

ASX PRELIMINARY FINAL REPORT

Computershare Limited

ABN 71 005 485 825

30 JUNE 2018

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 statements are presented in United States dollars (unless otherwise stated).

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
YEAR ENDED 30 JUNE 2018
(Previous corresponding period year ended 30 June 2017)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$000
Revenue from continuing operations <i>(Appendix 4E item 2.1)</i>	up	8.7%	to	2,289,889
Profit/(loss) after tax attributable to members <i>(Appendix 4E item 2.2)</i>	up	12.6%	to	300,064
Net profit/(loss) for the period attributable to members <i>(Appendix 4E item 2.3)</i>	up	12.6%	to	300,064
Dividends <i>(Appendix 4E item 2.4)</i>		Amount per security		Franked amount per security
Final dividend		AU 21 cents		AU 21 cents
Interim dividend		AU 19 cents		AU 0 cents
Record date for determining entitlements to the final dividend <i>(Appendix 4E item 2.5)</i>				22 August 2018

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

Total revenue from continuing operations for the year ended 30 June 2018 was \$2,289.9 million, an increase of 8.7% over the corresponding period. The US region was the main driver of growth with large events and margin income benefiting stakeholder relationship management, class actions and corporate actions. There was also a 15% uplift in US mortgage servicing driven by our focus on the key priorities and growth opportunities that have continued to build scale within the business.

Register maintenance revenues were slightly down for the year with positive contributions from Switzerland, the UK and Hong Kong being more than offset by declines in the US, Australia and Germany. In addition to the strong performance of the US region, corporate activity in Hong Kong and Ireland showed modest improvement in the year. India's mutual fund administration support services (business services) was up, driven by higher levels of assets under management. Plan managers was flat for the year as improved transactional activity in Hong Kong and Continental Europe was offset by lower activity in Canada and the US.

Margin income increased during the period primarily driven by interest rate increases in the US and higher average client balances. The stronger British pound, Australian dollar and Canadian dollar relative to the prior period improved the translated contribution in those regions.

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

Net statutory profit after tax attributable to members was \$300.1 million, an increase of 12.6% over the corresponding period. This was supported by higher margin income and an improved operating performance in the US with growth in US mortgage services and solid event activity in class actions, corporate actions and stakeholder relationship management.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
YEAR ENDED 30 JUNE 2018
(Previous corresponding period year ended 30 June 2017)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The Group's income tax expense for the year ended 30 June 2018 was significantly lower than the previous corresponding period as it included a one-off \$44.7 million income tax credit due to the US Tax Cuts and Jobs Act 2017 which became effective on 1 January 2018. The key change was the reduction of the federal corporate tax rate from 35% to 28% for Computershare's financial year ended 30 June 2018 and to 21% for years beginning after 30 June 2018, which required a restatement of the US deferred tax balances. The current period's tax expense also included the effect of changes in tax rates other than due to US tax reform and a one-off Australian foreign income accruals regime tax payable due to the acquisition of Equatex.

Overall, the current period's net profit after tax showed an improvement over the 30 June 2017 result, despite the non-recurrence of significant items such as the \$48.8 million gain on the sale of the Group's headquarters in Melbourne, Australia and the disposal of the Company's investment in INVeSHARE recorded in the prior period.

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 2017 was declared on 16 August 2017 and paid on 18 September 2017. This was an ordinary unfranked dividend of AU 19 cents per share, amounting to AUD 103,727,282 (\$80,470,502).

An interim dividend was declared on 14 February 2018 and paid on 16 March 2018. This was an ordinary unfranked dividend of AU 19 cents per share, amounting to AUD 103,137,695 (\$80,013,107).

A final dividend in respect of the year ended 30 June 2018 was declared by the directors of the Company on 15 August 2018, to be paid on 17 September 2018. This is an ordinary dividend of AU 21 cents per share, franked to 100%. As the dividend was not declared until 15 August 2018, a provision was not recognised as at 30 June 2018.

**COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$000	2017 \$000
Revenue from continuing operations			
Sales revenue		2,282,728	2,100,811
Other revenue		<u>7,161</u>	4,951
Total revenue from continuing operations		2,289,889	2,105,762
Other income		11,218	62,365
Expenses			
Direct services		1,537,138	1,438,887
Technology costs		284,302	286,432
Corporate services		27,951	23,145
Finance costs		<u>62,117</u>	54,394
Total expenses		1,911,508	1,802,858
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	11	297	655
Profit before related income tax expense		389,896	365,924
Income tax expense/(credit)	5	<u>81,567</u>	94,223
Profit for the year		308,329	271,701
Other comprehensive income that may be reclassified to profit or loss			
Available-for-sale financial assets		(15)	11
Cash flow hedges		44	-
Exchange differences on translation of foreign operations		(13,657)	5,680
Income tax relating to components of other comprehensive income		<u>2,711</u>	(4,078)
Total other comprehensive income for the year, net of tax		(10,917)	1,613
Total comprehensive income for the year		297,412	273,314
Profit for the year attributable to:			
Members of Computershare Limited		300,064	266,395
Non-controlling interests		<u>8,265</u>	5,306
		308,329	271,701
Total comprehensive income for the year attributable to:			
Members of Computershare Limited		291,009	266,919
Non-controlling interests		<u>6,403</u>	6,395
		297,412	273,314
Basic earnings per share (cents per share)	3	55.17 cents	48.76 cents
Diluted earnings per share (cents per share)	3	55.05 cents	48.68 cents

The above 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 2018

	Note	2018 \$000	2017 \$000
CURRENT ASSETS			
Cash and cash equivalents		500,888	489,917
Bank deposits		6,539	6,505
Receivables		428,973	422,805
Loan servicing advances		156,689	217,752
Available-for-sale financial assets		4,361	1,583
Other financial assets		16,517	19,396
Inventories		3,844	3,748
Current tax assets		2,236	4,026
Derivative financial instruments		1,791	470
Other current assets		40,079	28,417
Assets classified as held for sale	10	79,999	57,082
Total current assets		1,241,916	1,251,701
NON-CURRENT ASSETS			
Receivables		152	49
Investments accounted for using the equity method	11	26,770	11,021
Available-for-sale financial assets		26,566	34,391
Property, plant and equipment		115,249	109,897
Deferred tax assets		145,654	178,675
Derivative financial instruments		4,263	19,440
Intangibles		2,327,626	2,341,856
Total non-current assets		2,646,280	2,695,329
Total assets		3,888,196	3,947,030
CURRENT LIABILITIES			
Payables		442,270	433,973
Interest bearing liabilities		427,292	117,228
Current tax liabilities		42,319	44,816
Provisions		50,746	46,616
Derivative financial instruments		88	3,653
Deferred consideration		29,432	21,914
Mortgage servicing related liabilities		27,740	25,323
Liabilities directly associated with assets classified as held for sale	10	69,639	57,413
Other liabilities		2,083	2,205
Total current liabilities		1,091,609	753,141
NON-CURRENT LIABILITIES			
Payables		2,842	4,300
Interest bearing liabilities		1,053,844	1,455,837
Deferred tax liabilities		193,026	258,251
Provisions		24,762	26,635
Derivative financial instruments		5,333	3,374
Deferred consideration		26,110	48,953
Mortgage servicing related liabilities		154,404	157,347
Other liabilities		2,869	2,164
Total non-current liabilities		1,463,190	1,956,861
Total liabilities		2,554,799	2,710,002
Net assets		1,333,397	1,237,028
EQUITY			
Contributed equity	8	-	-
Reserves		(148,098)	(98,487)
Retained earnings	15	1,455,187	1,315,607
Total parent entity interest		1,307,089	1,217,120
Non-controlling interests		26,308	19,908
Total equity		1,333,397	1,237,028

The above 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 2018**

Attributable to members of Computershare Limited

Note	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Total \$000	Non- controlling Interests \$000	Total Equity \$000
Total equity at 1 July 2017	-	(98,487)	1,315,607	1,217,120	19,908	1,237,028
Profit for the year	-	-	300,064	300,064	8,265	308,329
Available-for-sale financial assets	-	(15)	-	(15)	-	(15)
Cash flow hedges	-	44	-	44	-	44
Exchange differences on translation of foreign operations	-	(11,795)	-	(11,795)	(1,862)	(13,657)
Income tax (expense)/credits	-	2,711	-	2,711	-	2,711
Total comprehensive income for the year	-	(9,055)	300,064	291,009	6,403	297,412
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	-	-	(160,484)	(160,484)	(3)	(160,487)
Share buy-back	8	(38,533)	-	(38,533)	-	(38,533)
Cash purchase of shares on market	-	(20,158)	-	(20,158)	-	(20,158)
Share based remuneration	-	18,135	-	18,135	-	18,135
Balance at 30 June 2018	-	(148,098)	1,455,187	1,307,089	26,308	1,333,397

