Computershare

COMPUTERSHARE LIMITED (ASX:CPU)

FINANCIAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2002

(comparisons are for the year ended 30 June 2001)

28 August 2002

Copies of Financial Year 2002 Results Presentation are available for download at:
www.computershare.com/results

Computershare

MARKET ANNOUNCEMENT

Computershare Meets Forecast Lifts Dividend

Sydney, 28 August 2002 – In line with its 26 February forecast, Computershare Limited (ASX:CPU) today reported a normalised net after tax profit of $57.9 million for the year ended 30 June 2002, a 5.5% increase over the previous financial year's normalised result.

The result was struck on revenues of $781 million, which increased 4% over the 2000/01 financial year. EBITDA was down 3% at $147.6 million. Computershare paid an effective corporate tax rate of 31% during the year.

Normalised earnings per share were 9.6 cents per share.

The company announced a final dividend for the 2001/02 financial year of 2.5 cents per share, taking total dividends for the year to 3 cents per share fully franked. The company stated it would lift the dividend to 5 cents per share annually, fully franked, for the current financial year.

Computershare also announced it would acquire up to 10 percent of its shares through an on-market buy back.

The company's financial position remains healthy with total assets of $959.7 million being financed by shareholders' funds of $656 million. In addition, Computershare has considerable financial capacity to fund further expansion.

CEO Chris Morris said, "We are pleased to have met the forecast we outlined in February, particularly given the challenging conditions currently existing in the core registry business, which continues to be affected by low interest rates and subdued corporate activity.

"The quality of our earnings remain high as evidenced by the health of our balance sheet and the strong cash flows generated by the business, which increased 16% year on year to $79.4 million.

"We continue to be prudent in expensing research and development costs, rather than the normal industry practice of capitalising these costs.

"Technology spending increased to $107 million, of which $36 million was research and development related spend that would normally be capitalised, however it is Computershare's policy to expense all of these costs.

"Some of the technology spending also relates to activities designed to reduce dependency on outsourced bureau services, which over time will save in the order of $27 million per annum.

"Operationally we have been successful in leveraging overhead costs to ensure the cost base of the business is appropriate for the environment in which we are currently operating.

Regionally, revenues and operating earnings (EBITDA) were evenly spread between North America, the Asia/Pacific and Europe.

The North American business, which continues to be affected by 40 year low interest rates, generated revenues of $305 million and EBITDA of $41.1 million during the year. The Asia/Pacific region contributed revenues of $237 million and EBITDA of $56.7 million. The Europe region contributed $237 million and $49.3 million respectively.

Operating margins remained strong at 19 percent, with the Asia/Pacific and Europe achieving 24 percent and 21 percent respectively and North America 13 percent.

Key operational achievements included:

- The acquisition of BT Registries in Australia and New Zealand;
- The acquisition of Mercantile Registrars in South Africa;
- An agreement with the Deutsche Borse to form a joint venture to provide registry and related services to the German equities market;
- Entering into joint venture with Hong Kong Exchanges and Clearing Limited to provide share registry and related services to the Hong Kong market;
- An agreement to advise the China Securities Depository and Clearing Corporation Limited (SD&C) on the Chinese securities registration service;
- The launch of the SMARTS Market Surveillance system within the Singapore Exchange and Singapore Monetary Authority; and
- The launch of an Investor Centre giving shareholders 24-hour global coverage.

Outlook for Financial Year 2003

Operationally the company is on track to have its proprietary software, the SCRIP system, live in all three regions by the end of 2002. Following this Computershare will have a truly global registry model which will be able to deliver efficiencies and benefits to the company's clients across the regions in which they operate.

The company also expects the strong growth in its Employee Share Plan business to continue. This business, which currently represents 8% of consolidated revenue, has grown significantly over the last year.

Revenues and earnings growth will depend on the recovery of global equity markets, and in particular a higher level of corporate actions. Any increase in interest rates will also be revenue and earnings positive.

The company will nevertheless remain vigilant in managing its cost base efficiently given the uncertain outlook going forward to ensure it continues to deliver acceptable levels of operating earnings and margins.

The company is confident that it will be able to pay a 5 cent per share fully franked dividend from the 2002/03 financial year onwards.

Ends

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FINANCIAL SUMMARY

A comparison to the equivalent period last year demonstrates the company's ability to maintain steady earnings over the past 12 months despite the deterioration in global equity markets.

