Our dedicated financial crime team is also responsible for analysing information and transactions to mitigate the risk of fraud (both internal and external), and these resources are focused on areas of highest potential exposure.

Computershare also undertakes high volumes of transactional processes, some of which are complex. There is a risk that failure to process these transactions correctly could result in liabilities being incurred to third parties. We invest significantly in technology to automate processes where possible. We also have policies, processes and corresponding controls to assist in mitigating this risk, which are routinely tested. The Group also maintains insurance.

CORPORATE GOVERNANCE STATEMENT

COMPUTERSHARE'S APPROACH TO CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance by overseeing a sound and effective governance framework for the management and conduct of Computershare's business. This corporate governance statement sets out a description of Computershare's main corporate governance practices. Computershare's governance arrangements complied with each of the recommendations set by the ASX Corporate Governance Council throughout the reporting period.

In this statement 'Group' is used to refer to Computershare Limited and its controlled entities, and references to 'Group management' refer to the Group's Chief Executive Officer and the executives reporting directly to the Chief Executive Officer.

This Corporate Governance Statement has been approved by the Board and is current as at 23 September 2019.

1. BOARD RESPONSIBILITIES

The Board is responsible for the corporate governance of the Group and is governed by the principles set out in the Board Charter. A copy of the charter is available from <http://www.computershare.com/governance>.

The principal role of the Board is to ensure the long-term prosperity of the Group and, in doing so, to determine the Group's strategic direction. The Board also sets broad corporate governance principles, which govern the Group's business operations and accountability, and ensures that those principles are effectively implemented by Group management.

The Board's other reserved powers and duties can be divided into five distinct areas of responsibility, an overview of which is provided below:

- Strategic planning for the Group – involves commenting on, and providing final approval of, the Group's corporate strategy and related performance objectives, as developed by Group management, as well as monitoring Group management's implementation of, and performance with respect to, that agreed corporate strategy.
- Financial and related matters – includes approving the Group's budgets and other performance indicators and monitoring progress against them, as well as approving and monitoring financial and other reporting, internal and external audit plans, setting the Group's risk appetite and approving enterprise risk management plans and monitoring the progress of major capital expenditure, acquisitions and divestitures.
- Corporate governance – incorporates overseeing Computershare's corporate governance framework, including approving changes made to key supporting Group policies and overseeing Computershare's reporting to shareholders and its compliance with its continuous disclosure obligations.
- Overseeing Group management – involves the appointment and, if required, removal of the Chief Executive Officer and the monitoring of his or her ongoing performance, as well as, if applicable, the appointment and if required, removal of Group management personnel, including the Chief Financial Officer and Company Secretary.
- Remuneration – comprises the approval of Computershare's overall remuneration framework and determining the remuneration of non-executive directors within the limits approved by shareholders.

The Board has delegated the responsibility for day-to-day management and administration of Computershare to the Chief Executive Officer. Ultimately, Group management is responsible for managing the Group in accordance with the corporate strategy, plans and policies approved by the Board, and is required to provide appropriate information to the Board to ensure it can effectively discharge its duties.

2. BOARD COMPOSITION AND DIRECTOR APPOINTMENT

Computershare's Constitution states that the Board must have a minimum of three and a maximum of ten directors. Re-appointment is not automatic and if retiring directors would like to continue to hold office they must submit themselves for re-election by Computershare's shareholders at the Annual General Meeting. No director (other than the Chief Executive Officer) may be in office for longer than three years without facing re-election.

In addition to ensuring that the Board has the mix of skills, knowledge and experience commonly required across boards of major ASX listed companies, the Board is also focused on ensuring that its composition aligns with the Group's strategic objectives and that it has the necessary skills and expertise to provide oversight of those areas of the Group's business where there is greatest scope to increase shareholder value in the future.

As a global organisation, it is also of great importance to the Board that it has an appropriate balance of directors who are based in Australia, as well as directors who are based in or who have experience of regions where there are significant group operations.

The Board also considers its size should be conducive to effective discussion and efficient decision making. The Board regularly reassesses its composition to ensure that it continues to meet these requirements.

To assist in this process the Board has developed a Board skills matrix which sets out the skills and experiences that the Board has or is looking to achieve. The current skills and experience of the Board, assessed as a whole against the matrix, is as follows:

Leadership and governance	Total out of nine Directors
Strategy	7
Innovation and entrepreneurship	5
CEO level experience	5
Other non-executive director experience	7
Corporate governance	8
Business experience	
M&A and capital markets experience	8
International business experience	7
Working in regulated industries	7
Outsourced business services	6
Business development/access to networks	6
Financial and risk	
Accounting and finance	5
Banking and treasury	4
Audit, risk management and compliance	7
Other	
Technology	5
HR/remuneration	6
Geographic experience	
North America	5
UK and Europe	7
Asia	4
Australia	7

During the reporting period Ms Penny MacLagan and Mr Les Owen retired as directors at the conclusion of the 2018 Annual General Meeting and one new non-executive director was appointed to the Board, Mr Paul Reynolds. Mr Reynolds is a UK based director with extensive CEO and board-leadership level experience in complex, large-scale infrastructure enterprises.

All of Computershare's non-executive directors have signed formal letters of appointment setting out the key terms and conditions relating to their appointment as a director. Senior managers at Computershare also sign employment agreements, except in certain overseas jurisdictions due to local employment practices.

Proposed appointees to the Board are subject to appropriate background checks. The format of these checks is dependent on the residence of the proposed director but would typically include police and bankruptcy checks and searches of relevant public records and filings. This is in addition to confirmation of the proposed director's experience and character as appropriate.

Any director appointed by the Board will be required to stand for election at the next AGM, at which time the Company will provide in the notice of meeting all material information known to the Company that is relevant for shareholders to decide on whether to appoint the director.

On appointment, all new directors undertake an induction process. They receive copies of all key governance documents as well as briefings from senior management on material matters relating to the Computershare Group including strategic considerations, financial performance, major markets and business lines and operational and technological capability. As the Board holds meetings in all the major markets in which the Group operates, new directors are, along with the rest of the Board, given the opportunity to meet with management and visit operational facilities during those meetings.

Computershare does not have a formal program of professional development for its directors. Directors receive briefings on material developments, including structural developments and market changes, which relate to the Group's operations. Directors may also request that the Company provide them with specific development opportunities which they may consider necessary to improve their skills and knowledge.

CORPORATE GOVERNANCE STATEMENT

THE DIRECTORS

As at the date of this Annual Report, the Board composition (with details of the professional background of each director) is as follows:



Simon Jones

M.A. (Oxon), A.C.A.

Position: Chairman **Age:** 63

Independent: Yes

Years of service: 14

Term of office

Simon Jones was appointed to the Board in November 2005 as a non-executive director. Simon was appointed as Computershare's Chairman in November 2015 and was last re-elected by shareholders in 2016.

Skills and experience

Simon is a chartered accountant with extensive experience in investment advisory, valuations, mergers and acquisitions, public offerings, audit and venture capital. Simon was previously a Managing Director of N.M. Rothschild and Sons (Australia) and Head of Audit and Business Advisory (Australia & New Zealand) and Corporate Finance (Melbourne) at Arthur Andersen.

Other directorships and offices

Director of Canterbury Partners
Chairman of the Advisory Board of MAB Corporation Pty Ltd
Chairman of Melbourne IT Limited (retired 2017)

Board Committee membership

Chairman of the Nomination Committee
Member of the Risk and Audit Committee
Member of the Human Resources and Remuneration Committee
Member of the Acquisitions Committee



Stuart Irving

Position: Chief Executive Officer

Age: 48

Independent: No

Years of service: 5

Term of office

Stuart Irving was appointed Chief Executive Officer and President of Computershare on 1 July 2014. He joined Computershare in 1998.

Skills and experience

Stuart held a number of roles at The Royal Bank of Scotland before joining Computershare as IT Development Manager in the UK.

Stuart subsequently worked in South Africa, Canada and the US before becoming Chief Information Officer for North America in 2005 and then the Computershare Group's Chief Information Officer in 2008.

Board Committee membership

Member of the Nomination Committee
Member of the Acquisitions Committee



Christopher Morris

Position: Non-Executive Director

Age: 71

Independent: No

Years of service: 41

Term of office

Chris Morris and an associate established Computershare in 1978. Chris was appointed Chief Executive Officer in 1990 and oversaw the listing of Computershare on the ASX in 1994.

He became the Group's Executive Chairman in November 2006 and relinquished his executive responsibilities in September 2010, and subsequently stood down as Chairman in November 2015.

Chris was last re-elected in 2018.

Skills and experience

Chris has worked across the global securities industry for more than 30 years. His knowledge, long-term strategic vision and passion for the industry have been instrumental in transforming Computershare from an Australian business into a successful global public company.

Other directorships and offices

Non-Executive Chairman of Smart Parking Limited (appointed in 2009)

Board Committee memberships

Chairman of the Acquisitions Committee
Member of the Nomination Committee



Tiffany Fuller

B.Com, GAICD, ACA

Position: Non-Executive Director

Age: 49

Independent: Yes

Years of service: 5

Term of office

Tiffany Fuller was appointed to the Board on 1 October 2014 as a non-executive director. Tiffany was last re-elected in 2017.

Skills and experience

Tiffany is an experienced public company non-executive director with broad experience in chartered accounting, corporate finance, investment banking, funds management and management consulting in Australia and globally. Tiffany's skills include finance and accounting, strategy, M&A, risk and governance. Her career includes roles at Arthur Andersen and Rothschild and spans multiple industry sectors including financial services, technology, retail, resources and telecommunications.

Other directorships and offices

Non-Executive Director of Washington H. Soul Pattinson & Company Limited (appointed in 2017)

Non-Executive Director of Smart Parking Technologies (appointed in 2011)

Non-Executive Director of Costa Group Holdings Limited (resigned 2018)

Board Committee membership

Chair of the Risk and Audit Committee
Member of the Nomination Committee



Joseph Velli

BA, MBA

Position: Non-Executive Director

Age: 60

Independent: Yes

Years of service: 5

Term of office

Joseph Velli was appointed to the Board on 1 October 2014 as a non-executive director. Joseph was last re-elected in November 2017.

Skills and experience

Joseph is a retired financial services and technology executive with extensive securities servicing, M&A and public board experience. For most of his career, Joseph served as Senior Executive Vice President of The Bank of New York and as a member of the Bank's Senior Policy Committee.

During his 22-year tenure with the Bank, Joseph's responsibilities included heading Global Issuer Services, Global Custody and related Investor Services, Global Liquidity Services, Pension and 401k Services, Consumer and Retail Banking, Correspondent Clearing and Securities Services. Most recently Joseph served as the Chairman and Chief Executive Officer of Convergenx Group.

Other directorships and offices

Non-Executive Director of Paychex, Inc.
Non-Executive Director of Cognizant Technology Solutions Corporation

Board Committee membership

Chairman of the Human Resources and Remuneration Committee
Member of the Nomination Committee
Member of the Acquisitions Committee



Abi Cleland

B.Com, BA, MBA.

Position: Non-Executive Director

Age: 46

Independent: Yes

Years of service: 1

Term of office

Abi Cleland was appointed to the Board as an additional non-executive director on 14 February 2018.

Skills and experience

Abi Cleland has extensive global experience in strategy, M&A, digital and business growth. She has held senior executive roles in the industrial, retail, agriculture and financial services sectors at companies including ANZ, Amcor, Incitec Pivot, Caltex after starting her career at BHP. Over the last five years Abi set up and ran an advisory and management business, Absolute Partners which focused on strategy, M&A and building businesses leveraging disruptive changes.

Other directorships and offices

Non-Executive Director of Orora Limited (appointed in 2014)

Non-Executive Director of Sydney Airport Limited (appointed in 2018)

Non-Executive Director of Coles Group Limited (appointed in 2018)

Non-Executive Director of BWX Limited (resigned in 2017)

Non-Executive Director of Swimming Australia

Chair of Planwise Australia

Board committee membership

Member of the Human Resources and Remuneration Committee
Member of the Nomination Committee

CORPORATE GOVERNANCE STATEMENT



Lisa Gay

BA, LLB

Position: Non-Executive Director

Age: 57

Independent: Yes

Years of service: 1

Term of office

Lisa Gay was appointed to the Board as an additional non-executive director on 14 February 2018.

Skills and experience

Lisa Gay is a highly regarded business leader with extensive financial services experience in funds management, investment banking, and stockbroking. She was formerly Chair of the Australian Securities and Investment Commission's Markets Disciplinary Panel and Deputy Chair of the Indigenous Land Corporation. From 1990-2010 Lisa was general counsel and managing director of Goldman Sachs Group Australia.

Other directorships and offices

Non-executive Director of Victoria Funds Management Corporation
Non-executive Director of Koda Capital
Member of the Council of Trustees of the National Gallery of Victoria

Board committee membership

Member of the Risk and Audit Committee
Member of the Nomination Committee



Paul Reynolds

BA, PhD

Position: Non-Executive Director

Age: 62

Independent: Yes

Years of service: <1

Term of office

Paul Reynolds was appointed to the Board as an additional non-executive director on 5 October 2018.

Skills and experience

Paul Reynolds has gained extensive leadership skills from his previous experience in CEO and Chairman positions with complex, large-scale infrastructure enterprises. He was a member of the board at British Telecom from 2001-2007 and CEO of one of its largest businesses, BT Wholesale, where he led the global technology divisions and many of its biggest transformation programs. From 2007-2012, Paul was CEO of Telecom New Zealand, during the world's first structural separation into independent retail and network companies. Paul is based in the UK.

Other directorships and offices

Non-Executive Chairman of 9 Spokes Limited (appointed in 2014)
Non-Executive Director of XConnect Global Networks Limited

Board committee membership

Member of the Risk and Audit Committee
Member of the Nomination Committee

3. BOARD INDEPENDENCE

The Board has considered each of the eight directors in office as at the date of this Annual Report and has determined that a majority (six out of eight) are independent, and were so throughout the reporting period. The two directors who are not considered to be independent are Chris Morris and Stuart Irving, due to their past or present involvement in the senior management of the Company. In the case of Chris Morris, this extends to his substantial shareholding in the Company.

To determine the independence of a director, the Board must consider a number of different factors, including those set out below:

- > whether the director acts (or has recently acted) in an executive capacity for the Company
- > the materiality of the director's shareholding in the Company (if any)
- > the existence of any other material relationship between the director and a member of the Group (for example, where the director is or has been an officer of a significant adviser, supplier or customer)
- > the ability of the director to exercise his or her judgement independently

In relation to the Chairman, Simon Jones, the Board notes that he was first appointed as a non-executive director in November 2005 and subsequently as Chairman in November 2015. The Board has considered and is satisfied that Mr Jones's tenure as a director does not have any impact on his capacity to bring an independent judgement to bear on issues before the Board or to act in the best interests of the Company and its shareholders generally. The Board also notes that Joseph Velli is a director of Cognizant Technology Solutions Corporation, a company which supplies IT and business outsource services to the Group. The Board has considered and is satisfied that Mr Velli's position as a director of Cognizant Technology Solutions Corporation does not have any impact on his capacity to bring an independent judgement to bear on issues before the Board. The Board has appropriate procedures in place to manage circumstances where a matter relating to Cognizant Technology Solutions Corporation might be under consideration by the Board.

4. BOARD MEETINGS AND REPORTS

The Board met in person on four occasions in the reporting period. In-person meetings will generally take place over three days and provide the Board with the opportunity to meet senior management relevant to the agenda for the meeting. At its meetings, the Board discuss the Group's results, prospects and short and long-term strategy, as well as other matters, including operational performance, and legal, governance and compliance issues. The Board also convened two other meetings by telephone during the reporting period.

Group management provides monthly reports to the Board detailing current financial information concerning the Group. Management also provides additional information on matters of interest to the Board, including operational performance, major initiatives and the Group's risk profile, as appropriate.

The Committees of the Board also meet regularly to fulfil their duties, as discussed further below.

5. BOARD COMMITTEES

To assist in discharging its responsibilities, the Board has established four committees.

Risk and Audit Committee

The principal function of the Risk and Audit Committee is to provide assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems, internal audit function and external audit requirements. The Committee also reviews material legal and compliance matters and oversees the Group's Whistleblower program.

The Risk and Audit Committee is chaired by Non-Executive Director Tiffany Fuller. The Committee currently has three other members, Simon Jones, Lisa Gay and Paul Reynolds. Each member of this Committee is considered by the Board to be independent.

The Board regards these members as having the required financial expertise and an appropriate understanding of the markets in which the Group operates. The Chief Executive Officer, the Chief Financial Officer, the Group Head of Internal Audit, the Group Risk Officer and the Company's external auditors are invited to meetings of the Risk and Audit Committee at the Committee's discretion.

The Risk and Audit Committee is governed by a Board-approved charter. A copy of this Risk and Audit Committee Charter is available from <http://www.computershare.com/governance>.

Nomination Committee

The main functions of the Nomination Committee are to review the competence, expertise, performance, constitution and succession of the Board, as well as the performance of individual directors.

The Nomination Committee generally meets on each occasion that the Board meets in person. All current directors are members of the Nomination Committee and it is chaired by Simon Jones in his capacity as Chairman of the Board.

The Nomination Committee's policy for the appointment of directors is to select candidates whose skills, expertise, qualifications, networks and knowledge of the markets in which Computershare operates (and other markets into which it may expand) complement those of existing Board members so that the Board as a whole has the requisite skills, diversity and experience to fulfil its duties.

The Nomination Committee is governed by a Board-approved charter. A copy of this Nomination Committee Charter is available from <http://www.computershare.com/governance>.

CORPORATE GOVERNANCE STATEMENT

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee's principal functions are to advise the Board on matters relating to human resources, talent management and diversity as well as the remuneration of the Group's key management personnel.

In relation to remuneration related matters, the Committee considers, reviews and makes recommendations to the Board about the following matters:

- > the Chief Executive Officer's remuneration policy recommendations
- > remuneration and contract terms for the Chief Executive Officer and the Group's key executives
- > terms and conditions of long-term incentive plans, short-term incentive plans, share rights plans, performance targets and bonus payments for the Chief Executive Officer and the Group's key executives
- > terms and conditions of any employee incentive plans
- > the recommendations of the Chief Executive Officer on offers to executives under any long-term incentive plan established by the Company from time to time
- > remuneration of non-executive directors within the limits approved by shareholders
- > content of the remuneration report to be included in the Company's Annual Report

In relation to human resources and related matters, the Committee considers, reviews and makes recommendations to the Board about the following matters:

- > succession planning for senior management and development frameworks for key talent
- > the effectiveness of the Group's diversity policies and initiatives
- > monitoring surveys conducted by the company in relation to the culture of the organisation; assessing performance against measurable objectives for achieving diversity on an annual basis, including the relative proportion of women at all levels; and Computershare's compliance with external reporting requirements

The Committee is chaired by Joseph Velli. The Committee has two other members, Simon Jones and Abi Cleland. Pursuant to its Charter, the Committee must always be comprised of a majority of independent directors.

The Human Resources and Remuneration Committee met on seven occasions during the reporting period. The Committee has access to Group management and, where necessary, may consult independent experts to discharge its responsibilities effectively.

The Human Resources and Remuneration Committee is governed by a Board-approved charter. A copy of this Remuneration Committee Charter is available from <http://www.computershare.com/governance>.

Acquisitions Committee

To assist in fulfilling its corporate governance and oversight responsibilities with respect to prospective acquisitions and divestitures being considered by the Group, the Board has established an Acquisitions Committee. The Committee receives reports from Group management on acquisition and divestiture opportunities and provides advice on matters such as the price, terms, structure and strategic management of such opportunities. The Committee is also authorised to approve transactions to be entered into by Group companies, provided that it does so within the scope of authority delegated to the Committee by the Board from time to time.

The Acquisitions Committee comprises Simon Jones, Joseph Velli and Chris Morris as well as Stuart Irving and Mark Davis (the Group's Chief Financial Officer).

For details of directors' attendance at Committee meetings, see the Directors' Report, which starts on page 42 of this Annual Report.

6. EQUITY PARTICIPATION BY NON-EXECUTIVE DIRECTORS

The Board encourages non-executive directors to own shares in the Company, however the Company has not awarded shares to non-executive directors. As at the date of this report, all non-executive directors except for Paul Reynolds (appointed in FY2019) held a relevant interest in shares in the Company.

7. REMUNERATION

For information relating to the Group's remuneration practices, and details relating to the directors' remuneration and that of the Group's key management personnel during the year ended 30 June 2019, see the Remuneration Report, which starts on page 45 of this Annual Report and is incorporated into this corporate governance statement by reference.

In addition to the disclosures contained in the Remuneration Report, it should be noted that the Board is keen to encourage equity holdings in the Company by employees with a view to aligning staff and shareholder interests. Many employees have participated (and continue to participate) in the various equity plans offered by the Company, and the directors believe that, historically, this has contributed significantly to the Group's success.

8. ANNUAL REVIEW OF BOARD AND GROUP MANAGEMENT PERFORMANCE

The Board's performance is regularly reviewed by the directors of the Company as a whole. These reviews are undertaken in an open manner each time the Board meets in person. There is a standing agenda item at each in-person Board meeting for directors to be given an opportunity to discuss any concerns they may have with the Board's and its Committees' performance as well as any steps that can be taken to maintain their effectiveness.

Directors also completed questionnaires relating to Board and Committee performance during the reporting period and the Board and relevant Committee then reviewed and discussed the responses. The directors believe that this process works well for its size and composition.

The process for evaluating the performance of individual directors is an informal one. The Chairman is responsible for engaging directly with directors on any individual performance concerns. Directors are able to raise concerns they might have with an individual director's performance directly with the Chairman.

The Board annually reviews the Chief Executive Officer's performance while the Chief Executive Officer annually reviews the performance of the other members of Group management against their KPIs for the year. This review process results in each member of Group management receiving a proposed numerical rating which determines their short-term incentive outcomes for the year. The proposed rating given to each member of Group management is then reviewed by the Human Resources and Remuneration Committee.

9. IDENTIFYING AND MANAGING BUSINESS RISKS

The Business Strategies and Prospects section of this Annual Report contains a summary of Computershare's approach to managing risk within the organisation.

In respect of the reporting period, the Board received a report from the Chief Executive Officer and the Chief Financial Officer that confirms, among other things, the following:

- › The 'Declaration to the Board of Directors of Computershare Limited', a copy of which is included in this Annual Report (see page 122) as required by section 295A of the Corporations Act 2001, is founded on a sound risk management and internal control system that is operating effectively in all material respects in relation to financial reporting risks
- › The Group's material business risks have been managed effectively

The Risk and Audit Committee also undertook a review of the Group's risk management framework during the reporting period and was satisfied that it remained sound.

10. DIVERSITY AND INCLUSION

This summary outlines our progress during FY2019 and covers our focus areas for FY2020.

Progress during FY2019

At a global level we have made some good progress on our D&I initiatives across the board, after the creation of our three-year strategic plan in FY2018. We reached a number of significant milestones in the past 12 months:

- › Appointed a global Head of People to champion and coordinate all People-related initiatives across the business
- › Rolled out our three-year D&I strategy with repeated communications to all employees
- › Made significant progress on achieving a better gender balance at senior levels, including new faces in Technology, Issuer Services, the global management team and on the Computershare Limited Board
- › Recruited from diverse backgrounds for our Edinburgh Global Technology Centre
- › Announced our 'Being Purple' ways of working, which came into effect on 1 July, that clearly communicate our corporate culture and outline how we expect people to work on our priorities and associated goals
- › Completed a number of talent development programs around the globe and will build on these via our new global People team
- › Increased the online learning and development opportunities for all staff, including in D&I, and will continue to do so in the coming financial year
- › Undertook multiple communications and events to reinforce our D&I agenda

We continue to make progress on our local D&I initiatives, with the UK, Australia and the US (the countries with the largest employee populations) engaged in the most specific and notable programs to drive change.

In the US:

- › In February 2019, Computershare's Women4Women group (W4W) held their first summit in Broomfield, Colorado. The W4W network was launched last year to support the career development of women within Computershare North America, and to offer them a range of opportunities for mentoring and professional growth. The network aims to increase awareness of the specific challenges women encounter in the workplace
- › The local D&I committee in the US kick-started initiatives such as Diversity Month, Black History Month and Pride Month, sharing stories and resources with fellow employees

In the UK:

- › In Edinburgh, we have worked with the consultancy Women Returners, which supports women getting back to work after a career break. We have recruited three highly skilled women in our Technology department as part of the drive, all of whom have decided to stay with the company after their initial trial period

CORPORATE GOVERNANCE STATEMENT

In Australia:

- › Developed in partnership with DDI (a global leadership consultancy), the Women in Leadership program kicked off in November 2018 in Australia with 27 participants. It consists of seven modules designed to unleash the confidence and potential of female leaders
- › The Men as Allies module focused on understanding and reflecting on the actions we can take to improve the current state of women in leadership. The module was presented to the male managers of participants in the Women in Leadership program
- › The Propel program was also launched recently to equip people to pursue senior and executive management roles – seven out of the first cohort of fifteen were women

Focus for FY2020

With the creation of a global People team, dedicated resources will be assigned to the D&I agenda in the very near future, further increasing the focus on our objectives and associated actions. The additional allocated resources will drive positive outcomes for our D&I objectives across the business.

We will also look to re-form the D&I Champions network globally, to align with our transition to global business lines.

Feedback on Measurable Objectives

Objectives	Measurement	Update
1. Roll out our global strategic plan for D&I.	Plan including metrics to be communicated to all employees by the end of 2018.	The plan was completed, signed off by global management and rolled out to employees before the end of 2018. It was one of our most widely read communications and we have had positive feedback from employees as a result. On going communications have reinforced the plan.
2. Evaluate employee opinion of Computershare's progress towards greater diversity and inclusion, with the aim of increasing scores.	Feedback to be evaluated from scores in the annual global employee survey.	We asked five questions related to D&I in our annual employee survey. Results from the survey completed December 2018 are as follows, showing a continued slight upward trend across the 8531 participants. › Computershare is progressing towards greater diversity & inclusion – up to 7.33 in 2018 from 7.07 in 2017 › Computershare offers everyone an equal opportunity to progress – up to 6.70 from 6.56 › Computershare respects individuals and values their differences – up to 7.43 from 7.13 › People are made to feel included and valued within my workplace at Computershare – up to 6.78 from 6.61 › There are opportunities to develop my career at Computershare – up to 6.28 from 6.19 Four new questions related to D&I were introduced in the 2018 survey, scores of which will be compared against those we receive in 2019's survey. › My manager works effectively with people with different views and from different backgrounds – 7.67 in 2018 › In my team we reflect on our learnings and use them to improve the way we work – 7.57 in 2018 › My manager seeks out different perspectives from team members to help solve problems – 7.40 in 2018 › It's safe to speak up in my area and challenge the way things are done – 7.08 in 2018
3. Work towards our goal of a minimum 30% female representation at senior levels (Direct reports of CEO and Company Executive) by 2020.	To be measured using statistics from our employee records.	We've made significant progress on achieving a better gender balance at senior levels, including with new faces in Technology, Issuer Services, the global management team and on the Computershare Limited Board. Please see the table below for details.
4. Increase the amount of flexible working arrangements in place across the company.	To be measured using statistics from our employee records.	During FY2019 we agreed a consistent definition of 'formal flexible working arrangements' across the various regions. We are working towards capturing the associated data in line with the overall global People data strategy. We continue to see an increase in formal flexible working arrangements, with additional countries and offices embracing the concept.

Objectives	Measurement	Update
5. Maintain the number of women returning from maternity leave at 80%+. Additionally, measure and report on the retention of these women in the three years after return.	To be measured using statistics from our employee records.	We have seen a dip in the percentage of females returning from maternity leave, with 72% of women due to return from maternity leave in FY2019 doing so compared to 85% last FY. We do not have solid data for this drop as it is not compulsory for people to tell us why they are not returning. More than 73% of females who returned from maternity leave in FY16 (3 years ago) remain employed with Computershare. This represents an increase of 13% year on year.

Gender diversity statistics

The table below includes data on global gender statistics at a global level at 30 June 2019. Observations include:

- > Female representation on the CPU Board is now at 38% due to the planned retirement of a board member
- > The proportion of females as a percentage of overall staff has not changed year on year and remains at 54%
- > The percentage of females in executive ranks has increased year on year by 2.8%
- > The percentage of female direct reports to the CEO has increased year on year by 6%
- > The number of females holding senior positions (direct report to CEO and Co Execs respectively) in Australia and NZ has doubled
- > Senior female representation in the US has increased significantly

	F	M	F%	M%	Total	Change to Female %
Board (inc. CEO)	3	5	38%	63%	8	-
Direct reports of CEO	3	15	17%	83%	18	+
Company Executive	34	81	30%	70%	115	+
Senior Manager	180	312	37%	63%	492	-
Manager	642	694	37%	63%	1,336	-
Other	5,901	4,672	56%	44%	10,573	=
Total	6,763	5,779	54%	46%	12,542	=

Data valid as at 30 June 2019.

Company Executive means a person reporting to a direct report of the CEO. Senior Manager means a person reporting to a Company Executive.

FY2020 focus areas and objectives

Objective	Measurement
1. Champion realignment: Realign our previously regional champion system to a global structure. We aim to do this by the end of December 2019. This will go hand in hand with appointing a D&I Manager early in 2020.	Successful realignment of champion structure. D&I Manager role advertised and appointed.
2. Strategy: Drive the execution of our three-year D&I strategy through our global business lines, with the realigned champions group and dedicated D&I Manager.	Successful delivery of relevant components of strategy.
3. Training: Further extend the D&I training available via our Learning Management System and Performance Management toolkit, with the aim of continuing to raise awareness and improvements in key outcomes in line with our D&I strategy.	To be measured using statistics from our Learning Management System records.
4. Communication: Continue to deliver regular, quality D&I related communications across all staff.	To be measured using reporting from our internal communications reporting system, along with feedback from our employee survey.
5. Reporting: Continue to develop the D&I reporting available across all data categories in line with the global People data strategy.	Delivery of global, accurate D&I data points to support strategy work.

Our D&I Policy is available from <http://www.computershare.com/governance>.

CORPORATE GOVERNANCE STATEMENT

11. WORKPLACE GENDER EQUALITY REPORT

In each country in which Computershare operates, the company complies with legislated diversity reporting requirements. In Australia, Computershare met its reporting requirements under the Federal Government's Workplace Gender Equality Act 2012, including submitting an annual public report on 5 June 2019.

A copy of this report is available from <http://www.computershare.com/governance>. Any comments regarding this report can be submitted via email to the following address: wgea.comments@computershare.com.au.

12. SECURITIES TRADING POLICY

The Company has a Securities Trading Policy in place which sets out the restrictions that apply to the Group's directors, officers and employees trading in Computershare securities.

The policy explains the insider trading laws as they relate to trading in Computershare securities and the securities of Computershare's clients. It also sets out the penalties that apply to insider trading offences under the Corporations Act 2001 and makes clear that Computershare adopts a zero-tolerance approach to breaches of insider trading laws.

The policy imposes additional restrictions on dealings in Computershare securities by Computershare directors and certain specified executives (designated persons). These designated persons may deal in Computershare securities during the four week period after the Company releases its half year and full year financial results, and after the date on which its Annual General Meeting is held, subject always to the laws on insider trading.

In addition, these designated persons may only deal in Computershare securities outside those specified four week trading windows with an express prior clearance by a nominated director. During certain prohibited periods, being the period between 15 December and the Company's release of its half year results and the period between 15 June and the Company's release of its full year results, and such other periods as may be determined by the Board from time to time, clearance to deal can only be given in exceptional circumstances.

Under the policy, designated persons are also prohibited from entering into an arrangement pursuant to which they seek to hedge the economic risk associated with an unvested incentive award made to them by Computershare.

The list of designated persons is set out in Schedule 1 of the Securities Trading Policy. It is reviewed and updated as appropriate, having regard to any changes in the structure of or the creation of new roles within Group management. An up-to-date copy of the Board-approved Securities Trading Policy is available from <http://www.computershare.com/governance>.

13. CORPORATE REPORTING

The Chief Executive Officer and the Chief Financial Officer have made a Declaration to the Board of Directors in respect of the year ended 30 June 2019, as detailed on page 122 of this Annual Report. The Chief Executive Officer and the Chief Financial Officer also provided an equivalent statement to the Directors in respect of the Company's half year report for the period ended 31 December 2018.

