

ASX PRELIMINARY FINAL REPORT

Computershare Limited

ABN 71 005 485 825

30 June 2014

Lodged with the ASX under Listing Rule 4.3A

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This report covers the consolidated entity consisting of Computershare Limited and its controlled entities. The financial report is presented in United States dollars (unless otherwise stated).

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
YEAR ENDED 30 JUNE 2014
(Previous corresponding period year ended 30 June 2013)
RESULTS FOR ANNOUNCEMENT TO THE MARKET

\$000

Revenue from continuing operations <i>(Appendix 4E item 2.1)</i>	down	0.2%	to	2,015,113
Profit/(loss) after tax attributable to members <i>(Appendix 4E item 2.2)</i>	up	60.1%	to	251,401
Net profit/(loss) for the period attributable to members <i>(Appendix 4E item 2.3)</i>	up	60.1%	to	251,401
Dividends <i>(Appendix 4E item 2.4)</i>		Amount per security		Franked amount per security
Final dividend		AU 15 cents		20%
Interim dividend		AU 14 cents		20%

Record date for determining entitlements to the final dividend *(Appendix 4E item 2.5)* 21 August 2014

Explanation of revenue *(Appendix 4E item 2.6)*

Total revenue from continuing operations for the year ended 30 June 2014 is \$2,015.1 million, down 0.2% against the last corresponding period. Total revenue was adversely impacted by a strengthening US dollar as well as continued soft conditions in a number of our transactional based businesses. Register maintenance revenues were flat year on year whilst corporate action revenues were noticeably lower, affected by reduced margin income as maturing deposits were redeployed at lower rates. Business services revenue was also flat with growth in loan servicing and class action administration offset by weaker bankruptcy administration and voucher services revenues. Employee share plans revenue again grew materially, underpinned by the Morgan Stanley EMEA based plans business acquisition in May 2013. Corporate proxy and mutual fund solicitation revenues were subdued, whilst Communication services revenue improved but was affected by translation to US dollars.

Explanation of profit/(loss) from ordinary activities after tax *(Appendix 4E item 2.6)*

Net statutory profit after tax attributable to members is \$251.4 million, an increase of 60.1% over the last corresponding period. The substantial increase year on year was largely a result of the net effect of losses on disposals, business closure costs and significant integration costs negatively impacting the corresponding period and not recurring to the same extent this year. During this year, asset write-downs were partly offset by net gains on disposals, reduced intangible assets amortisation and substantially lower acquisition related costs. The underlying operations benefited considerably from further Shareowner Services synergies and strong control of personnel costs. However weaker margin income was a drag on earnings. Lower interest expense, depreciation and amortisation all contributed to the improved earnings outcome.

The Group's effective tax rate increased from 16.6% for the year ended 30 June 2013 to 21.8% in the current financial year, which is mainly due to profit mix. The US, which has a relatively high statutory tax rate, contributed more to current financial year's taxable profits, largely a result of realised synergies and significantly lower integration costs. Non-deductible losses on disposals and assets write downs also contributed to a higher effective tax rate in the year ended 30 June 2014.

Explanation of net profit/(loss) *(Appendix 4E item 2.6)*

Please refer above.

Explanation of dividends *(Appendix 4E item 2.6)*

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

Ordinary shares

A final dividend in respect of the year ended 30 June 2013 was declared on 14 August 2013 and paid on 17 September 2013. This was an ordinary dividend of AU 14 cents per share franked to 20% amounting to AUD 77,868,431 (\$71,163,310).

An interim dividend was declared on 12 February 2014 and paid on 18 March 2014. This was an ordinary dividend of AU 14 cents per share franked to 20% amounting to AUD 77,868,431 (\$71,163,310).

A final dividend in respect of the year ended 30 June 2014 was declared by the directors of the Company on 13 August 2014, to be paid on 16 September 2014. This is an ordinary dividend of AU 15 cents per share, franked to 20%. As the dividend was not declared until 13 August 2014, a provision has not been recognised as at 30 June 2014.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$000	2013 \$000
Revenue from continuing operations			
Sales revenue		2,011,416	2,015,737
Other revenue		3,697	4,212
Total revenue from continuing operations		2,015,113	2,019,949
Other income		33,483	26,098
Expenses			
Direct services		1,375,600	1,479,473
Technology costs		267,034	289,971
Corporate services		16,289	17,236
Finance costs		62,933	66,615
Total expenses		1,721,856	1,853,295
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	14	(1,112)	(146)
Profit before related income tax expense		325,628	192,606
Income tax expense/(credit)	3	71,100	32,029
Profit for the year		254,528	160,577
Other comprehensive income that may be reclassified to profit or loss			
Available-for-sale financial assets		(864)	310
Cash flow hedges		(791)	(1,314)
Exchange differences on translation of foreign operations		19,340	(31,512)
Income tax relating to components of other comprehensive income		2,141	12,471
Total other comprehensive income for the year, net of tax		19,826	(20,045)
Total comprehensive income for the year		274,354	140,532
Profit for the year is attributable to:			
Members of Computershare Limited		251,401	157,013
Non-controlling interests		3,127	3,564
		254,528	160,577
Total comprehensive income for the year is attributable to:			
Members of Computershare Limited		270,994	137,232
Non-controlling interests		3,360	3,300
		274,354	140,532
Basic earnings per share (cents per share)	8	45.20 cents	28.25 cents
Diluted earnings per share (cents per share)	8	45.00 cents	28.13 cents

