

27 February 2020

ASX ANNOUNCEMENT

Market Announcements Office
ASX Limited
20 Bridge St
SYDNEY NSW 2000

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

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 2019 as follows:

			31 December 2019 \$'000	31 December 2018 ¹ \$'000
Results for announcement to the market				
Revenue from ordinary activities	Down	13%	624,319	714,392
Profit from ordinary activities after tax	Down	85% ²	28,721	185,462
Profit for the period attributable to owners of the Company	Down	85% ²	27,593	184,888
Earnings per share				
Basic earnings (cents per share)			5.18	34.84
Diluted earnings (cents per share)			5.15	34.70
Net tangible assets				
Net tangible assets per security (cents per share)			(2)	(57)

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 month ended 31 December 2019 were:

	Cents per share	Total amount	Franked/ Unfranked	Record date	Payment date
Final 2019	12.5	\$66,743,828	Franked at 100%	5 September 2019	10 October 2019

A 100% franked interim dividend of \$34,503,849, which equates to 6.5 cents per share, in respect of the six months ended 31 December 2019 was declared by the Directors of the Company on 27 February 2020 (**Interim Dividend**). A provision has not been recognised in the financial statements for the six months ended 31 December 2019 as the dividend declaration is considered as a subsequent event. The record date for determining entitlements to the dividend is 5 March 2020. Payment of the Interim Dividend will occur on 9 April 2020.

Link Group's Dividend Reinvestment Plan (DRP) will operate in respect of the Interim Dividend. The DRP election deadline is 6 March 2020.

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 (27 February 2020).

Other information

The information in this Appendix 4D should be read in conjunction with Link Group's Interim Financial Report for the six months ended 31 December 2019 and the annual financial report for the financial year ended 30 June 2019. The interim financial statements have been reviewed by KPMG.

Entrance to UK pension market - Smart Pension Limited

On 13 November 2019, Link Group announced a strategic global partnership and minority investment in Smart Pension – a leading UK workplace pension provider. As at 31 December 2019, the partnership included Link Group acquiring an ownership interest of 9.6% in Smart Pension Limited for £20.0 million. Link Group's investment in Smart Pension provides Link Group with access to Smart Pension's platform in the UK, with exclusive utilisation of this platform in certain jurisdictions across Europe and Asia. Link Group will also take on the administration for Smart's UK workplace pension operation, including the administration of the fast growing Smart Pension Master Trust.

Acquisition of Pepper European Servicing

On 31 January 2020, Link Group entered into a binding agreement to acquire Pepper European Servicing (PES) from Pepper Group for an upfront consideration of €165 million, with a further €35 million deferred consideration payable dependent on PES meeting certain thresholds and growth milestones. PES provides end-to-end loan servicing, advisory and asset management services across both residential and commercial segments in the UK, Ireland and continental Europe. The transaction is subject to mandatory regulatory approvals and is expected to complete in the second half of calendar 2020.

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.

¹ Prior period comparative information has been restated following initial application of AASB 16 *Leases*.

² Decrease largely attributable to a one-off \$124.3 million after-tax gain on revaluation of Link Group's investment in PEXA in the comparative period, which was previously accounted for at fair value through profit and loss, the sale of the Corporate and Private Client Services (CPCS) business on 28 June 2019 and lower revenue in the Retirement & Superannuation Solutions operating segment.



Interim Financial Report

ACN 120 964 098

Link Administration Holdings Limited and its controlled entities

31 December 2019



Interim Financial Report contents

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1 Directors' Report

DIRECTORS

The Directors present their report together with the consolidated interim financial statements of Link Group, being Link Administration Holdings Limited ("the Company") and its Controlled Entities, for the six months ended 31 December 2019 (the interim period) and the auditor's review report thereon.

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

DIRECTOR**EXPERIENCE AND BACKGROUND**



Michael Carapiet

MBA
Independent Chair and Non-Executive Director
Appointed 26 June 2015



John McMurtrie

AM, BEc(Hons), MEc
Executive Director and Managing Director
Appointed 16 February 2007



Glen Boreham

AM, BEc
Independent Non-Executive Director
Appointed 23 September 2015



Andrew (Andy) Green

CBE, BSc
Independent Non-Executive Director
Appointed 9 March 2018

1 Directors' Report

DIRECTOR

EXPERIENCE AND BACKGROUND



Peeyush Gupta

AM, MBA, BA
Independent Non-Executive Director
Appointed 18 November 2016



Anne McDonald

CA, BEc
Independent Non-Executive Director
Appointed 15 July 2016



Sally Pitkin

PhD, LLM, LLB
Independent Non-Executive Director
Appointed 23 September 2015



Fiona Trafford-Walker

BEd.(Hons), MFin
Independent Non-Executive Director
Appointed 23 September 2015

PRINCIPAL ACTIVITIES

Link Group's principal activities during the course of the interim period were the provision of technology-enabled administration, securities registration and asset services, for listed and unlisted corporate entities, and pension and superannuation funds across the globe. These are complemented by the provision of ancillary, value-added services in the areas of digital communication, data integration and insights, and stakeholder education and advice.

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

1 Directors' Report

DIVIDENDS

Dividends paid or declared by the Company during the interim period were:

	CENTS PER SHARE	TOTAL AMOUNT	FRANKED/UNFRANKED	DATE OF PAYMENT
Final 2019	12.5	\$66,743,828	100% franked	10.10.2019

In addition, dividends declared or paid by the Company since the end of the interim period were \$34,503,849, which equates to 6.5 cents per share, 100% franked (2018: \$42,574,580, 8.0 cents per share, 100% franked). The record date for determining entitlements to the 2020 interim dividend is 5 March 2020. Payment of the interim dividend will occur on 9 April 2020.

The Link Group Dividend Reinvestment Plan (DRP) will operate in respect of the interim dividend. The DRP election deadline is 6 March 2020.

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 2019 and have not been subject to audit or review in accordance with Australian Auditing Standards.

The net profit of Link Group for the interim period ended 31 December 2019 was \$28.7 million (2018: \$185.5 million ¹).

Revenue for the interim period decreased to \$624.3 million in 2019 (2018: \$714.4 million) largely reflecting the sale of the Corporate & Private Client Services (CPCS) business on 28 June 2019 and lower revenue in the Retirement & Superannuation Solutions operating segment. Operating expenses decreased to \$460.9 million in 2019 (2018: \$509.4 million ¹) predominantly as result of the sale of the CPCS business on 28 June 2019. Link Group also incurred significant items expenses associated with business combinations/acquisitions and global transformation amounting to \$19.8 million (2018: \$27.5 million). Significant items are separately disclosed in Note 4 to the interim financial statements to assist understanding of Link Group's results.

Operating EBITDA, which excludes certain significant items, for the interim period ended 31 December 2019 was \$163.4 million (2018: \$205.0 million ¹). A reconciliation of Operating EBITDA to the net profit of Link Group is included in Note 4 to the interim financial statements.

Operating NPATA, which excludes certain significant items and acquired amortisation, for the interim period ended 31 December 2019 was \$81.1 million (2018: \$106.4 million ¹).

The net assets of Link Group decreased to \$2,105.8 million as at 31 December 2019 from \$2,151.4 million ¹ as at 30 June 2019, reflecting recognition of profits for the interim period and foreign currency translation reserve gains on retranslation of foreign operations, offset by a payment of a final dividend for the year ended 30 June 2019 of \$66.7 million and on-market share buy-back of \$17.5 million.

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.

