



Market Announcements Office  
 ASX Limited  
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 SYDNEY NSW 2000

**ASX ANNOUNCEMENT**

**APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

The Directors of Link Administration Holdings Limited (**Company**) (ASX: LNK) present the results of Link Group (Link Administration Holdings Limited and its controlled entities) for the six months ended 31 December 2017 as follows:

|   |    |     | <b>31 December<br/>2017<br/>\$'000</b> | 31 December<br>2016<br>\$'000 |
|---|----|-----|--|-------------------------------|
| <b>Results for announcement to the market</b>               |    |     |  |                               |
| Revenue from ordinary activities                            | Up | 27% | <b>503,311</b>                         | 395,768                       |
| Profit from ordinary activities after tax                   | Up | 55% | <b>64,287</b>                          | 41,578                        |
| Profit for the period attributable to owners of the Company | Up | 54% | <b>63,874</b>                          | 41,396                        |
| <b>Earnings per share</b>                                   |    |     |  |                               |
| Basic earnings (cents per share)                            |    |     | <b>13.18</b>                           | 11.07                         |
| Diluted earnings (cents per share)                          |    |     | <b>13.16</b>                           | 11.06                         |
| <b>Net tangible assets</b>                                  |    |     |  |                               |
| Net tangible assets per security (cents per share)          |    |     | <b>(172)</b>                           | (68)                          |

Link Group defines net tangible assets as net assets less intangible assets. A large proportion of Link Group's assets are classified as intangible assets including goodwill, client lists, software and deferred tax assets (net of deferred tax liabilities). Intangible assets have been excluded from the calculation of net tangible assets, resulting in a negative net tangible asset per security.

**Dividends**

Dividends paid by the Company during the six months ended 31 December 2017 were:

|                   | <b>Cents per<br/>share</b> | <b>Total<br/>amount</b> | <b>Franked/<br/>Unfranked</b> | <b>Record date</b> | <b>Payment date</b> |
|-------------------|----------------------------|-------------------------|-------------------------------|--------------------|---------------------|
| <b>Final 2017</b> | 8.0                        | \$39,250,933            | Franked at 100%               | 21 September 2017  | 18 October 2017     |

An 100% franked interim dividend of \$34,478,217, which equates to 7.0 cents per share, in respect of the six months ended 31 December 2017 was declared by the Directors of the Company on 22 February 2018. A provision has not been recognised in the financial statements for the six months ended 31 December 2017 and the dividend declaration has been disclosed as a subsequent event. The record date for determining entitlements to the dividend is 28 March 2018. Payment of the dividend will occur on 30 April 2018.

The Link Group Dividend Reinvestment Plan (DRP) will operate in respect of the 2018 interim dividend. The DRP election deadline is 29 March 2018.

**Commentary on results for the period**

Additional commentary on results for the period can be found in the Media Release also announced to ASX today (22 February 2018).

**Other information**

The information in this Appendix 4D should be read in conjunction with the Link Group interim financial report for the six months ended 31 December 2017 and the annual financial report for the year ended 30 June 2017. Link Group's interim financial report has been reviewed by KPMG.

On 3 November 2017, Link Group acquired 100% of the Link Asset Services (LAS, formerly Capita Asset Services) business from Capita plc. LAS provides Link Group with established market positions in the UK, Jersey, Ireland and a growth platform in Europe in business segments that extend the reach of Link Group's current services with Fund Solutions, Link Market Services, Corporate Services & Private Clients and Banking & Credit Management. The impact on Link Group's results is disclosed in Notes 4 and 17 of the interim financial report for the six months ended 31 December 2017.

Further information about the results is included in the Half Year Results Presentation and can be obtained via the ASX website or by visiting the Link Group website at [www.linkgroup.com](http://www.linkgroup.com).

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

**ABN 27 120 964 098**

**INTERIM FINANCIAL REPORT**

**31 DECEMBER 2017**

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

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

**DIRECTORS' REPORT**

The Directors present their report together with the consolidated financial statements of Link Group, being Link Administration Holdings Limited (the Company) and its controlled entities, for the six months ended 31 December 2017 (the interim period) and the independent external auditor's review report thereon.

**Directors**

The Directors of the Company at any time during or since the end of the interim period are:

**1. Directors**

| <b><i>Name and qualifications</i></b> | <b><i>Experience</i></b>  |
|---------------------------------------|---|
| M Carapiet, MBA                       | Independent Chairman and Non-Executive Director<br>Appointed 26 June 2015 |
| J M McMurtrie, BEc(Hons), MEc         | Executive Director and Managing Director<br>Appointed 16 February 2007    |
| G Boreham, AM, BEc                    | Independent Non-Executive Director<br>Appointed 23 September 2015         |
| P Gupta, MBA, BA                      | Independent Non-Executive Director<br>Appointed 18 November 2016          |
| A McDonald, CA, BEc                   | Independent Non-Executive Director<br>Appointed 15 July 2016              |
| S Pitkin, PhD, LLM, LLB               | Independent Non-Executive Director<br>Appointed 23 September 2015         |
| F Trafford-Walker, BEc.(Hons), MFin.  | Independent Non-Executive Director<br>Appointed 23 September 2015         |

**Principal Activities**

The principal activity of Link Group during the course of the interim period was that of a technology-enabled provider of outsourced administration services for superannuation fund administration, corporate markets and related value-added services including data management analytics, digital communication and stakeholder education and advice.

On 3 November 2017, Link Group acquired 100% of the Link Asset Services (LAS, formerly Capita Asset Services) business from Capita plc. LAS provides Link Group with established market positions in the UK, Jersey and Ireland, and a growth platform in Europe in business segments that extend the reach of Link Group's current services with Fund Solutions, Link Market Services, Corporate Services & Private Clients and Banking & Credit Management.

There were no other significant changes in the nature of the activities of Link Group during the interim period.

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

**DIRECTORS' REPORT**

**Dividends**

Dividends paid by the Company during the interim (and comparative) period were:

|                   | <b>Cents per share</b> | <b>Total amount</b> | <b>Franked/Unfranked</b> | <b>Date of payment</b> |
|-------------------|------------------------|---------------------|--------------------------|------------------------|
| <b>Final 2017</b> | 8.0                    | \$39,250,933        | 100% franked             | 18.10.2017             |
| <b>Final 2016</b> | 8.0                    | \$28,783,786        | 18.7% franked            | 10.10.2016             |

In addition, dividends declared or paid by the Company since the end of the interim period were \$34,478,217, which equates to 7.0 cents per share, 100% franked (2016: \$21,587,839). The record date for determining entitlements to the dividend is 28 March 2018. Payment of the dividend will occur on 30 April 2018.

The Link Group Dividend Reinvestment Plan (DRP) will operate in respect of the 2018 interim dividend. The DRP election deadline is 29 March 2018.

**Significant Changes in State of Affairs**

Link Group successfully completed an institutional and retail entitlement offer in July 2017, issuing a further 130,839,343 ordinary shares to raise \$883.2 million. The additional capital was used, along with a new £485 million debt facility (drawn to £465 million) to complete the acquisition of Link Asset Services from Capita plc for \$1,548.0 million (£909.5 million) on 3 November 2017. The consideration paid included a capital charge and other minor adjustments of £21.5 million in addition to the £888 million purchase price previously disclosed. The acquisition of Link Asset Services has broadened Link Group's geographical presence providing immediate scale in the UK, Jersey and Ireland, and provides a growth platform in Europe.

Also during the interim period, the Directors approved the introduction of the Link Group Dividend Reinvestment Plan (DRP). The DRP allows shareholders to reinvest some or all of their dividend in new shares rather than receiving their dividend as a cash payment. The DRP resulted in a further 1,909,296 ordinary shares valued at \$14.0 million being issued on 18 October 2017.

In the opinion of the Directors there were no other significant changes in the state of the affairs of the Company or Link Group that occurred during the interim period ended 31 December 2017.

**Review of Operations**

Consistent with previous disclosures, this review of operations uses certain measures to report on Link Group's performance that are not recognised under Australian Accounting Standards or International Financial Reporting Standards (IFRS), collectively referred to as 'non-IFRS measures'. These non-IFRS measures are defined in Link Group's Annual Report for the year ended 30 June 2017 and have not been subject to audit or review in accordance with Australian Auditing Standards.

The net profit of Link Group for the six months ended 31 December 2017 was \$64.3 million (2016: \$41.6 million).

Revenue for the interim period increased to \$503.3 million in 2017 (2016: \$395.8 million) largely reflecting the acquisition of Link Asset Services on 3 November 2017. Operating expenses increased to \$355.4 million in 2017 (2016: \$287.3 million) predominantly as result of the acquisition of Link Asset Services on 3 November 2017. Link Group also incurred Significant items expenses associated with business combinations/acquisitions, integration and client migrations amounting to \$22.5 million (2016: \$9.8 million). Significant items are separately disclosed in Note 4 to the Interim Financial Statements to assist understanding of Link Group's results.

