

**COMPUTERSHARE LIMITED
AND ITS CONTROLLED ENTITIES**

ABN 71 005 485 825

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2000**

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

**FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2000**

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**COMPUTERSHARE LIMITED
AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT**

The Board of Directors of Computershare Limited has pleasure in submitting its report in respect of the financial half year ended 31 December 2000.

DIRECTORS

The names and details of the directors of the Company in office during or since the end of the half-year are:

Alexander (Sandy) Stuart Murdoch DDA, B.Ec. ASA, ASIA

Chairman, age 60

Sandy Murdoch has been Chairman of Computershare since listing in 1994. Prior to his association with Computershare Sandy was Chief Executive of Linfox Transport Group for eleven years until 1989 when he retired as an executive, and he spent five years with merchant bank Chase NBA Group Limited in corporate finance and lending.

Sandy is Chairman of CPI Group Limited, ERG Limited and Q-Vis Limited; Director of Rothschild Australia Capital Investors Limited and a number of private companies.

Christopher John Morris

Managing Director, age 53

Chris Morris became managing director of Computershare Limited in 1990, having been a founding member since the company's establishment in 1978. Chris has extensive knowledge of the securities industry and its user requirements and is responsible for ensuring that the Company's software and hardware are at the forefront of industry requirements.

Chris has represented Computershare on industry related committees involved in the implementation of industry changes such as CHESS in Australia, FASTER in New Zealand and CREST in the United Kingdom. Chris has overall responsibility for management control and for marketing and business operations.

Since March 2000 Chris has been temporarily residing in the United States, overseeing and directing strategic expansion in the region.

Mark Edward Elliott, LLB, BComm (Melb) ASIA

Executive Director, age 39

Mark Elliott was a partner at Minter Ellison and has practised in the corporate and securities law area throughout his professional career. In 1994, Mark co-ordinated the float of Computershare on the Australian Stock Exchange and has since been actively involved with the Company, advising on strategic and legal issues. Mark has represented and consulted to a number of significant private and public companies in Australia and internationally on issues including mergers and acquisitions, takeovers, capital raisings, restructures and joint ventures. Mark is a graduate of the Program of Instruction on Commercial Negotiation Techniques for Lawyers at Harvard University and an Associate of the Securities Institute of Australia. He is an Executive director of Computershare Limited and Group Legal Counsel. Mark was appointed a director on 5 January 2001.

Peter John Griffin BComm (Melb), ASIA

Non-Executive Director, age 61

Peter Griffin is a director of N M Rothschild Australia Holdings Pty Limited group of companies. He is also a director of Just Jeans Group Ltd and Grand Hotel Company Ltd. Mr Griffin is a member of the Federal Government's Companies and Securities Advisory Committee; Vice President and a Member of the Executive Committee of the Anti-Cancer Council of Victoria and Chairman of the Finance Committee; Director of the Victorian Breast Cancer Research Consortium Inc and Director of the Australian Cancer Society. He is also a Director of the Murdoch Children's Research Institute, Chairman of The Investment Committee and a Member of the National Council of Opera Australia.

Mr Griffin has had over 30 years' experience in investment banking, both as founding partner of one of the senior Australian stockbroking firms and as Chief Executive of one of the leading investment groups in Australia.

Penelope Jane Maclagan BSc (Hons), DipEd*Director/Software Manager, age 49*

Penny Maclagan joined Computershare in 1983 and was appointed as an Alternate Director in 1986, subsequently becoming a Director in May 1995. Penny has extensive knowledge and understanding of the securities registration industry from both a business and a systems perspective. Penny is Managing Director of Computershare Technology Services Pty Limited.

John Phillip Shergold FCA*Non-Executive Director, age 61*

John Shergold was Chief General Manager, Building Products, Pioneer International Limited for four years until retiring in March 1995. Prior to this he was Managing Director of Brick and Pipe Industries Limited for seventeen years. Today John is a director of John Swire & Sons Pty Ltd, Chairman of Catalyst Recruitment Systems Limited and a number of other unlisted public and private companies. He was appointed to the board in June 1995.