14. CONFLICT OF INTEREST AND INDEPENDENT ADVICE

If a director has an actual or potential conflict of interest in a matter under consideration by the Board or a Committee of the Board, that director must promptly disclose that conflict of interest and abstain from deliberations on the matter. In that circumstance, the director is not permitted to exercise any influence over other Board members or Committee members on that issue, nor receive relevant Board or Committee papers.

The Company permits any director or Committee of the Board to obtain external advice about transactions or matters of concern at the Company's cost. Directors seeking independent advice must obtain the approval of the Chairman, who is required to act reasonably in deciding whether the request is appropriate.

15. ETHICAL STANDARDS

Computershare recognises the need for directors and employees to perform to the highest standards of behaviour and business ethics. The Board has adopted a Code of Conduct that sets out the principles and standards with which all officers and employees are expected to comply as they perform their respective functions. The Code recognises the legal and other obligations that the Company has to legitimate stakeholders, and requires that directors, officers and employees maintain the highest standards of propriety and act in accordance with the law.

A copy of the Group's Board-approved Code of Conduct is available from the corporate governance section of <http://www.computershare.com/governance>.

16. SHAREHOLDER COMMUNICATIONS AND INVESTOR RELATIONS

Computershare has an investor relations program in place with the aim of facilitating effective communication between Computershare and its investors. A key feature of this program is to ensure that shareholders are notified of, or are otherwise able to access, information necessary to assess Computershare's performance. Information is communicated to shareholders through the following means:

- > The Annual Report, which is distributed to all shareholders who elect to receive it. An overview of the previous financial year is also included in the Notice of AGM that all shareholders receive.
- > The AGM and any other shareholder meetings called from time to time to obtain shareholder approval as required. In 2017 and 2018, the Company conducted its AGM as a hybrid meeting which provided an opportunity for shareholders to attend the meeting via an online platform. Attending the meeting online enabled shareholders to view the AGM live and to also ask questions and cast direct votes at the appropriate times whilst the meeting was in progress.
- > The Company's website, which contains information regarding the Company and the Group and its corporate governance framework. The Investor Relations section of the website also includes information released to the ASX, a copy of investor and analyst briefing documentation, press releases and webcasts.
- > By email to those shareholders who have supplied their email address for the purpose of receiving communications from the Company electronically. Computershare actively encourages shareholders to provide an email address to facilitate more timely and effective communication with them and runs campaigns from time to time to encourage greater email adoption.

Computershare also encourages shareholders to participate in the Company's AGM. Shareholders who are unable to attend and vote in person at the meeting are encouraged to vote electronically via Computershare's service known as InvestorVote, where they can view an electronic version of the voting form and accompanying materials and submit their votes. Computershare also encourages shareholders who are unable to attend the AGM to communicate any issues or questions by writing to the Company.

17. COMMITMENT TO AN INFORMED MARKET RELATING TO COMPUTERSHARE SECURITIES

The Board has a Market Disclosure Policy to ensure the fair and timely disclosure of price-sensitive information to the investment community as required by applicable law.

In order to effectively manage its continuous disclosure obligations, the Chief Executive Officer has established a Disclosure Committee which is responsible for the following matters:

- > considering what information needs to be released to the market by Computershare, although routine administrative announcements may be made by the Company Secretary without consulting the Disclosure Committee
- > ensuring announcements relating to significant matters are referred to the Board for consideration and approval, namely announcements relating to the Company's half and full year financial reports, financial projections and future financial performance as well as changes to the Group's policy or strategy
- > approving the disclosure of information to the market for matters not referred to the Board
- > implementing adequate systems for ensuring timely disclosure of material information to the market, including where such information needs to be released urgently

The Disclosure Committee consists of the Chief Executive Officer, the Chief Financial Officer, the Head of Investor Relations, and the Group General Counsel and Company Secretary. Where the urgency of an issue, which under the policy is to be referred to the Board, prevents its consideration by the full Board, an announcement relating to that issue may be approved for release to the market by all available directors in conjunction with the Disclosure Committee.

Further, in circumstances where it is considered appropriate to request a trading halt (for example, where Computershare is required to disclose information to the market, but for whatever reason is unable to do so promptly and without delay) the Chief Executive Officer, or if the Chief Executive Officer is unavailable, the Chairman, the Chair of the Risk and Audit Committee or the Chief Financial Officer is authorised to request a trading halt on behalf of the Company. The full Board is to be consulted as far as is practicable on any request for a trading halt.

A copy of the Board-approved Market Disclosure Policy is available from the corporate governance section of <http://www.computershare.com/governance>.

18. EXTERNAL AUDITORS

The Company's policy is to appoint external auditors who demonstrate professional ability and independence. The auditor's performance is reviewed annually.

PricewaterhouseCoopers were appointed as the external auditors in May 2002. Audit services have been put out to tender since their initial appointment.

PricewaterhouseCoopers normally rotates audit engagement partners on listed companies every five years. It is also PricewaterhouseCoopers' policy to provide an annual declaration of independence, a copy of which can be found on page 62 of this Annual Report. The external auditor is required to attend the Company's Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation of the content of the audit report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the Directors' Report (see page 61 of this Annual Report).

CORPORATE GOVERNANCE STATEMENT

19. INTERNAL AUDITORS

Computershare has a dedicated Group Internal Audit function. The function is led by the Group Head of Internal Audit who has a reporting line to the Chair of the Risk and Audit Committee. Group Internal Audit is authorised to audit all areas of the Computershare Group without the need for prior approval. In carrying out its responsibilities, it has full and unrestricted access to all records, property, functions, IT systems and staff in the Group.

Each financial year, the function develops an annual audit plan which is approved by the Risk and Audit Committee. The function's key responsibilities are to review and appraise the adequacy, design and effectiveness of the Group's system of internal controls and evaluate and improve the effectiveness of risk management, control and governance processes and to identify control gaps.

On completion of audit assignments, Internal Audit will issue written reports which are distributed to management and communicated to the Risk and Audit Committee. Where the report identifies specific findings and recommendations, the report will include an action plan from management to implement appropriate corrective action within specific timeframes which are actively monitored. All internal audits are conducted in accordance with the Institute of Internal Auditors (IIA) Standards for the Professional Practice of Internal Auditing.

In FY2019, an assessment of the Internal Audit function was undertaken by an independent third party in accordance with IIA standards. Their report concluded that the function was operating effectively and in compliance with the requirements of IIA standards in all material respects.

20. WHISTLEBLOWING

The Board has approved a Whistleblower Policy that specifically outlines procedures for dealing with allegations of improper conduct made by directors, officers or employees of the Company or parties external to Computershare. Concerns can be raised anonymously in a number of ways, including through an externally managed hotline and web portal, or by directly contacting designated regional Whistleblower officers. Any reported concerns are assessed and handled by these regional Whistleblower officers. The Group Whistleblower Officer also provides quarterly reports to the Group Risk and Audit Committee on any concerns reported over the period and more serious matters may be escalated to the Committee within a reporting period where appropriate.

All Computershare employees have received training about the Company's Whistleblower Policy, including how to detect and report improper conduct. A copy of the Whistleblower Policy is available from <http://www.computershare.com/whistleblowing>.

21. CORPORATE RESPONSIBILITY

For details relating to the Company's corporate responsibility initiatives, see pages 17 to 22 of this Annual Report.

A copy of the Board-approved Corporate Responsibility Policy is also available from the corporate governance section of <http://www.computershare.com/governance>.

22. HEALTH AND SAFETY

Computershare aims to provide and maintain a safe and healthy work environment. Computershare acts to meet this commitment by implementing work practices and procedures throughout the Group that comply with the relevant regulations governing workplaces in each country in which the Group operates. Employees are expected to take all practical measures to ensure a safe and healthy working environment, in keeping with their defined responsibilities and applicable laws.

23. COMPANY SECRETARY

The Company Secretary during the reporting period was Dominic Horsley. Under Computershare's Constitution, the appointment and removal of the Company Secretary is a matter for the Board.

Among other matters, the Company Secretary advises the Board on governance procedures and supports their effectiveness by monitoring Board policy and procedures, coordinating the completion and dispatch of Board meeting agendas and papers, and assisting with the induction of new Directors. The Company Secretary is accountable to the Board, through the Chairman, for these responsibilities.

Dominic Horsley joined the Company in June 2006, having previously practised law at one of Asia Pacific's leading law firms and worked as a Corporate Counsel with a major listed Australian software and services supplier. Dominic completed a Bachelor of Arts (Hons) in Economics at the University of Cambridge and completed his legal studies at the College of Law in London. Dominic is also the Group General Counsel of Computershare and is a Fellow of the Governance Institute of Australia.

All directors have access to the advice and services of the Company Secretary.

DIRECTORS' REPORT

The Board of Directors of Computershare Limited has pleasure in submitting its report for the financial year ended 30 June 2019.

DIRECTORS

The names of the directors of the Company in office during the whole year and up to the date of this report, unless otherwise indicated, are:

Non-executive

Simon David Jones (Chairman)

Abigail Pip Cleland

Tiffany Lee Fuller

Lisa Mary Gay

Penelope Jane Maclagan (resigned effective 14 November 2018)

Christopher John Morris

Arthur Leslie Owen (resigned effective 14 November 2018)

Paul Joseph Reynolds (appointed effective 5 October 2018)

Joseph Mark Velli

Executive

Stuart James Irving (President and Chief Executive Officer)

PRINCIPAL ACTIVITIES

The principal activities of the Group are outlined in the Group Operating Review set out on pages 25 to 26 and form part of this report.

CONSOLIDATED PROFIT

The profit of the consolidated entity for the financial year was \$419.0 million after income tax. Net profit attributable to members of the parent entity was \$415.7 million, which represents an increase of 38.5% on the previous year's result of \$300.1 million. Profit of the consolidated entity for the financial year after management adjustment items was \$381.4 million after income tax and non-controlling interests. This represents an increase of 10.6% on the 2018 result of \$344.7 million.

Net profit after management adjustment items is determined as follows:

	2019 \$000	2018 \$000
Net profit attributable to members of the parent entity	415,732	300,064
Management adjustment items (net of tax):		
Amortisation		
Amortisation of intangible assets	40,074	37,005
Acquisitions and disposals		
Gain on disposal of Karvy	(106,442)	-
Acquisition and disposal related expenses	13,575	5,413
One-off tax expense on Equatex IP restructure	5,801	-
Acquisition accounting adjustments	713	7,606
One-off accrual regime tax payable due to acquisition of Equatex	-	5,244
Tax on expected disposal of Karvy	-	3,777
Other		
Major restructuring costs	14,791	13,376
Impairment charge – investments in associates	13,511	-
Restatement of deferred tax balances due to US tax law changes	(12,819)	-
Marked to market adjustments - derivatives	(3,053)	(296)
Put option liability re-measurement	(1,672)	13,577
True-up of US tax reform impact on foreign subsidiary profits	1,153	-
Restatement of deferred tax balances due to US tax reform	-	(44,692)
Voucher Services impairment	-	3,621
Net profit after management adjustment items	381,364	344,695

DIRECTORS' REPORT

Management adjustment items

Management results are used, along with other measures, to assess operating business performance. The Group believes that exclusion of certain items permits better analysis of the Group's performance on a comparative basis and provides a better measure of underlying operating performance. Description of management adjustment items can be found in note 4 of the financial statements.

The non-IFRS financial information contained within this Directors' report has not been audited in accordance with the Australian Auditing Standards.

DIVIDENDS

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

Ordinary shares

A final dividend in respect of the year ended 30 June 2018 was declared on 15 August 2018 and paid on 17 September 2018. This was a fully franked ordinary dividend of AU 21 cents per share, amounting to AUD 113,998,579 (\$81,820,636).

An interim dividend was declared on 13 February 2019 and paid on 15 March 2019. This was an ordinary dividend of AU 21 cents per share franked to 30%, amounting to AUD 113,963,249 (\$81,795,279).

A final dividend in respect of the year ended 30 June 2019 was declared by the directors of the Company on 14 August 2019 and paid on 16 September 2019. This was an ordinary dividend of AU 23 cents per share, franked to 30%. As the dividend was not declared until 14 August 2019, a provision was not recognised as at 30 June 2019.

REVIEW OF OPERATIONS

The review of operations is outlined in the Group Operating Review set out on pages 25 to 26 and forms part of this report.

SIGNIFICANT EVENTS AND SIGNIFICANT CHANGES IN ACTIVITIES

A discussion of significant events and significant changes in activities, if applicable, is included in the Group Operating Review set out on pages 25 to 26 and forms part of this report.

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 other matters or circumstances have 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.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

A discussion of business strategies and prospects is set out on pages 27 to 28 and forms part of this report.

ENVIRONMENTAL REGULATIONS

The Computershare Group is not subject to significant environmental regulation.

INFORMATION ON DIRECTORS

The qualifications, experience and responsibilities of directors together with details of all directorships of other listed companies held by a director in the three years to 30 June 2019 and any contracts to which the director is a party to under which they are entitled to a benefit are outlined in the Corporate Governance Statement and form part of this report.

Directors' interests

At the date of this report, the direct and indirect interests of the directors in the securities of the Company are:

Name	Number of ordinary shares	Number of performance rights
SJ Irving	171,396	220,334
AP Cleland	11,944	-
TL Fuller	5,500	-
LM Gay	13,703	-
SD Jones	23,267	-
CJ Morris	32,231,000	-
PJ Reynolds	-	-
JM Velli	10,000	-

Meetings of directors

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 were:

	Directors' Meetings		Risk and Audit Committee Meetings		Nomination Committee Meetings		Human Resources and Remuneration Committee Meetings	
	A	B	A	B	A	B	A	B
SJ Irving	6	6	-	-	4	4	-	-
AP Cleland	6	6	-	-	4	4	7	7
TL Fuller	6	6	7	7	4	4	-	-
LM Gay	6	6	7	7	4	4	-	-
SD Jones	6	6	7	7	4	4	7	7
PJ MacLagan ¹	2	2	-	-	2	2	2	2
CJ Morris	6	6	-	-	4	4	-	-
AL Owen ¹	2	2	3	3	2	2	-	-
PJ Reynolds ²	5	5	2	2	3	3	-	-
JM Velli	6	6	-	-	4	4	7	7

A - Number of meetings attended

B - Number of meetings held during the time the director held office during the financial year.

1 PJ MacLagan and AL Owen resigned effective 14 November 2018.

2 PJ Reynolds was appointed as non-executive director on 5 October 2018

The Board also has an Acquisitions Committee comprising SD Jones, CJ Morris, JM Velli, SJ Irving and MB Davis (Chief Financial Officer). The Committee meets on an informal basis as necessary. Accordingly, it is not included in the above table. The Board also forms sub-committees to consider specific transaction opportunities as appropriate.

INFORMATION ON COMPANY SECRETARY

The qualifications, experience and responsibilities of the Company Secretary are outlined in the Corporate Governance Statement and form part of this report.

INDEMNIFICATION OF OFFICERS

During the period, the Group paid an insurance premium to insure directors and executive officers of the Group and its controlled entities against certain liabilities. Disclosure of the amount of insurance premium payable and a summary of the nature of liabilities covered by the insurance contract is prohibited by the insurance policy.

DIRECTORS' REPORT

REMUNERATION REPORT

CHAIRMEN'S LETTER

Dear Shareholders

On behalf of the Board of Directors, we are pleased to present Computershare's Remuneration Report for FY2019.

Computershare is a truly global company with a global workforce. With around 90% of our colleagues and operations located outside of Australia, our remuneration practices need to be globally competitive. Our success depends on our ability to attract, motivate and retain a talented workforce and to create a strong link between company performance, shareholder returns and results based reward outcomes.

FY2019 company performance and link to remuneration

FY2019 was a good financial year for Computershare and your Board is pleased to see the groundwork laid in relation to our long term growth strategies translate into strong financial performance. Group management EBITDA exceeded budget and management EPS grew a further 12.8% on the record earnings result that was delivered in FY2018. These results underpinned above target outcomes on the financial component of the Short-Term Incentive (STI) scheme.

There was good progress made during the year on several of the key strategic objectives that the Board set for the CEO and the executive team. Most pleasing was to see organic revenue growth in the registry business, with our market leading offering contributing to net client wins over the year and net promoter scores at 50 or above across all regions. The Group's structural cost out programs also delivered incremental cost savings in excess of initial FY2019 expectations. Your Board is also confident that the successful transition from a regional business structure to global business lines will improve customer focus and enhance strategic planning for new growth opportunities.

Two significant transactions also completed in FY2019. The Equatex acquisition has outperformed initial expectations and good progress has been made on adopting the platform across our combined European business. The disposal of our Indian joint venture interest with Kavya also resulted in significant post tax proceeds which supported the group's capital management strategies.

Not all of the FY2019 strategic objectives delivered to plan, and slower than forecast origination volumes in the first half resulted in US Mortgage Services revenue and EBITDA being below plan and the delay in migrating third party loans onto the Computershare platform in the UK resulted in below target outcomes for management against each of those objectives.

Overall, FY2019 has been a good year with strong results delivered through sound execution and this has resulted in the CEO and other management receiving above target outcomes on their STI entitlements.

Importantly, Computershare's focus on laying the foundations for sustained growth and execution on multi-year growth strategies has also resulted in strong shareholder returns with Computershare's total shareholder returns over the three-year performance period for the Long Term Incentive (LTI) plan ending 30 June 2019 being in the top quartile of the ASX100.

Our response to the 2018 AGM strike

At the 2018 AGM, Computershare received a "first strike" against its remuneration report. While a majority of our shareholders voted in favour of the resolution to adopt the remuneration report, around 32% of the votes cast at the meeting were against.

Your Board treated this investor sentiment seriously and we committed to understand, and where we can, rectify these concerns. Since the meeting the Board has engaged extensively with shareholders and the Australian proxy advisers and the two key concerns raised during our engagement program were an increase in the CEO's remuneration that came into effect in FY2019 and the costs associated with an expat arrangement we put in place so that our CEO was located in our major markets in the UK/Europe and US.

We acknowledge that the increase in the CEO's remuneration was significant, but your Board believed it was appropriate to ensure that Mr Irving was remunerated at a comparable rate to his peers. We believe that is now the case and can confirm that there has been no increase to his remuneration in FY2020. We can also confirm that the expat arrangements will conclude in March 2020 and Mr Irving has made a personal contribution to these costs of \$200,000 (pre-tax) in FY2019.

Section 7 of the remuneration report provides a detailed overview of these matters and what steps we have taken to address the concerns raised or better explain our rationale for implementing the arrangements in question.

On the following pages you will find the FY2019 Remuneration Report in its entirety. We are pleased to engage with all shareholders should you require further clarification on anything in the report.

With regards



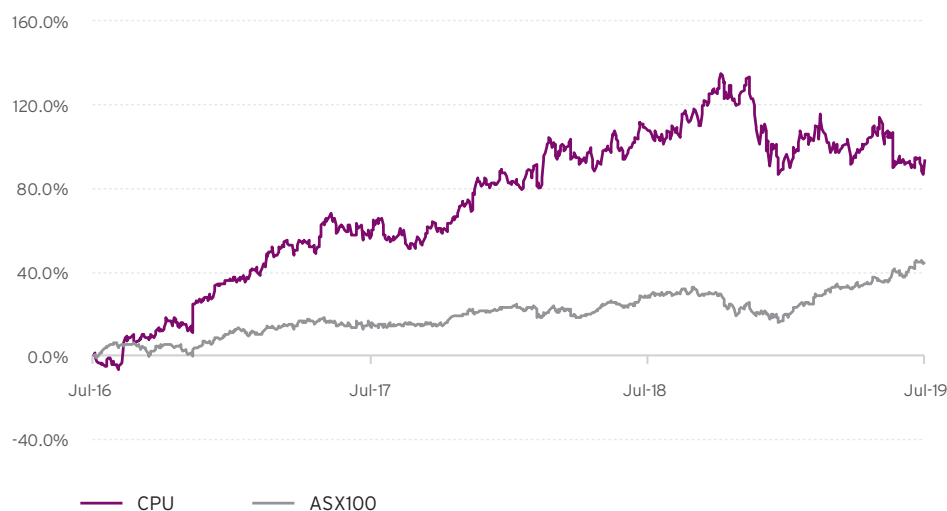
SD Jones
Chairman



JM Velli
Chairman – Human Resources and Remuneration Committee

1. FY2019 PERFORMANCE AND REMUNERATION OUTCOMES

COMPUTERSHARE VS S&P ASX100 INDEX TSR



TOTAL SHAREHOLDER RETURN (TSR) FY17-FY19

84%



FY19 EPS GROWTH*

12.8%



AVERAGE EPS GROWTH FY17-FY19*

10.2%



*EPS growth on constant currency basis

Alignment of FY19 remuneration outcomes to performance

LTI	Aligns executive rewards with long-term sustainable value creation for shareholders	Computershare TSR generated across the 3-year performance period ending 30 June 2019 generated top quartile returns for shareholders. Sustainable earnings growth in each year of the performance period resulted in average annual growth in earnings per share (constant currency) of more than 10%. See page 51 for detailed LTI outcomes.
STI	Reflects performance across the year and designed to reward management for achieving financial targets, delivering on strategic objectives and managing the business in a prudent and sustainable manner	Computershare delivered a second successive year of record earnings growth which translated into above target outcomes against financial metrics. There was solid performance against the majority of strategic and other non-financial objectives over the year. For executive KMP, STI outcomes varied between 62.5% and 85.5% of maximum entitlement. See pages 49 to 50 for detailed STI outcomes for the CEO.
Fixed	Designed to be competitive in the market where the executive is located	The adjustment to the CEO's fixed pay announced in the FY2018 remuneration report came into effect in FY2019. This was an adjustment to bring the CEO's pay to around the median of his peer group (being companies ranked in the ASX 25-75). Increases in fixed pay for other executive KMP were in line with general staff pay increases or adjusted to include changes in responsibilities during the year arising from the Group's restructure.

DIRECTORS' REPORT

2. REMUNERATION STRATEGY AND FRAMEWORK

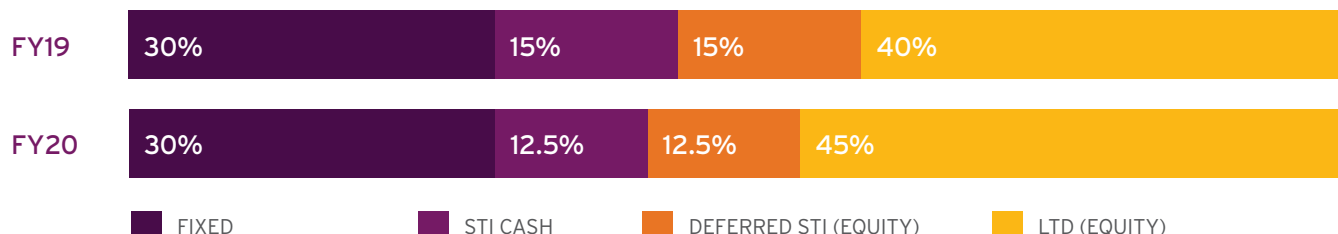
Given Computershare is a truly global company with a global workforce, our remuneration practices need to be globally competitive and flexible to attract, motivate and retain a talented workforce, and to drive success in our growth markets.

The Board is satisfied that the remuneration framework for executives achieves these objectives. The Board and the Human Resources and Remuneration Committee review the framework on an ongoing basis. No significant changes were made to the key elements of the framework in FY2019 and neither are any anticipated in FY2020 except for the change to the CEO's remuneration mix highlighted in section 3.

	Performance conditions	Remuneration strategy and link to performance
Fixed Includes fixed pay and company paid superannuation / pension	Fixed pay for individuals is set by reference to: > The scope of the role > The skills and experience of the individual > The employment market in which the individual is located > Market benchmarking data	Designed to be competitive in the local employment market where an executive is based and to support the attraction and retention of a talented executive team.
STI A variable at risk incentive calculated by reference to current year performance	Financial measures – comprise 50% of the STI opportunity for the CEO and CFO and are based on: > Group management EBITDA performance against budget on a constant currency basis > Growth in management EPS over the year on a constant currency basis Strategic objectives – comprise 25% of the STI opportunity for the CEO and CFO and are set each year by the Board based on the key strategic objectives for the Group. Non-financial measures – comprise 25% of the STI opportunity for the CEO and CFO and are aligned to priorities around people and culture, customer satisfaction and capital and risk management. The maximum STI award that can be achieved by the CEO and CFO is 150% of on-target STI, with 50% of the STI award being paid in cash and the remaining 50% being paid in equity with a deferred vesting period of two years. For other senior executives, STI outcomes are based on the same Group EPS measures as the CEO and CFO and an EBITDA measure related to the executive's area of responsibility. Other non-financial measures are set for those executives by the CEO. Up to 175% of the on-target STI can be awarded to these other executives, with 50% of the STI award being paid in cash and the remaining 50% being paid in equity with a deferred vesting period of two years (assuming on target performance).	Performance measures are designed to reward executives for strong financial performance outcomes in the year as well as to ensure that management are incentivised to deliver on strategic priorities which generate shareholder value over the longer term. The management adjustment items applied to determine Group management EBITDA and management EPS for the purposes of the STI financial objectives are set out in note 4 of the financial statements. The Board reviews management adjustment items for appropriateness for their inclusion in remuneration outcomes. Growth in management EPS is assessed on a constant currency basis such that the impact of the movement in foreign exchange on group earnings over the reporting period is eliminated. The Board believes that rewarding management against financial targets assessed on a constant currency provides a better correlation between management performance and their remuneration outcomes. The delivery of 50% of STI awards in deferred shares ensures that the value of that portion of the executive's variable incentive is linked to the longer-term success of the company as shares cannot be accessed until the end of the two-year vesting period. Shares are also subject to forfeiture in certain circumstances within the vesting period – for example, if the executive is dismissed for misconduct.
LTI Awards of performance rights that vest at the end of a three-year performance period subject to testing against applicable hurdles	50% of each award is subject to a hurdle tested against the average annual growth in management EPS over the performance period on a constant currency basis. The other 50% of each award is subject to a hurdle tested against the TSR of Computershare's shares against the TSR of the companies within the ASX 100 index at the start of the performance period. Full details of each performance hurdle are set out in section 5 of the report.	The LTI plan is designed to incentivise executives to manage the business in a manner that drives sustainable growth in shareholder value. The Board has chosen to compare the TSR of Computershare against the ASX 100 index as it believes that there is not a narrow comparator group of companies that are listed on exchanges globally with which Computershare can readily compare itself. The use of a TSR hurdle aligns the long-term remuneration outcomes of executives with the investment performance of shareholders. The use of management EPS as an additional hurdle means that executive rewards are underpinned by strong financial performance and not entirely reliant on share price performance and associated market forces. Consistent with the STI, constant currency is also used as it provides a better correlation between management performance and remuneration outcomes.

3. CEO TARGET REMUNERATION MIX

The Board reviewed the target remuneration mix for the CEO in FY2019 and identified that more of Mr Irving's at risk remuneration should be focused on the long-term. Laying down and executing long-term growth strategies has been the key to our recent success and outperformance. Accordingly, for FY2020 a portion of Mr Irving's short-term incentive opportunity equal to \$310,000 will be moved into the long term incentive opportunity. This is depicted below (based on on-target remuneration):



4. KEY FEATURES OF THE LONG TERM INCENTIVE PLAN

Who participates?	The CEO and CFO and other senior executives who are identified as being particularly important to the longer-term future of Computershare.																					
What type of awards are granted?	The awards comprise a grant of performance rights over Computershare shares that vest subject to testing against applicable performance hurdles. Awards are typically made annually.																					
How is the size of any award calculated?	An LTI award is calculated by reference to an executives on-target remuneration package. In FY2019, the CEO received an LTI award equal to 40% of his total remuneration package. For other eligible executives, the value of their LTI award was in a range of 25% to 40% of their total remuneration package.																					
How is the number or rights to be awarded calculated?	The actual number of performance rights that an eligible executive receives is calculated on a 'face-value' basis by dividing that executive's LTI award entitlement by Computershare's share price. For a grant of performance rights in a given financial year, the share price used is the volume weighted average share price over the five trading days after the full year results announcement for the prior financial year.																					
What is the performance period	LTI awards are tested over a three year performance period. Awards granted in FY2019 will be tested over the period 1 July 2018 to 30 June 2021.																					
What are the performance hurdles	Earnings per share <table><tr><th>Average growth in management adjusted EPS in constant currency over the performance period</th><th>Performance rights subject to EPS hurdle that vest (%)</th></tr><tr><td>12% or greater</td><td>100%</td></tr><tr><td>Between 5% and 12%</td><td>Progressive pro rata vesting between 50% to 100% (ie. on a straight line basis)</td></tr><tr><td>5%</td><td>50%</td></tr><tr><td>Less than 5%</td><td>0%</td></tr></table> Note that for LTI awards granted in FY2017 and FY2018, the average growth in management EPS required for 100% of performance rights to vest is 15% pa. Total Shareholder Return <table><tr><th>Relative TSR ranking against peer group (comprising the ASX 100)</th><th>Performance rights subject to TSR hurdle that vest (%)</th></tr><tr><td>At or above the 75th percentile</td><td>100%</td></tr><tr><td>Between the 50th to 75th percentile</td><td>Progressive pro rata vesting between 50% to 100% (ie. on a straight line basis)</td></tr><tr><td>Equal to the 50th percentile</td><td>50%</td></tr><tr><td>Below the 50th percentile</td><td>0%</td></tr></table>		Average growth in management adjusted EPS in constant currency over the performance period	Performance rights subject to EPS hurdle that vest (%)	12% or greater	100%	Between 5% and 12%	Progressive pro rata vesting between 50% to 100% (ie. on a straight line basis)	5%	50%	Less than 5%	0%	Relative TSR ranking against peer group (comprising the ASX 100)	Performance rights subject to TSR hurdle that vest (%)	At or above the 75th percentile	100%	Between the 50th to 75th percentile	Progressive pro rata vesting between 50% to 100% (ie. on a straight line basis)	Equal to the 50th percentile	50%	Below the 50th percentile	0%
Average growth in management adjusted EPS in constant currency over the performance period	Performance rights subject to EPS hurdle that vest (%)																					
12% or greater	100%																					
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At or above the 75th percentile	100%																					
Between the 50th to 75th percentile	Progressive pro rata vesting between 50% to 100% (ie. on a straight line basis)																					
Equal to the 50th percentile	50%																					
Below the 50th percentile	0%																					
Other key features	The Board has discretion to determine award outcomes for executives in certain circumstances such as cessation of employment or a change of control and also to cash settle awards on vesting if local regulations or practices make it appropriate to do so. The LTI plan also includes a clawback mechanism that may be triggered in certain circumstances, which include fraud, dishonesty or material misstatement of financial statements.																					

DIRECTORS' REPORT

As at the date of this report, there are 1.0 million performance rights outstanding under the LTI plan. These include 542,528 performance rights that were granted to eligible executives in the financial year 2019 and which remain on issue. These rights are due to vest in September 2021 (subject to performance against hurdles).