The above preliminary consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS
AT 30 JUNE 2014

	Note	2014 \$000	2013 \$000
CURRENT ASSETS			
Cash and cash equivalents		460,019	454,353
Receivables		374,445	330,008
Financial assets held for trading		547	3,083
Available-for-sale financial assets at fair value		246	814
Other financial assets		162,838	127,321
Inventories		5,630	10,646
Current tax assets		15,592	20,615
Derivative financial instruments		4,603	-
Assets classified as held for sale	21	58,704	-
Other current assets		34,917	35,521
Total current assets		1,117,541	982,361
NON-CURRENT ASSETS			
Receivables		2,612	4,084
Investments accounted for using the equity method	14	36,813	28,498
Available-for-sale financial assets		8,732	5,463
Property, plant and equipment		176,173	187,873
Deferred tax assets		167,625	157,642
Derivative financial instruments		24,064	23,877
Intangibles		2,274,640	2,229,079
Total non-current assets		2,690,659	2,636,516
Total assets		3,808,200	3,618,877
CURRENT LIABILITIES			
Payables		416,996	357,218
Interest bearing liabilities		226,210	8,008
Current tax liabilities		33,081	34,997
Provisions		62,417	68,034
Deferred consideration		33,833	7,110
Liabilities directly associated with assets classified as held for sale	21	23,099	-
Other		38,946	25,885
Total current liabilities		834,582	501,252
NON-CURRENT LIABILITIES			
Payables		2,303	3,163
Interest bearing liabilities		1,433,044	1,703,652
Deferred tax liabilities		192,215	190,165
Provisions		36,959	43,090
Deferred consideration		6,854	40,611
Other		35,031	6,009
Total non-current liabilities		1,706,406	1,986,690
Total liabilities		2,540,988	2,487,942
Net assets		1,267,212	1,130,935
EQUITY			
Contributed equity		35,703	35,703
Reserves		84,240	58,910
Retained earnings	4	1,134,305	1,025,231
Total parent entity interest		1,254,248	1,119,844
Non-controlling interests		12,964	11,091
Total equity		1,267,212	1,130,935

The above preliminary consolidated statement of financial position should be read in conjunction with the accompanying notes.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR
THE YEAR ENDED 30 JUNE 2014

Attributable to members of Computershare Limited

	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Total \$000	Non- controlling Interests \$000	Total Equity \$000
Total equity at 1 July 2013	35,703	58,910	1,025,231	1,119,844	11,091	1,130,935
Profit for the year	-	-	251,401	251,401	3,127	254,528
Available-for-sale financial assets	-	(864)	-	(864)	-	(864)
Cash flow hedges	-	(791)	-	(791)	-	(791)
Exchange differences on translation of foreign operations	-	19,107	-	19,107	233	19,340
Income tax (expense)/credits	-	2,141	-	2,141	-	2,141
Total comprehensive income for the year	-	19,593	251,401	270,994	3,360	274,354
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	-	-	(142,327)	(142,327)	(1,487)	(143,814)
Transactions with non-controlling interests	-	(479)	-	(479)	-	(479)
Equity related contingent consideration	-	581	-	581	-	581
Cash purchase of shares on market	-	(13,582)	-	(13,582)	-	(13,582)
Share based remuneration	-	19,217	-	19,217	-	19,217
Balance at 30 June 2014	35,703	84,240	1,134,305	1,254,248	12,964	1,267,212
Total equity at 1 July 2012	29,943	83,189	1,028,408	1,141,540	12,803	1,154,343
Profit for the year	-	-	157,013	157,013	3,564	160,577
Available-for-sale financial assets	-	310	-	310	-	310
Cash flow hedges	-	(1,314)	-	(1,314)	-	(1,314)
Exchange differences on translation of foreign operations	-	(31,248)	-	(31,248)	(264)	(31,512)
Income tax (expense)/credits	-	12,471	-	12,471	-	12,471
Total comprehensive income for the year	-	(19,781)	157,013	137,232	3,300	140,532
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	-	-	(160,190)	(160,190)	(2,945)	(163,135)
Transactions with non-controlling interests	-	(2,740)	-	(2,740)	(2,067)	(4,807)
Equity related contingent consideration	-	629	-	629	-	629
Shares issued under dividend reinvestment plan	5,760	-	-	5,760	-	5,760
Cash purchase of shares on market	-	(13,275)	-	(13,275)	-	(13,275)
Share based remuneration	-	10,888	-	10,888	-	10,888
Balance at 30 June 2013	35,703	58,910	1,025,231	1,119,844	11,091	1,130,935