	Year to June 2002 A$ millions	Year to June 2001 A$ millions
Revenue	781.0	754.3
EBITDA before one off adjustment	147.6	151.6
One off adjustment – Write down in the value of investment in E Trade	0.0	21.3
EBITDA post adjustment	147.6	130.3
Profit before tax	83.7	75.8
Income tax	26.0	33.7
Profit after tax	57.8	42.1
Net profit attributable to members of the parent	71.3	38.7
Dividend per share (cents)	3.0	1.0
EPS – normalised (cents)	9.6	9.9

SUMMARY FINANCIAL COMMENTARY

Revenue Analysis

	Year June 2002	Year June 2001
Registry Maintenance	348.1	344.3
Corporate Actions	53.7	74.8
Margin Income	72.5	96.8
Non-Registry Sales/Fees	163.7	105.6
Interest Income	4.2	3.7
Recoveries	125.6	114.5
Other	13.2	14.6
Total	**781.0**	**754.3**

While basic register maintenance income remained steady over the preceding 12 months, both Corporate Actions and Margin income declined reflecting lower corporate activity and interest rates at historically low levels. Other non registry businesses expanded due to increases in Plan Managers and Document Services business lines.

Expense Analysis

	Year June 2002	Year June 2001
Recoverable expenses	126.0	108.5
Personnel	290.6	269.8
Occupancy	38.7	40.3
Other Direct expenses	81.6	107.7
Technology services	79.9	60.9
Corporate services	15.2	11.7
Depreciation & Amortisation	55.1	46.7
Borrowing Costs	10.2	14.4
Write-down Investment in Etrade	0	21.3
Total	**697.3**	**680.9**

TAXATION

The headline effective tax rate has fallen from 44.5% as at 30 June 2001 to 31.0% and the underlying effective tax rate adjusted for non-recurring items and non deductible goodwill charges has fallen from 30.9% to 25.5%. The improved result is primarily due to:

- a reduction of tax rates in Australia and Canada
- a critical examination of the group's qualifying research and development activities and
- expenditure and limiting inefficient transactions to the extent possible.

Computershare has conservatively not booked the benefit of some $4.6 million of income tax losses and a further $18.3 million of capital losses. The benefit of these losses will be reflected in a lower tax expense in future periods when their recovery is virtually certain.

CASH FLOW / FINANCING

Working Capital

Improved working capital management enabled Cashflow from Operations to increase by $11.1m to $79.4m for the year. Debtors days outstanding was cut from 75 days at 30 June 2001 to 70 days at 30 June 2002.

At present the group has financing capacity of approximately $ 250m within its existing financing facilities and available cash resources.

Share Buy Back

As part of its continuing focus on capital management, the company today also lodged an Appendix 3C with the ASX announcing that it would acquire up to 10 percent of its ordinary shares through an on-market buy back.

INTERIM DIVIDEND

An interim dividend of 0.5 cents per share was paid in March 2002. As foreshadowed at the Interim Results, the Board has reviewed the company's dividend policy and considered it appropriate to increase the dividend payout ratio. Accordingly, a final dividend of 2.5 cents per share, fully franked has been declared for the year ended 30 June 2002.

The record date for shareholders entitled to the dividend is 12 September 2002 with a payment date of 26 September 2002.

The Board also intends to lift the annual dividend for the year ending 30 June 2003 to 5 cents per share, fully franked.

REVIEW OF OPERATIONS

Mr. Chris Morris, CEO, noted that the results for the year to June 2002, represented a significant achievement for the group given the volatility of financial markets and world economic conditions. He noted that these factors impacted the business through subdued corporate actions and lower margin income, although growth was experienced in non-registry businesses. He also noted that Computershare Technology Services had been extremely active as it implemented technology and infrastructure to support the expansion of the global registry network. The workload on Computershare Technology Services had necessitated an increase in personnel and costs in the CTS business.

HIGHLIGHTS – ASIA/ PACIFIC

Australia & New Zealand

- Trading activity reasonably strong however IPO's well down
- Primary focus to renew efforts in service commitments and consistency of processes
- Centralised Investor Contact Centre (200 seats) now fully operational
- Roll-out of 'Workflow' across all offices continuing
- Transition of existing registry clients to CPM model
- Continue to win more ESP business as well as move existing registry clients to CPM model
- New appointments to strengthen Australian management team
  - Stuart Crosby – MD Asia Pacific
  - Michael Gardner – Head of Australian Region

Hong Kong

- Conversion to SCRIP completed in May 02
- Merger with Hong Kong Exchange completed in June and registry market share increased to 83%
- Won Bank of China and CK Life IPO's with more than 400,000 shareholders
- Selected to advise the Chinese government on market structures
- Strategic relationship with Hong Kong Exchange is anticipated to boost further revenue opportunities out of mainland China

HIGHLIGHTS - EUROPE

UK and Ireland

- Result affected by reduction in corporate action activity and lower interest rates
- Major new business: Registry: Allied Domecq, Iceland, Somerfield, Rio Tinto, First Active
  ESP: BP (global plan) and 8 FTSE 100 companies
- Cost reduction program continuing with redundancy costs ($3.0m) expensed this year
- Reduction in personnel costs in 2nd half attributed to retrenchments
- Appointment of Iain Saville (CEO UK/Europe) will boost profile of CPU and deepen market relationships

South Africa Business Review

- Results affected by introduction of STRATE
- Integration of Mercantile Registrars business well progressed and when completed will deliver major cost savings as all technology provided from Bristol, UK.
- Obtained 50% of major analytics business in SA which is now added to our global offering
- Workflow now introduced