Total Operating EBITDA (which excludes significant items) for the six months ended 31 December 2017 was \$148.0 million (2016: \$108.5 million). A reconciliation of Operating EBITDA to the net profit of Link Group is included in Note 4 to the Interim financial statements.

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

**DIRECTORS' REPORT**

**Review of Operations (continued)**

The net assets of Link Group increased to \$1,521.5 million as at 31 December 2017 from \$617.4 million as at 30 June 2017 reflecting:

- ordinary shares issued to raise \$883.2 million under an institutional and retail entitlement offer in July 2017; and
- profits for the interim period partially offset by a payment of a final dividend for the year ended 30 June 2017 of \$39.3 million.

Link Group's borrowings have increased from \$313.1 million as at 30 June 2017 to \$1,001.2 million as at 31 December 2017, reflecting additional borrowings used to fund the acquisition of Link Asset Services in the period, partially offset by voluntary repayments.

Link Group continues to deliver on its growth strategy and is well positioned to pursue further opportunities across the various market segments and regions in which it operates.

Further information about the results is included in the Half Year Results Presentation and can be obtained via the ASX website or by visiting the Link Group website at [www.linkgroup.com](http://www.linkgroup.com).

**Events Subsequent to Reporting Date**

Other than the matters described elsewhere in the Directors' Report there has not arisen in the interval between the end of the interim period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of Link Group, the results of those operations, or the state of affairs of Link Group, in future financial years.

**Lead Auditor's Independence Declaration**

The Lead Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4 and forms part of the Directors' Report for the six months ended 31 December 2017.

**Rounding Off**

The Company is of a kind referred to in ASIC Rounding Instrument 2016/91 dated 1 April 2016 and in accordance with that Instrument, amounts in the interim financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

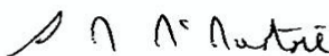
Signed in accordance with a resolution of the Board of Directors.

Dated 22 February 2018 at Sydney.



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**M Carapiet**  
Chairman



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**J M McMurtrie**  
Managing Director



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

To the Directors of Link Administration Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Link Administration Holdings Limited for the half-year ended 31 December 2017 there have been:

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

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'A. Yates', with a long horizontal stroke extending to the right.

Andrew Yates  
Partner

Sydney

22 February 2018



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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
for the six months ended 31 December 2017

|   | Note | 31 December<br>2017<br>\$'000 | 31 December<br>2016<br>\$'000 |
|---|------|-------------------------------|-------------------------------|
| <b>Revenue – rendering of services</b>                                      | 4    | 503,311                       | 395,768                       |
| <b>Expenses:</b>  |      |                               |                               |
| Employee expenses   |      | (228,449)                     | (175,514)                     |
| Occupancy expenses  |      | (21,811)                      | (14,602)                      |
| IT costs  |      | (41,442)                      | (39,172)                      |
| Administrative and general expenses   |      | (70,687)                      | (61,136)                      |
| Acquisition and capital management related expenses                         |      | (15,429)                      | (6,632)                       |
|   |      | <b>(377,818)</b>              | <b>(297,056)</b>              |
| Depreciation expense  |      | (7,206)                       | (6,027)                       |
| Intangibles amortisation expense  | 7    | (28,504)                      | (25,809)                      |
|   |      | <b>(35,710)</b>               | <b>(31,836)</b>               |
| Gain on financial assets held at fair value through profit and loss         |      | 7,596                         | 643                           |
| Finance income  |      | 3,615                         | 399                           |
| Finance costs   |      | (7,561)                       | (7,377)                       |
| Net finance costs   |      | <b>(3,946)</b>                | <b>(6,978)</b>                |
| <b>Profit before tax</b>  |      | <b>93,433</b>                 | <b>60,541</b>                 |
| Income tax expense  | 5(a) | (29,146)                      | (18,963)                      |
| <b>Net profit for the period</b>  |      | <b>64,287</b>                 | <b>41,578</b>                 |
| <b>Other comprehensive income</b>   |      |                               |                               |
| <b>Items that may be reclassified subsequently to profit or loss:</b>       |      |                               |                               |
| Foreign currency translation differences for foreign operations, net of tax |      | 1,395                         | (1,072)                       |
| <b>Other comprehensive income, net of tax</b>                               |      | <b>1,395</b>                  | <b>(1,072)</b>                |
| <b>Total comprehensive income for the period</b>                            |      | <b>65,682</b>                 | <b>40,506</b>                 |

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

**LINK ADMINISTRATION HOLDING LIMITED**  
and its Controlled Entities

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (continued)**  
for the six months ended 31 December 2017

|  | <i>Note</i> | 31 December<br>2017<br>\$'000 | 31 December<br>2016<br>\$'000   |
|--|-------------|-------------------------------|---------------------------------|
| <b>Profit attributable to:</b>                     |             |                               |                                 |
| Owners of the Company                              |             | 63,874                        | 41,396                          |
| Non-controlling interests                          |             | 413                           | 182                             |
| <b>Profit for the period</b>                       |             | <b>64,287</b>                 | <b>41,578</b>                   |
| <b>Total comprehensive income attributable to:</b> |             |                               |                                 |
| Owners of the Company                              |             | 65,241                        | 40,319                          |
| Non-controlling interests                          |             | 441                           | 187                             |
| <b>Total comprehensive income for the period</b>   |             | <b>65,682</b>                 | <b>40,506</b>                   |
| <b>Earnings per share</b>                          |             |                               |                                 |
|  |             | <b>Cents per<br/>share</b>    | Cents per<br>Share <sup>1</sup> |
| Basic earnings per share                           | 14          | 13.18                         | 11.07                           |
| Diluted earnings per share                         | 14          | 13.16                         | 11.06                           |

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

1. Prior period comparative earnings per share have been restated due to the bonus element of the entitlement offer and dividend reinvestment plan. See Note 14.

**LINK ADMINISTRATION HOLDING LIMITED**  
and its Controlled Entities

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2017

|  | <i>Note</i> | 31 December<br>2017<br>\$'000 | 30 June<br>2017<br>\$'000 |
|--|-------------|-------------------------------|---------------------------|
| <b>Current assets</b>  |             |                               |                           |
| Cash and cash equivalents  |             | 116,530                       | 18,162                    |
| Trade and other receivables                                      | 6           | 393,701                       | 98,691                    |
| Funds assets   | 16          | 326,214                       | -                         |
| Other assets   |             | 32,961                        | 17,079                    |
| Derivative financial assets                                      | 15          | -                             | 2,413                     |
| Current tax assets   |             | 305                           | 163                       |
| <b>Total current assets</b>                                      |             | <b>869,711</b>                | <b>136,508</b>            |
| <b>Non-current assets</b>  |             |                               |                           |
| Investments  | 15          | 144,106                       | 138,689                   |
| Plant and equipment  |             | 92,371                        | 66,023                    |
| Intangible assets  | 7           | 2,444,870                     | 850,146                   |
| Deferred tax assets  |             | 42,048                        | 42,437                    |
| Other assets   |             | 379                           | 130                       |
| <b>Total non-current assets</b>                                  |             | <b>2,723,774</b>              | <b>1,097,425</b>          |
| <b>Total assets</b>  |             | <b>3,593,485</b>              | <b>1,233,933</b>          |
| <b>Current liabilities</b>                                       |             |                               |                           |
| Trade and other payables   |             | 299,538                       | 101,071                   |
| Interest-bearing loans and borrowings                            | 8           | 248                           | 241                       |
| Funds liabilities  | 16          | 318,360                       | -                         |
| Provisions   | 9           | 139,853                       | 15,358                    |
| Employee benefits  |             | 42,493                        | 39,195                    |
| Current tax liabilities  |             | 39,112                        | 28,711                    |
| <b>Total current liabilities</b>                                 |             | <b>839,604</b>                | <b>184,576</b>            |
| <b>Non-current liabilities</b>                                   |             |                               |                           |
| Trade and other payables   |             | 71,051                        | 47,833                    |
| Interest-bearing loans and borrowings                            | 8           | 1,000,906                     | 312,892                   |
| Provisions   | 9           | 36,738                        | 8,121                     |
| Employee benefits  |             | 6,630                         | 6,781                     |
| Deferred tax liabilities   |             | 117,018                       | 56,379                    |
| <b>Total non-current liabilities</b>                             |             | <b>1,232,343</b>              | <b>432,006</b>            |
| <b>Total liabilities</b>   |             | <b>2,071,947</b>              | <b>616,582</b>            |
| <b>Net assets</b>  |             | <b>1,521,538</b>              | <b>617,351</b>            |
| <b>Equity</b>  |             |                               |                           |
| Contributed equity   | 10          | 1,565,454                     | 689,372                   |
| Reserves   |             | (49,867)                      | (77,772)                  |
| Retained earnings  | 11          | 4,999                         | 4,999                     |
| <b>Total equity attributable to equity holders of the parent</b> |             | <b>1,520,586</b>              | <b>616,599</b>            |
| Non-controlling interests  |             | 952                           | 752                       |
| <b>Total equity</b>  |             | <b>1,521,538</b>              | <b>617,351</b>            |