5. FY2019 STI OUTCOMES

In FY2019, the Board's assessment of the CEO's performance against his STI objectives was as follows:

Objective	Measure	Performance	Board assessment of outcome in FY2019
Financial 50% of STI (on target)	Group management EBITDA performance against budget (constant currency) <i>On-target performance is meeting budget and maximum is achieved when actual results are 120% of budget</i>	> Group management EBITDA was \$685.9 million which was ahead of budget and 10.2% up on the prior year	Above target
	Growth in Management EPS (constant currency) <i>On-target performance is 7.5% EPS growth with maximum achieved at 11.25% EPS growth</i>	> FY2019 Management EPS on a constant currency basis was 71.46 cents per share which was an increase of 12.8% on FY2018	At maximum
Strategic Objectives 25% of STI (on target)	Performance of Computershare's US mortgage services business against long-term plan	> Slower than forecast origination volumes in the first half of FY2019 resulted in US mortgage services revenue and EBITDA being below plan across the year > However, overall the business performed well in volatile interest rate markets, revenue up 18.0%, with acceleration in the second half of FY2019, +23.9% aided by LenderLive acquisition > Unpaid principal balance (UPB) up 25.7% to \$101.8bn, carefully building additional scale	Below target
	Delivery on the Equatex acquisition integration plan	> Equatex outperforming initial expectations with a strong initial contribution in the second half of FY2019 > Platform and broader integration program progressing well. Significant upgrade to technologies, capabilities and scale. Synergy benefits on track	At maximum
	Progress of the UK loan services business on new revenue initiatives and cost out program	> Delivered positive revenue growth, +3.7% despite runoff of UKAR closed book (includes benefit of fixed fee). However, Brexit has impacted new loan originations by challenger bank clients > Cost out program impacted by a delay in migrating third party loans onto the Computershare platform. An additional cost saving program of \$50 million has been launched to improve profitability from FY2021 onwards	Below target
	Reinvigorating growth in the registry business	> Excellent performance in register maintenance continues, including +5.3% organic revenue growth in US with solid margin expansion	Above target
	Deployment of new global management structure away from regional to business line model	> Successful deployment of new structure to improve customer focus and strategic planning for new growth opportunities	Above target
	Performance against Computershare's Stage 1 and Stage 2 cost out program	> Cost out programs progressing well with \$80.1m of cumulative gross savings delivered since FY2017	Above target

Objective	Measure	Performance	Board assessment of outcome in FY2019
Non-financial objectives 25% of STI (on target)	Customer satisfaction and product launch	> Market leading customer satisfaction rankings in issuer services with a net promoter score of more than 50 in all major markets > Investment in front office initiatives leading to improved performance with a number of high profile client wins (eg Microsoft) > Significant uplift in client satisfaction rating in Employee share plans with numerous clients who utilise Computershare offering being recognised with industry awards for their share plans	Above target
	People and culture	> Staff survey results maintain positive trends across metrics and response rates remain high > Good progress made on diversity initiatives, including the appointment of female executives into several key senior management roles > Successful launch of Computershare "Being Purple" framework	Above target
	Capital and risk management	> Balance sheet remains strong post funding Equatex acquisitions and organic growth initiatives > Net debt to EBITDA leverage ratio remains conservative at 1.84x, below mid point of target range > Karvy disposal completed, \$75.7m post tax proceeds > Full year dividend of AU 44 cents per share, +10.0% on FY2018 > New long term funding secured – average debt duration extended from 2.8 to 4.0 years. \$550m USPP completed November 2018 with improved terms and conditions > Risk management function restructured to align with global business lines	Above target
FY2019 STI Outcome			85.5% of maximum

The table below shows the STI paid or payable to each Computershare executive who is identified as key management personnel for entitlements referable to performance in the financial year ended 30 June 2019. The table sets out the actual amounts awarded as STI and how they relate to the maximum entitlement for each executive.

Executive	STI awarded (USD)	STI as percentage of maximum
SJ Irving	1,711,390	85.5%
SA Cameron	147,086	62.5%
PA Conn	282,767	67.7%
MB Davis	617,544	78.0%
SHE Herfurth	220,872	76.3%
ML McDougall	206,861	67.8%
SR Rothbloom	606,407	67.0%
N Sarkar	342,734	70.0%
SS Swartz	171,251	62.6%
CP Yap	324,803	73.5%

* For the CEO and CFO, the maximum STI award is set at 150% of target whereas the maximum award for other executives is 175% of target

DIRECTORS' REPORT

6. FY2019 LTI OUTCOMES

LTI awards that were granted in November 2016 were tested against the performance hurdles over the period 1 July 2016 to 30 June 2019.

For performance rights subject to the TSR performance hurdle, Computershare achieved positive TSR of 84% across the period and a relative TSR ranking against the peer group of 85%. Accordingly, 100% of the LTI awards subject to the TSR performance test vested.

For performance rights subject to the EPS performance hurdle, average annual growth in management EPS on a constant currency basis over the performance period was 10.2% and accordingly, 75.8% of the LTI awards subject to the EPS performance test vested.

7. COMPUTERSHARE'S RESPONSE TO ITS STRIKE AT THE 2018 AGM

At the 2018 AGM, Computershare received a "first strike" against its remuneration report. As referenced in the Chairmen's letter at the start of this remuneration report, the Board engaged extensively with shareholders and the Australian proxy advisers to better understand the reasons for the strike and this section outlines the steps taken by the Company to address those concerns or otherwise explain the Company's rationale for putting in place the arrangements in question.

The key concerns identified included:

- > The quantum of the expatriate expenses paid by the Company for Stuart Irving, CEO, and his family to relocate to the UK;
- > The significant increase in the CEO fixed pay that we notified shareholders in FY2018 would come into effect in FY2019; and
- > A discretionary bonus awarded by the Board to a select number of senior executives (not including the CEO) in FY2018.

The CEO's expatriate arrangements were put in place to support the execution of the group's strategic objectives in the best interests of shareholders. The Board recognises the costs were significant and the CEO has made a personal contribution towards those costs following shareholder feedback.

It is critical to the delivery of our strategy that the CEO is located in or near our major markets in the UK/Europe and US. These markets account for over 90% of our revenues and should continue to provide the greatest opportunities to drive growth in shareholder value. The Board therefore decided in 2017 to ask the CEO to relocate to the UK on an expatriate assignment.

The Board recognises that the cost of this assignment is significant and with the benefit of hindsight, would have managed these costs better. However, many of these costs are fixed and could not be altered this financial year. In view of shareholder feedback, Mr Irving has voluntarily made a personal contribution of A\$200,000 (pre-tax) to help mitigate these costs. Please also note that Mr Irving receives no cash benefits under this arrangement or cost of living allowance.

Mr Irving's expatriate assignment ends no later than March 2020 therefore there are less than six months left to run on these arrangements. With the Group's continued global expansion, the Board now expects that the CEO position will be permanently located outside of Australia and at the end of Mr Irving's assignment we will develop an appropriate local package for him.

The Board also initiated an external review of the Group's expatriate policy. The review confirmed that the types of expat allowances provided by Computershare are in line with market practice but had suggestions around benchmarking housing allowances as well as enhancements to the overall governance of expat arrangements. These improvements have been implemented by the Company.

Readers will also note there is a significant tax equalisation figure that is associated with Mr Irving's expatriate arrangements. While regulations require the tax to be reported in the remuneration report, Computershare would like to affirm that Mr Irving receives no personal benefit from this figure and the tax equalisation arrangements operate so Mr Irving pays the equivalent tax to what he would have paid had he not been on an expat assignment. The Board considers this tax equalisation cost as a strategic cost to the Company that is appropriate having regard to all the considerations outlined above.

The CEO's fixed pay increase in FY2019 was adjusted to ensure he was fairly remunerated against peers. No increase proposed for FY2020.

On the issue of the CEO's fixed pay the Board would like to note that the increase to the CEO's pay recorded in this year's report was foreshadowed in the FY2018 remuneration report.

The Board understood that Mr Irving's pay was originally set at a low level when compared to peers when he assumed the position in 2014. Independent benchmarking undertaken in May 2018 demonstrated that from a total remuneration standpoint, Mr Irving's package was considerably below the bottom quartile (25th percentile).

Accordingly, the CEO's fixed remuneration was increased to bring him to around the median of an appropriate comparator group, comprising the companies ranked in the ASX25-75. Computershare is positioned around the median of this group by market capitalisation. This new pay level is also reasonable given the global nature and complexity of our business.

The Board has reconfirmed the reasonableness of Mr Irving's remuneration package with benchmarking conducted in 2019 against the ASX25-75 peer group and also took into consideration those Australian listed companies with a significant part of their business overseas.

No increase to Mr Irving's fixed pay or total remuneration will be necessary in FY2020.

Since his appointment, Mr Irving's leadership and performance have been strong. The Board firmly believes Mr Irving has overseen the creation of significant value for shareholders and continues to be the best person to lead the Company through the implementation of its strategy over the coming years.

Awarding of discretionary bonuses in FY2018. No discretionary bonuses for FY2019.

In FY2018 a small number of key senior executives, not including Mr Irving, were awarded a one-off discretionary cash bonus in recognition of their contribution to the successful delivery of a number of important strategic priorities which allowed Computershare to deliver record earnings in that year. This was the first discretionary bonus the Board has issued to any member of key management personnel in more than 15 years. The Board acknowledges the need for better communication around the award of discretionary bonuses.

No discretionary bonuses will be awarded in the FY2019 period and all FY2019 STI outcomes were awarded within the parameters of agreed compensation arrangements.

8. OTHER REMUNERATION

Like all our employees, key management personnel can participate in the Group's general employee share plans. An overview of the Group's employee equity plans is disclosed in note 40 of the financial statements.

9. RELATIONSHIP BETWEEN REMUNERATION AND GROUP'S PERFORMANCE

One of the key principles of Computershare's remuneration strategy is to ensure that there is a clear and transparent link between the remuneration outcomes for executives and Group performance and its consequent impact on shareholder interests. The following table highlights some of the key financial results for Computershare over the period from the financial year 2015 to the financial year 2019 with the corresponding average STI outcomes for executive key management personnel over the same period.

	2015	2016	2017	2018	2019
Management EBITDA (USD million)	554.1	532.6	540.8	622.6	674.9
Statutory EPS (US cents)	27.61	28.55	48.76	55.17	76.57
Management EPS (US cents)	59.82	55.09	54.41	63.38	70.24
Management EPS (US cents) – constant currency ¹	54.43	53.16	54.87	62.04	70.24
Total Dividend (AU cents per share)	31	33	36	40	44
Share price as at 30 June (AUD)	11.71	9.17	14.14	18.43	16.21
Average STI received as % of maximum opportunity for executive KMP (%)	48.7	48.0	56.8	77.4	71.1

¹ Translated at FY2019 average exchange rates

10. NON-EXECUTIVE DIRECTORS

Computershare's total non-executive directors' fee pool has a limit of AUD 2.0 million. This limit was approved by shareholders in November 2014.

Fees payable to non-executive directors in FY2019 are set out in the table below. The base non-executive director fee and Chairman's fee were increased by \$10,000 during the year. This was the first increase to these fees since 2015. Benchmarking data demonstrate that these fees are at or below the bottom quartile of a comparator group comprising the ASX 25-75.

	Chairman's fee	Non-executive director fee	Chair Risk and Audit Committee	Member Risk and Audit Committee	Chair Human Resources and Remuneration Committee	Member Human Resources and Remuneration Committee
FY19	\$335,000*	\$160,000**	\$75,000	\$25,000	\$25,000	\$10,000

* Increased from \$325,000 effective 1 October 2018

** increased from \$150,000 effective 1 October 2018

These fees are inclusive of statutory superannuation where applicable. JM Velli and PJ Reynolds receive their director fees in their local currency. The exchange rate is set by reference to when they were first appointed as a director of Computershare. No bonuses, either short or long-term, are paid to non-executive directors. They are not provided with retirement benefits.

DIRECTORS' REPORT

11. DETAILS OF REMUNERATION AND SERVICE CONTRACTS

Directors

The directors of Computershare Limited who held the position during the current financial year are listed below.

Non-executive	Executive
AP Cleland	SJ Irving President and Chief Executive Officer
TL Fuller	
LM Gay	
SD Jones	
PJ MacLagan (resigned effective 14 November 2018)	
CJ Morris	
AL Owen (resigned effective 14 November 2018)	
PJ Reynolds (appointed effective 5 October 2018)	
JM Velli	

Key management personnel other than directors

The individuals listed below are key management personnel of the Group other than directors (within the meaning of the Australian accounting standard AASB 124 Related Party Disclosures) who have the authority and responsibility for planning, directing and controlling the activities of the Group. All individuals named below held their position for the whole of the financial year ended 30 June 2019 unless otherwise stated.

Name	Position	Employer
SA Cameron	President – Australia and New Zealand	Computershare Investor Services Pty Ltd
PA Conn	President – Global Capital Markets	Computershare Inc (US)
MB Davis	Chief Financial Officer	Computershare Ltd
SHE Herfurth	President – Continental Europe	CPU Deutschland GmbH & Co KG
ML McDougall	Chief Information Officer	Computershare Technology Services Pty Ltd
SR Rothbloom	President – North America	Computershare Inc (US)
N Sarkar	President – United Kingdom, Channel Islands, Ireland and South Africa	Computershare Investor Services PLC (UK)
SS Swartz	President – Canada	Computershare Trust Company of Canada
CP Yap	President – Asia	Computershare Hong Kong Investor Services Limited

Service contracts

On appointment to the Board, all non-executive directors sign a formal appointment letter which includes details of their director fees. Non-executive directors do not have notice periods and are not entitled to receive termination payments.

Except for the Group CEO, no director may be in office for longer than three years without facing re-election. Please refer to Section 3 of the Corporate Governance Statement for further information on the Company's re-election process.

Neither the Group CEO nor other executive key management personnel are employed under fixed-term arrangements with Computershare. Their notice periods are based on contractual provisions and local laws (eg, for the Group CEO and CFO and for those executives based in Australia this is 30 days' notice).

On termination of employment key management personnel are entitled to statutory entitlements in their respective jurisdictions of employment. The Deferred Short-Term Incentive (DSTI) plan provides for full vesting on redundancy or termination by the Group other than for cause. Under the LTI plan, subject to Board discretion otherwise, performance rights for 'good leavers' will not vest on cessation of employment but instead a pro rata proportion will be eligible to be retained by the executive and will be subject to vesting at the end of the original performance period based on satisfaction of the applicable performance measures. Otherwise, none of these executives would, subject in some instances to local requirements in the jurisdictions where the Group operates, receive special termination payments should they cease employment for any reason.

12. AMOUNTS OF REMUNERATION

Details of the nature and amount of each element of the total remuneration for each director and member of key management personnel for the year ended 30 June 2019 are set out in the table below. Where remuneration was paid in anything other than USD, it has been translated at the average exchange rate for the financial year (for example the FY2019 USD/AUD average rate was 0.71774, the FY2018 USD/AUD average rate was 0.77579).

Statutory remuneration details

Financial Year	Short-term		Long-term	Post employment benefits	Share based payments expense			Other			Total	
	Salaries and fees	Cash profit share and bonuses				Performance rights/ options ²	Phantom plan ³	Expatriate costs ⁴	Tax equalisation on expatriate benefits ⁵	Other ⁶		
	\$	\$	Other ¹	Super-annuation/ pension	Shares	\$	\$	\$	\$	\$	\$	
Directors												
SJ Irving ^{4,5,7}	2019	1,213,136	855,695	97,048	14,736	307,109	979,867	-	909,662	1,085,425	10,939	5,473,617
	2018	953,736	575,913	22,520	15,554	89,436	682,458	-	995,718	321,173	-	3,656,508
AP Cleland ⁷	2019	108,152	-	-	10,274	-	-	-	-	-	-	118,426
	2018	40,295	-	-	3,828	-	-	-	-	-	-	44,123
TL Fuller ⁷	2019	152,396	-	-	14,478	-	-	-	-	-	-	166,874
	2018	159,409	-	-	15,144	-	-	-	-	-	-	174,553
LM Gay ⁷	2019	119,623	-	-	11,364	-	-	-	-	-	-	130,987
	2018	47,011	-	-	3,888	-	-	-	-	-	-	50,899
SD Jones ⁷	2019	247,238	-	-	14,736	-	-	-	-	-	-	261,974
	2018	256,309	-	-	15,554	-	-	-	-	-	-	271,863
PJ Maclagan ^{7,9}	2019	45,648	-	-	-	-	-	-	-	-	-	45,648
	2018	116,368	-	-	-	-	-	-	-	-	-	116,368
CJ Morris ⁷	2019	113,043	-	-	-	-	-	-	-	-	-	113,043
	2018	116,368	-	-	-	-	-	-	-	-	-	116,368
AL Owen ^{7,9}	2019	47,630	-	-	-	-	-	-	-	-	-	47,630
	2018	135,763	-	-	-	-	-	-	-	-	-	135,763
PJ Reynolds ^{7,8}	2019	90,309	-	-	-	-	-	-	-	-	-	90,309
	2018	-	-	-	-	-	-	-	-	-	-	-
JM Velli	2019	166,857	-	-	-	-	-	-	-	-	-	166,857
	2018	160,000	-	-	-	-	-	-	-	-	-	160,000

DIRECTORS' REPORT

Financial Year	Short-term		Long-term	Post employment benefits	Share based payments expense			Other			Total	
	Salaries and fees	Cash profit share and bonuses								Tax equalisation on expatriate benefits ⁵		
	\$	\$	Other ¹	Super-annuation/pension	Shares	Performance rights/options ²	Phantom plan ³	Expatriate costs ⁴		Other ⁶	\$	
Other key management personnel												
SA Cameron ⁷	2019	312,481	147,086	6,098	14,736	110,607	177,340	-	-	-	1,794	770,142
	2018	331,948	233,574	1,808	15,554	46,667	176,203	-	-	-	1,957	807,711
PA Conn	2019	554,662	121,279	-	-	128,510	247,025	-	-	-	-	1,051,476
	2018	544,425	293,972	-	-	86,741	221,413	-	-	-	-	1,146,551
MB Davis ⁷	2019	596,940	308,772	13,716	14,736	212,442	515,074	-	-	-	2,150	1,663,830
	2018	644,881	790,250	18,404	15,554	109,501	481,105	-	-	-	2,357	2,062,052
SHE Herfurth ⁷	2019	362,157	109,068	-	-	-	215,000	75,991	-	-	17,634	779,850
	2018	343,955	215,787	-	-	-	184,783	85,761	-	-	18,604	848,890
ML McDougall ⁷	2019	402,211	86,843	9,555	14,736	88,591	221,709	-	-	-	2,150	825,795
	2018	417,194	308,477	8,866	15,554	62,258	193,929	-	-	-	2,346	1,008,624
SR Rothbloom	2019	1,207,500	282,323	-	30,573	276,490	361,834	-	-	-	-	2,158,720
	2018	1,203,125	575,190	-	30,073	175,242	326,613	-	-	-	-	2,310,243
N Sarkar ^{4,5,7}	2019	628,256	149,922	-	-	133,570	339,781	-	169,144	192,081	2,333	1,615,087
	2018	570,056	414,198	-	-	92,310	290,686	-	-	-	2,424	1,369,674
SS Swartz ⁷	2019	357,865	69,526	-	14,621	78,405	210,061	-	-	-	2,567	733,045
	2018	348,596	221,229	-	13,296	55,265	183,972	-	-	-	2,591	824,949
CP Yap ⁷	2019	586,708	157,082	-	58,671	106,818	93,851	-	-	-	1,495	1,004,625
	2018	76,316	27,934	-	7,632	13,483	-	-	-	-	-	125,365

1 Other long-term remuneration comprises long service leave accruals and other long-term entitlements.

2 Performance rights expense has been included in the total remuneration on the basis that it is considered probable at the date of this financial report that the performance condition and service condition will be met. In future reporting periods, if the probability requirement regarding the EPS performance condition or the service condition is not met, a credit to remuneration will be included consistent with the accounting treatment. As part of the 2020 financial year budget process, it was no longer considered probable that the performance condition applicable to the performance rights granted on 5 December 2017 would be fully met. On this basis, the accounting expense (excluding the TSR component) related to prior years has been partially reversed.

3 The Phantom Share Awards Plan (Phantom Plan) functions as an alternative to the DSTI Share Plan to employees who are resident for tax purposes in countries where the taxation and/or legal requirements mean the DSTI Share Plan does not achieve the most effective outcome for Computershare or those employees. Awards under the Phantom Plan are cash-settled and vest after specified periods of service have been completed.

4 Expatriate costs include payments made to key management personnel engaged on overseas assignments in accordance with Computershare's expatriate policy. For SJ Irving, the amount reflects expatriate benefits related to his and his family's relocation to the United Kingdom on an assignment ending no later than March 2020. During the year, SJ Irving made a personal pre-tax contribution of A\$200,000 to these costs, resulting in a reduction in the expatriate costs and lower associated tax equalisation. For N Sarkar, the amount reflects relocation costs and expatriate benefits for his and his family's relocation to the United States on an assignment ending October 2021, following his appointment to the role of Global CEO of Issuer Services.

5 Tax equalisation arrangements operate so Computershare employees on an expatriate assignment pay the equivalent tax to what would have paid had they not been on an assignment. This includes tax that the Company is required to pay in order to provide expatriate benefits. For SJ Irving, a payment of \$266,588 is included in the tax equalisation amount for FY2019 that is attributable to benefits provided in FY2018.

6 Other includes other benefits provided to key management personnel and benefits related to Computershare's general employee share plan as detailed in note 40 of the financial statements.

7 Key management personnel are paid in their local currency. Foreign exchange rate movements can impact on comparison between the years in US dollar terms.

8 PJ Reynolds was appointed as non-executive director on 5 October 2018.

9 PJ MacLagan and AL Owen resigned effective 14 November 2018.

Actual remuneration received

The table below represents the actual remuneration outcomes for executive key management personnel in the financial year 2019. Amounts paid in currencies other than USD are translated at average exchange rates applicable to each financial year.

Statutory remuneration disclosures prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards differ from the numbers presented below, as they include (among other benefits) expensing for equity grants that are yet to vest and may never vest. The below table also does not include expatriate costs and associated tax equalisation payments. Whilst these are clearly disclosed in the statutory remuneration table above, the Board does not believe that they represent actual remuneration to the relevant executive and have therefore been excluded. The statutory remuneration table in respect of the executive key management personnel is presented in the table above.

	Financial year	Fixed pay ¹ \$	Cash STI for performance ² \$	Other benefits ³ \$	Deferred STI vested ⁴ \$	Performance rights vested ⁵ \$	Total actual remuneration \$
SJ Irving ⁶	2019	1,227,872	532,817	-	-	822,663	2,583,352
	2018	969,290	239,915	-	-	531,580	1,740,785
SA Cameron ⁶	2019	327,217	178,271	3,597	69,633	227,808	806,526
	2018	347,502	111,122	2,397	45,719	833,847	1,340,587
PA Conn	2019	554,662	293,971	-	133,429	308,992	1,291,054
	2018	544,425	122,191	-	83,557	555,898	1,306,071
MB Davis ⁶	2019	611,676	731,115	4,416	157,737	727,736	2,232,680
	2018	660,435	162,296	3,293	113,925	555,898	1,495,847
SHE Herfurth ⁶	2019	362,157	207,159	17,637	84,008	244,346	915,307
	2018	343,955	86,522	18,604	55,220	555,898	1,060,199
ML McDougall ⁶	2019	416,947	206,384	-	102,874	213,572	939,777
	2018	432,748	178,154	-	68,583	-	679,485
SR Rothbloom	2019	1,238,073	528,502	-	271,271	456,877	2,494,723
	2018	1,233,198	297,960	-	123,541	555,898	2,210,597
N Sarkar ⁶	2019	628,256	398,688	3,098	161,984	425,431	1,617,457
	2018	570,056	126,710	3,100	100,547	555,898	1,356,311
SS Swartz ⁶	2019	372,486	209,307	3,644	84,171	238,838	908,446
	2018	361,892	88,032	4,845	55,130	-	509,899
CP Yap ⁶	2019	645,379	27,868	-	-	-	673,247
	2018	83,948	-	-	-	-	83,948

1 Represents base salary plus superannuation/pension.

2 Cash STI for performance is the cash payment received in the relevant year and referable to the prior year performance.

3 Other benefits include other benefits provided to key management personnel and shares held in the Deferred Employee Share Plan (note 40) that vested in the relevant financial year.

4 Deferred STI that vested in the relevant financial year. The five day weighted average share price used to value the deferred STI at vesting date is AUD 19.09 for awards vested on 3 September 2018 (1 September 2017: AUD 13.90).

5 Performance rights that vested in the relevant financial year. The five-day weighted average share price used to value the performance rights at vesting date is AUD 19.09 for awards vested on 3 September 2018 (18 September 2017: AUD 14.33).

6 Key management personnel are paid in their local currency. Foreign exchange rate movements can impact on comparison between the years in US dollar terms.

DIRECTORS' REPORT

13. SHORT-TERM SALARY AND FEES, CASH PROFIT SHARE AND BONUSES, LONG-TERM OTHER, POST-EMPLOYMENT BENEFITS

Directors

SJ Irving, AP Cleland, TL Fuller, LM Gay, SD Jones, PJ Maclagan, AL Owen and CJ Morris are paid in Australian dollars. Director fees for JM Velli and PJ Reynolds are paid in local currency.

Group CEO and other executive key management personnel

All executive key management personnel receive their salary and other cash payments in their local currency.

Shares granted as remuneration under DSTI Plan

Set out below is a summary of shares granted under the DSTI plan and the maximum value of shares that are expected to vest in the future if the vesting conditions are met:

	Date granted	Number granted	Number vested during the year	Number outstanding end of the year	Financial year in which grant may vest	Value at grant date (if granted this year) \$	Maximum total value of grant yet to be expensed \$
SJ Irving	6/12/2017	21,630	-	21,630	FY 2020	-	25,183
	4/12/2018	39,382	-	39,382	FY 2021	492,109	330,901
SA Cameron	1/10/2016	5,082	(5,082)	-	FY 2019	-	-
	1/10/2017	5,057	-	5,057	FY 2020	-	4,700
	1/10/2018	6,795	-	6,795	FY 2020	98,384	18,447
PA Conn	1/10/2016	9,738	(9,738)	-	FY 2019	-	-
	1/10/2017	9,138	-	9,138	FY 2020	-	8,494
	1/10/2018	12,914	-	12,914	FY 2021	186,980	114,266
MB Davis	1/10/2016	11,512	(11,512)	-	FY 2019	-	-
	1/10/2017	12,163	-	12,163	FY 2020	-	11,306
	1/10/2018	24,714	-	24,714	FY 2021	357,831	218,675
SHE Herfurth	1/10/2016 ¹	5,935	(5,935)	-	FY 2019	-	-
	1/10/2017 ¹	5,481	-	5,481	FY 2020	-	5,443
	1/10/2018 ¹	8,087	-	8,087	FY 2021	117,091	56,220
ML McDougall	1/10/2016	7,508	(7,508)	-	FY 2019	-	-
	1/10/2017	5,919	-	5,919	FY 2020	-	5,501
	1/10/2018	9,171	-	9,171	FY 2021	132,786	81,147
SR Rothbloom	1/10/2016	19,798	(19,798)	-	FY 2019	-	-
	1/10/2017	19,052	-	19,052	FY 2020	-	17,709
	1/10/2018	28,505	-	28,505	FY 2021	412,721	252,218
N Sarkar	1/10/2016	11,822	(11,822)	-	FY 2019	-	-
	1/10/2017	8,123	-	8,123	FY 2020	-	7,551
	1/10/2018	14,533	-	14,533	FY 2021	210,422	128,592
SS Swartz	1/10/2016	6,143	(6,143)	-	FY 2019	-	-
	1/10/2017	5,852	-	5,852	FY 2020	-	5,440
	1/10/2018	7,590	-	7,590	FY 2021	109,895	67,158
CP Yap	14/5/2018	15,000	-	15,000	FY 2020	-	82,904
	1/10/2018	2,124	-	2,124	FY 2021	30,753	18,793

1 Awards made under the Phantom Plan

Fair values of shares at grant date are determined using the closing share price on grant date.

Performance rights

Performance rights granted under the LTI plan are for no consideration and carry no dividend or voting rights. Each performance right carries an entitlement to one fully paid ordinary share in Computershare Limited.

Set out below is a summary of performance rights granted under the LTI plans.

	Date granted	Number granted	Number vested during the year	Number lapsed during the year	Number outstanding end of the year	Financial year in which grant may vest	Value at grant date (if granted this year) \$	Maximum total value of grant yet to be expensed \$
SJ Irving	1/12/2015	130,522	(60,040)	(70,482)	-	FY 2019	-	-
	16/12/2016	170,170	-	-	170,170	FY 2020	-	-
	5/12/2017	90,627	-	-	90,627	FY 2021	-	219,563
	4/12/2018	129,707	-	-	129,707	FY 2022	1,339,968	893,312
SA Cameron	1/12/2015	36,144	(16,626)	(19,518)	-	FY 2019	-	-
	16/12/2016	36,036	-	-	36,036	FY 2020	-	-
	5/12/2017	26,914	-	-	26,914	FY 2021	-	5,434
	4/12/2018	14,709	-	-	14,709	FY 2022	151,955	4,221
PA Conn	1/12/2015	49,024	(22,551)	(26,473)	-	FY 2019	-	-
	16/12/2016	45,708	-	-	45,708	FY 2020	-	-
	5/12/2017	32,817	-	-	32,817	FY 2021	-	79,506
	4/12/2018	25,755	-	-	25,755	FY 2022	266,068	177,378
MB Davis	1/12/2015	115,461	(53,112)	(62,349)	-	FY 2019	-	-
	16/12/2016	115,115	-	-	115,115	FY 2020	-	-
	5/12/2017	61,269	-	-	61,269	FY 2021	-	148,436
	4/12/2018	44,848	-	-	44,848	FY 2022	463,313	308,875
SHE Herfurth	1/12/2015	38,768	(17,833)	(20,935)	-	FY 2019	-	-
	16/12/2016	37,314	-	-	37,314	FY 2020	-	-
	5/12/2017	28,281	-	-	28,281	FY 2021	-	68,517
	4/12/2018	24,127	-	-	24,127	FY 2022	249,250	166,167
ML McDougall	1/12/2015	33,885	(15,587)	(18,298)	-	FY 2019	-	-
	16/12/2016	33,783	-	-	33,783	FY 2020	-	-
	5/12/2017	33,916	-	-	33,916	FY 2021	-	82,169
	4/12/2018	25,395	-	-	25,395	FY 2022	262,349	174,899
SR Rothbloom	1/12/2015	72,487	(33,344)	(39,143)	-	FY 2019	-	-
	16/12/2016	67,583	-	-	67,583	FY 2020	-	-
	5/12/2017	48,291	-	-	48,291	FY 2021	-	116,995
	4/12/2018	37,209	-	-	37,209	FY 2022	384,396	256,264
N Sarkar	1/12/2015	67,498	(31,049)	(36,449)	-	FY 2019	-	-
	16/12/2016	55,223	-	-	55,223	FY 2020	-	-
	5/12/2017	44,853	-	-	44,853	FY 2021	-	108,666
	4/12/2018	40,423	-	-	40,423	FY 2022	417,599	278,400
SS Swartz	1/12/2015	37,895	(17,431)	(20,464)	-	FY 2019	-	-
	16/12/2016	37,237	-	-	37,237	FY 2020	-	-
	5/12/2017	28,265	-	-	28,265	FY 2021	-	68,478
	4/12/2018	22,749	-	-	22,749	FY 2022	235,014	156,676
CP Yap	4/12/2018	27,254	-	-	27,254	FY 2022	281,554	187,702

DIRECTORS' REPORT

Shareholdings of key management personnel

The number of ordinary shares in Computershare Limited held during the financial year by each director and the other named key management personnel, including details of shares granted as remuneration during the current financial year and ordinary shares provided as the result of the exercise of remuneration options during the current financial year, are included in the table below.

	Balance at beginning of the year	Vested under DSTI plan	On exercise of options/ performance rights	On market purchases/ (sales)	Other	Balance at end of the year	Value of options/ performance rights exercised
							\$
Directors							
SJ Irving	27,837	-	60,040	(31,422)	-	56,455	-
AP Cleland	11,500	-	-	267	-	11,767	-
TL Fuller	2,000	-	-	-	-	2,000	-
LM Gay	11,031	-	-	2,672	-	13,703	-
SD Jones	20,446	-	-	475	-	20,921	-
PJ MacLagan ¹	11,183,868	-	-	(25,000)	(11,158,868)	-	-
CJ Morris	34,781,000	-	-	(2,550,000)	-	32,231,000	-
AL Owen ¹	12,910	-	-	-	(12,910)	-	-
PJ Reynolds ²	-	-	-	-	-	-	-
JM Velli	10,000	-	-	-	-	10,000	-
Other key management personnel							
SA Cameron	78	5,082	16,626	(22,138)	430	78	-
PA Conn	524,439	9,738	22,551	(10,646)	-	546,082	-
MB Davis	22,476	11,512	53,112	(53,724)	717	34,093	-
SHE Herfurth	41,565	-	17,833	(42,449)	307	17,256	-
ML McDougall	2,509	7,508	15,587	(25,604)	-	-	-
SR Rothbloom	134,186	19,798	33,344	(20,449)	-	166,879	-
N Sarkar	40,500	11,822	31,049	(30,411)	701	53,661	-
SS Swartz	3,742	6,143	17,431	(12,212)	382	15,486	-

1 PJ MacLagan and AL Owen resigned effective 14 November 2018. Their shareholding balance is from the beginning of the year to the date they ceased being KMP. Their final shareholding is disclosed in the Other column.