¹ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

1 Directors' Report

OTHER INFORMATION

Significant Changes in State of Affairs

Entrance to UK pension market - Smart Pension Limited

On 13 November 2019, Link Group announced a strategic global partnership and minority investment in Smart Pension – a leading UK workplace pension provider. As at 31 December 2019, the partnership included Link Group acquiring an ownership interest of 9.6% in Smart Pension Limited for £20.0 million. Link Group's investment in Smart Pension provides Link Group with access to Smart Pension's platform in the UK, with exclusive utilisation of this platform in certain jurisdictions across Europe and Asia. Link Group will also take on the administration for Smart's UK workplace pension operation, including the administration of the fast growing Smart Pension Master Trust.

Other changes in state of affairs

On 26 August 2019, Link Group repaid \$194.0 million of its AUD non-amortising loan facility and on 27 August 2019, Link Group repaid £118.0 million of its GBP non-amortising loan facility using proceeds from the sale of the CPCS business on 28 June 2019.

On 29 August 2019, Link Group announced its intention to undertake an on-market buy-back of up to 53,395,062 shares (being approximately up to 10% of Link Group's issued ordinary shares). During the interim period ended 31 December 2019, Link Group bought back and cancelled 3,122,175 shares for a total consideration of \$17.5 million.

In the opinion of the Directors, aside from the matters described above, 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 2019.

Events Subsequent to Reporting Date

Acquisition of Pepper European Servicing

On 31 January 2020, Link Group entered into a binding agreement to acquire Pepper European Servicing (PES) from Pepper Group for an upfront consideration of €165 million, with a further €35 million deferred consideration payable dependent on PES meeting certain Assets under Management thresholds and growth milestones. PES provides end-to-end loan servicing, advisory and asset management services across both residential and commercial segments in the UK, Ireland and continental Europe. The transaction is subject to mandatory regulatory approvals and is expected to complete in the second half of calendar 2020. PES will be part of the Banking & Credit Management (BCM) operating segment.

Other than the matter described above, in the opinion of the Directors, 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 periods.

Rounding Off

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

2 Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the interim period ended 31 December 2019

	NOTE	31 DECEMBER 2019 \$'000	31 DECEMBER 2018 RESTATED ² \$'000
Revenue – contracts with clients	5	624,319	714,392
Expenses:			
Employee expenses		(297,929)	(341,638)
Occupancy expenses		(12,042)	(11,065)
IT costs		(55,502)	(57,251)
Administrative and general expenses		(110,812)	(117,198)
Acquisition/divestment and capital management related expenses		(4,480)	(9,743)
		(480,765)	(536,895)
Depreciation expense	12	(24,477)	(25,986)
Intangibles amortisation expense	13	(51,719)	(48,052)
Contract fulfilment cost amortisation expenses		(3,107)	(1,129)
		(79,303)	(75,167)
Gain on financial assets held at fair value through profit and loss		203	177,555
Share of loss of equity-accounted investees, net of tax		(3,918)	–
Finance income		812	1,072
Finance costs		(18,441)	(18,156)
Net finance costs		(17,629)	(17,084)
Profit before tax		42,907	262,801
Tax expense	7(a)	(14,186)	(77,339)
Profit for the period		28,721	185,462
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations, net of tax		10,655	22,922
Other comprehensive income, net of tax		10,655	22,922
Total comprehensive income for the period		39,376	208,384

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

² Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

2 Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the interim period ended 31 December 2019 (continued)

	NOTE	31 DECEMBER 2019 \$'000	31 DECEMBER 2018 RESTATED ³ \$'000
Profit attributable to:			
Owners of the Company		27,593	184,888
Non-controlling interest		1,128	574
Profit for the interim period		28,721	185,462
Total comprehensive income attributable to:			
Owners of the Company		38,253	207,801
Non-controlling interest		1,123	583
Total comprehensive income for the interim period		39,376	208,384
EARNINGS PER SHARE			
		CENTS PER SHARE	CENTS PER SHARE³
Basic earnings per share	6	5.18	34.84
Diluted-earnings per share	6	5.15	34.70

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

³ Prior period comparative information has been restated following initial application of AASB 16 *Leases*. Refer to Note 3.

2 Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2019

	NOTE	31 DECEMBER 2019 \$'000	30 JUNE 2019 RESTATED ⁴ \$'000	1 JULY 2018 RESTATED ⁴ \$'000
Current assets				
Cash and cash equivalents		148,799	560,176	265,512
Trade and other receivables	8	257,049	244,830	302,348
Other assets		31,014	37,318	36,112
Current tax assets		15,146	234	5,850
Fund assets	10	481,212	985,900	576,016
Assets held for sale	23	6,931	–	–
Total current assets		940,151	1,828,458	1,185,838
Non-current assets				
Investments	17	93,876	51,349	144,230
Equity-accounted investments		698,694	702,613	–
Plant and equipment	12	247,376	268,932	295,525
Intangible assets	13	2,216,922	2,188,936	2,457,074
Deferred tax assets		49,057	51,976	61,810
Other assets		22,395	21,611	16,903
Total non-current assets		3,328,320	3,285,417	2,975,542
Total assets		4,268,471	5,113,875	4,161,380
Current liabilities				
Trade and other payables	9	296,364	261,328	285,941
Interest bearing loans and borrowings	15	32,320	30,038	32,521
Provisions	11	13,030	14,765	18,835
Employee benefits		40,820	44,670	47,551
Current tax liabilities		6,125	7,773	31,630
Fund liabilities	10	480,288	985,633	589,312
Liabilities held for sale	23	1,733	–	–
Total current liabilities		870,680	1,344,207	1,005,790
Non-current liabilities				
Trade and other payables	9	17,462	29,244	16,986
Interest-bearing loans and borrowings	15	1,078,638	1,393,515	1,071,132
Provisions	11	40,390	39,915	45,759
Employee benefits		5,298	5,286	5,761
Deferred tax liabilities		150,154	150,350	117,766
Total non-current liabilities		1,291,942	1,618,310	1,257,404
Total liabilities		2,162,622	2,962,517	2,263,194
Net assets		2,105,849	2,151,358	1,898,186
Equity				
Contributed equity	18	1,891,679	1,909,140	1,875,538
Reserves		(42,185)	15,256	17,402
Retained earnings	20	252,009	223,739	3,208
Total equity attributable to equity holders of the parent		2,101,503	2,148,135	1,896,148
Non-controlling interest		4,346	3,223	2,038
Total equity		2,105,849	2,151,358	1,898,186

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

⁴ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

2 Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY as at 31 December 2019

	SHARE CAPITAL \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT \$'000	NON- CONTROLLING INTEREST \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2019 - Restated ⁵	1,909,140	15,256	223,739	2,148,135	3,223	2,151,358
Net profit	-	-	27,593	27,593	1,128	28,721
Foreign currency translation differences, net of tax	-	10,660	-	10,660	(5)	10,655
Total other comprehensive income, net of income tax	-	10,660	-	10,660	(5)	10,655
Total comprehensive income for the interim period	-	10,660	27,593	38,253	1,123	39,376
Transfer from retained earnings to reserves	-	-	-	-	-	-
Transactions with shareholders						
Dividends declared during the interim period	-	(66,744)	5	(66,739)	-	(66,739)
Equity settled share based payments	-	(961)	672	(289)	-	(289)
Treasury shares acquired	-	(396)	-	(396)	-	(396)
Buy-back and cancellation of share capital, net of costs	(17,461)	-	-	(17,461)	-	(17,461)
Total contributions by and distributions to owners	(17,461)	(68,101)	677	(84,885)	-	(84,885)
Balance at 31 December 2019	1,891,679	(42,185)	252,009	2,101,503	4,346	2,105,849

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

⁵ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

2 Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY as at 31 December 2019 (continued)