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 2016	-	(95,872)	1,188,890	1,093,018	13,515	1,106,533
Profit for the year	-	-	266,395	266,395	5,306	271,701
Available-for-sale financial assets	-	11	-	11	-	11
Exchange differences on translation of foreign operations	-	4,591	-	4,591	1,089	5,680
Income tax (expense)/credits	-	(4,078)	-	(4,078)	-	(4,078)
Total comprehensive income for the year	-	524	266,395	266,919	6,395	273,314
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	-	-	(139,678)	(139,678)	(2)	(139,680)
Share buy-back	-	(3,458)	-	(3,458)	-	(3,458)
Cash purchase of shares on market	-	(15,105)	-	(15,105)	-	(15,105)
Share based remuneration	-	15,424	-	15,424	-	15,424
Balance at 30 June 2017	-	(98,487)	1,315,607	1,217,120	19,908	1,237,028

The above 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 2018**

	Note	2018 \$000	2017 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,390,107	2,201,306
Payments to suppliers and employees		(1,794,529)	(1,670,948)
Loan servicing advances (net)		61,063	37,387
Dividends received from associates, joint ventures and equity securities		4,337	2,469
Interest paid and other finance costs		(63,014)	(56,136)
Interest received		2,968	2,912
Income taxes paid		(86,881)	(59,308)
Net operating cash flows	6(a)	<u>514,051</u>	<u>457,682</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of controlled entities and businesses (net of cash acquired) and intangible assets including MSRs		(121,164)	(110,700)
Proceeds from sale of property, plant and equipment		-	66,240
(Payments for)/proceeds from disposal of associates and joint ventures		(11,866)	23,786
Proceeds from/(payments for) investments		3,776	1,489
Payments for property, plant and equipment		(39,361)	(34,215)
Net investing cash flows		<u>(168,615)</u>	<u>(53,400)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for purchase of ordinary shares - share based awards		(20,158)	(15,105)
Proceeds from borrowings	6(b)	1,337,297	466,047
Repayment of borrowings	6(b)	(1,353,618)	(680,565)
Loan servicing borrowings (net)	6(b)	(75,697)	(13,586)
Dividends paid - ordinary shares (net of dividend reinvestment plan)		(150,116)	(129,672)
Purchase of ordinary shares - dividend reinvestment plan		(10,368)	(10,006)
Dividends paid to non-controlling interests in controlled entities		(3)	(2)
Payments for on-market share buy-back		(38,533)	(3,458)
Repayment of finance leases	6(b)	(5,390)	(30,071)
Net financing cash flows		<u>(316,586)</u>	<u>(416,418)</u>
Net increase/(decrease) in cash and cash equivalents held		28,850	(12,136)
Cash and cash equivalents at the beginning of the financial year		510,683	526,575
Exchange rate variations on foreign cash balances		(4,864)	(3,756)
Cash and cash equivalents at the end of the year*		<u>534,669</u>	<u>510,683</u>

*Cash and cash equivalents at 30 June 2018 includes \$33.8 million (2017: \$20.8 million) cash presented in the assets classified as held for sale line item in the consolidated statement of financial position.

The above 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.

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

Refer to the Market Announcement and Management Presentation dated 15 August 2018 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.

3. EARNINGS PER SHARE *(Appendix 4E item 14.1)*

Year ended 30 June 2018	Basic EPS	Diluted EPS	Management Basic EPS	Management Diluted EPS
Earnings per share (cents per share)	55.17 cents	55.05 cents	63.38 cents	63.24 cents
Reconciliation of earnings	\$000	\$000	\$000	\$000
Profit for the year	308,329	308,329	308,329	308,329
Non-controlling interest (profit)/loss	(8,265)	(8,265)	(8,265)	(8,265)
Add back management adjustment items (see below)	-	-	44,631	44,631
Net profit attributable to the members of Computershare Limited	300,064	300,064	344,695	344,695
Weighted average number of ordinary shares used as denominator in calculating earnings per share	543,874,751	545,090,537	543,874,751	545,090,537