The above preliminary consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$000	2013 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,083,068	2,088,980
Payments to suppliers and employees		(1,522,468)	(1,613,427)
Loan servicing advances (net)		(36,183)	(25,999)
Dividends received		125	135
Interest paid and other finance costs		(62,916)	(66,250)
Interest received		3,572	4,077
Income taxes paid		(55,900)	(53,476)
Net operating cash flows	16	<u>409,298</u>	<u>334,040</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of controlled entities and businesses (net of cash acquired) and intangible assets		(109,829)	(75,644)
Payments for investment in associates and joint ventures		(10,058)	(17,205)
Dividends received		657	333
Proceeds from sale of assets		8,121	29,405
Payments for investments		(7,580)	(7,521)
Payments for property, plant and equipment		(16,450)	(43,735)
Proceeds from sale of subsidiaries and businesses, net of cash disposed		23,244	10,434
Net investing cash flows		<u>(111,895)</u>	<u>(103,933)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of ordinary shares - share based awards		(13,582)	(13,275)
Proceeds from borrowings		909,925	500,764
Repayment of borrowings		(1,027,273)	(543,475)
Loan servicing borrowings (net)		21,558	7,751
Dividends paid - ordinary shares (net of dividend reinvestment plan)		(133,722)	(154,430)
Purchase of ordinary shares – dividend reinvestment plan		(8,605)	-
Dividends paid to non-controlling interests in controlled entities		(1,487)	(2,945)
Repayment of finance leases		(9,719)	(9,413)
Net financing cash flows		<u>(262,905)</u>	<u>(215,023)</u>
Net increase in cash and cash equivalents held		34,498	15,084
Cash and cash equivalents at the beginning of the financial year		454,353	441,391
Exchange rate variations on foreign cash balances		20,300	(2,122)
Cash and cash equivalents at the end of the year*		<u>509,151</u>	<u>454,353</u>

* Cash and cash equivalents at 30 June 2014 include \$49.1 million cash presented in the Assets classified as held for sale line item of the consolidated statement of financial position. Please refer to note 21 for more details.

The above preliminary consolidated statement of cash flows should be read in conjunction with the accompanying notes.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

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

The financial report, comprising the financial statements and notes of Computershare Limited and its controlled entities, complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

The principal accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial year, except as set out below.

Changes in accounting policy

The following changes resulted from the new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2013:

- Principles of consolidation – new standards AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*,
- Fair value measurements - new standard AASB 13 *Fair Value Measurement*

Principles of consolidation

AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in Interpretation 112 *Consolidation – Special Purpose Entities*. Under the new principles, the Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements were required as a result of the adoption of AASB 10.

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined it has only joint ventures.

The Group's accounting policy for joint ventures has not changed under AASB11 as it continues to apply the equity method to account for its interest in joint ventures.

Fair value measurements

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group has reviewed its accounting policy on fair value measurements in accordance with the new standard guidance and has amended the measurement of the fair value of derivatives to reflect counterparty credit risk. The impact of the change was not material to the Group.

2. MATERIAL FACTORS AFFECTING THE ECONOMIC ENTITY FOR THE CURRENT PERIOD

Refer to the attached Market Announcement for discussion of the nature and amount of material items affecting revenue, expenses, assets, liabilities, equity or cash flows, where their disclosure is relevant in explaining the financial performance or position of the entity for the period.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

3. RECONCILIATION OF INCOME TAX EXPENSE

Numerical reconciliation of income tax expense to prima facie tax payable

	2014 \$000	2013 \$000
Profit before income tax expense	325,628	192,606
The tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:		
Prima facie income tax expense thereon at 30%	97,688	57,782
Tax effect of permanent differences:		
Variation in tax rates of foreign controlled entities	(7,001)	(13,732)
Prior year tax (over)/under provided	(5,692)	(667)
Research and development allowance	(2,473)	(2,431)
Net other deductible	(11,422)	(8,923)
Income tax expense	71,100	32,029