	SHARE CAPITAL \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT \$'000	NON- CONTROLLING INTEREST \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2018 - Restated ⁶	1,875,538	17,402	3,208	1,896,148	2,038	1,898,186
Net profit ⁶	–	–	184,888	184,888	574	185,462
Foreign currency translation differences, net of tax ⁶	–	22,913	–	22,913	9	22,922
Total other comprehensive income, net of income tax ⁶	–	22,913	–	22,913	9	22,922
Total comprehensive income for the interim period ⁶	–	22,913	184,888	207,801	583	208,384
Transfer from retained earnings to reserves	–	–	–	–	–	–
Transactions with shareholders						
Dividends declared during the interim period	–	(71,488)	–	(71,488)	(503)	(71,991)
Equity settled share based payments	–	3,277	–	3,277	–	3,277
Issue of share capital, net of costs of raising capital and tax	20,251	–	–	20,251	–	20,251
Total contributions by and distributions to owners	20,251	(68,211)	–	(47,960)	(503)	(48,463)
Balance at 31 December 2018 - Restated ⁶	1,895,789	(27,896)	188,096	2,055,989	2,118	2,058,107

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

⁶ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

2 Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the interim period ended 31 December 2019

	NOTE	31 DECEMBER 2019 \$'000	31 DECEMBER 2018 RESTATED ⁷ \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		676,746	804,303
Cash payments in the course of operations		(496,073)	(645,411)
		180,673	158,892
Business combination/acquisition/divestment costs paid		(6,916)	(1,123)
Global transformation costs paid		(15,165)	(19,704)
Client migration costs paid		–	(3,278)
Interest received		606	2,824
Dividends received		125	201
Borrowing costs paid		(18,288)	(18,367)
Income taxes paid		(28,680)	(45,295)
Net cash provided by operating activities	14(a)	112,355	74,150
Cash flows from investing activities			
Payments for plant and equipment		(7,639)	(4,324)
Payments for software		(41,162)	(34,976)
Payments for investments		(40,229)	(39,453)
Net cash used in investing activities		(89,030)	(78,753)
Cash flows from financing activities			
Proceeds from borrowings		113,350	–
Repayment of borrowings		(437,615)	–
Repayment of lease liabilities		(14,089)	(15,642)
Payment for buy-back of shares		(17,461)	–
Payment for purchase of treasury shares		(396)	–
Dividends paid to owners of the Company		(66,739)	(51,270)
Dividends paid to non-controlling interest		–	(503)
Net cash used in financing activities		(422,950)	(67,415)
Net decrease in cash and cash equivalents		(399,625)	(72,018)
Cash and cash equivalents at the beginning of the interim period		560,176	265,512
Effect of exchange rate fluctuations on cash held		(8,504)	2,288
Cash and cash equivalents reclassified as held for sale	23	(3,248)	–
Cash and cash equivalents at the end of the interim period		148,799	195,782

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

⁷ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

3 Notes to the Interim Financial Statements

PREPARATION OF THIS REPORT

1. GENERAL INFORMATION

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 2019 (the interim period) comprise the Company and its subsidiaries and Link Group’s interest in associates. Link Group is a for-profit entity. Link Group is a market leading provider of technology-enabled administration solutions. Link Group’s principal activities during the course of the interim period were the provision of technology-enabled administration, securities registration and asset services, for listed and unlisted corporate entities as well as pension and superannuation funds across the globe. These are complemented by the provision of ancillary, value-added services in the areas of digital communication, data integration and insights, as well as stakeholder education and advice.

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 Link Group’s consolidated annual financial statements for the financial year ended 30 June 2019 (2019 Annual Report). 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 2019 Annual Report. 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 27 February 2020.

(b) Basis of measurement

The consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments designated at fair value through profit or loss, which are measured at fair value.

(c) Functional and presentation currency

These consolidated interim financial statements are presented in Australian Dollars, which is the Company’s functional currency. Link Group’s accounting policies applied in translating the results and financial position of subsidiaries which have a functional currency other than Australian Dollars into the presentation currency were the same as those that applied to the 2019 Annual Report.

(d) Use of estimates and judgements

Preparation of the 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, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these 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 2019 Annual Report.

(e) Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, and in accordance with that Instrument all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

3 Notes to the Interim Financial Statements

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by Link Group are consistent with those of the previous financial year and comparative interim reporting period, except for the adoption of new and amended accounting standards on 1 July 2019 as set out as set out below.

This note explains the impact of the adoption of AASB 16 *Leases* on Link Group's consolidated interim financial statements and discloses any changes in accounting policies that have been applied from 1 July 2019 where they are different to those applied in prior periods.

(a) Nature of revised accounting policies

Classification

At the inception of a contract, Link Group assesses whether the contract is, or contains, a "lease" in accordance with the requirements of AASB 16. Criteria include that:

- the contract must convey the right to control the use of an identifiable asset;
- Link Group must have right to obtain substantially all the economic benefits from the asset; and
- Link Group must have the right to direct the use of the asset.

Measurement

As a lessee

Link Group recognises a right-of-use asset and a lease liability at commencement date. Right-of-use assets are initially measured at cost, which comprises:

- the lease liability;
- plus identifiable initial direct costs incurred to enter the lease;
- plus estimated costs to dismantle/make-good at the end of the lease; and
- less lease incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis over the useful life of the asset, and are periodically reduced by impairment losses where the carrying value exceeds future benefits. Right-of-use assets are recognised as a separate category within plant and equipment in Link Group's consolidated statement of financial position.

Lease liabilities are initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or Link Group's incremental borrowing rate. Lease liabilities are subsequently measured using the effective-interest method, with lease payments applied as repayments of the liability, and periodic interest expense recognised in finance costs. Lease liabilities are recognised in interest-bearing loans and borrowings in Link Group's consolidated statement of financial position.

Short-term leases and leases of low value assets

Link Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less, and leases of low value assets. Link Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

Link Group is not currently a lessor under any contract.

(b) Effect of revised accounting policies

Link Group applied AASB 16 *Leases* from 1 July 2019 using the full retrospective restatement method. As a result, the information presented for comparative periods has been restated in accordance with Link Group's revised accounting policies. Link Group has presented a third consolidated statement of financial position as at the beginning of the comparative period as required under Australian Accounting Standards when retrospective changes in accounting policies have a material effect on information presented in that statement.

3 Notes to the Interim Financial Statements

The following tables summarise the impact of the transition to AASB 16 on the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income and Condensed Consolidated Statement of Cash Flows for the interim period ended 31 December 2018 and the Condensed Consolidated Statement of Financial Position as at 1 July 2018 and 30 June 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2018	AS REPORTED \$'000	AASB 16 APPLICATION \$'000	AS REPORTED APPLYING AASB 16 \$'000
Expenses:			
Occupancy expenses	(29,955)	18,890	(11,065)
Administrative and general expenses	(117,881)	683	(117,198)
Depreciation expense	(9,950)	(16,036)	(25,986)
Finance costs	(12,763)	(5,393)	(18,156)
Profit before tax	264,657	(1,856)	262,801
Tax expense	(77,850)	511	(77,339)
Profit for the interim period	186,807	(1,345)	185,462

EARNINGS PER SHARE	CENTS PER SHARE	CENTS PER SHARE	CENTS PER SHARE
Basic earnings per share	35.06	(0.22)	34.84
Diluted-earnings per share	34.92	(0.22)	34.70