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

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 31 December 2017

|   | Share<br>capital | Reserves        | Retained<br>earnings | Total            | Non-<br>controlling<br>interests | Total            |
|---|------------------|-----------------|----------------------|------------------|----------------------------------|------------------|
|   | \$'000           | \$'000          | \$'000               | \$'000           | \$'000                           | \$'000           |
| <b>Balance at 1 July 2017</b>   | 689,372          | (77,772)        | 4,999                | 616,599          | 752                              | 617,351          |
| <b>Net profit</b>   | -                | -               | 63,874               | 63,874           | 413                              | 64,287           |
| Foreign currency translation<br>differences, net of tax                     | -                | 1,367           | -                    | 1,367            | 28                               | 1,395            |
| <b>Total other comprehensive<br/>income, net of income tax</b>              | -                | 1,367           | -                    | 1,367            | 28                               | 1,395            |
| <b>Total comprehensive income for<br/>the period</b>                        | -                | 1,367           | 63,874               | 65,241           | 441                              | 65,682           |
| <b>Transfer from retained earnings<br/>to distributable profits reserve</b> | -                | 63,874          | (63,874)             | -                | -                                | -                |
| <b>Transactions with shareholders</b>                                       |                  |                 |                      |                  |                                  |                  |
| Issue of share capital, net of costs<br>of raising capital and tax          | 876,082          | -               | -                    | 876,082          | -                                | 876,082          |
| Dividends paid  | -                | (39,251)        | -                    | (39,251)         | (241)                            | (39,492)         |
| Equity settled share based<br>payments                                      | -                | 1,915           | -                    | 1,915            | -                                | 1,915            |
| <b>Total contributions by and<br/>distributions to owners</b>               | 876,082          | (37,336)        | -                    | 838,746          | (241)                            | 838,505          |
| <b>Balance at 31 December 2017</b>  | <b>1,565,454</b> | <b>(49,867)</b> | <b>4,999</b>         | <b>1,520,586</b> | <b>952</b>                       | <b>1,521,538</b> |

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

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**  
for the six months ended 31 December 2016

|   | Share<br>capital | Reserves  | Retained<br>earnings | Total    | Non-<br>controlling<br>interests | Total    |
|---|------------------|-----------|----------------------|----------|----------------------------------|----------|
|   | \$'000           | \$'000    | \$'000               | \$'000   | \$'000                           | \$'000   |
| <b>Balance at 1 July 2016</b>   | 689,004          | (112,417) | 4,999                | 581,586  | 476                              | 582,062  |
| <b>Net profit</b>   | -                | -         | 41,396               | 41,396   | 182                              | 41,578   |
| Foreign currency translation<br>differences, net of tax   | -                | (1,077)   | -                    | (1,077)  | 5                                | (1,072)  |
| <b>Total other comprehensive<br/>income, net of income tax</b>  | -                | (1,077)   | -                    | (1,077)  | 5                                | (1,072)  |
| <b>Total comprehensive income for<br/>the period</b>  | -                | (1,077)   | 41,396               | 40,319   | 187                              | 40,506   |
| <b>Transfer from retained earnings<br/>to distributable profits reserve</b>                                 | -                | 25,336    | (25,336)             | -        | -                                | -        |
| <b>Transactions with shareholders</b>   |                  |           |                      |          |                                  |          |
| Dividends paid  | -                | (28,784)  | -                    | (28,784) | -                                | (28,784) |
| Equity settled share based<br>payments  | -                | 438       | -                    | 438      | -                                | 438      |
| Acquisition of non-controlling<br>interest in a subsidiary  | -                | 17        | -                    | 17       | (37)                             | (20)     |
| Changes to share capital due to<br>changes in estimates of taxation<br>associated with equity raising costs | 368              | -         | -                    | 368      | -                                | 368      |
| <b>Total contributions by and<br/>distributions to owners</b>   | 368              | (28,329)  | -                    | (27,961) | (37)                             | (27,998) |
| <b>Balance at 31 December 2016</b>  | 689,372          | (116,487) | 21,059               | 593,944  | 626                              | 594,570  |

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

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the six months ended 31 December 2017

|   | Note  | 31 December<br>2017<br>\$'000 | 31 December<br>2016 <sup>2</sup><br>\$'000 |
|---|-------|-------------------------------|--|
| <b>Cash flows from operating activities</b>                     |       |                               |  |
| Cash receipts in the course of operations                       |       | 543,928                       | 420,250                                    |
| Cash payments in the course of operations                       |       | (396,467)                     | (330,795)                                  |
|   |       | <b>147,461</b>                | <b>89,455</b>                              |
| Business combination/acquisition costs paid                     |       | (22,417)                      | (4,356)                                    |
| Integration costs paid  |       | (4,420)                       | (8,819)                                    |
| Client migration costs paid                                     |       | (7,287)                       | (18,860)                                   |
| IT business transformation costs paid                           |       | -                             | (536)                                      |
| Interest received   |       | 3,616                         | 197  |
| Dividends received  |       | 172                           | 202  |
| Borrowing costs paid  |       | (4,215)                       | (4,952)                                    |
| Income taxes paid   |       | (24,758)                      | (1,176)                                    |
| <b>Net cash provided by operating activities</b>                | 12(a) | <b>88,152</b>                 | <b>51,155</b>                              |
| <b>Cash flows from investing activities</b>                     |       |                               |  |
| Payments for plant and equipment                                |       | (6,022)                       | (5,488)                                    |
| Payments for software   |       | (19,664)                      | (11,576)                                   |
| Acquisition of subsidiaries, net of cash acquired               |       | (1,473,130)                   | (20,910)                                   |
| Proceeds from settlement of derivatives                         |       | 9,847                         | -  |
| Payments for investments  |       | (4,589)                       | (4,005)                                    |
| <b>Net cash used in investing activities</b>                    |       | <b>(1,493,558)</b>            | <b>(41,979)</b>                            |
| <b>Cash flows from financing activities</b>                     |       |                               |  |
| Proceeds from borrowings  | 12(b) | 1,048,282                     | 67,500                                     |
| Repayment of borrowings   | 12(b) | (358,615)                     | (42,063)                                   |
| Payment of borrowing transaction costs                          | 12(b) | (4,649)                       | -  |
| Dividends paid to owners of the Company                         |       | (25,237)                      | (28,784)                                   |
| Acquisition of non-controlling interests                        |       | -                             | (20)                                       |
| Proceeds from issue of shares                                   |       | 883,166                       | -  |
| Costs arising from issue of shares                              |       | (21,098)                      | -  |
| <b>Net cash provided by/(used in) financing activities</b>      |       | <b>1,521,849</b>              | <b>(3,367)</b>                             |
| <b>Net increase in cash and cash equivalents</b>                |       | <b>116,443</b>                | <b>5,809</b>                               |
| <b>Cash and cash equivalents at the beginning of the period</b> |       | <b>18,162</b>                 | <b>30,153</b>                              |
| <b>Effect of exchange rate fluctuations on cash held</b>        |       | <b>(18,075)</b>               | <b>(600)</b>                               |
| <b>Cash and cash equivalents at the end of the period</b>       |       | <b>116,530</b>                | <b>35,362</b>                              |

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

- Prior year comparative cash payments in the course of operations have been reduced by \$32,571,000 and reclassified as business combination/acquisition, integration, client migration and IT business transformation costs paid because it more accurately reflects the nature of Link Group's cash flows from operating activities. The reclassification had no impact on net cash provided by operating activities.

**LINK ADMINISTRATION HOLDINGS LIMITED**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**1. REPORTING ENTITY**

Link Administration Holdings Limited (the Company) is a company incorporated and domiciled in Australia. The Company's registered office and principal place of business is Level 12, 680 George Street, Sydney NSW 2000, Australia. The consolidated interim financial statements of Link Group as at and for the six months ended 31 December 2017 (the interim period) comprises of the Company and its controlled entities. Link Group is a for-profit entity. Link Group is an integrated provider of asset servicing and administration services to financial markets, using technology to administer financial ownership data and drive user engagement, analysis and insight. Link Group delivers market-leading business solutions for companies, large asset owners and trustees across the globe.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The consolidated interim financial statements are general purpose condensed financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001* and with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for a complete set of annual financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 30 June 2017. However, selected explanatory notes are included to explain events and transactions that are significant to understanding changes in Link Group's financial position and performance since the last consolidated annual financial statements as at and for the financial year ended 30 June 2017. The interim financial statements have been prepared on a going concern basis. The Directors of Link Administration Holdings Limited consider it probable that Link Group will continue to fulfil all obligations as and when they fall due for the foreseeable future and accordingly consider that Link Group's interim financial statements should be prepared on a going concern basis.