2 PJ Reynolds was appointed as a non-executive director on 5 October 2018.

14. PROPORTIONS OF FIXED AND PERFORMANCE RELATED REMUNERATION

The percentage value of total remuneration relating to the current financial year received by key management personnel that consists of fixed and performance related remuneration is as follows:

	% of fixed/ non-performance related remuneration	% of total remuneration received as cash bonus (CSTI)	% of remuneration received as equity bonus (DSTI)	% of total remuneration received as performance related rights/options*
SJ Irving ¹	60.30%	15.49%	5.56%	18.65%
AP Cleland	100.00%	-	-	-
TL Fuller	100.00%	-	-	-
LM Gay	100.00%	-	-	-
SD Jones	100.00%	-	-	-
PJ MacLagan	100.00%	-	-	-
CJ Morris	100.00%	-	-	-
AL Owen	100.00%	-	-	-
JM Velli	100.00%	-	-	-
SA Cameron	42.65%	18.72%	14.08%	24.55%
PA Conn	51.82%	11.33%	12.01%	24.84%
MB Davis	36.96%	18.19%	12.51%	32.34%
SHE Herfurth	48.17%	13.70%	9.07%	29.06%
ML McDougall	50.67%	10.27%	10.47%	28.59%
SR Rothbloom	56.62%	12.91%	12.65%	17.82%
N Sarkar ²	60.43%	9.13%	8.14%	22.30%
SS Swartz	50.05%	9.28%	10.46%	30.21%
CP Yap	64.39%	15.64%	10.63%	9.34%

* Excludes the performance rights reversal in the year ended 30 June 2019.

1 The percentage of fixed/non-performance related remuneration disclosed is inclusive of expatriate benefits and associated tax equalisation. Excluding these amounts, the proportions of total remuneration are: Fixed/non-performance related – 37.86%; CSTI – 24.25%; DSTI – 8.70%; performance rights – 29.19%.

2 The percentage of fixed/non-performance related remuneration disclosed is inclusive of expatriate benefits and associated tax equalisation. Excluding these amounts, the proportions of total remuneration are: Fixed/non-performance related – 49.26%; CSTI – 11.71%; DSTI – 10.44%; performance rights – 28.59%.

15. OTHER

Loans and other transactions with directors and executives

Computershare made no loans to directors and executive directors or other key management personnel during the current financial year.

As a matter of Board approved policy, the Group maintains a register of all transactions between directors and the consolidated entity. It is established practice for any director to excuse himself or herself from discussion and voting upon any transaction in which that director has an interest. The consolidated entity has a Board approved ethics policy governing many aspects of workplace conduct, including management and disclosure of conflicts of interest.

Derivative instruments

Computershare's policy forbids key management personnel to deal in derivatives designed as a hedge against exposure to unvested shares in Computershare Limited.

Shares under option

Unissued ordinary shares in Computershare Limited under performance rights at the date of this report are as follows:

Date granted	Financial year of expiry	Number under performance rights
Performance rights		
5/12/2017	2021	486,550
14/12/2018	2022	542,528

DIRECTORS' REPORT

AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

Auditor's independence declaration

A copy of the auditor's signed independence declaration as required under section 307C of the *Corporations Act 2001* is provided immediately after this report.

Non-audit services

The Group may decide to employ its auditor, PricewaterhouseCoopers, on assignments in addition to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The Board is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and internal guidelines. Further details regarding the Board's internal policy for engaging PricewaterhouseCoopers for non-audit services are set out in the Corporate Governance Statement.

The directors are satisfied that the provision of non-audit services by PricewaterhouseCoopers, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- No services were provided by PricewaterhouseCoopers that are prohibited by policy (the policy lists services that cannot be undertaken).
- None of the services provided undermine the general principles relating to auditor's independence, including reviewing or auditing the auditor's own work, acting in a management capacity or a decision making capacity for the Group, acting as an advocate for the Group or jointly sharing economic risks and rewards.

During the year the following amounts were incurred in relation to services provided by PricewaterhouseCoopers and its network firms.

	2019 \$000	2018 \$000
1. Audit services		
Audit and review of the financial statements and other audit work by PricewaterhouseCoopers Australia	973	1,073
Audit and review of the financial statements and other audit work by network firms of PricewaterhouseCoopers Australia	2,573	2,644
	3,546	3,717
2. Other services		
Other assurance services performed by PricewaterhouseCoopers Australia	372	447
Other assurance services performed by network firms of PricewaterhouseCoopers Australia	1,835	1,776
Taxation services provided by network firms of PricewaterhouseCoopers Australia	375	150
	2,582	2,373
Total Auditor's Remuneration	6,128	6,090

ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, 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.



SD Jones
Chairman



SJ Irving
Director

23 September 2019

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the audit of Computershare Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Computershare Limited and the entities it controlled during the period.

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

Anton Linschoten
Partner
PricewaterhouseCoopers

Melbourne
23 September 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2019

	Note	2019 \$000	2018 \$000
Revenue from continuing operations			
Sales revenue		2,341,247	2,282,728
Dividends received		1,333	4,193
Interest received		3,423	2,968
Total revenue from continuing operations	2	2,346,003	2,289,889
Other income	2	123,025	11,218
Expenses			
Direct services		1,544,961	1,537,138
Technology costs		294,445	284,302
Corporate services		33,575	27,951
Finance costs		66,689	62,117
Total expenses		1,939,670	1,911,508
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	31	(1,006)	297
Profit before related income tax expense		528,352	389,896
Income tax expense/(credit)	6	109,397	81,567
Profit for the year		418,955	308,329
Other comprehensive income that may be reclassified to profit or loss			
Available-for-sale financial assets		-	(15)
Cash flow hedges		7,967	44
Exchange differences on translation of foreign operations		6,793	(13,657)
Income tax relating to components of other comprehensive income	6	711	2,711
Total other comprehensive income for the year, net of tax		15,471	(10,917)
Total comprehensive income for the year		434,426	297,412
Profit for the year attributable to:			
Members of Computershare Limited		415,732	300,064
Non-controlling interests		3,223	8,265
		418,955	308,329
Total comprehensive income for the year attributable to:			
Members of Computershare Limited		431,716	291,009
Non-controlling interests		2,710	6,403
		434,426	297,412
Basic earnings per share (cents per share)	4	76.57 cents	55.17 cents
Diluted earnings per share (cents per share)	4	76.42 cents	55.05 cents

The above consolidated statement of comprehensive income is presented in United States dollars and should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2019

	Note	2019 \$000	2018 \$000
CURRENT ASSETS			
Cash and cash equivalents	7	561,346	500,888
Bank deposits		6,335	6,539
Other financial assets	17	67,096	16,517
Receivables	15	483,301	428,973
Loan servicing advances	16	281,458	156,689
Financial assets at fair value through profit or loss	13	24,247	1,791
Available-for-sale financial assets		-	4,361
Inventories	18	4,654	3,844
Current tax assets		26,950	2,236
Other current assets	19	45,681	40,079
Assets classified as held for sale		-	79,999
Total current assets		1,501,068	1,241,916
NON-CURRENT ASSETS			
Receivables	15	2,639	152
Investments accounted for using the equity method	31	11,126	26,770
Financial assets at fair value through profit or loss	13	102,400	4,263
Available-for-sale financial assets		-	26,566
Property, plant and equipment	20	136,612	115,249
Deferred tax assets	6	139,179	145,654
Intangibles	9	2,782,680	2,327,626
Other non-current assets	19	9,251	-
Total non-current assets		3,183,887	2,646,280
Total assets		4,684,955	3,888,196
CURRENT LIABILITIES			
Payables	21	489,915	442,270
Interest bearing liabilities	14	74,525	427,292
Current tax liabilities		35,330	42,319
Financial liabilities at fair value through profit or loss	13	3,265	88
Provisions	22	45,170	50,746
Deferred consideration	23	15,487	29,432
Mortgage servicing related liabilities	24	35,024	27,740
Liabilities directly associated with assets classified as held for sale		-	69,639
Other liabilities	25	2,345	2,083
Total current liabilities		701,061	1,091,609
NON-CURRENT LIABILITIES			
Payables	21	6,632	2,842
Interest bearing liabilities	14	1,961,784	1,053,844
Financial liabilities at fair value through profit or loss	13	744	5,333
Deferred tax liabilities	6	217,589	193,026
Provisions	22	22,902	24,762
Deferred consideration	23	16,310	26,110
Mortgage servicing related liabilities	24	178,596	154,404
Other liabilities	25	5,266	2,869
Total non-current liabilities		2,409,823	1,463,190
Total liabilities		3,110,884	2,554,799
Net assets		1,574,071	1,333,397
EQUITY			
Contributed equity	27	-	-
Reserves	28	(134,551)	(148,098)
Retained earnings	29	1,706,427	1,455,187
Total parent entity interest	26	1,571,876	1,307,089
Non-controlling interests	26	2,195	26,308
Total equity		1,574,071	1,333,397

The above consolidated statement of financial position is presented in United States dollars and should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2019

	Note	Attributable to members of Computershare Limited				Non-controlling Interests \$000	Total Equity \$000
		Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Total \$000		
Total equity at 1 July 2018		-	(148,098)	1,455,187	1,307,089	26,308	1,333,397
Change in accounting policy	1a	-	(263)	(876)	(1,139)	-	(1,139)
Restated total equity at the beginning of the financial year		-	(148,361)	1,454,311	1,305,950	26,308	1,332,258
Profit for the year		-	-	415,732	415,732	3,223	418,955
Cash flow hedges		-	7,967	-	7,967	-	7,967
Exchange differences on translation of foreign operations		-	7,306	-	7,306	(513)	6,793
Income tax (expense)/credits		-	711	-	711	-	711
Total comprehensive income for the year		-	15,984	415,732	431,716	2,710	434,426
Transactions with owners in their capacity as owners:							
Dividends provided for or paid		-	-	(163,616)	(163,616)	(8,110)	(171,726)
Disposal of non-controlling interest	7	-	-	-	-	(18,713)	(18,713)
Cash purchase of shares on market		-	(21,671)	-	(21,671)	-	(21,671)
Share based remuneration		-	19,497	-	19,497	-	19,497
Balance at 30 June 2019		-	(134,551)	1,706,427	1,571,876	2,195	1,574,071
Total equity at 1 July 2017		-	(98,487)	1,315,607	1,217,120	19,908	1,237,028
Profit for the year		-	-	300,064	300,064	8,265	308,329
Available-for-sale financial assets		-	(15)	-	(15)	-	(15)
Cash flow hedges		-	44	-	44	-	44
Exchange differences on translation of foreign operations		-	(11,795)	-	(11,795)	(1,862)	(13,657)
Income tax (expense)/credits		-	2,711	-	2,711	-	2,711
Total comprehensive income for the year		-	(9,055)	300,064	291,009	6,403	297,412
Transactions with owners in their capacity as owners:							
Dividends provided for or paid		-	-	(160,484)	(160,484)	(3)	(160,487)
Share buy-back		-	(38,533)	-	(38,533)	-	(38,533)
Cash purchase of shares on market		-	(20,158)	-	(20,158)	-	(20,158)
Share based remuneration		-	18,135	-	18,135	-	18,135
Balance at 30 June 2018		-	(148,098)	1,455,187	1,307,089	26,308	1,333,397

The above consolidated statement of changes in equity is presented in United States dollars and should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30 June 2019

	Note	2019 \$000	2018 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,373,626	2,390,107
Payments to suppliers and employees		(1,788,401)	(1,794,529)
Loan servicing advances (net)		(124,769)	61,063
Dividends received from associates, joint ventures and equity securities		1,470	4,337
Interest paid and other finance costs		(73,089)	(63,014)
Interest received		3,423	2,968
Income taxes paid		(105,502)	(86,881)
Net operating cash flows	7(b)	286,758	514,051
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of controlled entities and businesses (net of cash acquired)		(445,201)	(22,865)
Payments for intangible assets including MSRs		(101,822)	(98,299)
Proceeds from sale of property, plant and equipment		2,837	-
(Payments for)/proceeds from disposal of associates and joint ventures		-	(11,866)
Proceeds from/(payments for) investments		(18,779)	3,776
Payments for property, plant and equipment		(55,626)	(39,361)
Proceeds from sale of subsidiaries and businesses (net of cash disposed)		75,727	-
Net investing cash flows		(542,864)	(168,615)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for purchase of ordinary shares - share based awards		(21,671)	(20,158)
Proceeds from borrowings	7(c)	2,175,760	1,337,297
Repayment of borrowings	7(c)	(1,792,144)	(1,353,618)
Loan servicing borrowings (net)	7(c)	103,047	(75,697)
Dividends paid – ordinary shares (net of dividend reinvestment plan)		(155,468)	(150,116)
Purchase of ordinary shares – dividend reinvestment plan		(8,148)	(10,368)
Dividends paid to non-controlling interests in controlled entities		(8,110)	(3)
Payments for on-market share buy-back		-	(38,533)
Repayment of finance leases	7(c)	(4,021)	(5,390)
Net financing cash flows		289,245	(316,586)
Net increase/(decrease) in cash and cash equivalents held		33,139	28,850
Cash and cash equivalents at the beginning of the financial year		534,669	510,683
Exchange rate variations on foreign cash balances		(6,462)	(4,864)
Cash and cash equivalents at the end of the year*		561,346	534,669

* Cash and cash equivalents at 30 June 2019 includes nil (2018: \$33.8 million) cash presented in the assets classified as held for sale line item in the consolidated statement of financial position.

The above consolidated cash flow statement is presented in United States dollars and should be read in conjunction with the accompanying notes.

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1. BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report is for the consolidated entity consisting of Computershare Limited and its controlled entities, referred to collectively throughout these financial statements as the “consolidated entity”, “the Group” or “Computershare”.

Basis of preparation of full year financial report

This general purpose financial report for the reporting period ended 30 June 2019 has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Computershare Limited is a for-profit entity for the purpose of preparing financial statements.

This report is to be read in conjunction with any public announcements made by Computershare Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Australian Securities Exchange Listing Rules.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

Compliance with IFRS

The financial statements of Computershare Limited and its controlled entities also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Changes to conceptual framework

Changes to the Conceptual Framework for Financial Reporting have been issued by the International Accounting Standards Board. Amendments were made to apply new definition and recognition criteria for assets, liabilities, income and expenses in the framework, which will apply for years commencing on or after 1 January 2020. The changes could affect entities that use the Conceptual Framework to develop accounting policies for transactions, events or conditions that are not otherwise dealt with under existing IFRS Standards. The Group has not yet determined the impact of adopting the criteria in the new framework.

Historical cost convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Principles of consolidation

The consolidated financial statements include the assets and liabilities of the parent entity, Computershare Limited, and its controlled entities.

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

Financial statements of foreign controlled entities, associates and joint ventures presented in accordance with overseas accounting principles are, for consolidation purposes, adjusted to comply with Group policy and Australian Accounting Standards.

Controlled entities

Controlled entities are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of controlled entities by the Group.

Investments in associated entities

Associates are all entities over which the Group has significant influence but not control or joint control. This generally accompanies a shareholding of between 20% and 50% of the voting rights. Interests in associates are accounted for using the equity method.

Investments in joint ventures

Joint ventures are arrangements where Computershare has joint control with another party over that arrangement and each party has rights to the net assets of that arrangement. Joint control is the agreed sharing of control, which exists when decisions about relevant activities require unanimous consent of parties sharing control. Interests in joint ventures are accounted for using the equity method.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the controlled entity. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the parent entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in US dollars as a significant portion of the Group's activity is denominated in US dollars.

Transactions and balances

Foreign currency transactions are converted to US 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 US 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.

Exchange differences relating to monetary items are included in profit or loss, as exchange gains or losses, in the period when the exchange rates change, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- › Assets and liabilities for each presented statement of financial position are translated at the closing rate at the date of that statement
- › Income and expenses for each statement of comprehensive income are translated at average exchange rates
- › All resulting exchange differences are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and reflected in equity.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Key estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The significant estimates and assumptions made in the current financial year are set out in the relevant notes:

Note	Key accounting estimates and judgements
2	Revenue and other income
6	Provision for income tax
6	Deferred tax assets relating to carry forward tax losses
8	Accounting for business combinations
10	Impairment

Rounding of amounts

The consolidated entity is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. In accordance with this instrument, amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

New and amended accounting standards and interpretations adopted from 1 July 2018

The Group has adopted the following standards and amendments commencing 1 July 2018:

- › AASB 9 *Financial Instruments*
- › AASB 15 *Revenue from Contracts with Customers*
- › AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- › AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers to Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
- › Interpretation 22 *Foreign Currency Transactions and Advance Consideration*.

The Group had to change its accounting policies following the adoption of AASB 9 and AASB 15. This is disclosed in note 1a. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect future periods.

New and amended standards and interpretations issued but not yet effective

Certain new accounting standards have been published that are not mandatory for the reporting period ended 30 June 2019 and have not been early adopted by the Group. The Group's assessment of the impact of these new standards is set out below.

AASB 16 Leases

AASB 16 *Leases* sets out a comprehensive model for identifying and measuring lease arrangements and removes the current distinction between operating and financing leases for lessees. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. Contracts that are leases within the scope of AASB 16 require recognition of a right-of-use asset and a related lease liability, being the present value of future lease payments. There are exemptions available for short-term and low-value leases. Consequently, adoption of the new lease standard will result in an increase in the recognised assets and liabilities in the Group's statement of financial position. Additionally, operating lease expense in the consolidated statement of comprehensive income will be replaced by interest expense on the recognised lease liabilities together with depreciation of the right-of-use assets impacting the EBITDA metrics. Compared to AASB 117, the pattern of lease expense recognition for an individual lease will change with higher costs recognised in the earlier stages of the lease and lower costs in the later stages. This is due to the associated interest expense being calculated on the remaining lease liability, which reduces over the lease term.

The Group has adopted the new standard in the financial year commencing on 1 July 2019. There were several options available to the consolidated entity in respect of the transition to the new standard. Computershare will apply the simplified transition approach and will not restate comparative amounts for the year prior to adoption. It will measure the right-of-use assets for some of the largest operating property leases as if AASB 16 had always been applied. All other right-of-use assets will be measured under the full simplified method based on the amount of the related lease liability recognised on 1 July 2019.

Based on the elected transition method, the consolidated entity expects to recognise lease liabilities of approximately \$217 million and right-of-use assets in the range of \$202-\$217 million. Based on the current lease portfolio and with all other factors unchanged, total management EBITDA used to measure segment results is expected to increase under AASB 16 by approximately \$50 million in the year ending 30 June 2020. This is due to the fact that operating lease payments currently included in EBITDA will be replaced by amortisation and interest expense, which are excluded from this measure. There will be some impact of the new standard on the consolidated net profit after tax, but it is not expected to be material. Operating cash flows will increase under the new standard as the element of cash paid under lease arrangements attributable to the repayment of principal (currently included in the operating cash flows) will be included in financing cash flows after the change.

AASB Interpretation 23 *Uncertainty over Income Tax Treatments*

AASB Interpretation 23 clarifies how to apply the recognition and measurement requirements in AASB 112 when there is uncertainty over income tax treatment. This interpretation is applicable to financial years commencing on or after 1 January 2019 and is available for early adoption. The Group does not expect to early adopt AASB Interpretation 23. The Group has not yet determined the impact of adopting this interpretation.

There are no other standards that are not yet effective and that would be expected to have a significant impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

1a) CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* on the Group's financial statements.

AASB 9 Financial Instruments

AASB 9 replaced the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 *Financial Instruments* from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions of AASB 9, comparative figures have not been restated.

Accounting policy applied from 1 July 2018

Under AASB 9, the Group classifies its financial assets in the following measurement categories:

- > those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- > those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on specified dates are measured at amortised cost. This category includes cash and bank deposits, receivables, loan servicing advances and other financial assets, which include client deposits.
- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Unrealised gains and losses for changes in fair value are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss. Currently, the Group has no financial instruments classified into this category.
- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Equity instruments

The Group measures all equity instruments at fair value through profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income. Changes in fair value are recognised in profit or loss as applicable.

Investment in structured entities

The Group measures investments in structured entities at fair value through profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income. Changes in fair value are recognised in profit or loss as applicable.

Impairment

From 1 July 2018, the Group assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and contract assets, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. For loan servicing advances and other receivables, the Group applies the general approach, which requires recognition of a loss allowance based on either 12-month expected credit loss or lifetime expected credit loss depending on whether there has been a significant increase in credit risk since initial recognition. The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

Accounting policies applied until 30 June 2018

Classification and measurement

Until 30 June 2018, the Group's classified financial assets in the following categories: loans and receivables; financial assets at fair value through profit or loss and available-for-sale financial assets. The classification depended on the purpose for which the investments were acquired. Management determined the classification of financial assets at initial recognition.

- Loans and receivables comprised non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. Subsequent to initial recognition, loans and receivables were carried at amortised cost, less a provision for impairment.
- Financial assets at fair value through profit or loss comprised financial assets held-for-trading and those designated at fair value through profit or loss. A financial asset was classified in this category, if acquired principally for the purpose of selling in the short term or if designated by management. Derivatives were classified as held for trading unless they were designated as hedge instruments. Gains or losses arising from changes in the fair value were recognised in profit or loss.
- Available-for-sale financial assets comprised non-derivatives that were either designated in this category or not classified in any other category. Available for sale financial assets were initially recognised at fair value plus transaction costs and subsequently carried at fair value. Unrealised gains and losses for changes in fair value were recognised in other comprehensive income in the available-for-sale asset reserves. When available-for-sale assets were sold, the accumulated fair value adjustments were reclassified to profit or loss.

Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset was impaired. Impairment was recognised in the profit or loss when there was objective evidence that the Group would not be able to collect the amounts due according to the original trade and other receivable terms. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value below cost was considered an indicator of impairment.

Impact of adoption of AASB 9

Classification and measurement

On 1 July 2018, the Group assessed which business models apply to the financial assets held by the Group and classified its financial instruments into the appropriate AASB 9 categories. The available-for-sale equity securities, debt securities and investments in structured entities were reclassified from available-for-sale to financial assets at fair value through profit or loss as the contractual cash flows of these financial assets do not represent solely payments of principal and interest.

The adoption of AASB 9 resulted in a reclassification of the closing 30 June 2018 balance in available-for-sale financial assets of \$30.9 million to the opening 1 July 2018 balance of financial assets at fair value through profit or loss. Related fair value gains of \$0.3 million were also transferred from the available-for-sale asset reserve to retained earnings.

Impairment of financial assets

Impairment under AASB 9 requires recognition of a loss allowance for expected credit losses rather than incurred credit losses as is the case under AASB 139. Expected credit losses are probability-weighted amounts determined by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

Application of the AASB 9 impairment provisioning methodology resulted in an increase of \$6.1 million to the loss allowance for trade receivables booked through opening retained earnings on 1 July 2018.

Derivatives and hedging activities

The Group hedge relationships at 30 June 2018 qualified for hedge accounting under AASB 9. The Group's risk management strategies and hedge documentation are compliant with the requirements of AASB 9 and these relationships are therefore treated as continuing hedges.

AASB 15 Revenue from Contracts with Customers

AASB 15 is the new standard for recognition of revenue and replaces AASB 118 which covered revenue arising from the sale of goods and the rendering of services and AASB 111 which covered construction contracts. The Group adopted AASB 15 from 1 July 2018, which resulted in minor changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in AASB 15, the Group adopted the modified retrospective method of implementation and comparative figures were not restated.

Accounting policy applied from 1 July 2018

Revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. This involves following a 5-step model of revenue recognition:

- › Identifying the contract with a customer
- › Identifying performance obligations under the contract
- › Determining the transaction price
- › Allocating the transaction price to performance obligations under the contract
- › Recognising revenue when Computershare satisfies its performance obligations

The Group's policy for revenue recognition under AASB 15 is largely consistent with the policy applied previously with two minor changes:

Upfront fees

There are a number of customer contracts in the Group's registry, plan managers and business services business lines which include an upfront fee charged at the beginning of the contract for setup and implementation activities. The upfront fees were previously recognised when billed at the beginning of the contract. Under AASB 15, the activities underlying the upfront fees are classified as fulfilment activities. The revenue associated with these fees is now recognised over the life of the relevant contract term as performance obligations are met on a straight line basis. Where the related implementation costs can be measured reliably, they are now deferred and amortised over the same period.

The change in accounting treatment for upfront fees on adoption of AASB 15 resulted in an increase in contract liabilities of \$10.0 million for deferred upfront fees, an increase in other assets for \$13.3 million deferred implementation costs and a net deferred tax liability impact of \$0.4 million.

Shareholder meetings

Some of the Group's customer contracts in the registry business line include the shareholder meeting service in the general registry maintenance fee, which is recognised as revenue over time as the registry maintenance service is provided. For contracts where the shareholder meeting fee is not billed separately, the portion of the fee attributable to the shareholder meeting service was previously recognised progressively over the year. Under AASB 15, revenue related to shareholder meetings is recognised now at a point in time when the shareholder meeting service has been provided.

This change resulted in deferral of some of the registry revenue from the first half of the financial year to the second half of the year. This change does not affect full year's results and therefore no opening retained earnings adjustment was recorded, nor was there an impact to profit after tax in the 12 months to 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting policy applied until 30 June 2018

Revenue

Revenue was measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue were net of returns, trade discounts and volume rebates.

The Group recognised revenue when the amount of revenue could be reliably measured, it was probable that future economic benefits would flow to the consolidated entity and specific criteria had been met for each of the Group's activities. The Group based its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Services revenue was recognised in the accounting period in which the services were rendered. For fixed-price contracts, revenue was recognised under the percentage of completion method, based on the actual service provided as proportion of the total services to be provided.

Interest and dividend income

Interest income was recognised using the effective interest method. Dividends were recognised as revenue when the right to receive payment was established.

Insurance recoveries

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

Combined impact of AASB 9 and AASB 15 on the financial statements

The following table shows the adjustments recognised in the opening balance sheet on 1 July 2018 for each individual line item:

Balance sheet (extract)	30 June 2018 \$000	AASB 9 \$000	AASB 15 \$000	1 July 2018 Restated \$000
Current assets				
Receivables	428,973	(6,050)	-	422,923
Available-for-sale financial assets	4,361	(4,361)	-	-
Financial assets at fair value through profit or loss	1,791	4,361	-	6,152
Other current assets	40,079	-	3,748	43,827
Non-current assets				
Available-for-sale financial assets	26,566	(26,566)	-	-
Financial assets at fair value through profit or loss	4,263	26,566	-	30,829
Deferred tax assets	145,654	1,948	2,152	149,754
Other non-current assets	-	-	9,598	9,598
Impact of changes on total assets		(4,102)	15,498	
Current liabilities				
Payables	442,270	-	4,229	446,499
Non-current liabilities				
Payables	2,842	-	5,737	8,579
Deferred tax liabilities	193,026	-	2,569	195,595
Impact of changes on total liabilities		-	12,535	
Impact of changes on net assets		(4,102)	2,963	
Reserves	(148,098)	(263)	-	(148,361)
Retained earnings	1,455,187	(3,839)	2,963	1,454,311
Impact of changes on total equity		(4,102)	2,963	

2. REVENUE AND OTHER INCOME

	Note	2019 \$000	2018 \$000
Sales revenue			
Revenue from contracts with customers		2,341,247	2,282,728
Dividends received		1,333	4,193
Interest received		3,423	2,968
Total revenue from continuing operations		2,346,003	2,289,889
Other income			
Gain on disposal of Karvy	4	106,456	-
Marked to market adjustments – derivatives	4	4,363	217
Rent received		1,704	3,463
Put option liability re-measurement	4	1,672	-
Other		8,830	7,538
Total other income		123,025	11,218

Presentation of comparative consolidated sales revenue is in accordance with the previous standard AASB 118 *Revenue*.

Sales revenue

Revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. This involves following a five-step model of revenue recognition:

- › Identifying the contract with a customer
- › Identifying performance obligations under the contract
- › Determining the transaction price
- › Allocating the transaction price to performance obligations under the contract
- › Recognising revenue when Computershare satisfies its performance obligations

Integrated services

Integrated services customer contracts for registry maintenance, employee plans management, trust management, loan services and some recurring contracts in communication services include an obligation to perform an unspecified number of tasks to provide an integrated service over the contract period, where Computershare is compensated over the contract term whether or not any specific activities are required to be performed. In these situations, the Group has a stand-ready obligation to perform any of the tasks constituting the integrated service whenever needed, which is considered one performance obligation.

Typically, the consideration that Computershare is entitled to for satisfying performance obligations can vary in line with underlying measures, such as the number of shareholders or participants in an employee share plan. For the purposes of recording revenue, the Group estimates the amount of variable consideration it is entitled to, only to the extent that it is highly probable that a significant reversal in the cumulative amount of revenue recognised will not occur.

In some instances, particularly for smaller clients, consideration may be fixed. This fixed consideration is recognised as revenue over the contract term by measuring progress towards complete satisfaction of the underlying performance obligation, which is generally on a straight line basis. Revenue for provision of shareholder meetings (considered a separate performance obligation) is recognised at a point in time when the meeting service has been provided.

The Group sometimes provides services on an ad-hoc basis over the contract period, where those services do not form a part of a stand-ready obligation (eg, property valuations). Each of these individual tasks is classified as a separate performance obligation and the allocated fee is recognised once that performance obligation has been completed.

Corporate actions, stakeholder relationship management, class actions

For corporate actions, stakeholder relationship management, class actions, bankruptcy administration and some communication services contracts, each customer contract is a separate performance obligation and revenue related to these contracts is typically variable. For contracts that qualify for over time revenue recognition, revenue is recognised in line with contractual charging arrangements for variable fees as they reflect the transfer of benefit to the customer.

Margin income

Margin income is part of variable consideration related to customer contracts and is recognised when it becomes receivable.

Upfront fees

Where work reflected by the upfront fees charged to clients is classified as a fulfilment activity, the associated revenue is recognised straight line over the relevant contract term. In those instances where the upfront fees represent a separate performance obligation, the associated revenue is recognised at a point in time when that performance obligation is satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Discounts and rebates

Where a contract includes a variable amount, the consolidated entity determines the transaction price with regard to any variable consideration it is entitled to. The estimated consideration can sometimes vary due to discounts and rebates. Accumulated experience is used to estimate the highly probable amount of variable consideration to be recognised.

Interest and dividend income

Interest income on deposits is recognised using the effective interest method. Dividends are recognised as revenue when the right to receive payment is established.

Key estimates and judgements

As part of Computershare's appointment by UK Asset Resolution to undertake its mortgage servicing activities, it was agreed that a fixed fee would be payable to Computershare over four years for the provision of infrastructure to support core services under the contract. A single performance obligation has been identified in the contract between the Group and UK Asset Resolution which, under AASB 15 *Revenue from Contracts with Customers*, will be satisfied over a period of time. A portion of the fixed fee is recognised as revenue during the period with reference to the percentage of related costs that have been incurred to date.

The Group is required to reassess the related costs which may arise in future and the resulting amount of revenue to be recognised on an annual basis. This reassessment may lead to fluctuations in the amount of the fixed fee recognised as revenue each year. Judgement is required in estimating the total amount of related costs which are expected to be incurred, the percentage of these costs incurred to date and the period over which these costs will be incurred. The remaining fixed fee yet to be recognised as revenue as of 30 June 2019 amounts to \$55.4 million.

3. EXPENSES

Profit before tax includes the following specific expenses:

	2019 \$000	2018 \$000
Depreciation and amortisation		
Depreciation of property, plant and equipment	37,539	32,864
Amortisation of intangible assets	134,283	112,843
Amortisation of mortgage servicing related liabilities	(31,210)	(25,257)
Total amortisation (net)	103,073	87,586
Total depreciation and amortisation	140,612	120,450
Finance costs		
Interest expense	63,057	57,278
Loan facility fees and other borrowing expenses	3,632	4,839
Total finance costs	66,689	62,117
Other operating expense items		
Operating lease rentals	53,667	63,835
Technology spending – research and development	72,344	73,700
Employee entitlements (excluding superannuation and other pension) expense	921,225	911,520
Superannuation and other pension expense	44,325	42,273

Profit before tax includes the following individually significant expenses. Further information is included in note 4.

Individually significant items		
Acquisition and disposal related expenses	17,170	5,694
Impairment charge – investments in associates	13,953	-
Acquisition accounting adjustments	702	7,606
Put option liability re-measurement	-	13,577
Voucher Services impairment	-	3,621

Depreciation and amortisation

Refer to notes 9, 20 and 24 for further details on depreciation and amortisation.