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	AS AT 30 JUNE 2019			AS AT 1 JULY 2018		
	AS REPORTED \$'000	AASB 16 APPLICATION \$'000	AS REPORTED APPLYING AASB 16 \$'000	AS REPORTED \$'000	AASB 16 APPLICATION \$'000	AS REPORTED APPLYING AASB 16 \$'000
Total current assets	1,828,458	–	1,828,458	1,185,838	–	1,185,838
Plant and equipment	74,819	194,113	268,932	91,734	203,791	295,525
Deferred tax assets	48,037	3,939	51,976	59,069	2,741	61,810
Total non-current assets	3,087,365	198,052	3,285,417	2,769,010	206,532	2,975,542
Total assets	4,915,823	198,052	5,113,875	3,954,848	206,532	4,161,380
Trade and other payables	267,937	(6,609)	261,328	293,081	(7,140)	285,941
Interest bearing loans and borrowings	23	30,015	30,038	530	31,991	32,521
Total current liabilities	1,320,801	23,406	1,344,207	980,939	24,851	1,005,790
Trade and other payables	82,299	(53,055)	29,244	73,268	(56,283)	16,986
Interest bearing loans and borrowings	1,153,536	239,980	1,393,515	821,907	249,225	1,071,132
Provisions	42,768	(2,853)	39,915	49,758	(3,999)	45,759
Total non-current liabilities	1,434,239	184,071	1,618,310	1,068,461	188,943	1,257,404
Total liabilities	2,755,040	207,477	2,962,517	2,049,399	213,795	2,263,194
Net assets	2,160,783	(9,425)	2,151,358	1,905,449	(7,263)	1,898,186
Reserves	15,366	(110)	15,256	17,434	(32)	17,402
Retained earnings	233,054	(9,315)	223,739	10,439	(7,231)	3,208
Total equity attributable to equity holders of the parent	2,157,560	(9,425)	2,148,135	1,903,411	(7,263)	1,896,148
Total equity	2,160,783	(9,425)	2,151,358	1,905,449	(7,263)	1,898,186

3 Notes to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2018	AS REPORTED \$'000	AASB 16 APPLICATION \$'000	AS REPORTED APPLYING AASB 16 \$'000
Cash flows from operating activities			
Cash payments in the course of operations	(666,336)	20,925	(645,411)
Borrowing costs paid	(12,974)	(5,393)	(18,367)
Net cash provided by operating activities	58,618	15,532	74,150
Cash flows from financing activities			
Repayment of borrowings	(110)	110	–
Repayment of lease liabilities	–	(15,642)	(15,642)
Net cash used in financing activities	(51,883)	(15,532)	(67,415)
Net decrease in cash and cash equivalents	(72,018)	–	(72,018)

3 Notes to the Interim Financial Statements

OPERATING RESULTS

4. OPERATING SEGMENTS

(a) Reportable segments

As announced on 18 June 2019, from 1 July 2019 Link Group realigned its operating model and organisation structure to best achieve its strategic goals and leverage the benefits of being an international organisation. As a result, Link Group now has five reportable segments described below, which are Link Group's key divisions. Each of the divisions offers different products and services and is 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.

- **Retirement & Superannuation Solutions ("RSS")** – provides core member and employer administration services, combined with a full range of value-added services including an integrated clearing house, financial planning and advice, direct investment options and trustee services.
- **Corporate Markets ("CM")** – provides a uniquely integrated range of corporate markets capabilities including shareholder management and analytics, stakeholder engagement, share and unit registry, employee share plans, company secretarial support, as well as various specialist offerings such as insolvency solutions.
- **Banking & Credit Management ("BCM")** – provides loan origination and servicing, debt work-out, compliance and regulatory oversight services to a range of clients including retail banks, investment banks, private equity funds and other investors.
- **Fund Solutions ("FS")** – provides authorised fund manager / management company, third-party administration and transfer agency services to asset managers and a variety of investment funds.
- **Technology & Operations ("T&O")** – provides core services of development and maintenance of proprietary IT systems and platforms, back office support functions, and value-added services of data analytics, digital solutions and digital communications. T&O supports Link Group's other segments, as well as a number of external clients.

As required by Australian Accounting Standards, comparative information has been restated to align to the new reportable segments.

Corporate & Private Client Services ("CPCS"), which was Link Group's finance and accounting, entity management, trust and company services (including inter-generational transfers) business, was sold on 28 June 2019. Whilst not a reportable segment under the Link Group's current structure, the results are included in the comparative segment information.

3 Notes to the Interim Financial Statements

Revenues from external clients, revenues from transactions with other segments, measure of profit or loss (Operating EBITDA and Operating EBIT) and total assets are presented below for each reportable segment.

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2019	RSS \$'000	CM \$'000	BCM \$'000	FS \$'000	T&O \$'000	CPCS \$'000	TOTAL REPORTABLE SEGMENTS \$'000	HEAD OFFICE \$'000	TOTAL LINK GROUP \$'000
Segment revenue	259,640	182,994	83,751	86,068	188,813	–	801,266	–	801,266
Inter-segment eliminations	–	(2,284)	–	(57)	(174,606)	–	(176,947)	–	(176,947)
Revenues from external clients	259,640	180,710	83,751	86,011	14,207	–	624,319	–	624,319
Operating EBITDA	37,059	45,075	14,414	17,835	54,088	–	168,471	(5,096)	163,375
Operating EBIT	30,606	34,924	8,343	14,686	26,059	–	114,618	(5,186)	109,432
Total assets at 31 December 2019	501,900	992,590	363,075	1,134,288	339,461	–	3,331,314	937,157	4,268,471

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2018 - RESTATED ⁸	RSS \$'000	CM \$'000	BCM \$'000	FS \$'000	T&O \$'000	CPCS \$'000	TOTAL REPORTABLE SEGMENTS \$'000	HEAD OFFICE \$'000	TOTAL LINK GROUP \$'000
Segment revenue	275,912	191,872	88,570	79,625	167,370	70,596	873,945	–	873,945
Inter-segment eliminations	–	(3,739)	–	(431)	(151,689)	(3,694)	(159,553)	–	(159,553)
Revenues from external clients	275,912	188,133	88,570	79,194	15,681	66,902	714,392	–	714,392
Operating EBITDA ⁹	63,182	54,347	15,623	16,616	38,504	21,996	210,268	(5,301)	204,967
Operating EBIT ⁹	56,595	44,117	11,503	13,981	16,769	18,331	161,296	(5,457)	155,839
Total assets at 30 June 2019 ⁹	517,834	990,828	354,672	1,586,692	323,556	–	3,773,582	1,340,293	5,113,875

⁸ Comparative information has been restated to align to the new reportable segments.

⁹ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

3 Notes to the Interim Financial Statements

(b) Reconciliation of reportable segments

A reconciliation of information provided on reportable segment measures of profit or loss to the consolidated net profit after tax is provided below.

	31 DECEMBER 2019 \$'000	31 DECEMBER 2018 ¹⁰ \$'000
Operating EBITDA	163,375	204,967
Significant items:		
• Business combination/acquisition/divestment costs	(4,480)	(9,743)
• Client migration costs	–	(777)
• Global transformation costs	(15,341)	(16,950)
Total significant items	(19,821)	(27,470)
Depreciation expense	(24,477)	(25,986)
Intangibles amortisation expense – non-acquisition related	(27,667)	(22,006)
Intangibles amortisation expense – acquisition related	(24,052)	(26,046)
Contract fulfilment costs amortisation expense	(3,107)	(1,129)
Gain on financial assets held at fair value through profit and loss	203	177,555
Share of profit of equity-accounted investees (excluding acquired amortisation), net of tax	10,878	–
Share of acquired amortisation of equity-accounted investees, net of tax	(14,796)	–
Finance income	812	1,072
Finance expense	(18,441)	(18,156)
Profit before tax	42,907	262,801
Income tax expense	(14,186)	(77,339)
Net profit after tax	28,721	185,462

Segment reporting

Segment results that are reported to Link Group's Managing Director (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

¹⁰ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

3 Notes to the Interim Financial Statements

5. REVENUE

(a) Disaggregation of revenue

Revenue has been disaggregated by primary geographic location. The tables below also include a reconciliation of the disaggregated revenue with Link Group's reportable segments.