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

Year ended 30 June 2017	Basic EPS	Diluted EPS	Management Basic EPS	Management Diluted EPS
Earnings per share (cents per share)	48.76 cents	48.68 cents	54.41 cents	54.32 cents
Reconciliation of earnings	\$000	\$000	\$000	\$000
Profit for the year	271,701	271,701	271,701	271,701
Non-controlling interest (profit)/loss	(5,306)	(5,306)	(5,306)	(5,306)
Add back management adjustment items (see below)	-	-	30,877	30,877
Net profit attributable to the members of Computershare Limited	266,395	266,395	297,272	297,272

Weighted average number of ordinary shares used as denominator in calculating earnings per share	546,330,942	547,259,360	546,330,942	547,259,360
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Reconciliation of weighted average number of shares used as the denominator:

	2018 Number	2017 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	543,874,751	546,330,942
Adjustments for calculation of diluted earnings per share:		
Performance rights	1,215,786	928,418
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	545,090,537	547,259,360

The weighted average number of potential dilutive ordinary shares excludes 533,458 performance rights (2017: 1,880,713) as they are not dilutive for the year ended 30 June 2018. These performance rights could potentially dilute basic earnings per share in the future.

No employee performance rights have been issued since year end.

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

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

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

Management Adjustment Items

Management adjustment items net of tax for the year ended 30 June 2018 were as follows:

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 in the year ended 30 June 2018 was \$37.0 million. Amortisation of intangibles purchased outside of business combinations (e.g. mortgage servicing rights) is included as a charge against management earnings.

Acquisitions and disposals

- An expense of \$7.6 million was recognised for re-measurement of contingent consideration payable to the sellers of RicePoint Administration Inc., Capital Markets Cooperative, LLC and Homeloan Management Limited.
- Acquisition related expenses of \$5.1 million were incurred, mainly associated with the acquisition of Equatex Group Holding AG (Equatex). Disposal related expenses of \$0.4 million were incurred in relation to Karvy Computershare Private Limited (Karvy).
- Pursuant to the Australian foreign income accruals taxation rules, tax expense of \$5.2 million was booked as a result of signing the agreement to acquire Equatex in May 2018.
- A deferred tax expense of \$3.8 million was booked with regard to the carrying value of the Indian venture Karvy as it is expected that the value of this investment will be recovered through sale. The associated accounting gain on disposal will only be recognised once the disposal is completed.

Other

- A restatement of deferred tax balances due to the US tax reform resulted in a tax benefit of \$44.7 million (refer to note 5).
- The put option liability re-measurement resulted in a loss of \$13.6 million related to the Karvy joint venture arrangement in India.
- Costs of \$13.4 million were incurred in relation to the major operations rationalisation underway in Louisville, USA, and the progress of the shared services and technology components of the structural cost-out programmes.
- As the remaining forecast cash flows of Computershare's Voucher Services continue being realised, an impairment charge of \$3.6 million was booked against goodwill related to this business. It is expected that the remaining goodwill of \$11.8 million associated with Voucher Services will be written off in the coming years.
- 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 \$0.3 million.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

For the year ended 30 June 2017 management adjustment items were as follows:

	Gross \$000	Tax effect \$000	Net of tax \$000
Amortisation			
Amortisation of intangible assets	(59,928)	20,626	(39,302)
Acquisitions and disposals			
Gain on disposals	52,764	(3,926)	48,838
Acquisition related restructuring costs	(1,836)	393	(1,443)
Acquisition accounting adjustments	1,316	(260)	1,056
Acquisition related expenses	(891)	225	(666)
Other			
Major restructuring costs	(33,638)	13,161	(20,477)
Voucher Services impairment	(11,315)	-	(11,315)
Put option liability re-measurement	(7,080)	-	(7,080)
Marked to market adjustments – derivatives	(693)	205	(488)
Total management adjustment items	(61,301)	30,424	(30,877)

4. 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 & Africa) and the United States of America. In addition, Technology and Other segment comprises the provision of software specialising in share registry and financial services. 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 a combination of its core products and services: investor services, business services, plan services, communication services and stakeholder relationship management services. Investor services comprise the provision of registry maintenance and related services. Business services comprise the provision of bankruptcy, class action and utilities administration services, voucher services, corporate trust services and mortgage servicing activities. Plan services comprise the provision of administration and related services for employee share and option plans. Communication services comprise laser imaging, intelligent mailing, inbound process automation, scanning and electronic delivery. Stakeholder relationship management services comprise the provision of investor analysis, investor communication and management information services to companies, including their employees, shareholders and other securities industry participants.