4. RETAINED EARNINGS (Appendix 4E item 6)

	2014 \$000	2013 \$000
Retained earnings		
Retained earnings at the beginning of the financial year	1,025,231	1,028,408
Ordinary dividends provided for or paid	(142,327)	(160,190)
Net profit/(loss) attributable to members of Computershare Limited	251,401	157,013
Retained earnings at the end of the financial year	1,134,305	1,025,231

5. ADDITIONAL DIVIDEND INFORMATION (Appendix 4E item 7)

Details of dividends declared or paid during or subsequent to the year ended 30 June 2014 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security	Conduit Foreign Income amount per security
26 August 2013	17 September 2013	Final	AU 14 cents	AUD 77,868,431	AU 2.8 cents	AU 11.2 cents
24 February 2014	18 March 2014	Interim	AU 14 cents	AUD 77,868,431	AU 2.8 cents	AU 11.2 cents
21 August 2014	16 September 2014	Final	AU 15 cents	AUD 83,430,462*	AU 3.0 cents**	AU 12.0 cents

* Based on 556,203,079 shares on issue as at 13 August 2014

** Dividend franked to 20%

6. DIVIDEND REINVESTMENT PLANS (Appendix 4E item 8)

In January 2013, Computershare introduced a Dividend Reinvestment Plan (DRP) which provides eligible shareholders with the opportunity to elect to take all or part of their dividends in the form of shares in accordance with the DRP plan rules. Shares are provided under the plan free of brokerage and other transaction costs and will rank equally with all other ordinary shares on issue.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

The DRP will apply to the final dividend declared in respect of the current financial year on 13 August 2014. Applications or notices received after 5.00pm (Melbourne time) on 14 August 2014 will not be effective for payment of this final dividend but will be effective for future dividend payments.

The DRP price for the final dividend will be equal to the arithmetic average of the daily volume weighted average market price (rounded to the nearest cent) of all shares sold through a normal trade on the ASX automated trading system during the DRP pricing period for this dividend, being 26 August 2014 to 8 September 2014 (inclusive). No discount will apply to the DRP price.

7. NTA BACKING (Appendix 4E item 9)

	2014	2013
Net tangible asset backing per ordinary share	(2.14)	(2.28)

8. EARNINGS PER SHARE (Appendix 4E item 14.1)

	Basic EPS \$000	Diluted EPS \$000	Management Basic EPS \$000	Management Diluted EPS \$000
Year ended 30 June 2014				
Earnings per share (cents per share)	45.20 cents	45.00 cents	60.24 cents	59.97 cents
Profit for the year	254,528	254,528	254,528	254,528
Non-controlling interest (profit)/loss	(3,127)	(3,127)	(3,127)	(3,127)
Add back management adjustment items (see below)	-	-	83,636	83,636
Net profit attributable to the members of Computershare Limited	251,401	251,401	335,037	335,037
Weighted average number of ordinary shares used as denominator in calculating basic earnings per share	556,203,079		556,203,079	
Weighted average number of ordinary and potential ordinary shares used as denominator in calculating diluted earnings per share			558,653,079	558,653,079
	Basic EPS \$000	Diluted EPS \$000	Management Basic EPS \$000	Management Diluted EPS \$000
Year ended 30 June 2013				
Earnings per share (cents per share)	28.25 cents	28.13 cents	54.85 cents	54.62 cents
Profit for the year	160,577	160,577	160,577	160,577
Non-controlling interest (profit)/loss	(3,564)	(3,564)	(3,564)	(3,564)
Add back management adjustment items (see below)	-	-	147,846	147,846
Net profit attributable to the members of Computershare Limited	157,013	157,013	304,859	304,859
Weighted average number of ordinary shares used as denominator in calculating basic earnings per share	555,816,166		555,816,166	
Weighted average number of ordinary and potential ordinary shares used as denominator in calculating diluted earnings per share			558,142,604	558,142,604

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

Reconciliation of weighted average number of shares used as the denominator:

	2014	2013
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	556,203,079	555,816,166
Adjustments for calculation of diluted earnings per share:		
Performance rights	2,450,000	2,326,438
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	558,653,079	558,142,604

No employee performance rights have been issued since year end.