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2019	RSS \$'000	CM \$'000	BCM \$'000	FS \$'000	T&O \$'000	CPCS \$'000	TOTAL REPORTABLE SEGMENTS \$'000	INTER- SEGMENT ELIMINATIONS \$'000	TOTAL LINK GROUP \$'000
Geographic location									
Australia and New Zealand	259,640	69,934	–	8,838	151,415	–	489,827	(139,660)	350,167
United Kingdom and Channel Islands	–	85,452	15,027	65,028	26,247	–	191,754	(26,350)	165,404
Ireland	–	2,169	55,627	12,199	9,910	–	79,905	(9,894)	70,011
Other countries	–	25,439	13,097	3	1,241	–	39,780	(1,043)	38,737
Revenues from contracts with clients	259,640	182,994	83,751	86,068	188,813	–	801,266	(176,947)	624,319

FOR THE INTERIM PERIOD ENDED 31 DECEMBER 2018 RESTATED ¹¹	RSS \$'000	CM \$'000	BCM \$'000	FS \$'000	T&O \$'000	CPCS \$'000	TOTAL REPORTABLE SEGMENTS \$'000	INTER- SEGMENT ELIMINATIONS \$'000	TOTAL LINK GROUP \$'000
Geographic location									
Australia and New Zealand	275,912	68,144	–	9,639	130,218	–	483,913	(116,676)	367,237
United Kingdom and Channel Islands	–	94,998	22,236	57,374	26,486	40,522	241,616	(31,933)	209,683
Ireland	–	1,977	60,117	12,612	10,495	6,815	92,016	(10,495)	81,521
Other countries	–	26,753	6,217	–	171	23,259	56,400	(449)	55,951
Revenues from contracts with clients	275,912	191,872	88,570	79,625	167,370	70,596	873,945	(159,553)	714,392

¹¹ Comparative information has been restated to align to the new reportable segments.

3 Notes to the Interim Financial Statements

6. EARNINGS PER SHARE

(a) Basic 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 interim period. Ordinary shares on issue have been adjusted for the bonus element of new shares issued at a discount to market value during the interim period.

	31 DECEMBER 2019 \$'000	31 DECEMBER 2018 ¹² \$'000
Profit for the Interim period attributable to owners of the Company	27,593	184,888
	NUMBER OF SHARES '000	NUMBER OF SHARES ¹³ '000
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at the beginning of the interim period	533,576	529,543
Effect of allotments, issuances and buy-backs	(752)	1,176
Effect of treasury shares acquired/(disposed)	228	–
Effect of bonus entitlement offer on ordinary shares	–	17
Weighted average number of ordinary shares (basic)	533,052	530,736

(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 Performance Share Rights (PSRs) granted to employees. Dilutive securities have been adjusted for the bonus element of new shares issued at a discount to market value during the interim period.

	31 DECEMBER 2019 \$'000	31 DECEMBER 2018 ¹² \$'000
Profit for the Interim period attributable to owners of the Company	27,593	184,888
	NUMBER OF SHARES '000	NUMBER OF SHARES ¹³ '000
Weighted average number of ordinary shares (diluted)		
Basic weighted average number of ordinary shares	533,052	530,736
Effect of dilutive PSRs	2,799	2,031
Effect of bonus entitlement offer on dilutive PSRs	–	–
Weighted average number of ordinary shares (diluted)	535,851	532,767
Basic earnings per share (cents)	5.18	34.84
Diluted earnings per share (cents)	5.15	34.70

¹² Prior period comparative information has been restated following initial application of AASB 16 *Leases*. Refer to Note 3.

¹³ The weighted average number of ordinary shares used in the Basic and Diluted earnings per share calculation for the current and comparative period were adjusted retrospectively in accordance with AASB 133 *Earnings per Share* following the issue of new shares at a discount to market value during the current or comparative period. When new shares are issued at a discount to market value ("bonus element"), there is a resulting theoretical dilution of existing ordinary shares on issue, leading to a decrease in basic and diluted earnings per share.

3 Notes to the Interim Financial Statements

7. TAXATION

(a) Income tax expense

	31 DECEMBER 2019 \$'000	31 DECEMBER 2018 ¹⁴ \$'000
Current tax expense		
Current period	(13,922)	(21,556)
Adjustment for prior periods	1,538	(232)
	(12,384)	(21,788)
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	(918)	(53,039)
Adjustment for prior periods	(884)	(2,512)
	(1,802)	(55,551)
Tax expense from continuing operations	(14,186)	(77,339)
Profit before income tax	42,907	262,801
Prima facie income tax expense calculated at 30% on operating profit from ordinary activities:	(12,872)	(78,840)
Effect of tax rates in foreign jurisdictions	2,370	5,857
Non-deductible expenses	(4,878)	(5,474)
Non-assessable income	1,514	3,347
Recognition/(de-recognition) of tax losses	(974)	515
Over/(under) provision of tax in respect of prior periods	654	(2,744)
Income tax expense	(14,186)	(77,339)

(b) Effective tax rates for Australian and overseas operations

	31 DECEMBER 2019			31 DECEMBER 2018 ¹⁴		
	PROFIT BEFORE TAX \$'000	INCOME TAX EXPENSE \$'000	EFFECTIVE TAX RATE	PROFIT BEFORE TAX \$'000	INCOME TAX EXPENSE \$'000	EFFECTIVE TAX RATE
Australian operations	33,224	(10,857)	32.68%	226,946	(69,298)	30.54%
Overseas operations	9,683	(3,329)	34.37%	35,855	(8,041)	22.43%
Total	42,907	(14,186)	33.06%	262,801	(77,339)	29.43%

¹⁴ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

3 Notes to the Interim Financial Statements

(c) Tax recognised in other comprehensive income and equity

	31 DECEMBER 2019			31 DECEMBER 2018 ¹⁵		
	BEFORE TAX \$'000	TAX EXPENSE \$'000	NET OF TAX \$'000	BEFORE TAX \$'000	TAX BENEFIT \$'000	NET OF TAX \$'000
Foreign Currency Translation Reserve	15,221	(4,566)	10,655	32,746	(9,824)	22,922
	15,221	(4,566)	10,655	32,746	(9,824)	22,922

(e) Unrecognised tax losses

As at 31 December 2019 Link Group had carried forward tax losses unrecognised for deferred tax purposes, available to offset against taxable income in future years, in the following jurisdictions:

- Australian tax losses of \$195.7 million (30 June 2019: \$198.8 million); and
- Other jurisdiction tax losses of \$8.3 million (30 June 2019: \$2.1 million).

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 will permit their utilisation in the foreseeable future.

¹⁵ Prior period comparative information has been restated following initial application of AASB 16 *Leases*. Refer to Note 3.