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

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

OPERATING SEGMENTS

	Asia	Australia & New Zealand	Canada	Continental Europe	Technology & Other	UCIA	United States	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
June 2018								
Total segment revenue and other income	161,481	242,869	183,184	106,755	263,708	484,606	1,108,564	2,551,167
External revenue and other income	156,762	242,122	180,687	105,861	18,715	482,407	1,105,129	2,291,683
Intersegment revenue	4,719	747	2,497	894	244,993	2,199	3,435	259,484
Management adjusted EBITDA	55,868	34,479	81,029	18,807	16,979	103,519	312,645	623,326
June 2017								
Total segment revenue and other income	142,637	252,086	170,949	93,465	224,532	448,924	998,084	2,330,677
External revenue and other income	138,274	251,091	168,960	92,741	15,601	445,641	994,362	2,106,670
Intersegment revenue	4,363	995	1,989	724	208,931	3,283	3,722	224,007
Management adjusted EBITDA	48,857	38,094	75,958	20,301	20,708	85,579	247,493	536,990

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:

	2018 \$000	2017 \$000
Total operating segment revenue and other income	2,551,167	2,330,677
Intersegment eliminations	(259,484)	(224,007)
Corporate revenue and other income	(1,794)	(908)
Total revenue from continuing operations	2,289,889	2,105,762

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

Management adjusted EBITDA

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

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

	2018	2017
	\$000	\$000
Management adjusted EBITDA – operating segments	623,326	536,990
Management adjusted EBITDA – corporate	(680)	3,801
Management adjusted EBITDA	622,646	540,791
Management adjustment items (before related income tax effect):		
Amortisation of intangible assets	(52,432)	(59,928)
Acquisition accounting adjustments	(7,606)	1,316
Acquisition and disposal related expenses	(5,694)	(891)
Put option liability re-measurement	(13,577)	(7,080)
Major restructuring costs	(19,904)	(33,638)
Voucher Services impairment	(3,621)	(11,315)
Marked to market adjustments - derivatives	217	(693)
Gain on disposals	-	52,764
Acquisition related restructuring costs	-	(1,836)
Total management adjustment items (note 3)	(102,617)	(61,301)
Finance costs	(62,117)	(54,394)
Other amortisation and depreciation	(68,016)	(59,172)
Profit before income tax from continuing operations	389,896	365,924

5. RECONCILIATION OF INCOME TAX EXPENSE

Numerical reconciliation of income tax expense to prima facie tax payable

	2018	2017
	\$000	\$000
Profit before income tax expense	389,896	365,924

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%	116,969	109,777
Tax effect of permanent differences:		
Restatement of deferred tax balances due to US tax reform	(44,692)	-
Withholding tax not creditable	9,142	3,718
Effect of changes in tax rates (excluding US tax reform)	(6,538)	4,950
One-off accruals regime tax payable due to acquisition of Equatex	5,244	-
Tax on expected disposal of Karvy	3,777	-
Variation in tax rates of foreign controlled entities	(2,201)	(874)
Prior year tax (over)/under provided	(1,739)	1,444
Disposal of Australian head office premises and redemption of investment in INVeSHARE	-	(13,854)
Net other	1,605	(10,938)
Income tax expense	81,567	94,223

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

US tax reform

Pursuant to the Tax Cuts and Jobs Act of 2017, the US federal corporate income tax rate was reduced from 35% to 28% for the year ended 30 June 2018 and to 21% for the subsequent years. Consequently, deferred tax asset and liability balances as at 30 June 2018 were restated using the new rates, giving rise to a tax benefit of \$44.7 million.

In the financial year ending 30 June 2019, the net impact of the further reduction in the US federal corporate income tax rate together with the introduction of new taxes and the reduction or cessation of certain US tax deductions is not expected to be material.

Australian thin capitalisation

The Group has renewed an existing bilateral advance pricing arrangement with the Australian Taxation Office (ATO) and Her Majesty's Revenue and Customs in relation to remuneration to be paid to the Australian Group from its ownership and licensing of certain intangible assets. As part of that process, the ATO undertook collateral review activities and issued a draft position paper challenging the inclusion of these intangible assets in the thin capitalisation calculation used by the Australian Group to determine the amount of tax deductible interest on Australian borrowings between 1 July 2010 and 30 June 2014. Computershare disagrees with the ATO's views and responded to the draft position paper in September 2017. If the ATO maintains its views, Computershare intends to vigorously defend its position. This process may take some years to resolve. As the Group does not expect to pay additional tax related to this matter, no provision was recognised at 30 June 2018. If Computershare is unsuccessful in defending its position, the maximum potential primary tax liability in respect of the period from 1 July 2010 to 30 June 2018 excluding interest is estimated at \$46.6 million.