These interim financial statements were authorised for issue by the Board of Directors on 22 February 2018.

The Company is of a kind referred to in ASIC Rounding Instrument 2016/191 dated 1 April 2016 and in accordance with that Instrument, all financial information presented in Australian Dollars has been rounded to the nearest thousand unless otherwise stated.

**(b) Significant accounting policies**

The accounting policies applied in these consolidated interim financial statements are the same as those applied in Link Group's consolidated annual financial statements as at and for the year ended 30 June 2017.

**(c) New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to Link Group are set out below.

*AASB 9 Financial Instruments* replaces the existing guidance in *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. An assessment of the new standard is ongoing, however, it is not expected to result in a change to any classification of financial instruments or have a material impact on Link Group.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**2. BASIS OF PREPARATION (continued)**

**(c) New standards and interpretations not yet adopted (continued)**

*AASB 15 Revenue from Contracts with Customers* replaces existing revenue recognition guidance under Australian Accounting Standards. The core principle of AASB 15 is to recognise revenues when control of goods or services is transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. AASB 15 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgement and estimates may be required within the revenue recognition process than required under existing Australian Accounting Standards. AASB 15 also allows costs incremental to obtaining a contract to be capitalised as an asset and expensed consistently with the pattern of revenue recognition arising from the contract.

AASB 15 requires mandatory application by Link Group for the financial year ended 30 June 2019, however, is available for early adoption. On initial application, AASB 15 permits either full retrospective or a modified retrospective application approach. Link Group is currently assessing its contracts and evaluating the potential impact on its consolidated financial statements resulting from the application of AASB 15.

*AASB 16 Leases* requires mandatory application by Link Group for the financial year ended 30 June 2020. It removes the distinction between operating and finance leases for lessees and will require nearly all leases to be accounted for as both an asset and liability on the statement of financial position. There is also new guidance on when an arrangement would meet the definition of a lease.

Link Group is assessing the potential impact of the application of AASB 16 on its financial statements, including the potential impact of the various transition provisions available to Link Group. Using approximate values, if Link Group were to adopt AASB 16 as at 31 December 2017, the present value of the future minimum lease payments for non-cancellable operating leases disclosed in Note 26 of Link Group's Annual Report for the year ended 30 June 2017 would be recognised as a financial liability in the statement of financial position, and under the transition provisions available, Link Group would also recognise a corresponding amount as a right-of-use asset. The new standard is also likely to result in a reduction in occupancy expenses as lease costs will instead be allocated against the lease liability. The lease asset will be amortised over the life of the lease resulting in a depreciation and amortisation charge. The depreciation and amortisation charge is expected to approximate the reduction in occupancy expenses.

**3. USE OF JUDGEMENTS AND ESTIMATES**

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

In preparing this consolidated interim financial statements, the significant judgements made by management in applying Link Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements as at and for the year ended 30 June 2017.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**4. OPERATING SEGMENTS**

Link Group has four reportable segments, as described below, which are Link Group's key divisions. Each of the divisions offer different products and services and are managed separately because they require different technology and business strategies to service their respective markets and comply with relevant legislative or other requirements. Financial information for each division is provided regularly to Link Group's Managing Director (the chief operating decision maker). The following summary describes the operations in each of Link Group's reportable segments:

- **Fund Administration** – provides administration services to superannuation funds. Link Group provides a fully integrated platform solution to its clients, covering all major front, middle and back office administration functions.
- **Corporate Markets** – provides a comprehensive and integrated corporate market offering that connects issuers with their stakeholders. The division's key services include shareholder management and analytics, stakeholder engagement, share registry, employee share plans and company secretarial.
- **Information, Digital and Data Services** – is the technology hub of Link Group and a key driver of innovation. Information, Digital and Data Services provides core services of development and maintenance of proprietary IT systems and platforms, and value-added services of data analytics, digital solutions and digital communications. This division supports Fund Administration, Corporate Markets and a number of external clients.
- **Link Asset Services** – provides a broad range of financial and administrative services in the UK and Europe across the following divisions:
  - Fund Solutions – third party administration and transfer agency services to asset managers and a variety of investment funds.
  - Link Market Services – share registration, employee share plan services and treasury solutions to corporate clients.
  - Corporate Services & Private Clients – trustee, administration, domiciliation and governance services to corporates, trusts and investors.
  - Banking & Credit Management – loan processing, administration and work-out services to lenders and investors.

|  | <b>31 December<br/>2017<br/>\$'000</b> | <b>31 December<br/>2016<br/>\$'000</b> |
|--|--|--|
| <b>Segment revenue</b>                 |  |  |
| Fund Administration                    | 284,294                                | 290,419                                |
| Corporate Markets                      | 103,462                                | 95,458                                 |
| Information, Digital and Data Services | 116,579                                | 105,037                                |
| Link Asset Services                    | 105,465                                | -                                      |
| <b>Total</b>                           | <b>609,800</b>                         | 490,914                                |
| Eliminations                           | (106,489)                              | (95,146)                               |
| <b>Total revenue</b>                   | <b>503,311</b>                         | 395,768                                |

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**4. OPERATING SEGMENTS (continued)**

|   | 31 December<br>2017<br>\$'000 | 31 December<br>2016<br>\$'000 |
|---|-------------------------------|-------------------------------|
| <b>Operating EBITDA</b>   |                               |                               |
| Fund Administration   | 60,036                        | 63,889                        |
| Corporate Markets   | 24,813                        | 22,401                        |
| Information, Digital and Data Services                              | 33,833                        | 24,746                        |
| Link Asset Services   | 33,053                        | -                             |
| <b>Total segment Operating EBITDA</b>                               | <b>151,735</b>                | 111,036                       |
| Head Office   | (3,774)                       | (2,557)                       |
| <b>Total Operating EBITDA</b>                                       | <b>147,961</b>                | 108,479                       |
| Significant items:  |                               |                               |
| - Business combination/acquisition costs                            | (15,644)                      | (6,026)                       |
| - Integration costs   | (2,518)                       | 1,025                         |
| - Client migration costs  | (4,306)                       | (4,766)                       |
| <b>Total Significant items</b>                                      | <b>(22,468)</b>               | (9,767)                       |
| Depreciation expense  | (7,206)                       | (6,027)                       |
| Intangibles amortisation expense – non-acquisition related          | (13,929)                      | (11,557)                      |
| Intangibles amortisation expense – acquisition related              | (14,575)                      | (14,252)                      |
| Gain on financial assets held at fair value through profit and loss | 7,596                         | 643                           |
| Finance income  | 3,615                         | 399                           |
| Finance expense   | (7,561)                       | (7,377)                       |
| <b>Profit before tax</b>  | <b>93,433</b>                 | 60,541                        |
| Income tax expense  | (29,146)                      | (18,963)                      |
| <b>Net profit after tax</b>   | <b>64,287</b>                 | 41,578                        |

External revenue is the same as segment revenue for all segments except for:

- Information, Digital and Data Services, which had direct external revenues of \$12.1 million (2016: \$10.7 million).
- Corporate Markets, which had direct external revenues of \$101.2 million (2016: \$94.6 million).

|  | 31 December<br>2017<br>\$'000 | 30 June<br>2017<br>\$'000 |
|--|-------------------------------|---------------------------|
| <b>Segment assets</b>                  |                               |                           |
| Fund Administration                    | 460,739                       | 455,498                   |
| Corporate Markets                      | 398,359                       | 396,273                   |
| Information, Digital and Data Services | 202,325                       | 195,649                   |
| Link Asset Services                    | 2,327,065                     | -                         |
| <b>Total segment assets</b>            | <b>3,388,488</b>              | 1,047,420                 |
| Head office                            | 204,997                       | 186,513                   |
| <b>Total assets</b>                    | <b>3,593,485</b>              | 1,233,933                 |

**LINK ADMINISTRATION HOLDINGS LIMITED**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**5. TAXATION**

|   | 31 December<br>2017<br>\$'000 | 31 December<br>2016<br>\$'000 |
|---|-------------------------------|-------------------------------|
| <b>(a) Income tax expense</b>   |                               |                               |
| <b>Current tax expense</b>  |                               |                               |
| Current period  | (30,462)                      | (14,037)                      |
| Adjustment for prior years  | (160)                         | 137                           |
|   | <b>(30,622)</b>               | <b>(13,900)</b>               |
| <b>Deferred tax expense</b>   |                               |                               |
| Origination and reversal of temporary differences   | 1,262                         | (5,653)                       |
| Adjustment for prior years  | 214                           | 590                           |
|   | <b>1,476</b>                  | <b>(5,063)</b>                |
| Tax expense from continuing operations  | <b>(29,146)</b>               | <b>(18,963)</b>               |
| <b>Profit before income tax</b>   | <b>93,433</b>                 | 60,541                        |
| <b>Prima facie income tax expense calculated at 30% on operating profit from ordinary activities:</b> | <b>(28,030)</b>               | (18,162)                      |
| Effect of tax rates in foreign jurisdictions  | 2,009                         | (24)                          |
| Non-deductible expenses   | (6,561)                       | (1,769)                       |
| Non-assessable income   | 916                           | 371                           |
| Recognition/(de-recognition) of tax losses  | 2,466                         | (106)                         |
| Over provision of tax in respect of prior years   | 54                            | 727                           |
| <b>Income tax expense</b>   | <b>(29,146)</b>               | <b>(18,963)</b>               |