Finance costs

Finance costs are recognised as an expense when they are incurred.

Operating lease rentals

Operating leases are leases in which a significant portion of the risks and rewards of ownership have not been transferred to the Group. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Technology spending – research and development

These are operating expenses incurred on research and development activities.

Employee entitlements

Employee entitlements include salaries and wages, leave entitlements, incentives and share-based payment awards. The Group's accounting policy for liabilities associated with employee benefits is set out in notes 21 and 22. The policy relating to share-based payments is set out in note 40.

Superannuation and other pension expense

The Group makes contributions to various defined contribution superannuation and pension plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as expense when they become payable.

4. EARNINGS PER SHARE

Year ended 30 June 2019	Basic EPS	Diluted EPS	Management Basic EPS	Management Diluted EPS
Earnings per share (cents per share)	76.57 cents	76.42 cents	70.24 cents	70.10 cents
Reconciliation of earnings	\$000	\$000	\$000	\$000
Profit for the year	418,955	418,955	418,955	418,955
Non-controlling interest (profit)/loss	(3,223)	(3,223)	(3,223)	(3,223)
Less management adjustment items (see below)	-	-	(34,368)	(34,368)
Net profit attributable to the members of Computershare Limited	415,732	415,732	381,364	381,364

Weighted average number of ordinary shares used as denominator in calculating earnings per share	542,955,868	543,996,500	542,955,868	543,996,500
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Year ended 30 June 2018	Basic EPS	Diluted EPS	Management Basic EPS	Management Diluted EPS
Earnings per share (cents per share)	55.17 cents	55.05 cents	63.38 cents	63.24 cents
Reconciliation of earnings	\$000	\$000	\$000	\$000
Profit for the year	308,329	308,329	308,329	308,329
Non-controlling interest (profit)/loss	(8,265)	(8,265)	(8,265)	(8,265)
Add back management adjustment items (see below)	-	-	44,631	44,631
Net profit attributable to the members of Computershare Limited	300,064	300,064	344,695	344,695

Weighted average number of ordinary shares used as denominator in calculating earnings per share	543,874,751	545,090,537	543,874,751	545,090,537
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Reconciliation of weighted average number of shares used as the denominator:

	2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	542,955,868	543,874,751
Adjustments for calculation of diluted earnings per share:		
Performance rights	1,040,632	1,215,786
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	543,996,500	545,090,537

The weighted average number of potential dilutive ordinary shares excludes 744,431 performance rights (2018: 533,458) as they are not dilutive for the year ended 30 June 2019. These performance rights could potentially dilute basic earnings per share in the future.

No employee performance rights have been issued since year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Calculation of earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing profit attributable to members of Computershare Limited by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share is determined by adjusting the weighted average number of shares used in the calculation of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares, such as performance rights.

Management basic earnings per share

Management basic earnings per share exclude certain items. Management adjusted results are used, along with other measures, to assess operating business performance. The Group believes that exclusion of certain items permits better analysis of the Group's performance on a comparative basis and provides a better measure of underlying operating performance. The net profit used in the management earnings per share calculation is adjusted for management adjustment items net of tax.

For the year ended 30 June 2019 management adjustment items include the following:

	Gross \$000	Tax effect \$000	Net of tax \$000
Amortisation			
Amortisation of intangible assets	(55,808)	15,734	(40,074)
Acquisitions and disposals			
Gain on disposal of Karvy	106,456	(14)	106,442
Acquisition related expenses	(17,170)	3,595	(13,575)
One-off tax expense on Equatex IP restructure	-	(5,801)	(5,801)
Acquisition accounting adjustments	(702)	(11)	(713)
Other			
Major restructuring costs	(19,891)	5,100	(14,791)
Impairment charge – investments in associates	(13,953)	442	(13,511)
Restatement of deferred tax balances due to US tax law changes	-	12,819	12,819
Marked to market adjustments – derivatives	4,363	(1,310)	3,053
Put option liability re-measurement	1,672	-	1,672
True-up of US tax reform impact on foreign subsidiary profits	-	(1,153)	(1,153)
Total management adjustment items	4,967	29,401	34,368

Management Adjustment Items

Management adjustment items net of tax for the year ended 30 June 2019 were as follows:

Amortisation

- > Customer relationships and most of other intangible assets that are recognised on business combinations or major asset acquisitions are amortised over their useful life in the statutory results but excluded from management earnings. The amortisation of these intangibles in the year ended 30 June 2019 was \$40.1 million. Amortisation of mortgage servicing rights, certain acquired software as well as intangibles purchased outside of business combinations is included as a charge against management earnings.

Acquisitions and disposals

- > An accounting gain of \$106.4 million was recognised on disposal of the Indian Karvy venture.
- > Acquisition related expenses of \$10.9 million were incurred related to the acquisition of Equatex Group Holding AG (Equatex), including a \$6.2 million loss on derivatives used to fix the amount of borrowings needed to fund the acquisition. Additionally, acquisition related expenses of \$2.6 million were incurred related to the acquisition of LenderLive Financial Services LLC.
- > Pursuant to the Australian controlled foreign company rules, a one-off tax expense of \$5.8 million has been recognised as a result of the Equatex IP restructure.
- > An expense of \$0.7 million was recognised for re-measurement of contingent consideration payable to the sellers of RicePoint Administration Inc, Capital Markets Cooperative, LLC and Altavera, LLC.

Other

- > Costs of \$14.8 million were incurred in relation to progress of the shared services and technology components of the structural cost out programs and the major operations rationalisation underway in Louisville, USA.
- > An impairment charge of \$13.5 million was recognised due to the write-off of Computershare's investments in SETL Development Limited and CVEX Group, Inc (note 31).
- > A restatement of deferred tax balances due to tax law changes in two US states resulted in a tax benefit of \$12.8 million.
- > Derivatives that have not received hedge designation are marked to market at the reporting date and taken to profit and loss in the statutory results. The marked to market valuation resulted in a gain of \$3.1 million.
- > The Karvy put option liability re-measurement up to the date of disposal resulted in a gain of \$1.7 million.
- > A true-up of the US tax reform impact on foreign subsidiary profits resulted in a tax expense of \$1.2 million.

For the year ended 30 June 2018 management adjustment items were as follows:

	Gross \$000	Tax effect \$000	Net of tax \$000
Amortisation			
Amortisation of intangible assets	(52,432)	15,427	(37,005)
Acquisitions and disposals			
Acquisition accounting adjustments	(7,606)	-	(7,606)
Acquisition and disposal related expenses	(5,694)	281	(5,413)
One-off accruals regime tax payable due to acquisition of Equatex	-	(5,244)	(5,244)
Tax on expected disposal of Karvy	-	(3,777)	(3,777)
Other			
Restatement of deferred tax balances due to US tax reform	-	44,692	44,692
Put option liability re-measurement	(13,577)	-	(13,577)
Major restructuring costs	(19,904)	6,528	(13,376)
Voucher Services impairment	(3,621)	-	(3,621)
Marked to market adjustments – derivatives	217	79	296
Total management adjustment items	(102,617)	57,986	(44,631)

5. SEGMENT INFORMATION

The operating segments presented reflect the manner in which the Group has been internally managed and the financial information reported to the chief operating decision maker (CEO) in the current financial year. The Group has determined the operating segments based on the reports reviewed by the CEO that are used to make strategic decisions and assess performance.

There are seven operating segments. Six of them are geographic: Asia, Australia and New Zealand, Canada, Continental Europe, UCIA (United Kingdom, Channel Islands, Ireland & Africa) and the United States of America. In addition, Technology and Other segment comprises the provision of software specialising in share registry and financial services, as well as serving as a research and development function. The CEO reviews discrete financial information for this segment.

In each of the six geographic segments the consolidated entity offers a combination of its core products and services: issuer services, business services, plans services, communication services and stakeholder relationship management services. Issuer services comprise the provision of registry maintenance and corporate actions. Business services comprise the provision of bankruptcy, class action and utilities administration services, voucher services, corporate trust services and mortgage servicing activities. Plans services comprise the provision of administration and related services for employee share and option plans. Communication services comprise laser imaging, intelligent mailing, inbound process automation, scanning and electronic delivery. Stakeholder relationship management services comprise the provision of investor analysis, investor communication and management information services to companies, including their employees, shareholders and other securities industry participants.

There is a corporate function which includes entities whose main purpose is to hold intercompany investments and conduct financing activities. It is not considered an operating segment and includes activities that are not allocated to other operating segments.

During the year, Computershare has undertaken a review of its management structure to identify ways to intensify customer focus, identify opportunities for new business and operating efficiencies and develop additional products. Effective from 1 July 2019, the Group's management structure and reporting has changed from a regional model to a global business model, aligned to Computershare's products. Consequently, the Group will change its operating segments in the financial year ending June 2020 to reflect the new management structure and the way financial information will be reported to the CEO.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OPERATING SEGMENTS

	Asia \$000	Australia & New Zealand \$000	Canada \$000	Continental Europe \$000	Technology & Other \$000	UCIA \$000	United States \$000	Total \$000
June 2019								
Total segment revenue and other income	123,388	216,059	184,107	104,537	256,114	559,318	1,154,182	2,597,705
Intersegment revenue	(1,628)	(559)	(3,068)	(1,264)	(235,861)	(3,399)	(4,229)	(250,008)
External revenue and other income	121,760	215,500	181,039	103,273	20,253	555,919	1,149,953	2,347,697
Revenue per business line:								
Registry maintenance	57,753	84,218	58,584	45,679	2,825	78,866	377,540	705,465
Corporate actions	11,725	21,208	19,415	-	-	12,463	99,481	164,292
Business services	16,531	8,666	74,501	-	-	302,497	525,177	927,372
Stakeholder relationship management	6,096	963	-	5,472	-	8,422	46,366	67,319
Plans services	29,055	14,381	20,408	21,025	-	143,347	60,323	288,539
Communication services	-	85,825	6,767	29,708	-	6,516	40,096	168,912
Technology and other	600	239	1,364	1,389	17,428	3,808	970	25,798
	121,760	215,500	181,039	103,273	20,253	555,919	1,149,953	2,347,697
Management adjusted EBITDA	43,005	33,400	83,294	18,751	18,052	131,368	356,241	684,111
June 2018								
Total segment revenue and other income	161,481	242,869	183,184	106,755	263,708	484,606	1,108,564	2,551,167
Intersegment revenue	(4,719)	(747)	(2,497)	(894)	(244,993)	(2,199)	(3,435)	(259,484)
External revenue and other income	156,762	242,122	180,687	105,861	18,715	482,407	1,105,129	2,291,683
Revenue per business line:								
Registry maintenance	64,216	93,117	61,863	44,516	1,488	79,399	359,724	704,323
Corporate actions	15,352	22,490	15,731	-	-	9,005	97,974	160,552
Business services	46,460	9,512	73,478	-	-	298,258	466,734	894,442
Stakeholder relationship management	5,411	523	-	5,912	-	8,523	74,391	94,760
Plans services	23,891	14,997	21,033	25,283	-	78,182	65,056	228,442
Communication services	-	101,251	7,209	28,442	-	6,360	38,381	181,643
Technology and other	1,432	232	1,373	1,708	17,227	2,680	2,869	27,521
	156,762	242,122	180,687	105,861	18,715	482,407	1,105,129	2,291,683
Management adjusted EBITDA	55,868	34,479	81,029	18,807	16,979	103,519	312,645	623,326

Segment revenue

The revenue reported to the CEO is measured in a manner consistent with that of the statement of comprehensive income. Sales between segments are included in the total segment revenue, whereas sales within a segment have been eliminated from segment revenue. Sales between segments are at normal commercial rates and are eliminated on consolidation.

Segment revenue reconciles to total revenue from continuing operations as follows:

	2019 \$000	2018 \$000
Total operating segment revenue and other income	2,597,705	2,551,167
Intersegment eliminations	(250,008)	(259,484)
Corporate revenue and other income	(1,694)	(1,794)
Total revenue from continuing operations	2,346,003	2,289,889

Management adjusted EBITDA

Management adjusted results are used, along with other measures, to assess operating business performance. The Group believes that exclusion of certain items permits better analysis of the Group's performance on a comparative basis and provides a better measure of underlying operating performance.

A reconciliation of management adjusted EBITDA to operating profit before income tax is provided as follows:

	2019 \$000	2018 \$000
Management adjusted EBITDA – operating segments	684,111	623,326
Management adjusted EBITDA – corporate	(9,233)	(680)
Management adjusted EBITDA	674,878	622,646
Management adjustment items (before related income tax effect):		
Amortisation of intangible assets	(55,808)	(52,432)
Gain on disposal of Karvy	106,456	-
Major restructuring costs	(19,891)	(19,904)
Acquisition and disposal related expenses	(17,170)	(5,694)
Impairment charge – investments in associates	(13,953)	-
Marked to market adjustments – derivatives	4,363	217
Put option liability re-measurement	1,672	(13,577)
Acquisition accounting adjustments	(702)	(7,606)
Voucher Services impairment	-	(3,621)
Total management adjustment items (note 4)	4,967	(102,617)
Finance costs	(66,689)	(62,117)
Other amortisation and depreciation	(84,804)	(68,016)
Profit before income tax from continuing operations	528,352	389,896

Geographical Information

	Geographical allocation of external revenue		Geographical allocation of non-current assets	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Australia	208,209	234,379	152,708	160,176
United Kingdom	457,824	427,813	206,974	193,980
United States	1,158,265	1,085,301	1,896,276	1,804,930
Canada	195,005	213,297	168,993	172,595
Switzerland	45,418	11,354	383,860	5,126
Other non-significant countries	281,282	317,745	133,497	161,237
Total	2,346,003	2,289,889	2,942,308	2,498,044

Revenues are allocated based on the countries in which the entities are located. The parent entity is domiciled in Australia. Revenue from external customers in countries other than Australia amounts to \$2,137.8 million (2018: \$2,055.5 million).

Non-current assets exclude financial instruments and deferred tax assets and are allocated to countries based on where the assets are located. Non-current assets held in countries other than Australia amount to \$2,789.6 million (2018: \$2,337.9 million).

6. INCOME TAX EXPENSE AND BALANCES

Income tax expense

The income tax expense represents tax on the pre-tax accounting profit adjusted for income and expenses never to be assessed or allowed for taxation purposes. This is also adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses. The income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

a) Income tax expense

	2019 \$000	2018 \$000
Current tax expense		
Current tax expense	94,328	113,737
Under/(over) provided in prior years	(4,120)	(1,739)
Total current tax expense	90,208	111,998
Deferred tax expense/(benefit)		
Decrease/(increase) in deferred tax assets	(11,387)	72,235
(Decrease)/increase in deferred tax liabilities	30,576	(102,666)
Total deferred tax expense/(credit)	19,189	(30,431)
Total income tax expense	109,397	81,567

b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit before income tax expense	528,352	389,896
Prima facie income tax expense thereon at 30%	158,506	116,969
Variation in tax rates of foreign controlled entities	(7,554)	(2,201)
Tax effect of permanent differences:		
Gain on disposal of Karvy	(32,493)	3,777
Effect of changes in tax rates (excluding US tax reform)	(14,284)	(6,538)
Tax payable on one-off Equatex IP restructure	5,801	-
Prior year tax (over)/under provided	(4,120)	(1,739)
Impairment of investment in SETL	2,339	-
True-up of US tax reform impact on foreign subsidiary profits	1,153	-
Restatement of deferred tax balances due to US tax reform	-	(44,692)
Withholding tax not creditable	-	9,142
One-off accruals regime tax payable due to acquisition of Equatex	-	5,244
Net other	49	1,605
Income tax expense	109,397	81,567

(c) Amounts recognised directly in equity

Deferred tax – share based remuneration	887	826
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(d) Tax benefit/(expense) relating to items of other comprehensive income

Cash flow hedges	(2,390)	(13)
Net investment hedges	3,101	2,724
	711	2,711

(e) Unrecognised tax losses

As at 30 June 2019, companies within the consolidated entity had estimated unrecognised tax losses of \$15.4 million (2018: \$1.1 million) available to offset against future years' taxable income. The acquisition of Equatex Group Holding AG resulted in an increase in this balance of \$14.3 million.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences calculated at the tax rates expected to apply when the differences reverse. Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent it is probable that future taxable amounts will be available to utilise them. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets

The balance comprises temporary differences attributable to:

	2019 \$000	2018 \$000
Tax losses	30,810	17,532
Mortgage servicing related liabilities	59,642	49,252
Financial instruments and foreign exchange	59,071	40,613
Intangible assets	29,642	29,625
Provisions	19,843	20,942
Employee benefits	7,228	7,496
Other creditors and accruals	6,166	12,312
Share based remuneration	4,772	4,770
Finance leases	3,950	4,834
Property, plant and equipment	3,853	10,252
Deferred revenue	3,734	3,723
Loss allowance	2,456	2,024
Other	5,947	2,680
Total deferred tax assets	237,114	206,055
Set-off of deferred tax liabilities pursuant to set-off provisions	(97,935)	(60,401)
Net deferred tax assets	139,179	145,654
Movements during the year		
Opening balance at 1 July	145,654	178,675
Change in accounting policy (note 1a)	4,100	-
Opening balance at 1 July (restated)	149,754	178,675
Currency translation difference	(2,542)	(2,582)
Credited/(charged) to profit or loss	11,387	(72,235)
Credited/(charged) to equity	887	826
Credited/(charged) to other comprehensive income	3,101	2,724
Set-off of deferred tax liabilities	(37,534)	37,188
Arising from acquisitions/(disposals)	14,126	534
Other	-	524
Closing balance at 30 June	139,179	145,654

The total deferred tax assets expected to be recovered after more than 12 months amounts to \$144.3 million (2018: \$122.9 million).

Deferred tax liabilities

The balance comprises temporary differences attributable to:

Goodwill	187,256	187,284
Intangible assets	100,911	53,941
Financial instruments and foreign exchange	20,640	3,610
Other	6,717	8,592
Total deferred tax liabilities	315,524	253,427
Set-off of deferred tax assets pursuant to set-off provisions	(97,935)	(60,401)
Net deferred tax liabilities	217,589	193,026
Movements during the year:		
Opening balance at 1 July	193,026	258,251
Change in accounting policy (note 1a)	2,569	-
Opening balance at 1 July (restated)	195,595	258,251
Currency translation difference	(424)	(301)
Charged/(credited) to profit or loss	30,576	(102,666)
Charged/(credited) to other comprehensive income	2,390	13
Set-off of deferred tax assets	(37,534)	37,188
Arising from acquisitions/(disposals)	26,986	903
Other	-	(362)
Closing balance at 30 June	217,589	193,026

The total deferred tax liabilities expected to be settled after more than 12 months amount to \$311.7 million (2018: \$248.2 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Key estimates and judgements

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final outcome is different from the amounts that were initially recognised, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent that it is probable that future taxable profits will be available against which these assets can be utilised. The assumptions regarding future utilisation, and therefore the recognition of deferred tax assets, may change due to future operating performance and other factors.

Contingent liability - Australian thin capitalisation

The Group renewed an existing bilateral advance pricing arrangement with the Australian Taxation Office (ATO) and Her Majesty's Revenue and Customs in relation to remuneration to be paid to the Australian Group from its ownership and licensing of certain intangible assets. As part of that process, the ATO undertook collateral review activities and issued a draft position paper challenging the inclusion of these intangible assets in the thin capitalisation calculation used by the Australian Group to determine the amount of tax deductible interest on Australian borrowings between 1 July 2010 and 30 June 2014. Computershare disagrees with the ATO's views and responded to the draft position paper in September 2017. If the ATO maintains its views, Computershare intends to vigorously defend its position. This process may take some years to resolve. As the Group does not expect to pay additional tax related to this matter, no provision was recognised at 30 June 2019. If Computershare is unsuccessful in defending its position, the maximum potential primary tax liability in respect of the period from 1 July 2010 to 30 June 2019 excluding interest is estimated at \$52.1 million.

7. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Cash and cash equivalents exclude broker client deposits reflected in the statement of financial position that are recorded as other current financial assets.

Cash and cash equivalents in the consolidated cash flow statement are reconciled to the consolidated statement of financial position as follows:

	2019 \$000	2018 \$000
Shown as cash and cash equivalents in the consolidated statement of financial position	561,346	500,888
Shown as cash and cash equivalents in the assets held for sale line item of the consolidated statement of financial position	-	33,781
Cash and cash equivalents in the consolidated cash flow statement	561,346	534,669

(b) Reconciliation of net profit after income tax to net cash from operating activities

Net profit after income tax	418,955	308,329
Adjustments for:		
Depreciation and amortisation	140,612	120,450
Gain on disposal of Karvy	(106,456)	-
Net (gain)/loss on asset disposals and asset write-downs	817	(26)
Contingent consideration re-measurement	702	7,606
Share of net (profit)/loss of associates and joint ventures accounted for using equity method	1,006	(297)
Employee benefits – share based expense	18,049	17,564
Hedge cost of business combination	7,138	-
Impairment charge	13,953	3,621
Fair value adjustments	(6,035)	13,360
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(52,636)	(26,577)
(Increase)/decrease in inventories	(832)	(144)
(Increase)/decrease in loan servicing advances	(124,769)	61,063
(Increase)/decrease in other current assets	1,899	(11,681)
Increase/(decrease) in payables and provisions	(29,540)	26,105
Increase/(decrease) in tax balances	3,895	(5,322)
Net cash and cash equivalents from operating activities	286,758	514,051

Operating cash flows were impacted by the acquisition of \$125.0 million loan servicing advances related to an MSR transaction completed in a prior reporting period, whereby the Group undertook to purchase on 14 December 2018 any uncollected amounts that had been advanced relating to this MSR before it was acquired. Excluding loan servicing advances, operating cash flows decreased by \$41.5 million.

(c) Reconciliation of liabilities arising from financing activities

	Current borrowings \$000	Non-current borrowings \$000	Current lease liabilities \$000	Non-current lease liabilities \$000	Cross currency swap \$000	Total \$000
Opening balance at 1 July 2018	423,676	1,051,842	3,616	2,002	-	1,481,136
Cash flows	(156,859)	651,399	(3,317)	(704)	(7,877)	482,642
Non-cash changes:						
Acquisitions of entities and businesses	16,993	-	-	-	-	16,993
Additions	-	-	1,136	5,127	-	6,263
Fair value adjustments	245	50,300	-	-	9,781	60,326
Transfers and other	(211,586)	208,488	565	(565)	-	(3,098)
Currency translation difference	125	(6,049)	(69)	(56)	547	(5,502)
Balance at 30 June 2019	72,594	1,955,980	1,931	5,804	-	2,038,760

(d) Disposal of businesses

On 17 November 2018, Computershare completed the sale of its 50% interest in the Indian venture Karvy. A gain of \$106.5 million has been recognised in other income in the consolidated statement of comprehensive income during the reporting period. Karvy's revenues and EBITDA contribution until the date of disposal are included in the Asia segment in note 5.

Details of the disposal are as follows:

	\$000
Cash consideration	99,043
Less:	
Carrying amount of net assets disposed	(1,952)
Disposal of non-controlling interest	18,713
Reclassification of foreign currency translation reserve	(7,312)
Disposal costs	(2,036)
Gain on disposal before income tax	106,456
Income tax expense	(14)
Gain on disposal after tax	106,442

Carrying amount of net assets disposed:

Assets and liabilities

Cash and cash equivalents	21,280
Receivables	20,176
Intangibles	19,274
Property, plant and equipment	8,672
Other assets	137
Put option liability	(53,563)
Payables	(9,891)
Current tax liabilities	(2,293)
Deferred tax liabilities	(1,081)
Provisions	(759)
Net assets	1,952

Disposal consideration:

Inflow/(outflow) of proceeds received from sale of subsidiary, net of cash disposed:

Cash consideration	99,043
Less cash disposed	(21,280)
Net inflow/(outflow) of cash	77,763

For details of businesses acquired during the year and related cash flows refer to note 8.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. BUSINESS COMBINATIONS

The Group continues to seek acquisition and other growth opportunities where value can be added and returns enhanced for the shareholders. The following controlled entities and businesses were acquired by the consolidated entity at the date stated and their operating results have been included in the Group's results from the acquisition date. Where goodwill is marked as provisional, identification and valuation of net assets acquired will be completed within a 12-month measurement period in accordance with the Group's accounting policy.

- (a) On 9 November 2018, the Group acquired 100% of Equatex Group Holding AG, a European employee share plan administration business headquartered in Zurich, Switzerland. Total consideration was EUR 370.2 million. The acquisition enhances Computershare's Employee Share Plans client base, product suite, capabilities and position in key European markets.

This business combination contributed \$67.8 million to the total revenue of the Group. If the acquisition had occurred on 1 July 2018, the total revenue contribution by the acquired entity would have been \$91.9 million.

Details of the acquisition are as follows:

	\$000
Cash consideration	419,680
Total consideration paid	419,680
Less fair value of identifiable assets acquired	(175,264)
Goodwill on consolidation	244,416

Assets and liabilities arising from this acquisition are as follows:

	Fair value \$000
Customer relationships	123,962
Client deposits ¹	49,642
Software	33,594
Cash and cash equivalents	26,131
Receivables	19,632
Deferred tax assets	14,126
Brand name	5,499
Other current assets	2,350
Property, plant and equipment	13
Client deposits liability ¹	(49,642)
Deferred tax liabilities	(26,986)
Payables	(21,968)
Provisions	(845)
Current tax liabilities	(188)
Financial liabilities at fair value through profit or loss	(56)
Net assets	175,264

Purchase consideration:

	\$000
Inflow/(outflow) of cash to acquire the entity, net of cash acquired:	
Cash balance acquired	26,131
Less cash paid	(419,680)
Net inflow/(outflow) of cash	(393,549)

¹ Equatex AG is a registered broker dealer and custodian in Switzerland and the client monies it manages as part of providing plan manager services meet the accounting criteria for on-balance sheet recognition. These deposits are recognised in other financial assets in the statement of financial position, with a corresponding offsetting liability recognised in payables.

- (b) On 31 December 2018, Computershare acquired 100% of LenderLive Financial Services, LLC. LenderLive is a fulfilment and secondary market service provider in the US mortgage industry, based in Denver, USA. This acquisition will further strengthen Computershare's growth in the US mortgage services market, adding scale to existing fulfilment and secondary market services.

This business combination contributed \$20.3 million to the total revenue of the Group. If the acquisition had occurred on 1 July 2018, the total revenue contribution by the acquired entity would have been \$40.0 million.

Details of the acquisition were as follows:

	\$000
Cash consideration	31,801
Total consideration paid	31,801
Less fair value of identifiable assets acquired	(28,526)
Goodwill on consolidation	3,275

Assets and liabilities arising from this acquisition are as follows:

	Fair value \$000
Cash and cash equivalents	15,817
Financial assets at fair value through profit or loss	14,654
Receivables	7,995
Property, plant and equipment	3,033
Other current assets	831
Intangibles	7,283
Interest bearing liabilities	(16,993)
Payables	(3,290)
Provisions	(446)
Other liabilities	(358)
Net assets	28,526

Purchase consideration:

	\$000
Inflow/(outflow) of cash to acquire the entity, net of cash acquired:	
Cash balance acquired	15,817
Less cash paid	(31,801)
Net inflow/(outflow) of cash	(15,984)

- (c) On 10 July 2018, Computershare acquired the business of Title XI Software Solutions. Title XI is a provider of software and technology solutions for Chapter 11 and Chapter 7 bankruptcy administration based in California, USA.

This business combination did not materially contribute to the total revenue of the group.

Details of the acquisition were as follows:

	\$000
Cash consideration	4,078
Deferred consideration	2,454
Total consideration paid	6,532
Less fair value of identifiable assets acquired	(3,750)
Goodwill on consolidation	2,782

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a controlled entity comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the controlled entity.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Within 12 months of completing the acquisition, identifiable intangible assets are valued and separately recognised in the statement of financial position. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the controlled entity acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain on bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

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Key estimates and judgements

Acquisition accounting requires that management make estimates with regard to valuation of certain non-monetary assets and liabilities of the acquired entities. These estimates have particular impact in terms of valuation of intangible assets, contingent consideration liabilities and provisions. To the extent that these items are subject to determination during the initial 12 months after acquisition, the variation to estimated value will be adjusted through goodwill. To the extent that determination occurs after 12 months, any variation will impact profit or loss in the relevant period.

9. INTANGIBLE ASSETS

	Goodwill \$000	Customer contracts and relationships \$000	Mortgage Servicing Rights \$000	Other ³ \$000	Total \$000
At 1 July 2018					
Opening cost	1,521,575	572,619	599,581	52,561	2,746,336
Opening accumulated amortisation	-	(241,786)	(144,832)	(32,092)	(418,710)
Opening net book amount	1,521,575	330,833	454,749	20,469	2,327,626
Additions (net of adjustments and reclassifications) ¹	250,473	129,674	163,715	45,318	589,180
Amortisation charge ²	-	(50,058)	(74,542) ⁵	(9,683)	(134,283)
Currency translation difference	(4,023)	3,184	-	996	157
Closing net book amount	1,768,025	413,633	543,922	57,100	2,782,680
At 30 June 2019					
Cost	1,768,025	688,864	763,296	98,266	3,318,451
Accumulated amortisation	-	(275,231)	(219,374)	(41,166)	(535,771)
Closing net book amount	1,768,025	413,633	543,922	57,100	2,782,680
At 1 July 2017					
Opening cost	1,552,976	567,875	485,816	50,146	2,656,813
Opening accumulated amortisation	-	(199,067)	(85,706)	(30,184)	(314,957)
Opening net book amount	1,552,976	368,808	400,110	19,962	2,341,856
Additions (net of adjustments and reclassifications) ¹	(3,871)	9,402	114,326	6,365	126,222
Amortisation charge ²	-	(47,392)	(59,687) ⁵	(5,764)	(112,843)
Impairment charge	(3,621)	-	-	-	(3,621)
Currency translation difference	(12,010)	15	-	(94)	(12,089)
Other ⁴	(11,899)	-	-	-	(11,899)
Closing net book amount	1,521,575	330,833	454,749	20,469	2,327,626
At 30 June 2018					
Cost	1,521,575	572,619	599,581	52,561	2,746,336
Accumulated amortisation	-	(241,786)	(144,832)	(32,092)	(418,710)
Closing net book amount	1,521,575	330,833	454,749	20,469	2,327,626

1 Additions comprise recognition of intangible assets resulting from business combinations and direct purchases as well as adjustments and reclassifications made on finalisation of acquisition accounting.

2 Amortisation charge is included within direct services expense in the statement of comprehensive income.

3 Other intangible assets include intellectual property, licences, software and brands.

4 Includes \$11.9 million goodwill reclassified as at 30 June 2018 to held for sale assets.

5 The gross amount of mortgage servicing rights amortisation is partially offset in the statement of comprehensive income by the amortisation of the related mortgage servicing liabilities.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets acquired. Goodwill is carried at cost less accumulated impairment losses and is tested for impairment annually or more frequently, if events or changes in circumstances indicate that it might be impaired. On disposal or termination of a previously acquired business, any associated goodwill is included in the determination of profit or loss on disposal.

The acquired goodwill can be attributed to the expected future cash flows of the acquired businesses associated with the collective experience of management and staff and the synergies expected to be achieved as a result of full integration into the Computershare Group. Where acquisitions have been made during the period, the Group has 12 months from the acquisition date in which to finalise the accounting, including calculation of goodwill. Until finalisation of acquisition accounting within the 12-month period, provisional amounts are included in the consolidated results.

Acquired intangible assets

Acquired intangible assets have a finite useful life and are carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate value over their estimated useful lives, typically ranging from one to twenty years.

Mortgage servicing rights

Mortgage servicing rights acquired as part of business combination are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Mortgage servicing rights acquired as part of ongoing operations are carried at cost less accumulated amortisation and impairment losses. Amortisation for all servicing rights is calculated using the straight line method over their estimated useful lives of, typically, around nine years.

Software and research and development costs

All research-related costs are expensed as incurred. Software development costs are capitalised where they meet the recognition criteria for capitalisation, and are subsequently amortised using the straight line method to allocate their value over their estimated useful lives, typically ranging from eight to fifteen years.

10. IMPAIRMENT

Impairment test for goodwill

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Goodwill is allocated to cash generating units (CGUs), or groups of CGUs, expected to benefit from synergies of the business combination. As the Group continues to acquire operations and reorganise the way that operations are managed, reporting structures may change giving rise to a reassessment of cash generating units and/or the allocation of goodwill to those cash generating units.