6. CASH FLOW INFORMATION

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

	2018	2017
	\$000	\$000
Net profit after income tax	308,329	271,701
Adjustments for non-cash income and expense items:		
Depreciation and amortisation	120,450	119,100
Net (gain)/loss on asset disposals and asset write-downs	(26)	(52,237)
Contingent consideration re-measurement	7,606	-
Gain on acquisition	-	(1,316)
Share of net (profit)/loss of associates and joint ventures accounted for using equity method	(297)	(655)
Employee benefits – share based expense	17,564	15,028
Impairment charge – Voucher Services	3,621	11,315
Fair value adjustments	13,360	7,773
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(26,577)	(47,634)
(Increase)/decrease in inventories	(144)	797
(Increase)/decrease in loan servicing advances	61,063	37,387
(Increase)/decrease in other current assets	(11,681)	1,340
Increase/(decrease) in payables and provisions	26,105	60,168
Increase/(decrease) in tax balances	(5,322)	34,915
Net cash and cash equivalents from operating activities	514,051	457,682

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

(b) Reconciliation of liabilities arising from financing activities

	Current borrowings \$000	Non- current borrowings \$000	Current lease liabilities \$000	Non- current lease liabilities \$000	Cross currency swap \$000	Total \$000
Opening balance at 1 July 2017	111,865	1,451,176	5,363	4,661	2,723	1,575,788
Cash flows	(103,756)	23,020	(5,141)	(249)	(11,282)	(97,408)
Non-cash changes:						
Fair value adjustments	(147)	(14,687)	-	-	9,174	(5,660)
Transfers and other	414,527	(417,821)	3,458	(2,360)	-	(2,196)
Currency translation difference	1,187	10,154	(64)	(50)	(615)	10,612
Balance at 30 June 2018	423,676	1,051,842	3,616	2,002	-	1,481,136

7. BUSINESS COMBINATIONS

There have been no business combinations completed during the year ended 30 June 2018.

In accordance with the accounting policy, the acquisition accounting for Six Securities Services AG has been finalised. Intangible assets of \$4.2 million have been reclassified out of goodwill.

On 15 May 2018, the Group entered into an agreement to acquire 100% of Equatex Group Holding AG, a leading European employee share plan administration business headquartered in Zurich, Switzerland. The agreed cash consideration is EUR 354.5 million to be paid on completion from Computershare's existing cash and debt facilities. The acquisition is subject to regulatory approvals, which are expected to be obtained within six months.

8. CONTRIBUTED EQUITY *(Appendix 4E item 14.2)*

On 16 August 2017, Computershare announced an on-market buy-back of shares with an aggregate value of up to AUD 200.0 million for capital management purposes. The buy-back commenced on 30 August 2017.

From 30 August 2017 until 30 June 2018, the Company purchased and cancelled 3,370,142 ordinary shares at a total cost of AU\$49.7 million (US\$38.5 million) with an average price of AU\$14.74 and a price range from AU\$13.77 to AU\$16.61.

Since the effect of share buy-backs over the years has reduced contributed equity to nil, a reserve has been created to reflect the excess value of shares bought over the original amount of subscribed capital.

There has been no issue of ordinary shares during the year ended 30 June 2018.

Movement in contributed equity

	Number of shares	\$000
Balance at 1 July 2017	546,326,010	-
Share buy-back	(3,370,142)	(38,533)
Transfer to share buy-back reserve	-	38,533
Balance at 30 June 2018	542,955,868	-

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES SUPPLEMENTARY APPENDIX 4E INFORMATION

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

There have been no legal entities acquired or sold in the current reporting period.

10. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

	2018 \$000	2017 \$000
Assets classified as held for sale		
Cash and cash equivalents	33,781	20,766
Intangibles	19,383	7,847
Receivables	18,569	19,104
Property, plant and equipment	8,115	8,684
Other current assets	151	157
Deferred tax assets	-	524
Total assets held for sale	79,999	57,082
Liabilities directly associated with assets classified as held for sale		
Put option liability	56,568	45,684
Payables	10,290	9,915
Current tax liabilities	1,782	1,107
Provisions	637	707
Deferred tax liabilities	362	-
Total liabilities held for sale	69,639	57,413

Assets and liabilities classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell at the time of the reclassification, and are presented separately within current assets and current liabilities in the consolidated statement of financial position.

On 3 August 2017, Computershare agreed to sell its 50% interest in the Indian venture Karvy. Completion is subject to regulatory approval as well as finalisation of terms with the prospective buyer and is expected to occur by 31 December 2018. Consequently, Karvy continues to be classified as a disposal group held for sale as at 30 June 2018.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

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

Name	Place of incorporation	Principal activity	Ownership interest		Consolidated carrying amount	
			June 2018	June 2017	June 2018	June 2017
			%	%	\$000	\$000
Joint Ventures						
Computershare Pan Africa Holdings Ltd	Mauritius	Investor Services	60	60	-	-
Asset Checker Ltd	United Kingdom	Investor Services	50	50	-	-
VisEq GmbH	Germany	Investor Services	66	66	45	54
Associates						
SETL Development Limited ¹	United Kingdom	Business Services	10.8	4	13,490	-
Expandi Ltd	United Kingdom	Investor Services	25	25	6,354	6,136
Milestone Group Pty Ltd	Australia	Technology Services	20	20	3,918	3,759
CVEX Group, Inc ²	United States of America	Investor Services	20	-	1,940	-
The Reach Agency Holdings Pty Ltd	Australia	Investor Services	46.5	46.5	1,023	1,072
Mergit s.r.l.	Italy	Technology Services	30	30	-	-
					26,770	11,021

¹ On 17 January 2018, Computershare's investment in SETL Development Limited was transferred from available-for-sale financial assets to associates as the Group gained significant influence over this company by means of board representation.

² On 27 February 2018, Computershare acquired a 20% interest in CVEX Group, Inc (CVEX). CVEX is an Alternative Trading System (ATS) leveraging blockchain technology.

The share of net profit/loss of associates and joint ventures accounted for using the equity method for the year ended 30 June 2018 is a \$0.3 million profit (2017: \$0.7 million profit).

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

Refer to the Market Announcement and Management Presentation.

13. ADDITIONAL DIVIDEND INFORMATION *(Appendix 4E item 7)*

Details of dividends declared or paid during or subsequent to the year ended 30 June 2018 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security	Conduit Foreign Income amount per security
23 August 2017	18 September 2017	Final	AU 19 cents	AUD 103,727,282	AU 0.0 cents	AU 19.0 cents
21 February 2018	16 March 2018	Interim	AU 19 cents	AUD 103,137,695	AU 0.0 cents	AU 19.0 cents
22 August 2018	17 September 2018	Final	AU 21 cents	AUD 114,020,732*	AU 21.0 cents	AU 0.0 cents

* Based on 542,955,868 shares on issue as at 15 August 2018

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

14. DIVIDEND REINVESTMENT PLANS *(Appendix 4E item 8)*

Computershare operates a Dividend Reinvestment Plan (DRP) which provides eligible shareholders with the opportunity to elect to take all or part of 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.

The DRP will apply to the final dividend declared on 15 August 2018 in respect of the FY18 financial year. Applications or notices received after 5.00pm (Melbourne time) on 23 August 2018 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 27 August 2018 to 7 September 2018 (inclusive). No discount will apply to the DRP price.

15. RETAINED EARNINGS *(Appendix 4E item 6)*

	2018	2017
	\$000	\$000
Retained earnings		
Retained earnings at the beginning of the financial year	1,315,607	1,188,890
Ordinary dividends provided for or paid	(160,484)	(139,678)
Net profit/(loss) attributable to members of Computershare Limited	300,064	266,395
Retained earnings at the end of the financial year	<u>1,455,187</u>	<u>1,315,607</u>

16. NTA BACKING *(Appendix 4E item 9)*

	2018	2017
Net tangible asset backing per ordinary share	(2.15)	(2.39)

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

Refer to the Market Announcement and Management Presentation.

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

Refer to the Market Announcement and Management Presentation.

19. TRENDS IN PERFORMANCE *(Appendix 4E item 14.5)*

Refer to the Market Announcement and Management Presentation.

20. 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 the Market Announcement and Management Presentation.

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

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