**(b) Tax recognised in other comprehensive income and equity**

|                                      | 2017                    |                                       |                         | 2016                    |                                       |                         |
|--------------------------------------|-------------------------|---------------------------------------|-------------------------|-------------------------|---------------------------------------|-------------------------|
|                                      | Before<br>tax<br>\$'000 | Tax<br>(expense)<br>benefit<br>\$'000 | Net of<br>tax<br>\$'000 | Before<br>tax<br>\$'000 | Tax<br>(expense)<br>benefit<br>\$'000 | Net of<br>tax<br>\$'000 |
| Foreign Currency Translation Reserve | 1,960                   | (565)                                 | 1,395                   | (1,130)                 | 58                                    | (1,072)                 |
|                                      | <b>1,960</b>            | <b>(565)</b>                          | <b>1,395</b>            | <b>(1,130)</b>          | <b>58</b>                             | <b>(1,072)</b>          |

**(c) Unrecognised tax losses**

As at 31 December 2017, companies within Link Group had tax losses of \$220.9 million (30 June 2017: \$225.5 million) unrecognised for deferred tax purposes, available to offset against taxable income in future years. The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these losses because it is not probable that conditions permit their utilisation in the foreseeable future.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

| 6. TRADE & OTHER RECEIVABLES         | 31 December<br>2017<br>\$'000 | 30 June<br>2017<br>\$'000 |
|--------------------------------------|-------------------------------|---------------------------|
| Trade receivables                    | 277,608                       | 96,654                    |
| Less: provision for impaired amounts | (5,733)                       | (1,654)                   |
|                                      | <b>271,875</b>                | 95,000                    |
| Other debtors                        | 7,974                         | 3,691                     |
| Indemnified redress receivable       | 113,852                       | -                         |
|                                      | <b>393,701</b>                | 98,691                    |

The indemnified redress receivable is recoverable in respect of the indemnified redress provision acquired when Link Group acquired Link Asset Services on 3 November 2017. Refer to Note 9 for further details.

**7. INTANGIBLE ASSETS**

|  | Goodwill<br>\$'000 | Client lists<br>\$'000 | Software<br>\$'000 | Brand<br>Names<br>\$'000 | Total<br>\$'000  |
|--|--------------------|------------------------|--------------------|--------------------------|------------------|
| <b>Cost</b>                                |                    |                        |                    |                          |                  |
| <b>Balance at 1 July 2017</b>              | 613,014            | 221,027                | 350,092            | 4,272                    | 1,188,405        |
| Acquisitions through business combinations | 1,088,576          | 309,249                | 180,572            | -                        | 1,578,397        |
| Additions                                  | -                  | -                      | 22,309             | -                        | 22,309           |
| Effects of movements in exchange rates     | 15,392             | 4,597                  | 2,757              | 83                       | 22,829           |
| <b>Balance at 31 December 2017</b>         | <b>1,716,982</b>   | <b>534,873</b>         | <b>555,730</b>     | <b>4,355</b>             | <b>2,811,940</b> |
| <b>Amortisation and impairment losses</b>  |                    |                        |                    |                          |                  |
| <b>Balance at 1 July 2017</b>              | (2,512)            | (99,579)               | (234,219)          | (1,949)                  | (338,259)        |
| Effects of movements in exchange rates     | 4                  | (45)                   | (226)              | (40)                     | (307)            |
| Amortisation charge                        | -                  | (11,105)               | (17,242)           | (157)                    | (28,504)         |
| <b>Balance at 31 December 2017</b>         | <b>(2,508)</b>     | <b>(110,729)</b>       | <b>(251,687)</b>   | <b>(2,146)</b>           | <b>(367,070)</b> |
| <b>Carrying amount at 31 December 2017</b> | <b>1,714,474</b>   | <b>424,144</b>         | <b>304,043</b>     | <b>2,209</b>             | <b>2,444,870</b> |

**LINK ADMINISTRATION HOLDINGS LIMITED**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**7. INTANGIBLE ASSETS**  
(continued)

|  | Goodwill<br>\$'000 | Client lists<br>\$'000 | Software<br>\$'000 | Brand<br>Names<br>\$'000 | Total<br>\$'000  |
|--|--------------------|------------------------|--------------------|--------------------------|------------------|
| <b>Cost</b>                                |                    |                        |                    |                          |                  |
| <b>Balance at 1 July 2016</b>              | 594,546            | 217,200                | 322,646            | 4,476                    | 1,138,868        |
| Acquisitions through business combinations | 16,880             | 3,342                  | 135                | -                        | 20,357           |
| Additions                                  | -                  | -                      | 11,576             | -                        | 11,576           |
| Effects of movements in exchange rates     | (405)              | (913)                  | (47)               | (206)                    | (1,571)          |
| <b>Balance at 31 December 2016</b>         | <u>611,021</u>     | <u>219,629</u>         | <u>334,310</u>     | <u>4,270</u>             | <u>1,169,230</u> |
| <b>Amortisation and impairment losses</b>  |                    |                        |                    |                          |                  |
| <b>Balance at 1 July 2016</b>              | (2,500)            | (85,455)               | (204,081)          | (1,670)                  | (293,706)        |
| Effects of movements in exchange rates     | -                  | 710                    | 49                 | 45                       | 804              |
| Amortisation charge                        | -                  | (7,984)                | (17,667)           | (158)                    | (25,809)         |
| <b>Balance at 31 December 2016</b>         | <u>(2,500)</u>     | <u>(92,729)</u>        | <u>(221,699)</u>   | <u>(1,783)</u>           | <u>(318,711)</u> |
| <b>Carrying amount at 31 December 2016</b> | <u>608,521</u>     | <u>126,900</u>         | <u>112,611</u>     | <u>2,487</u>             | <u>850,519</u>   |

**8. INTEREST-BEARING LOANS AND BORROWINGS**

|                      | 31 December<br>2017<br>\$'000 | 30 June<br>2017<br>\$'000 |
|----------------------|-------------------------------|---------------------------|
| <b>Current</b>       |                               |                           |
| Finance lease        | 248                           | 241                       |
| <b>Non – current</b> |                               |                           |
| Finance lease        | 173                           | 288                       |
| Loans                | 1,000,733                     | 312,604                   |
|                      | <u>1,000,906</u>              | <u>312,892</u>            |

**LINK ADMINISTRATION HOLDINGS LIMITED**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**8. INTEREST-BEARING LOANS AND BORROWINGS (continued)**

| Financing Arrangements                           | Notional<br>currency | Interest rate<br>31 December<br>2017 | 31 December<br>2017<br>\$'000 | 30 June<br>2017<br>\$'000 |
|--|----------------------|--------------------------------------|-------------------------------|---------------------------|
| <b>Total facilities available:</b>               |                      |                                      |                               |                           |
| Non-amortising term loan facility                | AUD                  | 2.9% - 3.2%                          | 550,000                       | 550,000                   |
| Working capital facility                         | AUD                  | 1.4% - 3.2%                          | 30,000                        | 30,000                    |
| Non-amortising term loan facility                | GBP                  | 2.3%                                 | 802,139                       | -                         |
| Working capital facility                         | GBP                  | 1.9% - 2.3%                          | 34,501                        | -                         |
|  |                      |                                      | <b>1,416,640</b>              | <b>580,000</b>            |
| <b>Facilities utilised at reporting date:</b>    |                      |                                      |                               |                           |
| Non-amortising term loan facility                | AUD                  | 2.9%                                 | 202,800                       | 313,500                   |
| Working capital facility                         | AUD                  | 1.4%                                 | 13,060                        | 13,221                    |
| Non-amortising term loan facility                | GBP                  | 2.3%                                 | 802,139                       | -                         |
| Working capital facility                         | GBP                  | n/a                                  | -                             | -                         |
|  |                      |                                      | <b>1,017,999</b>              | <b>326,721</b>            |
| <b>Facilities not utilised at reporting date</b> |                      |                                      |                               |                           |
| Non-amortising term loan facility                | AUD                  | 0.4% - 0.6%                          | 347,200                       | 236,500                   |
| Working capital facility                         | AUD                  | 0.6%                                 | 16,940                        | 16,779                    |
| Non-amortising term loan facility                | GBP                  | 0.7%                                 | -                             | -                         |
| Working capital facility                         | GBP                  | 0.7%                                 | 34,501                        | -                         |
|  |                      |                                      | <b>398,641</b>                | <b>253,279</b>            |

Facilities utilised at reporting date includes \$13.1 million (30 June 2017: \$13.2 million) of guarantees provided to external parties, which have not been drawn down.