The carrying amount of goodwill has been allocated to the following groups of CGU's constituting most of the Group's operating segments:

	2019 \$000	2018 \$000
Asia	62,722	64,232
Australia and New Zealand	149,583	156,687
Canada	116,610	115,222
Continental Europe	26,940	27,487
United Kingdom, Channel Islands, Ireland and Africa (UCIA)	334,195	86,057
United States	1,077,975	1,071,890
	1,768,025	1,521,575

When testing for impairment, the carrying amount of each group of CGUs is compared with its recoverable amount. The recoverable amount is determined based on a value-in-use calculation for each group of CGUs to which goodwill has been allocated. The value-in-use calculation uses the discounted cash flow methodology for each CGU typically based upon five years of cash flow projections plus a terminal value.

Key estimates and judgements

Key assumptions used in the value-in-use calculations are described below for each group of CGUs with allocated goodwill. As there are a number of CGUs in most of the operating segments, presented below are weighted averages of the assumptions applied to individual CGUs.

Five-year post-tax cash flow projections are based upon approved budgets covering a one-year period, with subsequent periods based upon the Group's expectations of growth excluding the impact of possible future acquisitions, business improvement and restructuring. The earnings growth rates applied beyond the initial five-year period are as follows in 2019: Asia 3.0% (2018: 3.0%), Australia and New Zealand 2.5% (2018: 2.5%), Canada 2.0% (2018: 2.0%), Continental Europe 1.7% (2018: 1.8%), UCIA 2.6% (2018: 2.5%) and the United States 2.5% (2018: 2.5%).

In performing the value-in-use calculations for each CGU, the Group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The discount rates used reflect the risks specific to each CGU. The equivalent pre-tax discount rates are as follows: Asia 9.0% (2018: 9.0%), Australia and New Zealand 12.1% (2018: 12.0%), Canada 10.1% (2018: 10.1%), Continental Europe 9.3% (2018: 9.4%), UCIA 8.7% (2018: 8.7%) and United States 9.7% (2018: 9.7%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Impact of reasonably possible changes in key assumptions

As impairment testing is based on assumptions and judgements, the Group has considered sensitivity of the impairment test results to changes in key assumptions. For all operating segments, the recoverable amount exceeds the carrying amount when testing for reasonably possible changes in key assumptions.

Impairment

Impairment losses are recognised in profit or loss in the reporting period when the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

11. HEDGE ACCOUNTING

The Group applies hedge accounting as follows:

	Fair value hedge	Cash flow hedge	Hedge of net investment in foreign operations
Nature of hedge	The hedge of fair value risk of a financial liability	The hedge of a highly probable forecast transaction	The hedge of changes in the consolidated entity's foreign denominated net assets due to changes in foreign currency rates
Hedged risk	Interest rate risk	Interest rate risk	Foreign exchange risk
Hedged item	Fixed interest rate US Private Placement issues	Highly probable interest cash flows from which margin income is derived	Foreign operations
Hedging instruments	Interest rate swaps	Interest rate swaps	Cross currency swaps, foreign currency denominated issued debt
Designation and documentation	At the inception of the transaction, the Group documents its risk management objective and strategy for the hedge, hedging instrument, hedged item, hedged risk and how the hedge relationship will meet the hedge effectiveness requirements.		
Hedge effectiveness method	Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The assessment is based on: > existence of an economic relationship between the hedged item and the hedging instrument > the effect of credit risk not dominating the changes in value of either the hedged item or the hedging instrument > the hedge ratio being reflective of the Group's risk management approach		
Accounting treatment for the hedging instrument	Fair value through the income statement	Fair value through the cash flow hedge reserve and then recognised in the income statement at the time at which the hedged item affects the income statement for the hedged risk	Fair value through the foreign currency translation reserve and recognised in the income statement at the time at which there is a disposal of the hedged foreign operation
Accounting treatment for the hedged item	Carrying value adjusted for changes in fair value attributable to the hedged risk; fair value through the income statement	Accounted for under other accounting standards (revenue)	Foreign exchange gains and losses are recognised in the Group's foreign currency translation reserve
Accounting treatment for hedge ineffectiveness	Recognised in the income statement to the extent that changes in fair value of the hedged item attributable to the hedged risk are not offset by changes in fair value of the hedging instrument.	Recognised in the income statement to the extent to which changes in fair value of the hedging instrument exceed, in absolute terms, the change in the fair value of the hedged item.	Recognised in the income statement to the extent to which changes in fair value of the hedging instrument exceed, in absolute terms, the change in the fair value of the hedged item.
Accounting treatment if the hedge relationship is discontinued	Where the hedged item still exists, adjustments to the hedged item are amortised to the income statement on an effective interest rate basis.	The gain or loss remains in the cash flow hedge reserve to the extent that the hedged cash flows are still expected to take place and subsequently recognised in the income statement at the time at which the hedged item affects the income statement for the hedged risk. Where the hedged cash flows are no longer expected to take place, the gain or loss in the cash flow hedge reserve is recognised immediately in the income statement.	The gain or loss remains recognised in the foreign currency translation reserve until such time as the foreign operation is partially disposed of or sold.
Hedge ratio	The hedge ratio is reflective of the Group's risk management objectives		
	The notional of the interest rate swap is allocated to the hedged item on a one-for-one basis.	The notional of the interest rate swap is allocated to hedged item on a one-for-one basis.	Foreign currency borrowings and swaps are allocated to the net investments in foreign operations on a one-for-one basis.

Hedging instruments

The following table details the hedging instruments, nature of hedged risks, as well as the notional and the carrying amount of derivative financial instruments and, in the case of net investment hedges, the notional of foreign denominated debt issued, for each type of hedge relationship. The maturity profile for the hedging instruments' notional amounts is reported based on their contractual maturity. Designated cross-currency swaps for foreign exchange risk are included as a single notional amount per derivative.

	Hedging Instrument	Risk	Notional					Carrying amount
			Less than 3 months \$000s	3 to 12 months \$000s	1 to 5 years \$000s	Over 5 years \$000s	Total \$000's	Total \$000s
2019								
	Assets							
Cash flow hedges	Interest rate swaps	Interest	163,690	-	390,000	-	553,690	7,849
Fair value hedges	Interest rate swaps	Interest	-	-	385,000	450,000	835,000	54,786
Net investment hedges	Cross currency swaps	Foreign exchange	-	193,323	-	-	193,323	814
	Liabilities							
Cash flow hedges	Interest rate swaps	Interest	250,000	-	-	-	250,000	-
Net investment hedges	Cross currency swaps	Foreign exchange	-	255,938	-	-	255,938	3,265
Net investment hedges	Borrowings	Foreign exchange	-	-	45,964	-	45,964	45,964

Hedging instrument executed rates

The following table shows the executed rates for the hedging instruments that have been designated in cash flow hedges and net investment hedges that are in place at balance date.

	Hedging instruments	Currency/Currency pair	Hedged rate
Cash flow hedges	Interest rate swaps	GBP	0.85%
		USD	2.28% – 2.58%
Net investment hedges	Cross currency swaps	EUR/AUD	0.6128
		CHF/AUD	0.6835
		CHF/USD	0.9880

Executed rates for fair value hedges of interest rate risk have not been shown as these represent the market reference rates at the time of designation being USD LIBOR. Refer to note 13(b) for further disclosure on the interest rate derivatives designated as fair value hedges.

Hedge ineffectiveness

Hedge ineffectiveness, in the case of a fair value hedge, is the extent to which the changes in the fair value of the hedging instrument differ to that of the hedged item, and in the case of cash flow and net investment hedge relationships, the extent to which the change in the hedging instrument exceeds that of the hedged item. Sources of hedge ineffectiveness primarily arise from changes in credit risk of the counterparties, breakdown in correlation or impact of the basis spread between short-term interest rates in the same currency, changes in market premiums and differences in reset dates, risk and discount rates between the hedged item (possibly represented by a hypothetical derivative) and hedging instrument.

The following table reflects the hedge ineffectiveness during the period, as reported in other income in the statement of comprehensive income:

	Hedging instruments	Risk	Gains/(losses) on hedging instruments \$000's	Gains/(losses) on hedged items attributable to the hedged risk \$000's	Hedge ineffectiveness recognised in the income statement \$000's
2019					
Cash flow hedges	Interest rate swaps	Interest	8,304	(8,304)	-
Fair value hedges	Interest rate swaps	Interest	50,838	(50,546)	292
Net investment hedges	Cross currency swaps	Foreign exchange	(10,595)	10,593	(2)

AASB 139's hedge accounting requirements, which were applied prior to the adoption of AASB 9, for the Group are substantially the same as that of AASB 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. The Group's overall financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board. The Board provides written principles for overall risk management, as well as policies covering specific areas such as currency risk management, interest rate risk management, counterparty risk management and the use of derivative financial instruments. Derivative financial instruments are used to manage specifically identified interest rate and foreign currency risks.

The Group Treasury function provides services to the business. It also monitors and manages the financial risks relating to the operations of the Group. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the regional treasury centres and reports regularly to the Board.

Capital risk management objectives

The primary objective of the Group's capital management is to ensure that it minimises the working capital funding requirements through effective controls in order to support its businesses and maximise shareholder value.

A key financial ratio for the Group is net financial indebtedness to management adjusted earnings before interest, tax, depreciation and amortisation (Management EBITDA). Net debt is calculated as interest bearing liabilities less cash and cash equivalents.

	2019 \$000	2018 \$000
Interest bearing liabilities	2,036,309	1,481,136
Cash and cash equivalents ¹	(561,346)	(534,669)
Net debt	1,474,963	946,467
Management EBITDA (note 5)	674,878	622,646
Net debt to Management EBITDA	2.19	1.52
Net debt to Management EBITDA (excluding mortgage servicing debt) ²	1.84	1.33

1 2019 includes nil (2018: \$33.8 million) cash presented in assets classified as held for sale.

2 Excludes mortgage servicing debt of \$233.5 million (2018: \$118.9 million).

The Group manages its capital structure and makes adjustments to it in line with changes in economic conditions. To achieve its target capital structure, the Group may adjust the dividend payment to shareholders, conduct share buy-backs or issue new shares. No changes were made to the capital structure objectives or processes during the current financial year.

Computershare has a target neutral gearing level such that net debt to EBITDA is between 1.75x - 2.25x excluding the non-recourse SLS advance facility debt, with flexibility to temporarily go above this range to take advantage of compelling investment opportunities. Computershare will consider capital management initiatives to maintain leverage within this target band.

Financial risk factors

The key financial risk factors that arise from the Group's activities are outlined below.

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The consolidated entity is exposed to interest rate risk through its primary financial assets and liabilities and as a result of maintaining agent and escrow agent bank accounts on behalf of clients. Given the nature of the client balances, neither the funds nor an offsetting liability are included in the Group's financial statements. Average client balances during the year approximated \$18.5 billion (2018: \$17.0 billion) and in relation to these balances, the consolidated entity has in place interest rate derivatives totalling \$1.0 billion notionally (2018: \$1.0 billion).

Hedging strategy

i) Fixed rate debt

The Group uses interest rate derivatives to manage the change in fair value of fixed rate debt obligations, arising from changes in variable interest rates. The Group has issued interest rate swaps, designated as a fair value hedge of US Senior Notes issued (refer note 14(b)). Changes in fair value of these derivatives are recorded in profit or loss, together with any changes in the fair value of the hedged liability that are attributable to the hedged risk.

ii) Margin income

The Group uses interest rate swaps to manage the variability of cash flows attributable to changes in interest rates associated with highly probable interest earned on client balances (margin income), designated as cash flow hedges. The effective portion of changes in the fair value of derivatives which are designated and qualify as cash flow hedges is recognised in other comprehensive income in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are recycled to profit or loss in the periods when the hedged item will affect profit or loss (for instance when the future cash flows that are hedged occur).

Interest rate sensitivity

The table below provides an indication of sensitivity of the Group's profit before tax and other components of equity to movements in interest rates with all other variables held constant.

	2019 \$000		2018 \$000	
Movement in basis points	+50	-50	+50	-50
Sensitivity of profit before tax				
AUD	1,006	(1,006)	128	(128)
USD	(792)	796	(4,404)	4,405
CAD	535	(535)	427	(427)
GBP	(1,464)	1,464	(186)	186
EUR	(309)	309	131	(131)
CHF	(1,655)	1,655	-	-
Other	227	(227)	186	(186)
Total	(2,452)	2,456	(3,718)	3,719
Sensitivity of other components of equity				
USD	(6,379)	6,519	-	-
GBP	-	-	(2,730)	2,748

The sensitivity of profit before tax is the effect of assumed reasonably possible changes in interest rates for one year, based on the on-balance sheet floating rate financial assets and liabilities as at 30 June 2019. Other components of equity change as a result of an increase/decrease in the fair value of cash flow hedges. The total sensitivity analysis is based on the assumption that there are parallel shifts in the yield curve.

The above sensitivity calculation includes the impact of changes in interest rates on the fair value of recognised derivatives but excludes the impact on interest income derived from certain client balances. Client balances have been excluded from the sensitivity analysis where they are not reflected in the Group's consolidated statement of financial position. Interest income is earned on these balances at various fixed and floating interest rates. In a rising interest rate environment, client balances that earn interest income will result in an increase to profit, while in a falling interest rate environment, client balances that earn interest income will result in a decrease to profit.

Total margin income generated on client balances for the year was \$246.5 million (2018: \$179.5 million), reflecting a yield of 1.33% (2018: 1.06%) on average client balances. If the Group was able to achieve an additional yield of 0.25% on the total average balances of \$18.5 billion held during the reporting period, the Group's profit before tax would have increased by \$46.4 million.

(b) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the relevant entity's functional currency.

Entities within the Group typically enter into external transactions and recognise external assets and liabilities that are denominated in their functional currency. Whilst a number of entities within the Group hold bank account balances in a currency which is not their local functional currency, these balances do not expose the Group to significant foreign exchange risk.

Foreign currency translation risk also arises from net investments in foreign operations held in Europe, Canada, South Africa and Asia Pacific. Accordingly, the Group's financial position can be affected significantly by movements in the relevant currency exchange rate when translating into the consolidated entity's presentation currency, the United States dollar.

Hedging strategy

The risk of changes in the net investments in foreign operations as a result of movements in foreign exchange rates is hedged through a combination of foreign denominated borrowings and cross-currency swaps.

On consolidation, any gain or loss on the hedging instrument designated as net investment hedges are recognised in other comprehensive income and accumulated in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, the foreign currency differences are recognised in the income statement. Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

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Exchange rate sensitivity

The following table illustrates the sensitivity of the Group's net assets (after hedging), with all other variables held constant, to movements in the United States dollar against foreign currencies as at 30 June 2019. The currencies with largest impact on the sensitivity analysis are Canadian dollar, Australian dollars and Great British pound.

	2019 \$000		2018 \$000	
Movement in exchange rates %	+5%	-5%	+5%	-5%
Sensitivity of other components of equity				
Canadian dollar	(15,100)	15,100	(10,353)	10,353
Australian dollar	(20,999)	20,999	(8,794)	8,794
Great British pound	9,901	(9,901)	(1,659)	1,659

(c) Credit risk

Credit exposure represents the extent of credit related losses that the consolidated entity may be subject to on amounts to be received from financial assets, which include receivables, cash and cash equivalents and other financial instruments. The consolidated entity, while exposed to credit related losses in the event of non-payment by clients, does not expect any significant clients to fail to meet their obligations. The Group's trading terms do not generally include the requirement for customers to provide collateral as security for financial assets and consequently, the consolidated entity does not hold any collateral as security.

The consolidated entity's exposure to credit risk is as indicated by the carrying amounts of its financial assets. Concentrations of credit risk exist when clients have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The consolidated entity's concentration of credit risk is minimised due to transactions with a large number of clients in various countries and industries. Issuer services and plans services transacts with various listed companies across a number of countries. The consolidated entity does not have a significant exposure to any individual client apart from its contract with UK Asset Resolution Limited, a UK government entity.

Transactions involving derivative financial instruments are with counterparties with whom the Group has signed International Swaps and Derivatives Association agreements and who maintain sound credit arrangements. To supplement credit ratings of counterparties the Group has a Board approved policy on managing client balance exposure.

(d) Liquidity Risk

Liquidity risk management implies maintaining sufficient cash and the availability of funding. The Group has staggered its various debt maturities to reduce re-financing risk. Whilst impacted by acquisitions from time to time, the Group maintains sufficient cash balances and committed credit facilities to meet ongoing commitments.

Maturity information for the Group's debt facility is as follows:

Maturity profile (in the 12 months ending)	Debt facility utilised \$million	Committed debt facilities \$million
June 2020	72.7	205.0
June 2021	403.9	675.0
June 2022	258.5	270.0
June 2023	440.3	450.0
June 2024	258.5	270.0
June 2025	-	-
June 2026	200.0	200.0
June 2027	-	-
June 2028	-	-
June 2029	350.0	350.0
Total	1,983.9	2,420.0

Maturities of financial liabilities

The table below breaks down the Group's financial liabilities into relevant maturity groupings.

The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps, the cash flows have been estimated using the forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities	Less than 1 year \$000	Between 1-5 years \$000	More than 5 years \$000	Total contractual cash flows \$000
As at 30 June 2019				
Non-derivatives				
Trade payables	17,068	-	-	17,068
Other payables	472,847	6,632	-	479,479
Borrowings (excluding finance leases)	141,990	1,548,173	631,330	2,321,493
Finance lease liabilities (undiscounted)	2,114	6,109	-	8,223
Total non-derivatives	634,019	1,560,914	631,330	2,826,263
Derivatives				
Gross settled (cross currency swaps)				
– (Inflow)	(458,590)	-	-	(458,590)
– Outflow	449,434	-	-	449,434
Total derivatives	(9,156)	-	-	(9,156)
As at 30 June 2018				
Non-derivatives				
Trade payables	24,487	-	-	24,487
Other payables	417,783	2,842	-	420,625
Borrowings (excluding finance leases)	474,141	968,543	229,724	1,672,408
Finance lease liabilities (undiscounted)	3,740	2,112	-	5,852
Total non-derivatives	920,151	973,497	229,724	2,123,372
Derivatives				
Net settled (interest rate swaps)	(257)	-	-	(257)
Total derivatives	(257)	-	-	(257)

(e) Fair value measurements

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The measurement hierarchy used is as follows:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period for identical assets and liabilities. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. This includes inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Such instruments include derivative financial instruments and the portion of borrowings included in the fair value hedge.

Specific valuation techniques used to value financial instruments are as follows:

- › Quoted market prices or dealer quotes are used for similar instruments.
- › The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- › The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- › The fair value of cross currency swaps is a combination of the fair value of forward foreign exchange contracts determined using forward exchange rates at the balance sheet date (for the final principal exchange) and the use of quoted market prices or dealer quotes for similar instruments (for the basis valuation).
- › The fair value of interest rate swaptions is calculated using the Black-Scholes formula and quoted market prices.

Level 3: Valuation methodology of the asset or liability uses inputs that are not based on observable market data (unobservable inputs). This is the case of investments in unconsolidated structured entities (refer to note 13), which are included in the financial assets at fair value and deferred consideration (note 23) arising from business combinations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The amount of contingent consideration recognised on business combinations is typically referenced to revenue or EBITDA targets. The Group estimates the fair value of the expected future payments based on the terms of each earn-out agreement and management's knowledge of the business taking into account the likely impact of the current economic environment. Contingent consideration amounts are re-measured every reporting period based on most recent projections. Gains or losses arising from changes in fair value are recognised in profit or loss in the period in which they arise.

The fair value of the investment in structured entities is determined by reference to the interest in net assets of these entities, which approximate their fair values. As profits are realised and dividends are paid to investors, the net assets of these entities decrease and so does the fair value of the Group's investment.

The following tables present the Group's financial assets and liabilities measured and recognised at fair value at 30 June 2019. The comparative figures are also presented below.

As at 30 June 2019	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Financial assets at fair value through profit or loss	23,352	64,649	38,646	126,647
Total assets	23,352	64,649	38,646	126,647
Liabilities				
Borrowings	-	885,010	-	885,010
Financial liabilities at fair value through profit or loss	-	4,009	-	4,009
Deferred consideration	-	-	31,797	31,797
Total liabilities	-	889,019	31,797	920,816
As at 30 June 2018				
Assets				
Financial assets at fair value through profit or loss	-	6,054	-	6,054
Available-for-sale financial assets	5,518	-	25,409	30,927
Total assets	5,518	6,054	25,409	36,981
Liabilities				
Borrowings	-	419,464	-	419,464
Financial liabilities at fair value through profit or loss	-	5,421	-	5,421
Deferred consideration	-	-	55,542	55,542
Total liabilities	-	424,885	55,542	480,427

The following table presents the changes in level 3 items for the periods ended 30 June 2019 and 30 June 2018:

	Note	Financial assets at fair value through profit or loss		Available-for-sale financial assets		Deferred consideration liability	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Opening balance at 1 July		-	-	25,409	33,231	(55,542)	(70,867)
Change in accounting policy	1a	25,409	-	(25,409)	-	-	-
Restated balance at the beginning of the financial year		25,409	-	-	33,231	(55,542)	(70,867)
Payments		-	-	-	-	24,453	22,863
Additions		16,227	-	-	-	(994)	-
Return of capital		(2,583)	-	-	(3,919)	-	-
Gains/(losses) recognised in profit or loss		(407)	-	-	-	(702)	(7,606)
Transfers to associates		-	-	-	(4,039)	-	-
Currency translation difference		-	-	-	136	988	68
Closing balance at 30 June		38,646	-	-	25,409	(31,797)	(55,542)

Fair value of financial assets and liabilities

The carrying amounts of cash and cash equivalents, receivables, loan servicing advances, payables, non-interest bearing liabilities, finance leases and loans approximate their fair values for the Group except for the unhedged portion of USD Senior Notes of \$155.0 million (2018: \$325.0 million), where the fair value based on level 2 valuation techniques described above was \$164.4 million as at 30 June 2019 (2018: \$319.5 million).

13. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets at fair value through profit or loss:

- > debt securities that do not qualify for measurement at either amortised cost or fair value through other comprehensive income (note 1a);
- > derivatives, which are mandatorily measured at fair value through profit or loss;
- > equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income; and
- > investments in structured entities.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Gains or losses from subsequent re-measurement to fair value at each balance date are recognised in profit or loss.

See note 1(a) for explanations regarding the change in accounting policy and the reclassification of certain investments from available-for-sale to financial assets at FVPL following the adoption of AASB 9.

Financial assets	2019 \$000	2018 \$000
Current		
Debt securities	22,078	-
Derivative assets (b)	2,030	1,791
Equity securities	139	-
	24,247	1,791
Non-current		
Investment in structured entities (a)	38,646	-
Derivative assets (b)	62,619	4,263
Equity securities	1,135	-
	102,400	4,263
Financial liabilities		
Current		
Derivative liabilities (b)	3,265	88
	3,265	88
Non-current		
Derivative liabilities (b)	744	5,333
	744	5,333

(a) Investment in structured entities

Non-current financial assets include \$38.6 million of investments in unconsolidated structured entities (2018: \$25.4 million previously classified as available-for-sale financial assets). An overseas subsidiary of the Group occasionally sells economic benefits and obligations associated with mortgage servicing rights to unconsolidated structured entities while retaining a 20% interest in these entities. An unaffiliated third party, which owns 80% of the structured entities as asset manager, provides investment opportunities to investors and is considered a sponsor of these entities. The overseas subsidiary of the Group continues to service the loans associated with the mortgage servicing rights sold to the structured entities and receives compensation for providing such services.

The structured entities are designed to hold assets that will generate cash flows for their investors. The acquisition of these assets is fully funded at inception and future financial support is not expected to be required. As there is no obligation to provide further funding, the exposure to loss from the Group's interest in the structured entities is limited to the carrying amount of the investment.

(b) Derivative financial instruments

The Group uses derivative financial instruments to manage specifically identified interest rate and foreign currency risks. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain financial instruments, including derivatives, as either hedges of net investments in a foreign operation; hedges of firm commitments or highly probable forecast transactions (cash flow hedges); or fair value hedges. Refer to note 11 for further information on the Group's hedging instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2019 \$000	2018 \$000
Derivative assets		
Current	2,030	1,791
Non-current	62,619	4,263
	64,649	6,054
Derivative assets – current and non-current		
Fair values of interest rate derivatives designated as cash flow hedges	7,849	43
Fair values of interest rate derivatives designated as fair value hedges	54,786	4,446
Fair values of cross currency derivatives designated as hedge of net investment	814	-
Fair value of derivatives for which hedge accounting has not been applied	1,200	1,565
Total derivative assets	64,649	6,054
Derivative liabilities		
Current	3,265	88
Non-current	744	5,333
	4,009	5,421
Derivative liabilities – current and non-current		
Fair values of interest rate derivatives designated as cash flow hedges	-	31
Fair values of interest rate derivatives designated as fair value hedges	-	57
Fair values of cross currency derivatives designated as hedge of net investment	3,265	-
Fair value of derivatives for which hedge accounting has not been applied	744	5,333
Total derivative liabilities	4,009	5,421

14. INTEREST BEARING LIABILITIES

Borrowings are initially recognised at fair value and are subsequently measured at amortised cost unless designated in a fair value hedge relationship. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the borrowing period using the effective interest method. Borrowings are classified as current liabilities unless the Group has a legal right to defer settlement of the liability for at least 12 months after the balance sheet date.

	2019 \$000	2018 \$000
Current		
Bank loans (SLS non-recourse advance facility) (a)	61,068	118,922
USD Senior Notes (b)	-	304,754
Other bank loans (c)	11,526	-
Lease liabilities – secured (d)	1,931	3,616
	74,525	427,292
Non-current		
Bank loans (SLS non-recourse advance facility) (a)	160,880	-
USD Senior Notes (b)	1,037,160	439,091
Revolving syndicated bank facilities (e)	757,940	612,751
Lease liabilities – secured (d)	5,804	2,002
	1,961,784	1,053,844

- (a) The borrowings of the overseas subsidiary engaged in mortgage servicing activities are secured against the loan servicing advances without recourse to the Group.
- (b) On 29 July 2008, Computershare US Inc. issued 26 notes in the United States with a total value of \$235.0 million. These notes were for a tenor of ten years. These notes were repaid during the 2019 financial year. On 9 February 2012, Computershare Investor Services Inc., a controlled entity, issued 62 notes in the United States with a total value of \$550.0 million. These notes were for tenors of six, seven, ten and twelve years. The six year notes with a total value of \$40.0 million were repaid during the prior year. The seven year notes with a total value of \$70.0 million were repaid during the 2019 financial year. On 20 November 2018, Computershare US Inc. issued 24 notes in the United States with a total value of \$550.0 million. These notes were for a tenor of seven and ten years. Fixed interest is paid on all the issued notes on a semi-annual basis.

The Group uses interest rate derivatives to manage the fixed interest exposure. The following table provides a reconciliation of the USD Senior Notes.

	2019 \$000	2018 \$000
USD Senior Notes Reconciliation		
USD Senior Notes at cost	990,000	745,000
Fair value adjustments	47,160	(1,155)
Total net debt	1,037,160	743,845
Interest rate derivative – fair value hedge (note 13)	(54,786)	(4,389)
Total	982,374	739,456

Fair value adjustments represent loan origination fees and the revaluation of the hedged portion of the USD Senior Notes. Hedged USD Senior Notes amounted to \$835.0 million as at 30 June 2019 (2018: \$420.0 million).

The gain or loss from re-measuring the hedging instruments (interest rate derivatives) at fair value is recognised immediately in the statement of comprehensive income along with the change in fair value of the underlying hedged item (USD Senior Notes). The fair value adjustment of the hedged USD Senior Notes reflects the valuation change due to lower market interest rates at balance sheet date for the term until maturity. The change is offset by the fair value of interest rate derivatives used to effectively convert the USD fixed interest rate notes to floating interest rates. The conversion to floating interest rate using derivatives provides a hedge against the Group's USD interest rate risk exposure.

(c) Facilities acquired as part of the LenderLive acquisition.

(d) The lease liability is secured directly against the assets to which the leases relate (note 35).

(e) The consolidated entity maintains revolving syndicated facilities that were executed on 11 April 2018. The first facility is a multi-currency facility of \$450.0 million maturing on 17 April 2023 and the second facility is a USD only facility of \$450.0 million maturing on 17 April 2021. The facilities were drawn to an equivalent of \$683.3 million at 30 June 2019. The facilities are subject to negative pledge undertakings and impose certain covenants upon the consolidated entity. The Group has complied with the negative pledge undertakings and covenants imposed on it for the year ended 30 June 2019.

A bilateral debt facility was executed on 28 June 2018. This is a multi-currency facility of \$100.0 million with \$50.0 million maturing on 5 July 2021 and \$50.0 million maturing on 5 July 2023. The bilateral facility was drawn to an equivalent of \$77.0 million at 30 June 2019. In addition, a bridge facility was executed on 10 May 2018 for the Equatex acquisition. This facility was a GBP only facility of GBP 332.0 million (USD: \$420.6 million) maturing on 20 April 2020. The bridge facility was drawn on 8 November 2018 to settle the Equatex acquisition, then fully repaid on 22 November 2018 upon which date the facility was terminated.

15. RECEIVABLES

	2019 \$000	2018 \$000
Current		
Trade receivables	205,245	204,122
Unbilled receivables	238,324	200,812
Less: allowance for expected credit losses	(10,877)	(9,997)
	432,692	394,937
Other non-trade amounts	50,609	34,036
	483,301	428,973
Non-current		
Other	2,639	152
	2,639	152

Trade and unbilled receivables

Trade receivables and unbilled receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, net of allowances for expected credit losses. Trade receivables generally have settlement terms of 30 days and are therefore classified as current. The right to receive consideration is unconditional.

Impairment

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and unbilled receivables. To measure the expected credit losses, trade and unbilled receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information. Trade and unbilled receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst other things, a finalisation of formal liquidation or other proceedings.

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The loss allowance as at 30 June 2019 was determined as follows:

	Current	Less than 30 days past due	More than 30 but less than 60 days past due	More than 60 days but less than 90 days overdue	More than 90 days overdue	Total
30 June 2019						
Expected loss rate	0.9%	1.0%	2.7%	9.2%	32.2%	
Trade and unbilled receivables	358,921	45,877	13,355	5,891	19,525	443,569
Loss allowance	(3,228)	(451)	(365)	(544)	(6,289)	(10,877)

Movement in the allowance for expected credit losses is as follows:

	2019 \$000
Loss allowance	
At 30 June 2018 – calculated under AASB 139	(9,997)
Change in accounting policy (note 1a)	(6,050)
Opening balance at 1 July – calculated under AASB 9	(16,047)
(Increase)/decrease in loss allowance recognised in profit or loss during the year	(1,513)
Receivables written off as uncollectible	6,049
Other	588
Currency translation differences	46
Closing balance at 30 June	(10,877)

16. LOAN SERVICING ADVANCES

	2019 \$000	2018 \$000
Current		
Loan servicing advances	281,458	156,689

Loan servicing advances are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

An overseas subsidiary performing loan servicing activities regularly makes payments on behalf of mortgagors related to taxes, insurance, principal and interest. The receivable represents the total value of these payments yet to be recovered. In general, the overseas subsidiary is reimbursed for advances from collections from the relevant pool of mortgages. In the event that pool level collections are not adequate for full reimbursement, the outstanding advances receive priority over any other liability from the proceeds from the liquidation of the property. Although it takes longer than 12 months for a portion of the loan servicing receivables to be collected, all servicing advances are classified as current. This reflects the fact that collections occur within the normal operating cycle of the overseas subsidiary.

Impairment

The Group applies the AASB 9 general approach to measuring expected credit losses on loan servicing advances. The loss allowance is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the historical losses, existing market conditions, expectations of future advances and recoverability of outstanding advances from liquidation of the underlying property.

Movement in the allowance for expected credit losses is as follows:

	2019 \$000
Loss allowance	
At 30 June 2018 – calculated under AASB 139	976
Change in accounting policy (note 1a)	-
Opening balance at 1 July – calculated under AASB 9	976
Increase in loss allowance recognised in profit or loss during the year	3,222
Amounts written off as uncollectible	(1,610)
Closing balance 30 June	2,588

17. OTHER FINANCIAL ASSETS

	2019 \$000	2018 \$000
Current		
Client deposits ¹	59,126	-
Broker deposits ²	7,970	16,517
	67,096	16,517

1 A subsidiary located in Switzerland is a registered broker-dealer and custodian of clients' assets. Client monies it manages as part of providing plan managers services meet criteria for on-balance sheet recognition as other financial assets, together with a corresponding liability (note 21).