HIGHLIGHTS - NORTH AMERICA

US

- Registry results affected by substantial reduction in corporate actions activity (M&A, stock splits & IPOs)
- Significant positive EBITDA contribution from ESP business
- ESP: Converted 850,000 participant accounts to SCRIP & maintained re-appointments
- Anticipate continued growth in ESP business
- Shareholder Survey: satisfaction level running at 94%
- Reduced workforce by 35% in the 1st half (saving US$ 3.5m p.a)
- Migration of all clients to SCRIP will be completed by September 2002
- Pre marketing of SCRIP to clients has generated positive interest
- Focus remains on ongoing efficiency management and controls

Canada

- Prudential demutualisation (completed)
- Corporate Trust business affected by reduction in volume of new debt issuance activity
- Major corporate actions: Gulf/ Connoco and Canadian Hunter/Burlington Resources as well as an increasing number of cross-border transactions with the US
- Migration to SCRIP anticipated by end March 2003
- Expense containment to continue

HIGHLIGHTS - Computershare Technology Services (CTS)

- The CTS business encompasses all the group's technology development expenses, technology bureau income and costs and financial markets software operations.
- For the year ended 30 June 2002 total technology expenses rose by 19% over the spend in the prior 2001 financial year.
- This increase in costs is a direct result of major projects such as:
  - Development and implementation of an ESPP system for US Plan Managers
  - Development of a Global Options System
  - Development and implementation of SCRIP in US, Hong Kong and Canadian markets
  - Set up of communications and data infrastructure for North America

ACQUISITIONS AND PARTNERSHIPS

Merger with Hong Kong Exchange

On 26 April 2002, Computershare and Hong Kong Exchanges and Clearing Limited (HKEx), the holding company of the Hong Kong stock and derivatives exchanges and their associated clearing houses, agreed to merge their Hong Kong share registration businesses, Central Registration Hong Kong Limited and Hong Kong Registrars Limited.

From 1 June 2002, the merged businesses have been grouped under an entity called Computershare Hong Kong Investor Services Limited (CHIS), which is 76 per cent owned by Computershare and 24 per cent by HKEx.

Mr Morris said that he was excited about building Computershare's business in Hong Kong and its relationship with HK Ex. "HKEx's achievements since its demutualisation and listing are impressive. We believe that it is the ideal partner in this exciting market".

"Like our other businesses around the world, CHIS will use our best breed SCRIP share registration system and other registry tools, and have access to our global pool of shareholder record-keeping and related expertise. When these assets are combined with HKEx's market knowledge and resources, it is clear that Hong Kong issuers and investors can only benefit from the value brought to CHIS by its shareholders," Mr Morris explained.

Joint Venture with Deutsche Borse

In December 2001, Computershare announced that it had taken a 49% interest in a newly formed joint venture with Deutsche Borse to offer share registration and related services in the German market and at a later stage in continental Europe.

"Whilst this transaction was not immediately earnings accretive its primary significance lies in the fact that we have now formed a synergistic working relationship with the largest European exchange organization and that this will enable us to revolutionise service quality and product innovation, creating a registered shares offering to the German market that will be significantly more efficient and user-friendly for issuers and investors. This is the platform for our European expansion." Mr Morris said.

Mr Morris also noted that since the announcement of this joint venture, the profile of Computershare in Europe had substantially increased generating some other important strategic acquisition and joint venture opportunities.

Acquisition of Mercantile Registrars (South Africa)

In November 2001, Computershare also announced the acquisition of the Mercantile Registrars business in South Africa. Once again, this acquisition demonstrated our ability to successfully identify businesses where substantial economies of scale can be derived by the merging new businesses with existing operations.

“In addition, with the implementation of Computershare’s proven technological expertise, we were able to execute the successful transition of the South African share registration business from its paper based origins to the STRATE electronic settlement environment, thus creating optimal market exposure for Computershare and further opportunities,” said Mr Morris.

ACQUISITION OPPORTUNITIES

Mr Morris noted that the group was continuing to evaluate a number of acquisition and joint venture opportunities for the group. He noted that strategic relationships and joint ventures such as those recently formed with stock exchanges in Hong Kong and Germany positioned Computershare to take advantage of significant future opportunities. Mr Morris commented that Computershare had dismissed several opportunities that did not offer the necessary degree of strategic fit or an appropriate valuation.

ENDS

About Computershare

Computershare Limited is a leading financial services and technology provider for the global securities industry, providing services and solutions to listed companies, investors, employees, exchanges and other financial institutions.

It is the largest and only global share registry (or transfer agent), managing more than 68 million shareholder accounts for over 7,500 corporations in ten countries on five continents, and it provides sophisticated trading technology to financial markets in each major time zone.

Founded in Australia in 1979 and headquartered in Melbourne, Computershare employs more than 5,000 people worldwide.