3 Notes to the Interim Financial Statements

OPERATING ASSETS AND LIABILITIES

8. TRADE AND OTHER RECEIVABLES

	31 DECEMBER 2019 \$'000	30 JUNE 2019 \$'000
Trade receivables	178,568	170,622
Less: Expected credit losses	(3,876)	(2,736)
	174,692	167,886
Investment management debtors	72,757	67,922
Other debtors	9,600	9,022
	257,049	244,830

9. TRADE AND OTHER PAYABLES

	31 DECEMBER 2019 \$'000	30 JUNE 2019 ¹⁶ \$'000
Current		
Trade creditors	25,782	30,458
Investment management creditors	148,715	88,392
Deferred consideration	3,700	3,571
Accrued operational expenses	45,844	58,379
Contract liabilities	14,525	15,861
IT related creditors	17,567	16,656
Other creditors and accruals	27,305	48,011
Indemnified payables	12,926	–
	296,364	261,328
Non-current		
Deferred consideration	4,573	4,504
Indemnified payables	3,324	15,678
Contract liabilities	9,565	9,062
	17,462	29,244

¹⁶ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

3 Notes to the Interim Financial Statements

10. FUND ASSETS AND LIABILITIES

	31 DECEMBER 2019 \$'000	30 JUNE 2019 \$'000
Fund assets		
Fund receivables	481,212	985,900
	481,212	985,900
Fund liabilities		
Fund payables	(480,288)	(985,633)
	(480,288)	(985,633)

Fund assets and liabilities

These balances relate to investors' purchase or redemption of units in authorised funds of which Link Fund Solutions Limited (Link Asset Services' collective investment scheme administration business) is the 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 2019, \$0.9 million (\$481.2 million assets net of \$480.3 million liabilities) of net cash was due from investors and investment funds. The net receivable position arose because Link Fund Solutions Limited was yet to receive settlement from some investors and/or funds. The majority of funds need to be settled within a 4-day settlement period.

11. PROVISIONS

	31 DECEMBER 2019 \$'000	30 JUNE 2019 ¹⁷ \$'000
Current		
Provisions	13,030	14,765
Non-current		
Provisions	40,390	39,915

¹⁷ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

3 Notes to the Interim Financial Statements

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

	CLAIMS \$'000	INTEGRATION \$'000	ONEROUS CONTRACTS \$'000	OTHER \$'000	TOTAL \$'000
Balance at 1 July 2019 ¹⁸	43,185	4,049	1,709	5,737	54,680
Provisions made	3,403	1,506	813	–	5,722
Provisions used	(5,911)	(1,127)	(170)	–	(7,208)
Provisions reversed	(486)	(144)	–	–	(630)
Foreign exchange translation difference	697	(38)	86	111	856
Balance at 31 December 2019	40,888	4,246	2,438	5,848	53,420
Current	8,134	2,385	2,438	73	13,030
Non-current	32,754	1,861	–	5,775	40,390

Provisions

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

Claims: Link Group recognises a provision for claims arising from processing errors and other corporate events associated with the handling of administration activities for and on behalf of clients and investors. 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.

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.

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.

¹⁸ Prior period comparative information has been restated following initial application of AASB 16 *Leases*. Refer to Note 3.

3 Notes to the Interim Financial Statements

12. PLANT AND EQUIPMENT

	PLANT & EQUIPMENT \$'000	FIXTURES AND FITTINGS \$'000	RIGHT-OF-USE \$'000	TOTAL \$'000
Cost				
Balance at 1 July 2019 ¹⁹	81,355	73,198	263,326	417,879
Additions	5,568	1,988	–	7,556
Effects of movements in exchange rates	815	252	2,455	3,522
Transfers to intangible assets	(6,523)	–	–	(6,523)
Transfers to assets held for sale	(2,128)	(261)	(1,378)	(3,767)
Disposals/write offs	–	–	(893)	(893)
Balance at 31 December 2019	79,087	75,177	263,510	417,774
Depreciation and impairment losses				
Balance at 1 July 2019 ¹⁹	(48,623)	(31,111)	(69,213)	(148,947)
Depreciation charge	(5,704)	(3,176)	(15,597)	(24,477)
Effects of movements in exchange rates	(196)	(93)	(411)	(700)
Transfers to assets held for sale	1,883	212	738	2,833
Disposals/write offs	–	–	893	893
Balance at 31 December 2019	(52,640)	(34,168)	(83,590)	(170,398)
Carrying amount at 31 December 2019	26,447	41,009	179,920	247,376
	PLANT & EQUIPMENT \$'000	FIXTURES AND FITTINGS \$'000	RIGHT-OF-USE ¹⁹ \$'000	TOTAL \$'000
Cost				
Balance at 1 July 2018	79,004	76,432	258,505	413,941
Additions	4,933	558	–	5,491
Effects of movements in exchange rates	714	(24)	3,171	3,861
Disposals/write offs	(1,331)	(42)	(7,817)	(9,190)
Balance at 31 December 2018	83,320	76,924	253,859	414,103
Depreciation and impairment losses				
Balance at 1 July 2018	(38,888)	(24,814)	(54,714)	(118,416)
Depreciation charge	(6,069)	(3,765)	(16,152)	(25,986)
Effects of movements in exchange rates	(440)	187	(384)	(637)
Disposals/write offs	1,331	42	7,817	9,190
Balance at 31 December 2018	(44,066)	(28,350)	(63,433)	(135,849)
Carrying amount at 31 December 2018	39,254	48,574	190,426	278,254

¹⁹ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

3 Notes to the Interim Financial Statements

13. INTANGIBLE ASSETS

	GOODWILL \$'000	CLIENT RELATIONSHIPS \$'000	SOFTWARE \$'000	BRAND NAMES \$'000	TOTAL \$'000
Cost					
Balance at 1 July 2019	1,565,738	505,834	613,177	4,543	2,689,292
Additions	–	–	43,114	–	43,114
Effects of movements in exchange rates	21,920	6,927	4,148	113	33,108
Transfers from plant & equipment	–	–	6,523	–	6,523
Transfers to assets held for sale	(579)	–	(1,070)	–	(1,649)
Balance at 31 December 2019	1,587,079	512,761	665,892	4,656	2,770,388
Amortisation and impairment losses					
Balance at 1 July 2019	(2,512)	(167,313)	(327,801)	(2,730)	(500,356)
Amortisation charge	–	(18,836)	(32,712)	(171)	(51,719)
Effects of movements in exchange rates	–	(1,453)	(796)	(51)	(2,300)
Transfers to assets held for sale	–	–	909	–	909
Balance at 31 December 2019	(2,512)	(187,602)	(360,400)	(2,952)	(553,466)
Carrying amount at 31 December 2019	1,584,567	325,159	305,492	1,704	2,216,922

	GOODWILL \$'000	CLIENT RELATIONSHIPS \$'000	SOFTWARE \$'000	BRAND NAMES \$'000	TOTAL \$'000
Cost					
Balance at 1 July 2018	1,783,496	544,024	538,662	4,466	2,870,648
Additions	–	–	35,953	–	35,953
Effects of movements in exchange rates	23,827	6,294	2,717	59	32,897
Disposals/Assets written off	–	–	(1,359)	–	(1,359)
Balance at 31 December 2018	1,807,323	550,318	575,973	4,525	2,938,139
Amortisation and impairment losses					
Balance at 1 July 2018	(2,512)	(132,295)	(276,410)	(2,357)	(413,574)
Amortisation charge	–	(21,349)	(26,537)	(166)	(48,052)
Effects of movements in exchange rates	(185)	(783)	(728)	(34)	(1,730)
Disposals/Assets written off	–	–	1,359	–	1,359
Balance at 31 December 2018	(2,697)	(154,427)	(302,316)	(2,557)	(461,997)
Carrying amount at 31 December 2018	1,804,626	395,891	273,657	1,968	2,476,142