Management adjustment items

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

For the year ended 30 June 2014 management adjustment items were as follows:

	Gross \$000	Tax effect \$000	Net of tax \$000
Amortisation			
Intangible assets amortisation	(96,060)	33,856	(62,204)
Strategic business initiatives			
Net gain on disposals	7,561	(6,744)	817
Adjustment to disposal accounting	2,706	(4)	2,702
Business closure adjustment	3,138	(533)	2,605
Restructuring provisions	(1,154)	358	(796)
Asset write-downs	(26,573)	278	(26,295)
Other			
Acquisition related costs	(1,266)	445	(821)
Foreign exchange gain	3,309	(993)	2,316
Acquisition accounting adjustments	(727)	326	(401)
Indian acquisition put option liability re-measurement	(2,302)	-	(2,302)
Marked to market adjustments on derivatives	1,062	(319)	743
Total management adjustment items	(110,306)	26,670	(83,636)

For the year ended 30 June 2013 management adjustment items were as follows:

	Gross \$000	Tax effect \$000	Net of tax \$000
Amortisation			
Intangible assets amortisation	(105,828)	37,703	(68,125)
Strategic business initiatives			
Net loss on disposals	(31,742)	(766)	(32,508)
Business closure – Australian Funds Services	(11,145)	658	(10,487)
Restructuring provisions	(3,875)	1,259	(2,616)
Other			
Acquisition integration costs	(51,153)	19,122	(32,031)
Acquisition accounting adjustments	6,187	(1,169)	5,018
Asset write-downs	(7,627)	2,902	(4,725)
DLI performance rights reversal	8,256	(2,477)	5,779
Indian acquisition put option liability re-measurement	(6,645)	-	(6,645)
Marked to market adjustments on derivatives	298	(89)	209
Provision for tax liability	(2,762)	1,047	(1,715)
Total management adjustment items	(206,036)	58,190	(147,846)

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

Below are the details of management adjustment items net of tax for the year ended 30 June 2014.

Amortisation

- Customer contracts and other intangible assets that are recognised on business combinations or major asset acquisitions are amortised over their useful life in the statutory results but excluded from management earnings. The amortisation of these intangibles for FY14 was \$62.2 million. Amortisation of intangibles purchased outside of business combinations (eg, mortgage servicing rights) is included as a charge against management earnings.

Strategic business initiatives

- A total gain of \$14.4 million was recorded on disposal of Highlands Ranch LLC, an equity stake in Chelmer Limited and a listed investment held by VEM.
- Disposal of Pepper operations in Germany, Singapore and the US resulted in a loss of \$13.6 million.
- Finalisation of the accounting for the disposal of Interactive Meetings Limited (IML) resulted in a reduction of the loss recognised in FY13 by \$2.7m.
- The sale of the Australian Fund Services business, which was initially accounted for as a business closure, resulted in a reversal of certain provisions and a gain on sale totalling \$2.6 million.
- Restructuring provisions of \$0.8 million were raised. These provisions related to recent acquisitions as well as Computershare's change to a global service model.
- Assets of VEM were written down to fair value on classification as 'held for sale' resulting in a loss of \$23.2 million.
- The closure of the Digital Post Australia business led to a \$3.1m investment write off.

Other

- Acquisition related expenses of \$0.8 million were incurred associated with the Shareowner Services, Olympia and R&T acquisitions.
- An accounting gain of \$2.3 million was recorded as a result of translation of foreign currency bank accounts.
- An acquisition accounting adjustment expense of \$0.4 million was recorded relating to deferred consideration liabilities for the Specialized Loan Servicing and Serviceworks acquisitions.
- The put option liability re-measurement resulted in an expense of \$2.3 million related to the Karvy joint venture arrangement in India.
- Derivatives that have not received hedge designation are marked to market at the reporting date and taken to profit and loss in the statutory results. The marked to market valuation resulted in a gain of \$0.7 million.

9. SHARE BUYBACK *(Appendix 4E item 14.2)*

The company had no on-market buy back in operation during the year ended 30 June 2014.

10. SEGMENT INFORMATION *(Appendix 4E item 14.4)*

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

There are seven operating segments. Six of them are geographic: Asia, Australia and New Zealand, Canada, Continental Europe, UCIA (United Kingdom, Channel Islands, Ireland and Africa) and the United States of America. In addition, the Technology and Other segment comprises the provision of software specialising in share registry, employee plans and financial services globally. It is also a research and development function, for which discrete financial information is reviewed by the CEO.