Anthony Norman Wales FCA, FCIS*Finance Director/Company Secretary, age 56*

Tony Wales commenced employment with KPMG Peat Marwick Chartered Accountants in 1962. He stayed with the firm for twelve years and then ran a private practice for fourteen years. In 1987 he joined Citistate Corporation Limited as its Company Secretary. In 1990 he commenced employment with Computershare in a full time capacity having acted as its financial adviser and Non-Executive Director since 1981. Tony has been an Executive Director since 1990.

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial period are:

	Directors Meetings		Audit Committee Meetings		Nomination Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B	A	B
A. S. Murdoch	4	4	1	1	-	-	1	1
M. E. Elliott (appointed 5/1/01)	-	-	-	-	-	-	-	-
P. J. Griffin	4	4	1	1	-	-	1	1
P. J. Maclagan	4	4	-	-	-	-	-	-
C. J. Morris	4	4	-	-	-	-	-	-
J. P. Shergold	4	4	1	1	-	-	1	1
A. N. Wales	4	4	1	1	-	-	-	-

A - Number of meetings attended

B - Number of meetings held during the time the director held office during the period.

CONSOLIDATED PROFIT

The consolidated profit of the economic entity for the half-year was \$18,268,691 after deducting income tax and outside equity interests.

DIVIDENDS

Dividends paid, declared or recommended by the Company since the end of the previous financial year were:

As proposed and provided for in the financial report as at 30 June 2000:

A final ordinary dividend of half a cent per share amounting to \$2,669,263 franked at 36%, in respect of the year ended 30 June 2000 was paid on 29 September 2000.

In respect of the current financial year:

An interim ordinary dividend of half a cent per share amounting to \$2,704,280 franked at 34%, to be paid on 28 March 2001, is recommended by directors in respect of the current year.

REVIEW OF OPERATIONS

The six months to December has again been a period of considerable activity for the group as it implemented its strategy of expansion of the global registry network and started the process of restructure in recently acquired businesses. Despite the losses incurred in the US during the initial period, the review and restructure of the US operation is proceeding in line with plans which will see it fully restructured and operating on Computershare's SCRIP/COSMOS registry system within the next 12 months. The following significant events took place during the period:

- Agreement with Pacific Exchange ("PCX") to develop an electronic, screen based trading system for equity options and other derivatives.
- Secured strategic partner in South Africa, Union Alliance Holdings Ltd, with this group acquiring a 15% interest in Computershare South Africa. This transaction positions Computershare as a preferred provider of registry services in the upcoming privatisation process in South Africa.
- The acquisition of the Employee Stock Purchase Plan ("ESPP") administration business from Merrill Lynch and entering into a Strategic Alliance with Merrill Lynch to facilitate expansion of Computershare's service capabilities in the USA.
- City Watch, the United Kingdoms leading provider of ownership data for UK equities, was purchased from Reuters.
- The move to a 100% interest in the Ci Group (Now called Computershare Document Services ("CDS")). CDS is a major service provider to Computershare registry and is a leading provider of electronic documents to the Australian, and the UK markets with services ranging from laser printing, intelligent mailing, scanning, communication design and electronic delivery.
- The board has reviewed the recoverable amount of the investment in E Trade Australia Limited and concluded that it was appropriate to write down the investment by \$13.25m (after tax \$8.75m) (refer to note 3).

SIGNIFICANT EVENTS AFTER BALANCE DATE

No matter or circumstance has arisen since the end of the half-year which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years other than:

- **Move to 100% ownership of Central Registration Hong Kong**

With effect from 1 March 2001, Central Registration became a wholly owned subsidiary of Computershare Limited. Computershare Limited paid a subsidiary of HSBC Holdings plc a cash consideration of A\$40.0m for its 50% interest in Central Registration. Computershare funded the payment from existing cash reserves and available debt facilities.

- **Disposal of the SUMMIT business**

On 15 February 2001, Computershare announced that it had disposed of the SUMMIT, broker back office system business to the ADP Inc subsidiary, Wilco International. The transaction will result in the recording of a one off gain before tax of A\$6.4m in the second half of the current financial year.