3 Notes to the Interim Financial Statements

14. NOTES TO THE STATEMENT OF CASH FLOWS

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

	31 DECEMBER 2019 \$'000	31 DECEMBER 2018 ²⁰ \$'000
Net profit after income tax	28,721	185,462
Add/(less) non-cash items		
Depreciation expense	24,477	25,986
Intangibles amortisation expense	51,719	48,052
Contract fulfilment costs amortisation expense	3,107	1,129
Gain on financial assets held at fair value through profit & loss	(203)	(177,555)
Share of loss of equity-accounted investees, net of tax	3,918	–
Equity-settled share based payment (benefit)/expense	(289)	3,277
Unrealised foreign exchange loss	1,566	1,225
Unwinding discount on provisions and deferred consideration	185	21
Borrowing cost amortisation	745	756
Net cash inflow from operating activities before changes in assets and liabilities	113,946	88,353
Change in operating assets and liabilities		
Change in trade and other receivables	(9,863)	(5,700)
Change in other assets	2,413	(6,600)
Change in fund assets and fund liabilities	(170)	(8,613)
Change in trade and other payables	26,365	(17,346)
Change in employee benefits	(3,724)	(5,155)
Change in provisions	(2,118)	(2,851)
Change in current and deferred tax balances	(14,494)	32,062
Net cash inflow from operating activities	112,355	74,150

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

	30 JUNE 2019 ²⁰ \$'000	FINANCING CASH FLOWS \$'000	NON-CASH		31 DECEMBER 2019 \$'000
			BORROWING COST AMORTISATION \$'000	FOREIGN EXCHANGE MOVEMENT \$'000	
Interest-bearing loans and borrowings – Current	30,038	1,957	–	325	32,320
Interest-bearing loans and borrowings – Non-current	1,393,515	(340,311)	745	24,689	1,078,638
Total liabilities from financing activities	1,423,553	(338,354)	745	25,014	1,110,958

²⁰ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

3 Notes to the Interim Financial Statements

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT

15. INTEREST BEARING LOANS AND BORROWINGS

	31 DECEMBER 2019 \$'000	30 JUNE 2019 ²¹ \$'000
Current		
Lease liabilities	32,320	30,038
	32,320	30,038
Non-current		
Lease liabilities	225,574	239,979
Loans	853,064	1,153,536
	1,078,638	1,393,515

FINANCING ARRANGEMENTS	NOTIONAL CURRENCY	INTEREST RATE AT 31 DECEMBER 2019 (P.A.)	31 DECEMBER 2019 \$'000	30 JUNE 2019 \$'000
Total facilities available:				
Non amortising term loan facility	AUD	2.0%–2.1%	550,000	550,000
Working capital facility	AUD	1.5%–2.2%	30,000	30,000
Non amortising term loan facility	GBP	2.2%	870,786	840,116
Working capital facility	GBP	1.5%–2.2%	37,453	36,134
			1,488,239	1,456,250
Facilities utilised at reporting date:				
Non amortising term loan facility	AUD	2.1%	178,000	317,000
Working capital facility	AUD	1.5%	13,194	13,194
Non amortising term loan facility	GBP	2.2%	677,903	840,116
Working capital facility	GBP	1.5%	188	190
			869,285	1,170,500
Facilities not utilised at reporting date				
Non amortising term loan facility	AUD	0.5%–0.6%	372,000	233,000
Working capital facility	AUD	0.6%	16,806	16,806
Non amortising term loan facility	GBP	0.6%	192,883	–
Working capital facility	GBP	0.6%	37,265	35,944
			618,954	285,750

²¹ Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

3 Notes to the Interim Financial Statements

Facilities utilised at reporting date include \$13.4 million (30 June 2019: \$13.4 million) of guarantees provided to external parties, which have not been drawn down.

Link Group also has access to an uncommitted facility of \$250.0 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.

16. CONTINGENT LIABILITIES

There have been no significant changes in contingent liabilities from those disclosed in Link Group's 2019 Annual Report.

Other

From time to time, Link Fund Solutions (LFS) receives enquiries, complaints or claims from investors or third parties in relation to the funds for which it acts, or has acted, as authorised corporate director (ACD) (in relation to authorised funds) or operator (in relation to unregulated funds). As disclosed on 18 June 2019, the Financial Conduct Authority (FCA) has notified LFS that it is commencing an investigation into LFS as ACD to the LF Woodford Equity Income Fund (Woodford Fund). As the FCA investigation is a confidential process, Link Group cannot speculate or make any further comment on it. As at the date of this Interim financial report there has been no enquiry, complaint or claim received by LFS regarding its role in relation to any funds, including the Woodford Fund, which should be disclosed as a contingent liability. LFS continues to act in the best interests of investors in the Woodford Fund as the situation regarding the suspension of dealings progresses.

17. INVESTMENT AND FINANCIAL RISK MANAGEMENT

(a) Investments

	31 DECEMBER 2019 \$'000	30 JUNE 2019 \$'000
Listed equity securities – at fair value through profit or loss	3,351	3,150
Unlisted investments – at fair value through profit or loss	90,525	48,199
	93,876	51,349

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

During the interim period, Link Group made an investment of £20.0 million (\$37.0 million) in Smart Pension Limited (Smart). Link Group's total ownership of Smart is 9.6%. The investment in Smart is carried within unlisted investments at a fair value with gains or losses recognised through profit or loss given Link Group does not have significant influence over Smart. As at 31 December 2019, the investment had a fair value of \$37.5 million after accounting for foreign exchange fluctuations.

3 Notes to the Interim Financial Statements

(b) Fair value of financial instruments

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

- Level 1: quoted 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 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
31 December 2019				
Listed investments designated at fair value through profit and loss	3,351	–	–	3,351
Unlisted equity securities designated at fair value through profit and loss	–	6,141	84,384	90,525
	3,351	6,141	84,384	93,876
	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
30 June 2019				
Listed investments designated at fair value through profit and loss	3,150	–	–	3,150
Unlisted equity securities designated at fair value through profit and loss	–	3,023	45,176	48,199
	3,150	3,023	45,176	51,349

There have been no assets transferred between levels during the interim period (30 June 2019: 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.

Significant increases or decreases in future cash flows would increase or decrease, respectively, the fair value of the investments.

	31 DECEMBER 2019 \$'000	31 DECEMBER 2018 \$'000
Reconciliation of movements in level 3 investments		
Opening level 3 investments at the beginning of the interim period	45,176	136,622
Acquisitions	37,275	39,684
Fair value gain recognised in profit or loss	–	177,771
Foreign currency retranslation	1,933	323
Closing level 3 investments at the end of the interim period	84,384	354,400

3 Notes to the Interim Financial Statements

18. CONTRIBUTED EQUITY

	31 DECEMBER 2019 \$'000	31 DECEMBER 2018 \$'000
Issued and paid-up capital		
Balance at the beginning of the interim period	1,909,140	1,875,538
On-market share buy-back	(17,444)	–
Equity issued under dividend reinvestment plan	–	20,218
Equity raising and share buy-back costs, net of tax	(17)	33
Balance at the end of the interim period	1,891,679	1,895,789

	31 DECEMBER 2019 '000	31 DECEMBER 2018 '000
Number of shares issued:		
Balance at the beginning of the interim period	533,951	529,543
On-market share buy-back	(3,123)	–
Equity issued under dividend reinvestment plan	–	2,639
Balance at the end of the interim period	530,828	532,182

19. DIVIDENDS

Dividends

	2020 INTERIM	2019 FINAL	2019 INTERIM	2018 FINAL
Dividend cents per share	6.5	12.5	8.0	13.5
Franking percentage	100%	100%	100%	100%
Total dividend (\$'000)	34,504	66,744	42,575	71,488
Record date	05.03.2020	05.09.2019	25.02.2019	23.08.2018
Payment date	09.04.2020	10.10.2019	09.04.2019	10.10.2018

Dividends are recognised as a liability in the period in which they are declared. The interim 2020 dividend has not been declared at the reporting date and therefore is not reflected in the consolidated financial statements.