In each of the six geographic segments the consolidated entity offers its core products and services: Investor Services, Business Services, Plan Services, Communication Services and Stakeholder Relationship Management Services. Investor Services comprise the provision of register maintenance, company meeting logistics, payments and full contact centre and online services. Business Services comprise the provision of voucher administration, bankruptcy administration services, deposit protection services, corporate trust services, loan servicing activities and utility back office services. Plan Services comprise the administration and management of employee share and option plans. Communication Services comprise laser imaging, intelligent mailing, scanning and electronic communications delivery. Stakeholder Relationship Management Services comprise the provision of investor analysis, investor communication and management information services to companies, including their employees, shareholders and other security industry participants.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

None of the corporate entities have been allocated to the operating segments. The main purpose of the corporate entities is to hold intercompany investments and conduct financing activities.

OPERATING SEGMENTS

	Asia	Australia & New Zealand	Canada	Continental Europe	Technology & Other	UCIA	United States	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
June 2014								
Total segment revenue and other income	111,884	376,368	189,813	115,106	232,367	324,037	889,673	2,239,248
External revenue and other income	110,449	375,538	187,355	114,935	17,647	320,396	887,026	2,013,346
Intersegment revenue	1,435	830	2,458	171	214,720	3,641	2,647	225,902
Management adjusted EBITDA	36,730	69,775	75,722	14,176	14,002	120,422	208,773	539,600
June 2013								
Total segment revenue and other income	113,038	426,467	198,037	110,241	238,124	299,645	843,233	2,228,785
External revenue and other income	112,995	424,380	196,691	110,064	37,283	296,520	840,662	2,018,595
Intersegment revenue	43	2,087	1,346	177	200,841	3,125	2,571	210,190
Management adjusted EBITDA	33,404	77,368	81,616	16,118	16,104	115,813	171,829	512,252

Segment revenue

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

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

	2014 \$000	2013 \$000
Total operating segment revenue and other income	2,239,248	2,228,785
Intersegment eliminations	(225,902)	(210,190)
Corporate revenue and other income	1,767	1,354
Total revenue from continuing operations	2,015,113	2,019,949

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

	2014 \$000	2013 \$000
Management adjusted EBITDA - operating segments	539,600	512,252
Management adjusted EBITDA - corporate	974	(2,436)
Management adjusted EBITDA	540,574	509,816
Management adjustment items (before related income tax expense):		
Intangible assets amortisation	(96,060)	(105,828)
Gain/(loss) on disposals	7,561	(31,742)
Adjustment to disposal accounting	2,706	-
Business closure - Australian Funds Services	-	(11,145)
Business closure - adjustment	3,138	-
Restructuring provisions	(1,154)	(3,875)
Asset write-downs	(26,573)	(7,627)
Acquisition integration and other related costs	(1,266)	(51,153)
Foreign exchange gain	3,309	-

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Acquisition accounting adjustments	(727)	6,187
DLI performance rights reversal	-	8,256
Put option liability re-measurement	(2,302)	(6,645)
Marked to market adjustments - derivatives	1,062	298
Provision for tax liability	-	(2,762)
Total management adjustment items (note 8)	(110,306)	(206,036)
Finance costs	(62,933)	(66,615)
Other amortisation and depreciation	(41,707)	(44,559)
Profit before income tax from continuing operations	325,628	192,606

11. TRENDS IN PERFORMANCE (Appendix 4E item 14.5)

Refer to attached Market Announcement.

12. OTHER FACTORS THAT AFFECTED RESULTS IN THE PERIOD OR WHICH ARE LIKELY TO AFFECT RESULTS IN THE FUTURE (Appendix 4E item 14.6)

Refer to attached Market Announcement.

13. CONTROLLED ENTITIES ACQUIRED OR DISPOSED OF (Appendix 4E item 10)

Acquired	Date control gained
SG Vestia Systems Inc	31 March 2014
Registrar and Transfer Company	1 May 2014
Registrar and Transfer Corporation - New York	1 May 2014
R&T Financial Services, Inc	1 May 2014
Commerce Financial Printers Corp.	1 May 2014
Eagle Rock Proxy Advisors, LLC	1 May 2014
Disposed	Date control lost
Computershare Fund Services Pty Limited	2 September 2013
Highland Insurance Solutions LLC	27 June 2014
Pepper NA Inc	30 June 2014
Pepper Technologies PTE Ltd	30 June 2014
Pepper GmbH	30 June 2014