Link Group also has access to an uncommitted facility of \$250 million under the Syndicated Loan Facility. This is an uncommitted revolving credit facility for general corporate purposes to fund acquisitions permitted under the facility (and related advisory fees, costs and expenses) and growth capital expenditure and to refinance existing debt of an acquired target.

Link Group signed an Amendment and Restatement Deed on 16 June 2017, with respect to the existing Syndicated Loan Facility dated 18 September 2015, the terms and conditions of which are substantially unchanged. The amendment added the following additional facilities; a £465 million (\$802.1 million) non-amortising loan facility and a £20 million (\$34.5 million) working capital facility.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**9. PROVISIONS**

|                    | 31 December<br>2017<br>\$'000 | 30 June<br>2017<br>\$'000 |
|--------------------|-------------------------------|---------------------------|
| <b>Current</b>     |                               |                           |
| Provisions         | 139,853                       | 15,358                    |
| <b>Non-current</b> |                               |                           |
| Provisions         | 36,738                        | 8,121                     |

A reconciliation of the carrying amount of each material class of provisions is set out below:

|  | Claims<br>\$'000 | Integration<br>\$'000 | Migration<br>related<br>\$'000 | Onerous<br>contracts<br>\$'000 | Indemnified<br>redress<br>\$'000 | Other<br>\$'000 | Total<br>\$'000 |
|--|------------------|-----------------------|--------------------------------|--------------------------------|----------------------------------|-----------------|-----------------|
| <b>Balance at 1 July 2017</b>                      | <b>15,968</b>    | <b>2,964</b>          | <b>1,701</b>                   | <b>1,948</b>                   | -                                | <b>898</b>      | <b>23,479</b>   |
| Incurred/acquired through<br>business combinations | 32,999           | 203                   | -                              | 3,543                          | 112,207                          | 8,086           | 157,038         |
| Provisions made during the<br>period               | 2,212            | -                     | -                              | -                              | -                                | 50              | 2,262           |
| Provisions used during the<br>period               | (3,757)          | (1,050)               | (1,649)                        | (1,286)                        | -                                | (480)           | (8,222)         |
| Provisions reversed during<br>the period           | (103)            | -                     | -                              | -                              | -                                | (50)            | (153)           |
| Foreign exchange<br>translation differences        | 464              | (18)                  | (52)                           | 48                             | 1,645                            | 100             | 2,187           |
| <b>Balance at 31 December<br/>2017</b>             | <b>47,783</b>    | <b>2,099</b>          | -                              | <b>4,253</b>                   | <b>113,852</b>                   | <b>8,604</b>    | <b>176,591</b>  |
| <b>Current</b>                                     | <b>22,818</b>    | <b>1,096</b>          | -                              | <b>1,910</b>                   | <b>113,852</b>                   | <b>177</b>      | <b>139,853</b>  |
| <b>Non-current</b>                                 | <b>24,965</b>    | <b>1,003</b>          | -                              | <b>2,343</b>                   | -                                | <b>8,427</b>    | <b>36,738</b>   |

**Claims:** Link Group recognises a provision for claims arising from processing errors and other events associated with the handling of administration activities for and on behalf of clients. Provisions are measured at the cost that Link Group expects to incur in settling the claim. The provision also includes an estimate of claims that have been incurred but are not yet reported

**Integration:** The integration provision includes restructuring costs. The restructuring provision is based on estimates of the future costs associated with redundancies. The provision calculation includes assumptions around the timing and costs of redundancies. A provision for restructuring is recognised when Link Group has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future operating costs are not included in the provision.

**Migration related:** The migration provisions represent contractual liabilities incurred through business combinations and other related liabilities. The migration provision recognised on acquisition is stated at fair value based on estimates of the costs required to perform the migration procedures contractually required under the agreements.

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**9. PROVISIONS (continued)**

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

**Indemnified redress:** The indemnified redress provision is recognised for a contractual liability to make indemnified redress payments where the timing or amount of the payments is still uncertain. The provision relates to redress amounts payable to former investors of the Connaught Income Series 1 Fund, of which Link Fund Solutions (acquired as part of the Link Asset Services) was the operator until September 2009. Link Group is indemnified for the value of the payments, and has recognised a receivable of \$113.9 million (refer Note 6) in respect of this matter.

**Other:** Other provisions are for contractual make-good obligations. Make good provisions relate to Link Group's future obligation to remove fixtures and fittings or reinstate leaseholds back to original condition.

**10. CONTRIBUTED EQUITY**

|   | <b>31 December<br/>2017<br/>\$'000</b> | <b>30 June<br/>2017<br/>\$'000</b>     |
|---|--|--|
| <b>Issued and paid-up capital</b>           |  |  |
| Balance at the beginning of the period      | 689,372                                | 689,004                                |
| Shares issued under entitlement offer       | 883,166                                | -                                      |
| Participation in dividend reinvestment plan | 14,014                                 | -                                      |
| Equity raising costs, net of tax            | (21,098)                               | 368                                    |
| <b>Balance at the end of the period</b>     | <b>1,565,454</b>                       | <b>689,372</b>                         |
|   | <b>31 December<br/>2017<br/>'000's</b> | <b>31 December<br/>2016<br/>'000's</b> |
| <b>Number of shares</b>                     |  |  |
| <b>Opening balance 1 July</b>               | <b>359,798</b>                         | <b>359,798</b>                         |
| Shares issued under entitlement offer       | 130,839                                | -                                      |
| Participation in dividend reinvestment plan | 1,909                                  | -                                      |
| <b>Closing balance as at 31 December</b>    | <b>492,546</b>                         | <b>359,798</b>                         |

**Ordinary shares**

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



**LINK ADMINISTRATION HOLDINGS LIMITED**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**11. RETAINED EARNINGS**

|  | <b>31 December<br/>2017<br/>\$'000</b> | 31 December<br>2016<br>\$'000 |
|--|--|-------------------------------|
| Retained earnings at the beginning of the financial period | <b>4,999</b>                           | 4,999                         |
| Net profit attributable to equity holders                  | <b>63,874</b>                          | 41,396                        |
| Transfer from retained earnings to reserves                | <b>(63,874)</b>                        | (25,336)                      |
| Retained earnings at the end of the period                 | <b>4,999</b>                           | 21,059                        |

The Company declares and pays dividends out of its distributable profits reserve. Dividends declared or paid by the Company during or since the end of the interim period were as follows:

|                          | <b>2018 interim</b> | <b>2017 final</b> | <b>2017 interim</b> | <b>2016 final</b> |
|--------------------------|---------------------|-------------------|---------------------|-------------------|
| Dividend cents per share | 7.0                 | 8.0               | 6.0                 | 8.0               |
| Franking percentage      | 100%                | 100%              | -                   | 18.70%            |
| Total dividend (\$'000)  | 34,478              | 39,251            | 21,588              | 28,784            |
| Record date              | 28.03.2018          | 21.09.2017        | 21.03.2017          | 29.09.2016        |
| Payment date             | 30.04.2018          | 18.10.2017        | 03.04.2017          | 10.10.2016        |

The 2018 interim dividend was declared on 22 February 2018. The Link Group Dividend Reinvestment Plan (DRP) will operate in respect of the 2018 interim dividend. The DRP election deadline is 29 March 2018.