On 27 February 2020, the Directors declared an interim dividend of \$34,503,849, which equates to 6.5 cents per share, franked at 100% in respect of the interim period ended 31 December 2019. The record date for determining entitlements to the dividend is 5 March 2020. Payment of the dividend will occur on 9 April 2020.

The Link Group Dividend Reinvestment Plan (DRP) will operate in respect of the 2020 Interim dividend. The DRP election deadline is 6 March 2020.

3 Notes to the Interim Financial Statements

20. RETAINED EARNINGS

	31 DECEMBER 2019 \$'000	31 DECEMBER 2018 ²² \$'000
Retained earnings at the beginning of the interim period²²	223,739	3,208
Net profit attributable to equity holders	27,593	184,888
Transfer from retained earnings to distributable profits reserve	–	–
Gain on settlement of dividend reinvestment plan recognised in retained earnings	5	–
Gain on settlement of equity settled share based payments recognised in retained earnings	672	–
Retained earnings at the end of the interim period	252,009	188,096

21. SHARE-BASED PAYMENT ARRANGEMENTS

As disclosed Link Group's 2019 Annual Report, share based payments arrangements include the Omnibus Equity Plan (OEP) and Broad-based Employee Share Plan (BESP). The terms, conditions, and operation of the plans have not significantly changed during the interim period ended 31 December 2019.

(a) Description of share-based payment transactions

Omnibus equity plan

The terms and conditions of the PSRs granted during the interim period ended 31 December 2019 were as follows.

GRANT DATE/EMPLOYEES ENTITLED	NUMBER OF PSRS GRANTED	VESTING CONDITIONS	CONTRACTUAL LIFE OF PSRS
LTI issued to Executive KMPs, Senior Executives and Senior Leaders on 18 December 2019	1,758,204	75% against an EPS target and 25% against relative TSR for the three-year performance period commencing 1 July 2019.	Seven years, with last exercise occurring September 2026 (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 2019 full year results and accounted for at fair value in accordance with accounting standards from grant date.

The expense recognised in the consolidated statement of profit or loss and other comprehensive income in relation to the LTI PSRs during the interim period ended 31 December 2019 was a benefit of \$0.6 million (31 December 2018: expense of \$3.3 million).

Broad-based employee share plan

The expense recognised in the consolidated statement of profit or loss and other comprehensive income in relation to the Broad-based Employee Share Plan during the interim period ended 31 December 2019 was \$Nil (31 December 2018: \$2.1 million).

²² Prior period comparative information has been restated following initial application of AASB 16 Leases. Refer to Note 3.

3 Notes to the Interim Financial Statements

(b) Measurement of grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the LTI PSRs issued during the interim period ended 31 December 2019.

	18 DECEMBER 2019
Fair value at grant date:	
i. EPS tranche fair value at grant date	\$5.01
ii. TSR tranche fair value at grant date	\$2.80
Share price at grant date	\$5.67
Exercise price	–
Expected volatility (weighted average volatility)	25%
PSR life (expected weighted average life)	3 years
Holding lock discount:	
i. 1 year	5%
ii. 2 years	7.5%
Expected dividends	3.53%
Risk-free interest rate (based on government bonds)	0.74%

The fair value of services received in return for LTI PSRs is based on the fair value of LTI 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 2019 was as follows.

	31 DECEMBER 2019 NUMBER OF LTI PSRS '000	31 DECEMBER 2018 NUMBER OF LTI PSRS '000	31 DECEMBER 2019 NUMBER OF STI DEFERRAL PSRS '000	31 DECEMBER 2018 NUMBER OF STI DEFERRAL PSRS '000
On issue at beginning of the interim period	3,116	1,915	6	–
Granted during the interim period	1,758	944	–	–
Lapsed during the interim period	(389)	(135)	–	–
Vested during the interim period	(353)	–	–	–
On issue at the end of the interim period	4,132	2,724	6	–

3 Notes to the Interim Financial Statements

GROUP STRUCTURE

22. BUSINESS COMBINATIONS

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

(a) Prior year provisional acquisition accounting

The fair values of the assets and liabilities acquired in the FlexFront B.V., Nationaal Hypotheek Loket B.V. and TSR Darashaw Consultants Private Limited were recognised on a provisional basis as at 30 June 2019. The measurement period remains open for these business combinations, should new information obtained within one year of the acquisitions about the facts and circumstances that existed at the date of acquisitions identify adjustments to the amounts recognised, or any additional provisions that existed at the date of the acquisitions, the accounting for the acquisitions will be revised.

23. ASSETS HELD FOR SALE

On 26 August 2019 Link Group entered into a binding agreement to sell its 74.85% interest in Link Market Services South Africa (LMSSA) to JSE Limited for a cash free, debt free consideration of ZAR 224.5 million (\$22.9 million). As at 31 December 2019, the transaction is subject to mandatory regulatory approvals, which are expected to be achieved in the first half of calendar year 2020. Accordingly, LMSSA assets and liabilities associated with the sale have been presented as a disposal group held for sale as at 31 December 2019.

(a) Assets and liabilities of disposal group held for sale

	31 DECEMBER 2019 \$'000
Cash and cash equivalents	3,248
Trade and other receivables	1,839
Other assets	33
Plant and equipment	934
Intangible assets	740
Deferred tax assets	137
Assets held for sale	6,931
Trade and other payables	(353)
Interest bearing loans and borrowings	(859)
Employee benefits	(163)
Current tax liabilities	(322)
Deferred tax liabilities	(36)
Liabilities held for sale	(1,733)
Net assets held for sale	5,198

Upon recognition as a disposal group held for sale, no gain or loss was recognised in Link Group's Statement of Profit or Loss and Other Comprehensive Income.

3 Notes to the Interim Financial Statements

OTHER DISCLOSURES

24. SUBSEQUENT EVENTS

Acquisition of Pepper European Servicing

On 31 January 2020, Link Group entered into a binding agreement to acquire Pepper European Servicing (PES) from Pepper Group for an upfront consideration of €165 million, with a further €35 million deferred consideration payable dependent on PES meeting certain thresholds and growth milestones. PES provides end-to-end loan servicing, advisory and asset management services across both residential and commercial segments in the UK, Ireland and continental Europe. The transaction is subject to mandatory regulatory approvals and is expected to complete in the second half of calendar year 2020. PES will be part of the Banking & Credit Management (BCM) operating segment.

Other than the matter described above, in the opinion of the Directors, 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 periods.

4 Directors' Declaration

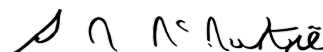
1. In the opinion of the Directors of Link Administration Holdings Limited (the Company):
 - (a) the condensed consolidated financial statements and notes that are set out on pages 8 to 38 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Link Group's financial position as at 31 December 2019 and of its performance for the interim 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 27 February 2020 at Sydney.



Michael Carapiet
Chair



John McMurtrie
Managing Director

5 Independent Auditor's Review Report



Independent Auditor's Review Report

To the shareholders 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 2019 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:

- Condensed consolidated statement of financial position as at 31 December 2019;
- Condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the Interim Period ended on that date;
- notes 1 to 24 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 2019.

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
- 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.

5 Independent Auditor's Review Report



Auditor's responsibilities 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 2019 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.

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

KPMG

Eileen Hoggett

Partner

Sydney

27 February 2020

Brendan Twining

Partner

Sydney

27 February 2020