14. ASSOCIATES AND JOINT VENTURE ENTITIES (Appendix 4E item 11)

Name	Place of incorporation	Principal activity	Ownership interest		Consolidated carrying amount	
			June 2014	June 2013	June 2014	June 2013
			%	%	\$000	\$000
Joint Ventures						
Japan Shareholder Services Ltd	Japan	Technology Services	50	50	1,518	1,453
Computershare Pan Africa Holdings Ltd	Mauritius	Investor Services	60	60	-	-
Computershare Pan Africa Ghana Ltd	Ghana	Investor Services	60	60	-	-
Computershare Pan Africa Nominees Ghana Ltd	Ghana	Investor Services	60	60	-	-
Asset Checker Ltd	United Kingdom	Investor Services	50	50	-	-
VisEq GmbH	Germany	Investor Services	66	66	243	280
Digital Post Australia Pty Limited*	Australia	Technology Services	80	80	-	3,008

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

Associates

Chelmer Ltd**	New Zealand	Technology Services	-	50	-	-
Expandi Ltd	United Kingdom	Investor Services	25	25	6,253	4,698
Milestone Group Pty Ltd	Australia	Technology Services	20	20	8,118	7,190
Janosch Film & Medien AG**	Germany	Investor Services	-	26	-	-
Fonterelli GmbH & Co. KGaA**	Germany	Investor Services	-	49	-	444
The Reach Agency Pty Ltd	Australia	Investor Services	49	49	1,411	1,294
INVeSHARE Inc	United States	Investor Services	40	25	19,234	10,131
Mergit s.r.l	Italy	Investor Services	30	-	36	-
					36,813	28,498

*Digital Post Australia Pty Limited (DPA) is a joint venture as decisions about the relevant activities require unanimous consent of the parties sharing control. As DPA will cease operating in the year ending 30 June 2015, the investment has been written off in the current financial year.

**Chelmer Ltd, Janosch Film & Medien AG and Fonterelli GmbH & Co. KGaA are no longer associates as these investments were sold in the current financial year.

The share of net profit of associates and joint ventures accounted for using the equity method for the year ended 30 June 2014 is a \$1.1 million loss (2013: \$0.1 million loss).

15. OTHER SIGNIFICANT INFORMATION (Appendix 4E item 12)

On 22 July 2014, the Group refinanced its existing syndicated bank debt facility totalling \$800m. The new facilities total \$900m, with an Australian syndicated bank debt facility of \$450m maturing July 2017 and a US syndicated bank debt facility of \$450m maturing July 2019.

On 23 July 2014, the Group has agreed terms for the acquisition of Homeloan Management Limited (HML) from Skipton Building Society in the UK. HML is a third party mortgage administration business. The upfront consideration is GBP 47.5 million, plus an adjustment for surplus working capital, together with potential additional payments based on revenue growth in 2015 and 2016. The acquisition is expected to close upon receiving approval from the Financial Conduct Authority, which may take between two and four months.

On 30 July 2014, Computershare received notification from the UK Government that it had concluded its consultation process on the provision of childcare accounts within the new UK Tax-Free childcare scheme (the Scheme) and determined that National Savings and Investments, a government agency, will be the Scheme's account provider working in partnership with Her Majesty's Revenue and Customs. The Scheme is scheduled to commence in the second half of calendar year 2015. From that time it is anticipated the implementation of the new Scheme will progressively reduce the earnings of Computershare's Voucher Services business. The Voucher Services business has in recent years contributed in the range of 2-3% of Computershare's consolidated EBITDA. The current carrying value of the goodwill associated with this business is \$137 million and impairment of this value in the future is likely. However, the amount and timing of any such impairment cannot be reliably determined at this stage. It will be further assessed over the coming months as Computershare's understanding of the policy change implementation and its response to it become clearer.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

16. RECONCILIATION OF NET PROFIT AFTER TAX TO CASH FLOWS FROM OPERATING ACTIVITIES

	2014	2013
	\$000	\$000
Net profit after income tax	254,528	160,577
Adjustments for non-cash income and expense items:		
Depreciation and amortisation	137,767	150,387
Net (gain)/loss on asset disposals and write downs	7,874	49,007
Share of net (profit)/loss of associates and joint ventures accounted for using equity method	1,112	146
Employee benefits – share based expense	20,218	11,925
Financial instruments – fair value adjustments	(1,985)	5,704
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(44,943)	(12,116)
(Increase)/decrease in inventories	2,694	(4,401)
(Increase)/decrease in other financial assets and other current assets	(34,870)	(30,129)
Increase/(decrease) in payables and provisions	50,252	24,846
Increase/(decrease) in tax balances	16,651	(21,906)
Net cash and cash equivalents from operating activities	409,298	334,040

17. AUDIT STATUS *(Appendix 4E item 15)*

This report is based on accounts which are in the process of being audited.

18. COMMENTARY ON RESULTS *(Appendix 4E item 14)*

Refer to the attached Market Announcement.