**LINK ADMINISTRATION HOLDINGS LIMITED**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**12. NOTES TO THE STATEMENT OF CASH FLOWS**

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

|   | 31 December<br>2017<br>\$'000 | 31 December<br>2016<br>\$'000 |
|---|-------------------------------|-------------------------------|
| <b>Net profit after income tax</b>  | <b>64,287</b>                 | 41,578                        |
| <b>Add/(less) non-cash items</b>  |                               |                               |
| Depreciation  | 7,206                         | 6,027                         |
| Amortisation  | 28,504                        | 25,809                        |
| Unrealised Foreign exchange gain  | (80)                          | (18)                          |
| Borrowing cost amortisation   | 469                           | 323                           |
| Unwinding of discount on provisions and deferred consideration                            | 94                            | 1,582                         |
| Gain on financial assets held at fair value through profit & loss                         | (7,596)                       | (643)                         |
| <b>Net cash inflow from operating activities before changes in assets and liabilities</b> | <b>92,884</b>                 | 74,658                        |
| <b>Change in operating assets and liabilities</b>   |                               |                               |
| Change in trade and other receivables   | (5,732)                       | (10,999)                      |
| Change in other assets  | (10,251)                      | (918)                         |
| Change in trade and other payables  | 11,880                        | (1,154)                       |
| Change in provisions  | (5,017)                       | (28,123)                      |
| Change in current and deferred tax balances   | 4,388                         | 17,691                        |
| <b>Net cash inflow from operating activities</b>  | <b>88,152</b>                 | 51,155                        |

**(b) Reconciliation of movement in liabilities to cash flows arising from financing activities**

|   | 30 June<br>2017<br>\$'000 | Financing<br>cash flows<br>\$'000 | Non-cash                                    |   | 31 December<br>2017<br>\$'000 |
|---|---------------------------|-----------------------------------|---|---|-------------------------------|
|   |                           |                                   | Borrowing<br>cost<br>amortisation<br>\$'000 | Foreign<br>exchange<br>movement<br>\$'000 |                               |
| Interest-bearing loans and borrowings - Current     | 241                       | -                                 | -   | 7   | 248                           |
| Interest-bearing loans and borrowings - Non-current | 312,892                   | 685,887                           | 469   | 1,658                                     | 1,000,906                     |
| <b>Total liabilities from financing activities</b>  | <b>313,133</b>            | <b>685,887</b>                    | <b>469</b>                                  | <b>1,665</b>                              | <b>1,001,154</b>              |

**LINK ADMINISTRATION HOLDINGS LIMITED  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**13. SHARE-BASED PAYMENT ARRANGEMENTS**

**(a) Description of share-based payment arrangements**

At 31 December 2017, Link Group had the following share-based payment arrangements.

**Performance share rights (PSRs)**

The issue of further securities under the Omnibus Equity Plan (OEP - a long-term incentive) was approved by shareholders at Link Group's 2017 Annual General Meeting. The OEP entitles Executive KMPs, Senior Executives and Senior Leaders to receive PSRs, which may be converted into shares in the Company subject to the satisfaction of service-based conditions and performance hurdles, which will, when satisfied allow participants to receive fully paid ordinary shares in the Company. During the interim period and in accordance with the OEP, PSRs were granted to Executive KMPs, Senior Executives and Senior Leaders on 20 November 2017 following the Annual General Meeting.

The PSRs are divided into 2 tranches of 75% and 25%, which are subject to testing against an Earnings Per Share (EPS) target and Relative Total Shareholder Return (relative TSR) target respectively.

The terms and conditions of the PSRs issued during the interim period ended 31 December 2017 are as follows.

| <b>Grant date/employees entitled</b>                                     | <b>Number of PSRs granted</b> | <b>Vesting conditions</b>  | <b>Contractual life of PSRs</b>  |
|--|-------------------------------|--|--|
| Executive KMPs, Senior Executives and Senior Leaders on 20 November 2017 | 1,247,638                     | 75% against an EPS target and 25% against relative TSR for the three-year performance period commencing 1 July 2017. | Seven years, with last exercise occurring 9 September 2024 (unless the PSRs lapse earlier in accordance with the terms of the invitation). |

The number of PSRs issued to each participant was calculated with reference to the 5 day Volume Weighted Average Price (VWAP) following the release of the 2017 full year results and accounted for at fair value in accordance with accounting standards from grant date.

**LINK ADMINISTRATION HOLDINGS LIMITED  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**13. SHARE-BASED PAYMENT ARRANGEMENTS (continued)**

**(a) Description of share-based payment arrangements (continued)**

**Broad-based employee share plan**

All Australian-based qualifying employees of Link Group are entitled to participate in the Tax Exempt Share Plan (Exempt Plan), which gives the employees the right to be issued \$1,000 worth of fully paid ordinary shares for nil financial consideration. The Exempt Plan enables qualified employees to receive ordinary shares free of income tax provided conditions in the current Australian tax legislation are satisfied. These shares cannot be sold until the earlier of three years after the date of issue or the time the employee ceases employment with Link Group.

**(b) Measurement of grant date fair values**

The following inputs were used in the measurement of the fair values at grant date of the PSRs issued during the interim period ended 31 December 2017:

|   | <b>Executive KMP,<br/>Senior Executives<br/>and Senior Leaders</b> |
|---|--|
| Fair value at grant date:                           |  |
| i)    EPS tranche at grant date                     | \$7.74   |
| ii)   TSR tranche fair value at grant date          | \$5.24   |
| Share price at grant date                           | \$8.73   |
| Exercise price                                      | -  |
| Expected volatility (weighted average volatility)   | 20%  |
| PSR life (expected weighted average life)           | 3 years  |
| Holding lock discount:                              |  |
| i)    1 year  | 5%   |
| ii)   2 years                                       | 7.5%   |
| Expected dividends                                  | 2.17%  |
| Risk-free interest rate (based on government bonds) | 2.44%  |

The fair value of services received in return for PSRs is based on the fair value of PSRs granted, measured using a Monte Carlo valuation model.

Expected volatility is estimated taking into account historic average share price volatility of the Company and certain other ASX listed companies.

**(c) Reconciliation of performance share rights**

The number of performance share rights on issue during the interim period ended 31 December 2017 are as follows:

|   | <b>31 December<br/>2017<br/>Number of<br/>PSRs<br/>'000's</b> | <b>31 December<br/>2016<br/>Number of<br/>PSRs<br/>'000's</b> |
|---|---|---|
| On issue at beginning of the interim period | 679   | -   |
| Granted during the period                   | 1,248   | 625   |
| Lapsed during the period                    | -   | -   |
| On issue at the end of the interim period   | <b>1,927</b>  | <b>625</b>  |

**LINK ADMINISTRATION HOLDINGS LIMITED**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**14. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Ordinary shares on issue have been adjusted for the bonus element of the entitlement offer and dividend reinvestment plan, which were conducted at a discount to market value.

| <b>(a) Basic earnings per share</b>                         | <b>31 December<br/>2017<br/>\$'000</b> | <b>31 December<br/>2016<br/>\$'000</b>             |
|---|--|--|
| Profit for the period attributable to owners of the Company | <b>63,874</b>                          | 41,396   |
|   | <b>Number of<br/>shares<br/>'000's</b> | <b>Number of<br/>shares<sup>3</sup><br/>'000's</b> |
| <b>Weighted average number of ordinary shares (basic)</b>   |  |  |
| Issued ordinary shares at 1 July                            | <b>359,798</b>                         | 359,798  |
| Effect of allotment and issuances                           | <b>123,770</b>                         | -  |
| Effect of bonus element on ordinary shares                  | <b>903</b>                             | 14,188   |
| <b>Basic weighted average number of ordinary shares</b>     | <b>484,471</b>                         | <b>373,986</b>                                     |

**(b) Diluted earnings per share**

Diluted earnings per share is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise PSRs granted to employees. Dilutive securities have been adjusted for the bonus element of the entitlement offer and dividend reinvestment plan, which were conducted at a discount to market value.

|   | <b>31 December<br/>2017<br/>\$'000</b> | <b>31 December<br/>2016<br/>\$'000</b>             |
|---|--|--|
| Profit for the period attributable to owners of the Company | <b>63,874</b>                          | 41,396   |
|   | <b>Number of<br/>shares<br/>'000's</b> | <b>Number of<br/>shares<sup>3</sup><br/>'000's</b> |
| <b>Basic weighted average number of ordinary shares</b>     | <b>484,471</b>                         | 373,986  |
| Effect of dilutive PSRs                                     | <b>957</b>                             | 323  |
| Effect of bonus element on dilutive PSRs                    | <b>1</b>                               | 8  |
| <b>Weighted average number of ordinary shares (diluted)</b> | <b>485,429</b>                         | <b>374,317</b>                                     |
| Basic earnings per share (cents)                            | <b>13.18</b>                           | 11.07  |
| Diluted earnings per share (cents)                          | <b>13.16</b>                           | 11.06  |

3. The weighted average number of ordinary shares used in the basic and diluted earnings per share calculations for the current and comparative periods were adjusted retrospectively in accordance with Australian Accounting Standards following the entitlement offer announced on 26 June 2017 and the DRP. The entitlement offer and DRP were conducted at a discount to market price (bonus element), resulting in a theoretical dilution of existing ordinary shares on issue and a decrease in basic and diluted earnings per share.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**15. FINANCIAL INSTRUMENTS**

**Fair Value of financial instruments**

The fair value of Link Group's financial instruments are categorised by the following levels:

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

|   | Level 1<br>\$000 | Level 2<br>\$000 | Level 3<br>\$000 | Total<br>\$000 |
|---|------------------|------------------|------------------|----------------|
| <b>31 December 2017</b>   |                  |                  |                  |                |
| <b>Assets</b>   |                  |                  |                  |                |
| Listed investments designated at fair value through profit and loss         | 3,430            | -                | -                | 3,430          |
| Unlisted equity securities designated at fair value through profit and loss | -                | 4,704            | 135,972          | 140,676        |
|   | <b>3,430</b>     | <b>4,704</b>     | <b>135,972</b>   | <b>144,106</b> |

**30 June 2017**

**Assets**

|   |              |              |                |                |
|---|--------------|--------------|----------------|----------------|
| Derivative financial assets at fair value through profit and loss           | -            | 2,413        | -              | 2,413          |
| Listed investments designated at fair value through profit and loss         | 3,274        | -            | -              | 3,274          |
| Unlisted equity securities designated at fair value through profit and loss | -            | 4,075        | 131,340        | 135,415        |
|   | <b>3,274</b> | <b>6,488</b> | <b>131,340</b> | <b>141,102</b> |

There have been no assets transferred between levels during the period (2016: none).