2 A subsidiary located in Canada is a licensed deposit taker. This subsidiary accepts deposits in its own name, and records these funds as other financial assets together with a corresponding liability (note 21). The deposits are insured through a local regulatory authority.

Client and broker deposits are recognised initially at fair value and subsequently measured at amortised cost.

18. INVENTORIES

Raw materials and stores, at cost	4,654	3,844
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Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to sell.

19. OTHER ASSETS

Current		
Prepayments	42,171	39,086
Set-up fees	2,789	-
Other	721	993
	45,681	40,079
Non-current		
Set-up fees	9,251	-
	9,251	-

Set-up fees

Where upfront client fees have been deferred and the related implementation costs can be measured reliably, they are capitalised and amortised straight-line over the same period.

20. PROPERTY, PLANT AND EQUIPMENT

	Land \$000	Building, freehold and leasehold \$000	Plant and Equipment owned and leased \$000	Fixtures and Fittings \$000	Motor Vehicles \$000	Leasehold improvements \$000	Total \$000
At 1 July 2018							
Opening net book amount	10,580	32,324	53,522	4,590	60	14,173	115,249
Acquisition of entities and businesses	-	-	2,553	147	-	346	3,046
Additions	-	398	49,173	2,706	-	9,572	61,849
Disposals	(1,879)	(1,702)	(48)	(10)	-	(13)	(3,652)
Depreciation charge	-	(1,510)	(26,590)	(2,382)	(21)	(7,036)	(37,539)
Currency translation differences	(286)	(1,037)	(937)	(71)	(2)	(8)	(2,341)
Transfers and other	-	(591)	-	-	-	591	-
Closing net book amount	8,415	27,882	77,673	4,980	37	17,625	136,612
Cost	8,415	38,687	276,392	29,286	273	36,264	389,317
Accumulated depreciation	-	(10,805)	(198,719)	(24,306)	(236)	(18,639)	(252,705)
At 30 June 2019	8,415	27,882	77,673	4,980	37	17,625	136,612

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	Land \$000	Building, freehold and leasehold \$000	Plant and Equipment owned and leased \$000	Fixtures and Fittings \$000	Motor Vehicles \$000	Leasehold improvements \$000	Total \$000
At 1 July 2017							
Opening net book amount	9,236	31,205	47,591	5,848	111	15,906	109,897
Acquisition of entities and businesses	-	-	-	-	-	-	-
Additions	-	1,709	30,243	1,375	-	5,676	39,003
Disposals	-	-	(14)	-	-	-	(14)
Depreciation charge	-	(1,596)	(21,343)	(2,531)	(51)	(7,343)	(32,864)
Currency translation differences	11	95	(361)	4	-	(106)	(357)
Transfers and other	1,333	911	(2,594)	(106)	-	40	(416)
Closing net book amount	10,580	32,324	53,522	4,590	60	14,173	115,249
Cost	10,580	45,383	313,354	31,887	407	57,068	458,679
Accumulated depreciation	-	(13,059)	(259,832)	(27,297)	(347)	(42,895)	(343,430)
At 30 June 2018	10,580	32,324	53,522	4,590	60	14,173	115,249

Property, plant and equipment are stated at historical costs less accumulated depreciation and impairment. Cost includes the purchase price and expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use.

Depreciation

Items of property, plant and equipment excluding freehold land are depreciated on a straight line basis over their estimated useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation expense has been determined based on the following typical rates of depreciation:

- > Buildings (2.5% per annum)
- > Plant and equipment (10% to 50% per annum)
- > Fixtures and fittings (13% to 50% per annum)
- > Motor vehicles (15% to 40% per annum)

Leasehold improvements are depreciated over the shorter of the useful life of the improvements or the term of the lease.

Leased property, plant and equipment

Leased property, plant and equipment where the Group has substantially all the risks and benefits of ownership are classified as finance leases. Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the useful life of the asset. Lease payments are allocated between interest expense and reduction in the lease corresponding liability.

The following classes of assets include carrying amounts where the Group is a lessee under a finance lease:

	2019 \$000	2018 \$000
Leased assets		
Buildings, freehold and leasehold	1,078	1,243
Plant and equipment owned and leased	9,034	4,830
	10,112	6,073

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease assets are not capitalised and lease payments (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

21. PAYABLES

	2019 \$000	2018 \$000
Current		
Trade payables – unsecured	17,068	24,487
Expense accruals	164,524	159,379
Contract liabilities ¹	30,465	28,990
Interest payable	14,779	25,481
GST/VAT payable	22,844	27,831
Broker client deposits (note 17)	67,096	16,517
Employee entitlements	23,384	20,822
Other payables	149,755	138,763
	489,915	442,270
Non-current		
Other payables	6,632	2,842
	6,632	2,842

Trade and other payables

Trade and other payables represent liabilities for those goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities¹

A contract liability arises when Computershare has received consideration for performance obligations that have not yet been satisfied, including deferred revenue and upfront fees. Revenue is recognised over the life of the relevant contract term as performance obligations are satisfied.

22. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the Group's best estimate of the expenditure required to settle the present obligation at the reporting date and discounted to present value where the impact of discounting is material. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Current		
Restructuring	12,395	13,922
Unredeemed voucher provision	9,377	8,128
Tax related	6,700	6,724
Lease related	1,640	3,242
Acquisitions related	2,563	1,103
Other	12,495	17,627
	45,170	50,746
Non-current		
Employee entitlements	13,097	13,671
Acquisitions related	9,800	10,355
Other	5	736
	22,902	24,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Restructuring

Restructuring provisions are recognised when a detailed plan for restructuring has been developed and a valid expectation has been raised with the affected employees that the terminations will be carried out.

Unredeemed vouchers

The unredeemed voucher provision is recognised for the expected usage of unredeemed childcare vouchers over two years old.

Tax related

Tax related provisions relate to potential tax liabilities associated with prior years' business activities.

Lease related

Lease related provisions represent costs to restore leased premises to their original condition at the end of the respective lease terms.

Acquisitions related

Acquisition related provisions relate to significant provisions acquired as part of business combinations and are first recognised at the date of acquisition.

Employee entitlements

Employee entitlements provision represents long service leave and other employee entitlements. Where payments to the employee are not expected to be settled wholly within 12 months, they are measured as the present value of expected future payments for the services provided by employees up to the reporting date.

Liability for benefits accruing to employees in relation to employee bonuses and annual leave is recognised in payables.

Movements in each class of current provision during the financial year are set out below.

	Restructuring \$000	Unredeemed voucher provision \$000	Tax related \$000	Lease related \$000	Acquisitions related \$000	Other \$000	Total \$000
Carrying amount at start of year	13,922	8,128	6,724	3,242	1,103	17,627	50,746
Additions	9,018	6,348	-	339	1,460	7,507	24,672
Payments	(7,267)	(4,846)	(24)	(77)	(555)	(7,576)	(20,345)
Reversals	(3,243)	-	-	(1,833)	-	(5,413)	(10,489)
Transfers and other	-	-	-	-	555	731	1,286
Foreign exchange movements	(35)	(253)	-	(31)	-	(381)	(700)
Carrying amount at end of year	12,395	9,377	6,700	1,640	2,563	12,495	45,170

Movements in each class of non-current provision during the financial year, other than employee entitlements, are set out below.

	Acquisitions related \$000	Other \$000	Total \$000
Carrying amount at start of year	10,355	736	11,091
Transfers and other	(555)	(731)	(1,286)
Carrying amount at end of year	9,800	5	9,805

23. DEFERRED CONSIDERATION

	2019 \$000	2018 \$000
Current		
Deferred settlements on acquisition of entities	15,487	29,432
Non-current		
Deferred settlements on acquisition of entities	16,310	26,110

Non-current deferred settlements on acquisition of entities are payable in between one and three years.

24. MORTGAGE SERVICING RELATED LIABILITIES

	2019 \$000	2018 \$000
Current		
Mortgage servicing related liabilities	35,024	27,740
Non-current		
Mortgage servicing related liabilities	178,596	154,404

Mortgage servicing related liabilities represent the portion of the economic benefits of mortgage servicing rights that has been transferred to third parties. The liabilities are amortised over the same useful life as the related mortgage servicing rights (note 9).

25. OTHER LIABILITIES

Current		
Lease inducements	2,345	2,083
Non-current		
Lease inducements	5,266	2,869

Lease inducements represent cash payments received as allowances for leasehold improvements made to a number of premises. These receipts are accounted for as reductions in rental expense over the lease term.

26. INTERESTS IN EQUITY

	Members of the parent entity		Non-controlling interests	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Interest in the equity of the consolidated entity:				
Contributed equity – ordinary shares	-	-	989	990
Reserves	(134,551)	(148,098)	(1,987)	(7,263)
Retained earnings	1,706,427	1,455,187	3,193	32,581
Total interests in equity	1,571,876	1,307,089	2,195	26,308

27. CONTRIBUTED EQUITY

Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders and is classified as equity. Costs directly attributable to the issue of new shares are recognised directly in equity as a deduction, net of tax, from the proceeds.

If the Group reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

Share buy-back

On 16 August 2017, Computershare announced an on-market buy-back of shares with an aggregate value of up to AUD 200.0 million for capital management purposes starting on 30 August 2017. The on-market share buy-back ended on 29 August 2018.

Since the effect of share buy-backs over the years has reduced contributed equity to nil, a reserve has been created to reflect the excess value of shares bought over the original amount of subscribed capital.

There has been no issue of ordinary shares during the year ended 30 June 2019.

Movement in contributed equity	Number of shares
Balance at 1 July 2018	542,955,868
Balance as at 30 June 2019	542,955,868

On 14 August 2019, Computershare announced an on-market buy-back of shares with an aggregate value of up to AUD 200.0 million for capital management purposes, which commenced on 3 September 2019.

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28. RESERVES

	2019 \$000	2018 \$000
Capital redemption reserve	2	2
Foreign currency translation reserve	(71,190)	(81,597)
Share buy-back reserve	(79,460)	(79,460)
Cash flow hedge reserve	753	(4,824)
Share based payments reserve	40,047	42,221
Equity related contingent consideration reserve	(8,199)	(8,199)
Available-for-sale asset reserve	-	263
Transactions with non-controlling interests	(16,504)	(16,504)
	(134,551)	(148,098)

Movements during the year:

Foreign currency translation reserve

Opening balance	(81,597)	(72,526)
Translation of controlled entities	(6)	(11,795)
Amounts reclassified to profit or loss during the year	7,312	-
Deferred tax	3,101	2,724
Closing balance	(71,190)	(81,597)

Share buy-back reserve

Opening balance	(79,460)	(40,927)
Excess value of shares bought over the original amount of subscribed capital	-	(38,533)
Closing balance	(79,460)	(79,460)

Cash flow hedge reserve

Opening balance	(4,824)	(4,855)
Revaluation	8,304	44
Reclassified to profit or loss	(337)	-
Deferred tax	(2,390)	(13)
Closing balance	753	(4,824)

Share based payments reserve

Opening balance	42,221	44,244
Cash purchase of shares for employee and executive share plans	(21,671)	(20,158)
Share based payments expense	19,497	18,135
Closing balance	40,047	42,221

Equity related contingent consideration reserve

Opening balance	(8,199)	(8,199)
Closing balance	(8,199)	(8,199)

Available-for-sale asset reserve

Opening balance	263	278
Change in accounting policy (note 1a)	(263)	-
Revaluation	-	(15)
Closing balance	-	263

Transactions with non-controlling interests

Opening balance	(16,504)	(16,504)
Closing balance	(16,504)	(16,504)

Nature and purpose of reserves

(a) Foreign currency translation reserve

On consolidation, exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve. This amount is the net of gains and losses on hedge transactions and intercompany loans after adjusting for related income tax effects. When a foreign operation is disposed, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

(b) Share buy-back reserve

This reserve is used to record the excess value of shares bought over the original amount of subscribed capital.

(c) Cash flow hedge reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be in an effective hedge relationship.

(d) Share based payments reserve

The share based payments reserve is used to recognise the fair value of shares which will vest to employees under employee and executive share plans. This reserve is also used to record cash purchase of shares for employee share plans.

(e) Equity related contingent consideration reserve

This reserve is used to reflect deferred consideration for acquisitions which is payable through the issue of parent entity equity instruments.

(f) Transactions with non-controlling interests

This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

29. RETAINED EARNINGS AND DIVIDENDS

	2019 \$000	2018 \$000
Retained earnings		
Retained earnings at the beginning of the financial year	1,455,187	1,315,607
Change in accounting policy (note 1a)	(876)	-
Ordinary dividends provided for or paid	(163,616)	(160,484)
Net profit attributable to members of Computershare Limited	415,732	300,064
Retained earnings at the end of the financial year	1,706,427	1,455,187
Dividends		
Ordinary		
Final dividend paid during the financial year in respect of the previous year, AUD 21 cents per share fully franked (2018 – AUD 19 cents per share unfranked)	81,821	80,471
Interim dividend paid in respect of the current financial year, AUD 21 cents per share franked to 30% (2018 – AUD 19 cents per share unfranked)	81,795	80,013
A final dividend in respect of the year ended 30 June 2019 was declared by the directors of the Company on 14 August 2019, to be paid on 16 September 2019. This is an ordinary dividend of AUD 23 cents per share, franked to 30%. As the dividend was not declared until 14 August 2019, a provision was not recognised as at 30 June 2019.		
Dividend franking account		
Franking credits available for subsequent financial years based on a tax rate of 30%	20,030	51,304

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax after the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. DETAILS OF CONTROLLED ENTITIES

The financial year-end of all controlled entities is 30 June with the exception of Computershare Canada Inc and its controlled entities, Equatex Group Holding AG and its controlled entities, Computershare Hong Kong Investor Services Limited and its controlled entities and Computershare International Information Consultancy Services (Beijing) Company Ltd due to local statutory reporting requirements. These entities prepare results on a 30 June year end basis for consolidation purposes. Voting power is in accordance with the ownership interest held unless otherwise stated.

The consolidated financial statements as at 30 June 2019 include the following controlled entities:

Name of controlled entity	Place of incorporation		Percentage of shares held	
			2019 %	2018 %
Computershare Limited	Australia	(2)	-	-
A.C.N. 080 903 957 Pty Ltd	Australia	(1)(2)	100	100
A.C.N. 081 035 752 Pty Ltd	Australia	(1)(2)	100	100
A.C.N. 617 889 424 Pty Limited	Australia	(1)	100	100
A.C.N. 618 089 688 Pty Limited	Australia	(1)	100	100
CDS International Pty Limited	Australia	(1)(2)	100	100
Communication Services Australia Pty Limited	Australia	(1)(2)	100	100
Computershare Clearing Pty Limited	Australia	(1)	100	100
Computershare Communication Services Pty Limited	Australia	(1)(2)	100	100
Computershare Dealing Services Pty Ltd	Australia	(1)	100	100
Computershare Depositary Pty Limited	Australia	(1)	100	100
Computershare Finance Company Pty Limited	Australia	(1)(2)	100	100
Computershare Investor Services Pty Limited	Australia	(1)(2)	100	100
Computershare Plan Co Pty Ltd	Australia	(1)	100	100
Computershare Plan Managers Pty Ltd	Australia	(1)	100	100
Computershare Technology Services Pty Ltd	Australia	(1)(2)	100	100
Computershare Utility Services Pty Ltd	Australia	(1)(2)	100	100
CPU Share Plans Pty Limited	Australia	(1)	100	100
CRS Custodian Pty Ltd	Australia	(1)	100	100
Financial Market Software Consultants Pty Ltd	Australia	(1)	100	100
Georgeson Shareholder Communications Australia Pty. Ltd.	Australia	(1)	100	100
Global eDelivery Group Pty Ltd	Australia	(1)	100	100
Obadele Pty Ltd	Australia	(1)(2)	100	100
Q M Industries (N.S.W.) Pty. Ltd.	Australia	(1)	100	100
Registrars Holding Pty Ltd	Australia	(1)(2)	100	100
Sepon (Australia) Pty. Limited	Australia	(1)	100	100
Source One Communications Australia Pty Ltd	Australia	(1)	100	100
Switchwise Pty Ltd	Australia	(1)	100	100
Karvy Computershare W.L.L	Bahrain	(3)(5)	-	50
Computershare Investor Services (Bermuda) Limited	Bermuda	(1)	100	100
Computershare Investor Services (BVI) Limited	British Virgin Islands	(1)	100	100
Computershare Canada Inc.	Canada	(1)	100	100
Computershare Governance Services Ltd.	Canada	(1)	100	100
Computershare Investment Inc.	Canada	(1)	100	100
Computershare Investments (Canada) (Holdings) ULC	Canada	(1)	100	100
Computershare Investments (Canada) (No.1) ULC	Canada	(1)	100	100
Computershare Investments (Canada) (No.2) ULC	Canada	(1)	100	100
Computershare Investments (Canada) (No.3) ULC	Canada	(1)	100	100
Computershare Investments (Canada) (No.4) ULC	Canada	(1)	100	100
Computershare Investor Services Inc.	Canada	(1)	100	100
Computershare Services Canada Inc.	Canada	(1)	100	100
Computershare Technology Services Inc.	Canada	(1)	100	100
Computershare Trust Company of Canada	Canada	(1)	100	100
Georgeson Shareholder Communications Canada Inc.	Canada	(1)	100	100

Name of controlled entity	Place of incorporation		Percentage of shares held	
			2019 %	2018 %
RicePoint Administration Inc.	Canada	(1)	100	100
SyncBASE Inc.	Canada	(1)	100	100
Computershare Investor Services (Cayman) Limited	Cayman Islands	(1)	100	100
Computershare International Information Consultancy Services (Beijing) Company Limited	China	(1)	100	100
Computershare A/S	Denmark	(1)	100	100
Georgeson Shareholder SAS	France	(1)	100	100
Computershare Communication Services GmbH	Germany	(1)	100	100
Computershare Deutschland GmbH & Co. KG	Germany	(1)	100	100
Computershare Governance Services GmbH	Germany	(1)	100	100
Computershare Verwaltungs GmbH	Germany	(1)	100	100
Equatex Deutschland GmbH	Germany	(4)	100	-
Computershare Investor Services (Guernsey) Limited	Guernsey	(1)	100	100
Computershare Asia Limited	Hong Kong	(1)	100	100
Computershare Hong Kong Development Limited	Hong Kong	(1)	100	100
Computershare Hong Kong Investor Services Limited	Hong Kong	(1)	100	100
Computershare Hong Kong Nominees Limited	Hong Kong	(1)	100	100
Computershare Hong Kong Trustees Limited	Hong Kong	(1)	100	100
Computershare Investor Services Limited	Hong Kong	(1)(4)	100	-
Hong Kong Registrars Limited	Hong Kong	(1)	100	100
Karvy Computershare Private Limited	India	(3)(5)	-	50
Computershare Finance Ireland Limited	Ireland	(1)	100	100
Computershare Governance Services Limited	Ireland	(1)	100	100
Computershare Investor Services (Ireland) Limited	Ireland	(1)	100	100
Computershare Nominees (Ireland) Limited	Ireland	(1)(4)	100	-
Computershare Services Nominees (Ireland) Limited	Ireland	(1)	100	100
Computershare Trustees (Ireland) Limited	Ireland	(1)	100	100
HML Mortgage Services Ireland Limited	Ireland	(1)	100	100
Specialist Mortgage Services Ireland Limited	Ireland	(1)	100	100
Computershare Italy S.r.l.	Italy	(1)	100	100
Computershare S.p.A.	Italy	(1)	100	100
Georgeson S.r.l.	Italy	(1)	100	100
Proxitalia S.r.l.	Italy	(1)	100	100
Computershare Company Secretarial Services (Jersey) Limited	Jersey	(1)	100	100
Computershare DR Nominees Limited	Jersey	(1)	100	100
Computershare Investor Services (Jersey) Limited	Jersey	(1)	100	100
Computershare Nominees (Channel Islands) Limited	Jersey	(1)	100	100
Computershare Offshore Services Limited	Jersey	(1)	100	100
Computershare Treasury Services Limited	Jersey	(1)	100	100
Computershare Trustees (C.I.) Limited	Jersey	(1)	100	100
Computershare Trustees (Jersey) Limited	Jersey	(1)	100	100
EES Nominees International Limited	Jersey	(1)	100	100
Karvy Computershare (Malaysia) Sdn Bhd	Malaysia	(3)(5)	-	50
Computershare Netherlands B.V.	Netherlands	(1)	100	100
Computershare Investor Services Limited	New Zealand	(1)	100	100
Computershare Nominees NZ Limited	New Zealand	(1)	100	100
ConnectNow New Zealand Limited	New Zealand	(1)	100	100
CRS Nominees Limited	New Zealand	(1)	100	100
Equatex Employee Services AS	Norway	(4)	100	-
Equatex Norway AS	Norway	(4)	100	-
Equatex Poland Sp.z.o.o.	Poland	(4)	100	-
CIS Company Secretaries (Pty) Ltd	South Africa	(1)	74	74

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Name of controlled entity	Place of incorporation		Percentage of shares held	
			2019 %	2018 %
Computershare (Pty) Ltd	South Africa	(1)	74	74
Computershare Investor Services (Pty) Ltd	South Africa	(1)	74	74
Computershare Nominees (Pty) Ltd	South Africa	(1)	74	74
Computershare Outsourcing (Pty) Ltd	South Africa	(1)	74	74
Computershare South Africa (Pty) Ltd	South Africa	(1)	74	74
Computershare TR Services (Pty) Ltd	South Africa	(1)	74	74
Minu (Pty) Ltd	South Africa	(1)	74	74
Georgeson S.L	Spain	(1)	100	100
Computershare AB	Sweden	(1)	100	100
Computershare Schweiz AG	Switzerland	(1)	100	100
Computershare Technology Services AG	Switzerland	(1)(4)	100	-
Equatex AG	Switzerland	(4)	100	-
Equatex Group Holding AG	Switzerland	(4)	100	-
Equatex Holding AG	Switzerland	(4)	100	-
Equatex IP AG	Switzerland	(4)	100	-
Baseline Capital Limited	United Kingdom	(1)	100	100
Computershare Company Nominees Limited	United Kingdom	(1)	100	100
Computershare Global Technology Services Limited	United Kingdom	(1)	100	100
Computershare Governance Services (UK) Limited	United Kingdom	(1)	100	100
Computershare Investments (UK) (No.2) Limited	United Kingdom	(1)	100	100
Computershare Investments (UK) (No.3) Limited	United Kingdom	(1)	100	100
Computershare Investments (UK) (No.7) Limited	United Kingdom	(1)	100	100
Computershare Investments (UK) (No.8) Limited	United Kingdom	(1)	100	100
Computershare Investments (UK) (No.9) Limited	United Kingdom	(1)	100	100
Computershare Investments (UK) Limited	United Kingdom	(1)	100	100
Computershare Investor Services Plc	United Kingdom	(1)	100	100
Computershare IP (UK) Limited	United Kingdom	(1)(4)	100	-
Computershare Limited	United Kingdom	(1)	100	100
Computershare Mortgage Services Limited	United Kingdom	(1)	100	100
Computershare PEP Nominees Limited	United Kingdom	(1)	100	100
Computershare Regional Services Limited	United Kingdom	(1)	100	100
Computershare Services Limited	United Kingdom	(1)	100	100
Computershare Services Nominees Limited	United Kingdom	(1)	100	100
Computershare Technology Services (UK) Limited	United Kingdom	(1)	100	100
Computershare Trustees Limited	United Kingdom	(1)	100	100
Computershare Voucher Services Limited	United Kingdom	(1)	100	100
Credit Advisory Services Limited	United Kingdom	(1)	100	100
DPS Trustees Limited	United Kingdom	(1)	100	100
EES Capital Trustees Limited	United Kingdom	(1)	100	100
EES Corporate Trustees Limited	United Kingdom	(1)	100	100
EES Trustees Limited	United Kingdom	(1)	100	100
Equatex UK Ltd	United Kingdom	(4)	100	-
Equatex UK Nominee Ltd	United Kingdom	(4)	100	-
Homeloan Management Limited	United Kingdom	(1)	100	100
KB Analytics Limited	United Kingdom	(1)	100	100
Mortgage Systems Limited	United Kingdom	(1)	100	100
Rosolite Mortgages Limited	United Kingdom	(1)	100	100
Siberite Mortgages Limited	United Kingdom	(1)	100	100
Topaz Finance Limited	United Kingdom	(1)	100	100
Administar Services Group LLC	United States of America	(1)	100	100
Capital Markets Cooperative, LLC	United States of America	(1)	100	100
Capital Markets Holdings, Inc.	United States of America	(1)	100	100

Name of controlled entity	Place of incorporation		Percentage of shares held	
			2019 %	2018 %
CMC Funding, Inc.	United States of America	(1)	100	100
Computershare Asset Management LLC	United States of America	(1)	100	100
Computershare Communication Services Inc.	United States of America	(1)	100	100
Computershare Finance LLC	United States of America	(1)(5)	-	100
Computershare Governance Services Inc.	United States of America	(1)	100	100
Computershare Holdings Inc.	United States of America	(1)	100	100
Computershare Holdings LLC	United States of America	(1)	100	100
Computershare Inc.	United States of America	(1)	100	100
Computershare Mortgage Services LLC	United States of America	(1)	100	100
Computershare Property Solutions LLC	United States of America	(1)	100	100
Computershare Technology Services, Inc.	United States of America	(1)	100	100
Computershare Title Services LLC	United States of America	(1)	100	100
Computershare Trust Company, N.A.	United States of America	(1)	100	100
Computershare US Inc.	United States of America	(1)	100	100
Computershare US Investments LLC	United States of America	(1)	100	100
Computershare US Services Inc.	United States of America	(1)	100	100
Computershare Valuation Services LLC	United States of America	(1)	100	100
Credit Risk Holdings, LLC	United States of America	(1)	100	100
Credit Risk Solutions LLC	United States of America	(1)	100	100
Data Point Analysis Group, LLC	United States of America	(1)	100	100
Equatex US Inc.	United States of America	(4)	100	-
Georgeson LLC	United States of America	(1)	100	100
Georgeson Securities Corporation	United States of America	(1)	100	100
Gilardi & Co., LLC	United States of America	(1)	100	100
Gilco LLC	United States of America	(1)	100	100
GTU Ops Inc.	United States of America	(1)	100	100
HELOC Funding II Trust	United States of America	(1)	100	100
KCC Class Action Services LLC	United States of America	(1)	100	100
Kurtzman Carson Consultants Inc.	United States of America	(1)	100	100
Kurtzman Carson Consultants, LLC	United States of America	(1)	100	100
LenderLive Financial Services, LLC	United States of America	(1)(4)	100	-
LenderLive Network, LLC	United States of America	(1)(4)	100	-
MSR Robin Advances (Depositor) LLC	United States of America	(1)	100	100
MSR Robin Advances Issuer Trust	United States of America	(1)	100	100
RCNG LLC	United States of America	(1)	100	100
Rosenthal & Company, LLC	United States of America	(1)	100	100
Settlement Recovery Group LLC	United States of America	(1)	100	100
SLS Funding III LLC	United States of America	(1)	100	100
SLS Investco LLC	United States of America	(1)	100	100
SLS Servicer Advance Revolving Trust 1	United States of America	(1)	100	100
Specialized Loan Servicing Holdings LLC	United States of America	(1)	100	100
Specialized Loan Servicing LLC	United States of America	(1)	100	100

(1) Controlled entities audited by PricewaterhouseCoopers member firms.

(2) These wholly owned companies have entered into a deed of cross guarantee dated 26 June 2008 with Computershare Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on the winding-up of that company. As a result of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* these companies are relieved from the requirement to prepare a financial report and directors' report.

(3) These companies are controlled entities as Computershare Limited is exposed to, or has rights to, variable returns from its involvement with these companies and has the ability to affect those returns through its power over these companies.

(4) These companies became controlled entities during the year ended 30 June 2019.

(5) These companies ceased to be controlled entities during the year ended 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under this method, the investments are initially recognised at cost and the carrying value is subsequently adjusted for increases or decreases in the Group's share of post-acquisition profit or loss and movements in other comprehensive income. The Group's share of post-acquisition profits or losses from investments in associates and joint ventures is recognised in the profit or loss. Dividends received or receivable are recognised as a reduction of the carrying amount of the investment.

Set out below are the associates and joint ventures of the Group at 30 June 2019:

Name	Place of incorporation	Principal activity	Ownership interest		Consolidated carrying amount	
			June 2019	June 2018	June 2019	June 2018
			%	%	\$000	\$000
Associates						
SETL Development Limited ¹	United Kingdom	Business Services	-	10.8	-	13,490
Expandi Ltd	United Kingdom	Investor Services	25	25	6,304	6,354
Milestone Group Pty Ltd	Australia	Technology Services	20	20	3,611	3,918
CVEX Group, Inc ²	United States	Investor Services	20	20	-	1,940
The Reach Agency Holdings Pty Ltd	Australia	Investor Services	46.5	46.5	1,172	1,023
Mergit s.r.l.	Italy	Technology Services	30	30	-	-
Total investments in associates					11,087	26,725
Joint ventures						
Computershare Pan Africa Holdings Ltd	Mauritius	Investor Services	60	60	-	-
Asset Checker Ltd	United Kingdom	Investor Services	50	50	-	-
VisEq GmbH	Germany	Investor Services	66	66	39	45
Total investment in joint ventures					39	45
Total investment in associates and joint ventures					11,126	26,770

1 SETL Development Limited entered into administration during the current reporting period. Consequently, the Group's investment in this entity was written off in full. Whilst the Group still holds an equity interest in SETL Development Limited, it is no longer considered an associate of the consolidated entity.

2 The investment in CVEX Group, Inc was considered impaired during the current financial year and was therefore fully written off.

The movements in the carrying amount of equity accounted investments in associates and joint ventures are as follows:

	Associates		Joint Ventures	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Carrying amount at the beginning of the financial year	26,725	10,967	45	54
Impairment charge	(13,953)	-	-	-
Share of net result (after income tax)	(1,001)	307	(5)	(10)
Dividends received	(140)	(149)	-	-
Additions	-	12,146	-	-
Transfers from available-for-sale financial assets	-	4,039	-	-
Share of movement in reserves	(544)	(585)	(1)	1
Carrying amount at the end of the financial year	11,087	26,725	39	45

32. DEED OF CROSS GUARANTEE

Computershare Limited and each wholly-owned subsidiary party to a deed of cross guarantee dated 26 June 2008 (together the "Closed Group") are listed in note 30. Set out below is a consolidated statement of comprehensive income, a consolidated statement of financial position and a summary of movements in consolidated retained earnings of the Closed Group for the year ended 30 June 2019.