19. SIGNIFICANT FEATURES OF OPERATING PERFORMANCE *(Appendix 4E item 14.3)*

Refer to the attached Market Announcement.

20. BUSINESS COMBINATIONS

The Group continues to seek acquisition and other growth opportunities where value can be added and returns enhanced for the shareholders. The following controlled entities and businesses were acquired by the consolidated entity at the date stated and their operating results have been included in profit or loss from the acquisition date.

a) On 12 December 2013 Computershare acquired 100% of Olympia Corporate and Shareholder Services business, a provider of transfer agency, corporate trust and employee share plan services in Canada. Total consideration was \$40.6 million. Cash transferred included contingent consideration of \$7.0 million, which is subject to clawback provisions should certain performance hurdles not be satisfied. Contingent consideration is based on the best estimate at acquisition date and is capped at \$7.0 million. This business combination did not materially contribute to the total revenue of the Group.

Details of the acquisition are as follows:

	\$000
Cash paid	40,587
Less fair value of identifiable assets acquired	(35,209)
Goodwill	5,378

The assets and liabilities arising from this acquisition are as follows:

	Fair value
	\$000
Receivables	2,022
Plant, property and equipment	90
Customer contracts and related relationships	36,678
Software	19
Deferred tax liabilities	(2,583)
Payables	(1,017)
Net assets	35,209

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

Purchase consideration	
Inflow/(outflow) of cash to acquire the entities, net of cash acquired:	\$000
Cash balance acquired	-
Less cash paid	(40,587)
Net inflow/ (outflow) of cash	<u>(40,587)</u>

b) On 31 March 2014, Computershare acquired 100% of SG Vestia Systems Inc. SG Vestia provides employee equity plan administration services to North American and European clients. Total consideration was \$5.6 million. This business combination did not materially contribute to the total revenue of the Group.

Details of the acquisition are as follows:

	\$000
Cash consideration	5,621
Less fair value of identifiable assets acquired	(1,445)
Provisional goodwill*	<u>4,176</u>

c) On 1 May 2014, Computershare acquired 100% of Registrar and Transfer Company, a provider of transfer agency, proxy advisory and printing services in the United States. Total consideration was \$40.4 million. This included deferred consideration of \$5.3m and contingent consideration of \$4.3 million, which is subject to certain performance hurdles being satisfied. Contingent consideration is based on the best estimate at acquisition date and does not contain a cap.

This business combination contributed \$3.7 million to the total revenue of the Group. Had the acquisition occurred on 1 July 2013, the total revenue contribution to the Group by the acquired entity would have been \$21.0 million.

Details of the acquisition are as follows:

	\$000
Cash consideration	30,717
Deferred consideration	5,327
Contingent consideration	4,329
Total consideration paid	40,373
Less fair value of identifiable assets acquired	(4,707)
Provisional goodwill*	<u>35,666</u>

*Identification and valuation of net assets acquired will be completed within the 12 month measurement period in accordance with the Group's accounting policy

The assets and liabilities arising from this acquisition are as follows:

	Fair value
	\$000
Cash	1,760
Receivables	4,286
Inventories	8
Other current assets	455
Plant, property and equipment	198
Deferred tax assets	380
Other non-current assets	184
Payables	(1,691)
Provisions	(873)
Net assets	<u>4,707</u>

Purchase consideration	
Inflow/(outflow) of cash to acquire the entities, net of cash acquired:	\$000
Cash balance acquired	1,760
Less cash paid	(30,717)
Net inflow/(outflow) of cash	<u>(28,957)</u>

d) On 2 June 2014, Computershare acquired assets of Probity, a company secretarial business in South Africa. Total consideration was \$0.5 million. This business combination did not materially contribute to the total revenue of the Group.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

21. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

	2014
	\$000
Assets classified as held for sale:	
Cash and cash equivalents	49,132
Financial assets held for trading	6,468
Inventories	2,608
Other	496
Total assets held for sale	<u>58,704</u>
Liabilities directly associated with assets classified as held for sale:	
Payables	22,901
Other	198
Total liabilities held for sale	<u>23,099</u>

A sale process in relation to VEM Aktienbank AG (VEM), a corporate action bank located in Germany, is underway and is expected to be completed within the next 12 months. Consequently, VEM has been classified as a disposal group held for sale. VEM's assets and liabilities have been re-measured to fair value less cost to sell and are presented separately within current assets and current liabilities in the consolidated statement of financial position. The loss of \$23.3 million before tax resulting from the write down to fair value less cost to sell is reflected in the direct services expense line of the consolidated statement of comprehensive income. Results of VEM are included in the Continental Europe segment in note 10.