**Level 1** investments consist of financial instruments traded in active markets, and are valued based on quoted market prices at the end of the reporting period.

**Level 2** investments consist of unlisted managed investment schemes and derivative financial instruments. Unlisted managed investment schemes are valued based on daily quoted unit redemption prices derived using observable market data. Derivative financial instruments are valued using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

**Level 3** investments include unlisted investments held by Link Group, the valuation for which is deemed to have one or more significant inputs which are not based on observable market data.

Management has assessed the fair value of the investment in PEXA to be \$132,270,000 (30 June 2017: \$127,883,000) based on an arm's length capital raising completed during the interim period. The capital raising was supported by a valuation performed by an independent valuer, using a discounted cash flow method based on 10-year forecasts, taking into account appropriate adjustments.

The fair values of other level 3 investments are supported by valuations performed by Link Group. Significant increases or decreases in future cash flows would increase or decrease, respectively, the fair value of the investments.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**15. FINANCIAL INSTRUMENTS (continued)**

**Fair Value of financial instruments (continued)**

| <b>Reconciliation of movements in level 3 investments</b>          | <b>31 December<br/>2017<br/>\$000</b> | 31 December<br>2016<br>\$000 |
|--|---------------------------------------|------------------------------|
| Opening level 3 investments at the beginning of the interim period | 131,340                               | 60,529                       |
| Acquisitions   | 4,387                                 | 3,454                        |
| Fair value gain recognised in profit or loss                       | -                                     | -                            |
| Capitalised interest entitlements                                  | 245                                   | -                            |
| <b>Closing balance at the end of the financial period</b>          | <b>135,972</b>                        | <b>63,983</b>                |

The carrying amounts of investments, cash and cash equivalents, trade and other receivables, trade and other payables and interest bearing loans and borrowings approximate their fair value for Link Group.

**16. FUNDS ASSETS & LIABILITIES**

|                   | <b>31 December<br/>2017<br/>\$000</b> | 31 December<br>2016<br>\$000 |
|-------------------|---------------------------------------|------------------------------|
| Funds receivables | 326,214                               | -                            |
| Funds assets      | 326,214                               | -                            |
| Funds payables    | (318,360)                             | -                            |
| Funds liabilities | (318,360)                             | -                            |

These balances relate to investors' purchase or redemption of units in investment funds of which Link Fund Solutions Limited (Link Asset Services' collective investment scheme administration business) is an Authorised Corporate Director. Link Fund Solutions Limited acts in the role of principal in the transactions, and the balances are due to and from the investors and investment funds. As at 31 December 2017, \$7.9 million of net cash was due from investors and investment funds. The net receivable position arose because Link Fund Solutions Limited had funded settlement with the fund on behalf of the investor. The majority of funds need to be settled within a 4 day settlement period.

**17. BUSINESS COMBINATIONS**

In addition to organic growth, Link Group seeks to grow through acquisitions and leverage the existing systems, skillsets and processes to improve client satisfaction and obtain synergies to drive positive returns for shareholders.

**(i) Acquisitions**

On 3 November 2017, Link Group acquired 100% of the Link Asset Services (LAS, formerly Capita Asset Services) business from Capita plc. The acquisition involved Link Group acquiring 100% of the shares and voting interests in 10 companies domiciled across the UK, Ireland and Jersey, and a further 95 subsidiaries domiciled across the UK, Ireland, Jersey and other locations, predominantly Europe. The acquisition of LAS has broadened Link Group's geographical presence providing immediate scale in the UK, Jersey and Ireland, and provides a growth platform in Europe. LAS provides Link Group with established market positions in business segments that extend the reach of Link Group's current services with Fund Solutions, Link Market Services, Corporate Services & Private Clients and Banking & Credit Management.

**LINK ADMINISTRATION HOLDINGS LIMITED**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**17. BUSINESS COMBINATIONS (continued)**

**(i) Acquisitions (continued)**

In the period from acquisition on 3 November 2017 to 31 December 2017, LAS contributed revenue of \$105.5 million and net profit after tax of \$17.6 million to Link Group's results. If the acquisition had occurred on 1 July 2017, management estimates that consolidated revenue would have been \$680.3 million, and consolidated net profit after income tax for the period would have been \$76.8 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2017.

The goodwill is attributable mainly to the skills and technical talent of LAS's work force, and the synergies expected to be achieved from integrating LAS into Link Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

**(ii) Provisional acquisition accounting**

The provisional acquisition accounting has been accounted for in the consolidated interim financial statements as follows:

|   | <b>31 December 2017</b><br><b>\$000</b> |
|---|---|
| Agreed purchase price (cash consideration paid)       | 1,547,977                               |
| Less: purchase price adjustment – indemnified amounts | (100,449)                               |
| Purchase consideration                                | 1,447,528                               |
| Less: fair value of net identifiable assets acquired  | (358,952)                               |
| Goodwill  | 1,088,576                               |
| Identifiable assets acquired and liabilities assumed: |   |
| Cash and cash equivalents                             | 77,437                                  |
| Trade and other receivables                           | 159,679                                 |
| Funds assets  | 493,939                                 |
| Other assets  | 11,107                                  |
| Investments   | 424                                     |
| Plant and equipment                                   | 22,194                                  |
| Client lists  | 309,249                                 |
| Software  | 180,572                                 |
| Deferred tax assets                                   | 7,790                                   |
| Trade and other payables                              | (177,174)                               |
| Interest-bearing loans and borrowings                 | (318)                                   |
| Funds liabilities                                     | (492,094)                               |
| Provisions <sup>4</sup>                               | (157,038)                               |
| Employee entitlements                                 | (2,644)                                 |
| Current tax liabilities                               | (10,549)                                |
| Deferred tax liabilities                              | (63,622)                                |
| <b>Net assets</b>                                     | <b>358,952</b>                          |

4. Provisions assumed in the business combination include contingent liabilities of \$18.2 million recognised in accordance with the acquisition accounting requirements of the Australian Accounting Standards.



**LINK ADMINISTRATION HOLDINGS LIMITED**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**17. BUSINESS COMBINATIONS (continued)**

The fair values of the following assets and liabilities have been recognised on a provisional basis as at 31 December 2017, whereby the accounting balances for the acquisition may be revised in accordance with AASB 3 – *Business Combinations*.

- intangible assets (excluding goodwill), predominantly software and client lists, have been determined provisionally pending completion of fair value calculations;
- provisions (including contingent liabilities) have been determined provisionally pending completion of a detailed review of existing contracts at the date of acquisition;
- the fair value of net identifiable assets acquired may be impacted by the completion of Link Asset Services subsidiaries' 31 December 2017 financial statement audits and tax returns; and
- indemnified redress receivable and indemnified redress provision (including any tax effect) may be impacted by settlement, which is expected to occur after 31 December 2017.

Where new information obtained within one year of the acquisition about the facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, the accounting for the acquisition will be revised.

**18. SUBSEQUENT EVENTS**

Other than the interim dividend declared on 22 February 2018 (refer Note 11), there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of Link Group, the results of those operations, or the state of affairs of Link Group, in future financial periods.

**LINK ADMINISTRATION HOLDINGS LIMITED  
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**Directors' Declaration**

In the opinion of the Directors of Link Administration Holdings Limited (the Company):

- (a) the consolidated financial statements and notes that are set out on pages 5 to 29 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of Link Group's financial position as at 31 December 2017 and of its performance, for the six month period ended on that date; and
  - (ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

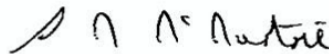
Signed in accordance with a resolution of the Directors:

Dated 22 February 2018 at Sydney.



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**M Carapiet**  
Chairman



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**J M McMurtrie**  
Managing Director



# Independent Auditor's Review Report

To the members of Link Administration Holdings Limited

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying Interim Financial Report of Link Administration Holdings Limited ("the Company").

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Link Administration Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the Interim Period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The Interim Financial Report comprises:

- Consolidated statement of financial position as at 31 December 2017;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises the Company and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The Interim Period is the 6 months ended on 31 December 2017.

### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim 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 Interim Financial Report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the interim period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of Link Administration Holdings Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG



Andrew Yates

Partner

Sydney

22 February 2018



Kim Lawry

Partner

Sydney