Computershare Limited Closed Group – Statement of financial position

	2019 \$000	2018 \$000
Current assets		
Cash and cash equivalents	31,202	30,256
Receivables	63,518	63,004
Inventories	749	589
Other current assets	4,632	9,132
Derivative financial instruments	829	487
Assets classified as held for sale	-	8,497
Total current assets	100,930	111,965
Non-current assets		
Receivables	30,417	31,916
Other financial assets	1,673,025	1,775,206
Property, plant and equipment	6,367	7,401
Deferred tax assets	59,259	57,573
Intangibles	120,233	125,393
Derivative financial instruments	62,619	4,263
Other non-current assets	957	535
Total non-current assets	1,952,877	2,002,287
Total assets	2,053,807	2,114,252
Current liabilities		
Payables	136,665	268,437
Lease liabilities	140	894
Current tax liabilities	13,178	12,022
Provisions	587	1,011
Derivative financial instruments	3,265	88
Liabilities directly associated with assets classified as held for sale	-	56,587
Other liabilities	38	80
Total current liabilities	153,873	339,119
Non-current liabilities		
Payables	113,061	-
Interest bearing liabilities	317,659	402,732
Lease liabilities	188	344
Deferred tax liabilities	20,681	5,553
Provisions	10,641	11,132
Derivative financial instruments	744	5,333
Other liabilities	145	192
Total non-current liabilities	463,119	425,286
Total liabilities	616,992	764,405
Net assets	1,436,815	1,349,847
Equity		
Contributed equity – ordinary shares	-	-
Reserves	(251,209)	(187,024)
Retained earnings	1,688,024	1,536,871
Total equity	1,436,815	1,349,847

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Computershare Limited Closed Group – Statement of comprehensive income

	2019 \$000	2018 \$000
Revenues from continuing operations		
Sales revenue	196,066	222,068
Other revenue	239,728	324,835
Total revenue from continuing operations	435,794	546,903
Other income	195,656	6,803
Expenses		
Direct services	165,587	235,961
Technology costs	51,222	57,385
Corporate services	33,566	27,941
Finance costs	21,051	25,517
Total expenses	271,426	346,804
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	64	323
Profit before income tax expense	360,088	207,225
Income tax expense/(credit)	44,748	27,909
Profit for the year	315,340	179,316
Other comprehensive income		
Available-for-sale financial assets	-	-
Exchange differences on translation of foreign operations	(68,186)	(62,089)
Cash flow hedges	7,967	44
Income tax relating to components of other comprehensive income	(2,390)	(13)
Total other comprehensive income for the year, net of tax	(62,609)	(62,058)
Total comprehensive income for the year	252,731	117,258
Set out below is a summary of movements in consolidated retained profits for the year of the Closed Group.		
Retained earnings at the beginning of the financial year	1,536,871	1,518,039
Change in accounting standards	(571)	-
Profit for the year	315,340	179,316
Dividends provided for or paid	(163,616)	(160,484)
Retained earnings at the end of the financial year	1,688,024	1,536,871

33. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2019 \$000	2018 \$000
Balance sheet		
Current assets	36,002	89,392
Non-current assets	1,107,539	1,163,542
Total assets	1,143,541	1,252,934
Current liabilities	83,451	66,532
Non-current liabilities	533,594	927,215
Total liabilities	617,045	993,747
Equity		
Contributed equity – ordinary shares	-	-
Reserves		
Share buy-back reserve	(79,460)	(79,460)
Capital redemption reserve	2	2
Foreign currency translation reserve	48,120	67,200
Share based payment reserve	28,555	30,800
Equity related consideration	(2,327)	(2,327)
Available-for-sale asset reserve	-	(60)
Retained earnings	531,606	243,032
Total equity	526,496	259,187
Profit/(loss) attributable to members of the parent entity	452,250	65,985
Total comprehensive income attributable to members of the parent entity	433,230	55,481

(b) Guarantees

The parent entity's financial guarantees have been outlined in note 34.

(c) Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018 other than the Australian thin capitalisation contingent liability outlined in note 6 and the matters outlined in note 34.

(d) Parent entity financial information

The financial information for the parent entity, Computershare Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in controlled entities, associates and joint venture entities

Investments in controlled entities, associates and joint venture entities are accounted for at cost in the financial statements of Computershare Limited. Dividends received from associates and joint ventures are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

Computershare Limited and its wholly-owned Australian controlled entities formed a tax consolidation group with effect from 1 July 2002.

Members of the tax consolidated group also entered into a tax sharing deed, which includes a tax funding arrangement. As a consequence, Computershare Limited, as the head entity in the tax consolidation group, has recognised the current tax liability (or receivable) relating to the wholly owned Australian controlled entities in this group in the financial statements as if that liability (or receivable) was its own. Amounts receivable or payable under the tax sharing deed are recognised separately as intercompany payables or receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. CONTINGENT LIABILITIES

(a) Guarantees and Indemnities

Computershare Limited, ACN 081 035 752 Pty Ltd, Computershare Investments (UK) (No. 3) Ltd, Computershare Finance Company Pty Ltd, Computershare US Inc. and Computershare Investor Services Inc are parties to a Guarantor Deed Poll dated 11 April 2018 in respect to the following Facility Agreements:

- > \$450.0 million 5-year multi-currency Syndicated Facility Agreement executed on 11 April 2018;
- > \$450.0 million 3-year USD Syndicated Facility Agreement executed on 11 April 2018; and a
- > \$100.0 million multi-currency Bilateral Facility Agreement executed on 28 June 2018 (refer to note 14 for further detail).

Guarantees and indemnities of \$990.0 million (2018: \$745.0 million) have been given to US Institutional Accredited Investors by Computershare Limited, ACN 081 035 752 Pty Ltd, Computershare Finance Company Pty Ltd, Computershare US Inc., Computershare Investments (UK) (No. 3) Ltd and Computershare Investor Services Inc. under a Note and Guarantee Agreement dated 9 February 2012 and 20 November 2018.

Guarantees have been given to bankers of LenderLive Network, LLC by Computershare Mortgage Services LLC. As at 30 June 2019, this included the current credit facilities of \$65 million under a Warehouse Credit and Security Agreement dated 23 July 2018 and \$15 million under a Mortgage Warehouse Agreement dated 11 June 2019.

Bank guarantees of AUD 2.6 million (2018: AUD 2.7 million) have been given in respect of facilities provided to Australian subsidiaries.

Bank guarantees of ZAR 6.8 million (2018: ZAR 6.8 million) have been given in respect of facilities provided to South African subsidiaries.

A performance guarantee of ZAR 16.0 million (2018: ZAR 16.0 million) has been given by Computershare (Pty) Ltd to provide security for the performance of obligations as a Central Securities Depository Participant.

(b) Legal and Regulatory Matters

Due to the nature of operations, certain commercial claims in the normal course of business have been made against the consolidated entity in various countries. An inherent difficulty in predicting the outcome of such matters exists, but in the opinion of the Group, based on current knowledge and in consultation with legal counsel, we do not expect any material liability to the Group to eventuate. The status of all claims is monitored on an ongoing basis, together with the adequacy of any provisions recorded in the Group's financial statements. For the Australian thin capitalisation contingent liability refer to note 6.

(c) Other

The Group is subject to regulatory capital requirements administered by relevant regulatory bodies in countries where Computershare operates. Failure to meet minimum capital requirements, or other ongoing regulatory requirements, can initiate action by the regulators that, if undertaken, could revoke or suspend the Group's ability to provide trust services to customers in these markets. At all relevant times Group controlled entities have met all minimum capital requirements.

Computershare Limited (Australia) has issued a letter of warrant to Computershare (Pty) Ltd. This obligates Computershare Limited (Australia) to maintain combined tier one capital of at least ZAR 455.0 million.

Potential withholding and other tax liabilities arising from distribution of all retained distributable earnings of all foreign incorporated controlled entities are \$34.4 million (2018: \$40.2 million). 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.

In consideration of the Australian Securities and Investments Commission agreeing to allow AUD 5.0 million to form part of the net tangible assets of Computershare Clearing Pty Ltd so that it can meet certain financial requirements under the conditions of its Australian Financial Services Licence, Computershare Limited has agreed to make, at the request of Computershare Clearing Pty Ltd, a AUD 5.0 million loan to it. Computershare Limited has agreed to subordinate its loan to any other unsecured creditors of Computershare Clearing Pty Ltd. The loan was made pursuant to a deed of subordination dated 7 January 2004.

In consideration of the Australian Securities and Investments Commission agreeing to allow AUD 5.0 million to form part of the net tangible assets of Computershare Share Plans Pty Ltd so that it can meet certain financial requirements under the conditions of its Australian Financial Services Licence, Computershare Limited has agreed to make, at the request of Computershare Share Plans Pty Ltd, a AUD 5.0 million loan to it. Computershare Limited has agreed to subordinate its loan to any other unsecured creditors of Computershare Share Plans Pty Ltd. The loan was made pursuant to a deed of subordination dated 5 July 2007.

Computershare Limited (Australia), as the parent entity, has undertaken to own, either directly or indirectly, all of the equity interests and to guarantee performance of the obligations of Computershare Investor Services Pty Ltd, Computershare Trust Company NA, Georgeson LLC, Georgeson Securities Corporation, Computershare Trust Company of Canada and Computershare Investor Services Inc with respect to any financial accommodation related to transactional services provided by BMO Harris Bank, Chicago.

35. COMMITMENTS

(a) Retirement benefits

Defined Contribution Funds

The Group maintains defined contribution superannuation schemes which provide benefits to all employees upon their disability, retirement or death. Employee contributions to the funds are based upon various percentages of employees' gross salaries as set out below:

Australian controlled entities contribute to the defined contribution funds as follows:

- > Category 1 – Management (employer contributions, voluntary employee contributions)
- > Category 2 – Staff (statutory employer contributions of 9.5%, voluntary employee contributions)
- > Category 3 – SG (Superannuation Guarantee) Staff and casual and fixed-term employees (statutory employer contributions, voluntary employee contributions)

Foreign controlled entities contribute to the defined contribution funds as follows:

- > United Kingdom entities – between 7% and 10% of employees' gross salaries
- > United States entities – voluntary employee contributions with matching employer contribution up to 4% of employees' base salaries
- > Canadian entities – between 2% and 7% of employees' base salaries dependent upon years of service
- > South African entities – 12% of employees' gross salaries
- > New Zealand entities – voluntary employee contributions with matching employer contribution up to 6% of employees' base salaries
- > Hong Kong entities – between 5% and 20% of employees' base salary dependent upon years of service

Defined Benefit Funds

Computershare Deutschland GmbH & Co. KG and Computershare Communication Services GmbH maintained a defined benefit scheme which provides benefits to 7 employees (2018: 8) An actuarial assessment of the scheme was completed as at 30 June 2019 and defined benefit plan liability recognised in accordance with the actuarial valuation. The net liability is not material to the Group.

(b) Finance lease commitments

	2019 \$000	2018 \$000
Commitments in relation to finance leases are payable as follows:		
Not later than 1 year	2,114	3,740
Later than 1 year but not later than 5 years	6,109	2,112
Minimum lease payments	8,223	5,852
Less: Future finance charges		
Not later than 1 year	(183)	(124)
Later than 1 year but not later than 5 years	(305)	(110)
Total future finance charges	(488)	(234)
Net finance lease liability	7,735	5,618
Reconciled to:		
Current liability (note 14)	1,931	3,616
Non-current liability (note 14)	5,804	2,002
	7,735	5,618

(c) Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Not later than 1 year	48,880	43,228
Later than 1 year but not later than 5 years	137,373	112,271
Later than 5 years	41,659	42,420
	227,912	197,919

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(d) Other

An overseas subsidiary performing loan servicing activities is obliged, in certain circumstances, to make payments on behalf of mortgagors related to taxes, insurance, principal and interest. The amount of these advance payments fluctuates over time as it depends on the type of loans being serviced and their performance.

As of 30 June 2019, the Group was servicing approximately \$14.6 billion of mortgages owned by the US government sponsored mortgage agencies. While the Group, as the owner of the related MSRs, may have the obligation to acquire any mortgages from the serviced pool that do not meet the agencies' lending criteria, the consolidated entity is in possession of indemnities and warranties that require originating banks to purchase such mortgages from the Group and cover any transfer costs. Only in the event of bankruptcy or dissolution of the originating bank, would Computershare retain the defective mortgage together with the underlying collateral. In these limited circumstances, the Group would have the option to either hold the mortgage or seek another buyer in the open market. The impact at 30 June 2019 of any retained mortgages is immaterial to the consolidated entity.

36. CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments contracted for at balance date but not recorded in the financial statements are as follows:

	2019 \$000	2018 \$000
Fit-out of premises	250	6,703
Plant and equipment	3,251	1,676
	3,501	8,379

37. 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 financial report 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.

38. RELATED PARTY DISCLOSURES

Key management personnel disclosures are included in note 39. Detailed remuneration disclosures are provided in the remuneration report.

Directors' shareholdings	Shares in the parent entity	
	2019	2018
Ordinary shares held at the end of the financial year	32,345,846	46,060,592
Net ordinary shares purchased/(sold) by directors during the financial year	(2,603,008)	(834,901)
	2019 \$	2018 \$
Ordinary dividends received during the year in respect of those ordinary shares	11,787,800	13,780,129

(a) Wholly owned Group – intercompany transactions and outstanding balances

The parent entity and its controlled entities entered into the following transactions during the year within the wholly owned Group:

- > Loans were advanced and repayments received on loans and intercompany accounts
- > Fees were exchanged between entities
- > Interest was charged between entities
- > The parent entity and its Australian controlled entities have been parties to a tax sharing deed, which includes a tax funding arrangement (note 33)
- > Dividends were paid between entities
- > Bank guarantees were provided by the parent entity to its controlled entities (note 34)

These transactions were undertaken on commercial terms and conditions.

Ultimate controlling entity

The ultimate controlling entity of the Group is Computershare Limited.

(b) Ownership interests in related parties

Interests in controlled entities are set out in note 30. Interests held in associates and joint ventures are disclosed in note 31.

(c) Transactions with associates and joint ventures

The following transactions were entered into with associates and joint ventures:

	2019 \$	2018 \$
Sales and purchases of goods and services		
Sales to	198,541	158,431
Purchases from	2,285,066	1,516,243
Outstanding balances arising from sales and purchases of goods and services		
Trade receivables	22,889	9,951
Trade payables	36,650	236,715

These transactions were undertaken on commercial terms and conditions.

39. KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel compensation

Short-term employee benefits	9,600,408	10,744,949
Other long-term benefits	126,417	51,598
Post-employment benefits	213,661	215,998
Share based payments	4,880,075	3,832,350
Other	2,397,374	1,028,212
Total	17,217,935	15,873,107

For detailed remuneration disclosures please refer to section 1 to 15 of the remuneration report within the Directors' Report.

40. EMPLOYEE AND EXECUTIVE BENEFITS

Certain employees are entitled to participate in share and performance rights schemes. A transaction is classified as share-based compensation where the Group receives services from an employee and pays for these in shares or similar equity instruments.

For each of the Group's share plans, the fair value is measured at grant date and the expense is recognised over the relevant vesting period in the income statement with a corresponding increase in the share based payments reserve. The expense is adjusted to reflect actual and expected levels of vesting.

(a) Share plans

Exempt Employee Share Plan

During the year ended 30 June 2001 the Group introduced an Exempt Employee Share Plan. The Plan gives Computershare employees in Australia the opportunity to acquire shares in Computershare Limited. Each year, participating employees can make contributions from their pre-tax salary to acquire AUD 500 worth of shares. Such employee contributions are matched by the Group with an additional AUD 500 worth of shares being acquired for each participating employee. All permanent employees in Australia with at least 6 months service and employed at the allocation date are entitled to participate in this plan.

Deferred Employee Share Plan

During the year ended 30 June 2002 a Deferred Employee Share Plan was established to enable Computershare to match dollar for dollar any employee pre-tax contributions to a maximum of AUD 3,000 per employee. Shares purchased and funded by an employee's pre-tax salary must remain in the plan for a minimum of one year. Matching shares funded by the Group must be kept in the plan for a minimum of two years or they will be forfeited. All permanent employees in Australia employed at the allocation date are entitled to participate in this plan. A derivative of this plan and the Exempt Employee Share Plan have been made available to employees in New Zealand, Hong Kong, China, the United Kingdom, Ireland, Jersey, Germany, Canada, South Africa and the US.

Subject to the discretion of the Board, shares in the parent entity may also be allocated to selected employees on a discretionary basis having regard to special circumstances as determined by the Remuneration Committee. Such shares may be subject to vesting and performance criteria as determined by the Board or the Remuneration Committee.

Deferred Short-Term Incentive (DSTI) Share Plan

The Group also provides DSTI awards to key management personnel and other senior executives as part of a structured STI plan and other high performing employees on a discretionary basis. Recipients of DSTI awards must complete specified periods of service as a minimum before any share awards under the DSTI plan become unconditional.

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Number of employee shares held	Ordinary shares	
	2019	2018
Opening balance	10,495,235	10,795,057
Shares purchased on the market	2,650,025	2,785,101
Forfeited shares reissued	26,159	120,726
Shares forfeited	(158,325)	(107,166)
Shares withdrawn	(3,232,031)	(3,098,483)
Closing balance	9,781,063	10,495,235
Fair value of shares granted through the employee share plan (\$000)*	34,694	32,360

* Weighted average fair value of shares is determined by the closing price at the end of the day's trading on the Australian Securities Exchange on the allocation date. The average price per share purchased on market was AUD \$18.06.

Phantom Share Awards Plan

The Phantom Share Awards Plan (Phantom Plan) was introduced in 2013 as an alternative to the DSTI Share Plan to employees who are resident for tax purposes in countries where the taxation and/or legal requirements mean the DSTI Share Plan does not achieve the most effective outcome for Computershare or those employees. Awards under the Phantom Plan are cash-settled and vest after specified periods of service have been completed.

(b) Performance rights

Long-Term Incentive Plan

The Board has offered to eligible key management personnel and senior group executives in the Group performance rights under long-term incentive plans.

In 2014, the Board approved the terms of the Long-Term Incentive Plan, known as the LTI Plan. Performance rights are granted for no consideration and carry no dividend or voting rights. Each performance right carries an entitlement to one fully paid ordinary share in Computershare Limited subject to satisfaction of performance hurdles and continued employment over a three year performance period. Under the plan, 50% of each award of performance rights is subject to EPS hurdle criteria and 50% is subject to TSR Performance criteria. Unvested performance rights lapse on employee's termination, subject to Board discretion.

Set out below are summaries of performance rights granted under the LTI Plan:

Grant date	Approximate exercise date	Exercise price	Balance at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Exercisable at end of the year
1 Dec 2015	Sep 2018	\$0.00	716,916	-	(329,778)	(387,138)	-	-
16 Dec 2016	Sep 2019	\$0.00	750,375	-	-	(12,019)	738,356	-
5 Dec 2017	Sep 2020	\$0.00	494,774	-	-	-	494,774	-
4 Dec 2018	Sep 2021	\$0.00	-	551,925	-	-	551,925	-
Total			1,962,065	551,925	(329,778)	(399,157)	1,785,055	-

The fair value of performance rights granted under the 2019 LTI plan were assessed using the following parameters:

	2019 Plan – EPS	2019 Plan – TSR
Grant Date	4 Dec 2018	4 Dec 2018
Hurdle start date	1 Jul 2018	1 Jul 2018
Hurdle end date	30 Jun 2021	30 Jun 2021
Share price at grant date	AUD 18.23	AUD 18.23
Fair value at measurement date (i)	AUD 17.14	AUD 11.65
Exercise price	AUD 0.00	AUD 0.00
Expected volatility (ii)	22.32%	22.32%
Option life	3 years	3 years
Expected dividend yield p.a (iii)	2.19%	2.19%
Risk free rate p.a. (iv)	2.04%	N/A

i) To allow for the TSR hurdle, a Monte Carlo simulation was used to value the performance rights.
To allow for the EPS hurdle, a closed form Black Scholes model was used to value the performance rights.

ii) Expected volatility is based on historical daily share price for the three-year period preceding the grant date.

iii) Expected dividend yield is based on historic yield for the three-year period immediately preceding the grant date.

iv) Risk free interest rate is based on the three-year Australian Bank Bill Swap Rate at grant date.

(c) Employee benefits recognised

	2019 \$000	2018 \$000
Performance rights expense	4,348	3,426
Share plan and options expense	15,385	15,866
Aggregate employee entitlement liability (note 21 and 22)	36,481	34,493

41. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its network firms and non-related audit firms:

Assurance services:

Auditing or review of financial statements		
– PricewaterhouseCoopers Australia	973	1,073
– Network firms of PricewaterhouseCoopers Australia	2,573	2,644
	3,546	3,717
Other assurance services		
– PricewaterhouseCoopers Australia	372	447
– Network firms of PricewaterhouseCoopers Australia	1,835	1,776
	2,207	2,223
Taxation services		
– Related practices of PricewaterhouseCoopers Australia	375	150
	375	150

Remuneration received, or due and receivable, by auditors other than the auditor of the parent entity and its affiliates for:

Auditing or review of financial statements	416	170
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During the year, the Group acquired Equatex Group Holding AG (Equatex), which is audited by the Group's external tax advisor, and provides a number of non-audit services across the Group. The Group has planned for the audit of Equatex to rotate to the Group's auditor in the financial year commencing 1 July 2020. The external tax advisor has confirmed their independence in performing the Equatex audit.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 63 to 120 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 30 will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed of cross guarantee described in note 32.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.



SD Jones
Chairman



SJ Irving
Director

23 September 2019

DECLARATION TO THE BOARD OF DIRECTORS

The Chief Executive Officer and Chief Financial Officer state that:

- (a) the financial records of the consolidated entity for the financial year ended 30 June 2019 have been properly maintained in accordance with section 286 of the *Corporations Act 2001*; and
- (b) the financial statements, and the notes to the financial statements, of the consolidated entity, for the financial year ended 30 June 2019:
 - (i) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of their performance for the financial year ended on that date.



SJ Irving
Chief Executive Officer



MB Davis
Chief Financial Officer

23 September 2019



Independent auditor's report

To the members of Computershare Limited

Report on the audit of the financial report

Our opinion

In our opinion:

- (a) The accompanying financial report of Computershare Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) The financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated cash flow statement for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Liability limited by a scheme approved under Professional Standards Legislation.

INDEPENDENT AUDITOR'S REPORT



Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of \$21.0 million, which represents approximately 5% of the Group's profit before tax, excluding the gain on disposal of a controlled entity.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We adjusted for the gain on disposal of a controlled entity as it was an infrequent item impacting profit and loss.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group operates in more than 20 countries, with the majority of its business based in four geographical locations – Australia, United States of America, United Kingdom and Canada. The Group engagement team determined the nature, timing and extent of work that needed to be performed by it and by auditors operating under its instruction (component auditors). We structured our audit approach as follows:

INDEPENDENT AUDITOR'S REPORT



- We audited certain entities in Australia, United States of America, United Kingdom and Canada due to their financial significance to the Group.
- We performed specified risk focused procedures on certain account balances for other entities in Australia, United States of America, United Kingdom, Canada, Hong Kong and Switzerland.
- We carried out further procedures at the Group level, including procedures over consolidation and preparation of the financial statements.
- For work performed by component auditors, we determined the level of involvement required from us in order to be able to conclude whether sufficient appropriate audit evidence had been obtained. Our involvement included discussions, written instructions and meeting with component audit teams in Australia, United States of America, United Kingdom, Canada, Hong Kong and Switzerland.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Risk and Audit Committee.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition – Computershare Mortgage Services' (CMS) fixed fee revenue <i>(Refer to note 2 of the financial statements)</i> In 2016, Computershare was appointed by UK Asset Resolution to undertake its mortgage servicing activities. The arrangement involved a fixed fee payable to Computershare over a total of four years for the provision of infrastructure to support the contract (CMS fixed fee revenue). A single performance obligation has been identified in the contract between the Group and UK Asset Resolution which, under Australian Accounting Standards, will be satisfied over a period of time. A portion of the fixed fee is recognised as revenue during the period with reference to the percentage of related costs that have been incurred to date. We continue to consider the recognition of CMS fixed fee revenue a key audit matter given the judgement required by the Group in determining the total amount of related costs which are expected to be incurred, the percentage of these costs	We performed the following procedures, amongst others, over the recognition of CMS fixed fee revenue: • Compared the Group's revenue recognition policies to the requirements under Australian Accounting Standards. • Confirmed that the Group had reassessed the related costs and obtained a copy of the latest projections of the total amount of related costs which are expected to be incurred. • Considered the appropriateness of key assumptions used in determining the recognition of revenue, by: • Agreed the total amount of related costs to the Group's approved business plan.

INDEPENDENT AUDITOR'S REPORT



Key audit matter	How our audit addressed the key audit matter
incurred to date and the period over which these costs will be incurred.	• Compared a sample of current year related costs included in the Group's cash flow forecasts against actual related costs incurred to assess the appropriateness of their recognition. • Recalculated the portion of the fixed fee recognised as revenue during the period, with reference to the percentage of related costs that were incurred to date.
<i>Impairment assessment of goodwill</i> <i>(Refer to note 10 of the financial statements)</i> The Group had a goodwill balance of \$1.8 billion at 30 June 2019, representing approximately 38% of the total assets of the Group. The Group is required to perform an impairment assessment of its goodwill balance at least annually under Australian Accounting Standards. For the year ended 30 June 2019, the Group performed an impairment assessment over the goodwill balance by calculating the value in use for each operating segment, which is comprised of groups of cash generating units (CGUs), using discounted cash flow models (the models). These valuations were then compared to respective book values to determine the need for any impairment. In each operating segment, the Group's valuations exceeded book values. The models accounted for sensitivity by assessing hypothetical fluctuations in key assumptions, which did not identify any impairment. We considered the impairment assessment of goodwill to be a key audit matter as the balance is significant to the consolidated statement of financial position and significant judgement is required by the Group in estimating future cash flows, particularly with respect to determining appropriate: • Discount rates • Five-year cash flow projections (cash flow forecasts) • Earnings growth rates applied beyond the initial five-year period (terminal growth rates).	We evaluated whether the Group's identification of CGUs, which are the smallest identifiable groups of assets that can generate largely independent cash inflows, was consistent with our knowledge of the Group's operations and internal Group reporting. In relation to the models, we performed the following procedures, amongst others: • Tested the mathematical accuracy of the models' calculations. • Compared cash flow forecasts to Board approved business plans. • Compared previous cash flow forecasts to actual results to assess the Group's historical accuracy of forecasting. • Together with PwC valuation experts, we compared the discount rate contained in the models to valuations of similar companies and other relevant external data. • Tested whether cash flow forecasts and terminal growth rates used in the models were consistent with our knowledge of current business conditions, externally derived data (where possible) and our understanding of the business. For each operating segment, we performed a sensitivity analysis by reducing the cash flow forecasts and terminal growth rates, and increasing the discount rates in the models, within a reasonably foreseeable range. We also considered the adequacy of the Group's financial report disclosures in relation to this matter in light of the requirements of Australian Accounting Standards.

INDEPENDENT AUDITOR'S REPORT



Key audit matter	How our audit addressed the key audit matter
Uncertain tax positions - Australian thin capitalisation (Refer to note 6 of the financial statements) The Group has been working with the Australian Taxation Office (ATO) and Her Majesty's Revenue and Customs (HRMC) in the UK to renew an existing bilateral advanced pricing arrangement in relation to remuneration paid to the Australian tax consolidated group from its subsidiaries regarding its ownership and licensing of certain intangible assets. As part of that process, the ATO undertook review activities in relation to the Group's compliance with thin capitalisation rules. Under Australian thin capitalisation rules, the amount of debt used to fund Australian operations or investments is limited. Once certain limits are exceeded, debt deductions claimable against Australian assessable income are disallowed. In April 2017, the ATO issued a draft position paper to the Group to indicate that it disagreed with the basis applied by the Group in calculating its thin capitalisation position in the 2011–2014 income tax years. In particular, the ATO questioned the recognition of certain intangible assets within the calculation. The Group responded to the ATO's position paper, outlining the rationale for its thin capitalisation treatment. A contingent liability continues to be disclosed for this issue as at 30 June 2019. We considered this a key audit matter, given the financial significance of the contingent liability, in addition to the significant judgement required by the Group in assessing whether the accounting treatment remained appropriate as at balance sheet date and the adequacy of disclosures in the financial report, as required under Australian Accounting Standards.	We performed the following procedures, amongst others: • Read correspondence between the Group and the ATO that took place during the year. • Interviewed the Group Tax Director, the Chief Financial Officer, and considered the views of the Group's independent expert to determine if there had been a change to the Group's strategy, position and approach in relation to the ATO draft position paper. • Considered whether the current accounting treatment applied by the Group remains appropriate based on the information obtained from the procedures listed above. • Considered the adequacy of the Group's contingent liability by obtaining a copy of the Group's calculations and determining if the methodology applied in the calculations was consistent with existing facts and circumstances. • Assessed the disclosures in light of the requirements of Australian Accounting Standards.

INDEPENDENT AUDITOR'S REPORT



Key audit matter	How our audit addressed the key audit matter
Acquisition of Equatex Group Holding AG (Equatex) (Refer to note 8 of the financial statements) On 9 November 2018, the Group acquired 100% of Equatex Group Holding AG, a European employee share plan administration business headquartered in Zurich, Switzerland. The total consideration was \$419.7 million. The acquisition was a key audit matter because it was a significant transaction during the year given the financial impact on the Group and the complex judgements made by the Group when accounting for the acquisition, including; • Determining the fair value of the assets and liabilities acquired, including the customer relationship and software intangible assets which are inherently judgemental. • Determining whether the client deposits managed by Equatex should be recognised as an asset, together with a corresponding liability, in accordance with the requirements of Australian Accounting Standards.	We performed the following procedures, amongst others: • Obtained the final signed purchase agreement and evaluated whether the transaction represents a business combination in line with Australian Accounting Standards. • Compared the cash consideration paid by the Group, including all associated acquisition costs, to the final signed purchase agreement. • Assessed the business combination disclosures in light of the requirements of Australian Accounting Standards. • Assessed the fair values of the acquired assets and liabilities recognised by agreeing the book values to supporting documentation. • Assessed the Group's discounted cash flow valuation model used for recognising the customer relationship intangible asset acquired, with a particular focus on the key assumptions therein, including forecast financial performance, growth rate and discount rate. • Assessed the Group's model that estimated the fair value of the software intangible asset, with a particular focus on the key assumptions therein, including the replacement cost. • Tested the mathematical accuracy of the models' calculations. • Assessed the Group's valuation methodology in light of the requirements of Australian Accounting Standards. • Assessed the useful lives of the intangible assets in light of our knowledge of the business' operations. • Together with PwC accounting specialists, assessed whether the Group had recognised client deposits in accordance with the requirements of Australian Accounting Standards.



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 45 to 60 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Computershare Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized, handwritten signature of the PricewaterhouseCoopers firm, written in black ink.

PricewaterhouseCoopers

A handwritten signature of Anton Linschoten, written in black ink.

Anton Linschoten
Partner

Melbourne
23 September 2019

SHAREHOLDER INFORMATION

This section contains additional information required by the Australian Securities 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	Number of ordinary shares	Fully paid percentage
Christopher John Morris	32,231,000	5.94%
AustralianSuper Pty Ltd	27,396,136	5.05%
BlackRock Group	27,152,616	5.00%

Class of shares and voting rights

At 13 September 2019 there were 32,318 holders of ordinary shares in the Company. The voting rights attaching to the ordinary shares set out in clause 4 of the Company's Constitution are:

- (a) the right to receive notice of and to attend and vote at all general meetings of the Company;
- (b) the right to receive dividends; and
- (c) in a winding up or a reduction of capital, the right to participate equally in the distribution of the assets of the Company (both capital and surplus), subject to any amounts unpaid on the Share and, in the case of a reduction, to the terms of the reduction

Distribution of shareholders of shares as at 13 September 2019

Size of holding	Ordinary shareholders
1 – 1,000	16,313
1,001 - 5,000	12,787
5,001 - 10,000	1,894
10,001 - 100,000	1,212
100,001 and over	112
Total shareholders	32,318

There were 649 shareholders holding less than a marketable parcel of 32 ordinary shares as at 13 September 2019.

Twenty Largest Shareholders of ordinary shares as at 13 September 2019

	Ordinary shares	
	Number	%
HSBC Custody Nominees (Australia) Limited	154,905,453	28.53
J P Morgan Nominees Australia Pty Limited	109,500,852	20.17
Citicorp Nominees Pty Limited	57,714,777	10.63
Mr Chris Morris	32,231,000	5.94
National Nominees Limited	19,355,892	3.56
Welas Pty Ltd	18,950,000	3.49
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	11,520,882	2.12
Penelope MacLagan	11,158,868	2.06
Computershare Clearing Pty Ltd	6,430,997	1.18
BNP Paribas Noms Pty Ltd <DRP>	4,902,560	0.90
Argo Investments Limited	4,901,166	0.90
Australian Foundation Investment Company Limited	4,660,000	0.86
Ms Michele Jean O'Halloran	4,303,218	0.79
CPU Share Plans Pty Limited	3,681,246	0.68
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	2,622,281	0.48
HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	2,517,283	0.46
HSBC Custody Nominees (Australia) Limited - GSCO ECA	1,870,294	0.34
National Nominees Limited <N A/C>	1,781,849	0.33
AMP Life Limited	1,418,426	0.26
Netwealth Investments Limited <Wrap Services A/C>	1,377,992	0.25
Total	455,805,036	83.95

CORPORATE DIRECTORY

DIRECTORS

Simon David Jones
(Chairman)
Stuart James Irving
(President and Chief Executive Officer)
Abigail Pip Cleland
Tiffany Lee Fuller
Lisa Mary Gay
Christopher John Morris
Paul Joseph Reynolds
Joseph Mark Velli

COMPANY SECRETARY

Dominic Matthew Horsley

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NOTES



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The Annual Report
is available online at
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