- **Equity Arrangements with Pacific Exchange (PCX)**

On 6 March 2001 a cross equity arrangement was entered into with PCX. Computershare will be granted by PCX a 5% shareholding in the new PCX entity. This entity will operate the screen based trading business. PCX will be granted by Computershare options over 15,979,188 Computershare shares at an exercise price of \$7.75 per share. The exercise of each of these options is subject to achievement of agreed volume milestones for the new screen based trading business of PCX as set out below:

- i) after 18 months of commercial operation if the average trading volume is 100,000 option contracts per day or more, then options over 2,130,558 Computershare shares become exercisable;
- ii) after 3 years of commercial operation if the average trading volume is 175,000 option contracts per day or more, then options over a further 8,522,234 Computershare shares become exercisable; and
- iii) after 3 years of commercial operation if the average trading volume is 250,000 contracts per day or more, then options over a further 6,326,396 Computershare shares become exercisable.

ROUNDING OF AMOUNTS

The parent entity is a company of the kind specified in Australian Securities and Investments Commission class order 98/0100. In accordance with that class order, amounts in the consolidated financial statements and the Directors' report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

This report has been made in accordance with a resolution of the directors.

A. S. Murdoch, Chairman

C. J. Morris, Managing Director

MELBOURNE
15 March 2001

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2000

		<i>Consolidated</i>	
	<i>Note</i>	<i>31 December 2000</i>	<i>31 December 1999</i>
		\$000's	\$000's
Revenues:			
Sales revenue		329,872	168,270
Other revenues from ordinary activities	2	9,721	6,256
Total revenue		339,593	174,526
Expenses:			
Direct Services	1.2	244,402	121,962
Technology Development	1.2	20,093	13,982
Corporate Services	1.2	4,718	3,782
Depreciation and Amortisation		19,760	11,390
Interest & Borrowing Costs		5,991	1,968
Loss on revaluation of investment	3	13,250	-
Total expenses		308,214	153,084
Share of net profit /(loss) of associates accounted for using the equity method		1,542	(360)
Profit from ordinary activities before income tax expense		32,921	21,082
Income tax expense relating to ordinary activities		11,264	8,713
Net Profit		21,657	12,369
Net Profit attributable to outside equity interests		3,388	1,997
Net Profit attributable to members of the parent entity		18,269	10,372
Net exchange difference on translation of financial report of self-sustaining foreign operations		14,300	1,696
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		14,300	1,696
Total changes in equity other than those resulting from transactions with owners as owners		32,569	12,068
Dividends provided for or paid		2,723	2,661
Basic earnings per share (cents per share)		3.4	2.2
Diluted earnings per share (cents per share)		3.4	2.2
Dividends per share (cents per share)		0.5	0.5

The accompanying notes form an integral part of these financial statements.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2000

	<i>31 December 2000</i> \$000's	<i>Consolidated</i> <i>30 June 2000</i> \$000's	<i>31 December 1999</i> \$000's
CURRENT ASSETS			
Cash assets	51,621	47,764	172,696
Receivables	155,214	121,445	77,714
Other financial assets	17	12	-
Inventories	5,780	3,485	2,414
Other	8,388	9,804	3,766
TOTAL CURRENT ASSETS	<u>221,020</u>	<u>182,510</u>	<u>256,590</u>
NON-CURRENT ASSETS			
Receivables	7	74	247
Investments accounted for using equity method	39,464	38,454	39,187
Other financial assets	18,055	28,065	27,827
Property, plant & equipment	104,250	90,765	75,284
Deferred tax assets	22,133	10,526	3,297
Intangibles – goodwill	392,787	308,864	71,420
Intangibles – other	307	187	996
TOTAL NON-CURRENT ASSETS	<u>577,003</u>	<u>476,935</u>	<u>218,258</u>
TOTAL ASSETS	<u>798,023</u>	<u>659,445</u>	<u>474,848</u>
CURRENT LIABILITIES			
Payables	90,762	76,480	41,832
Interest bearing liabilities	9,231	2,798	15,990
Tax liabilities	32,287	18,742	13,050
Other Provisions	28,461	25,237	14,179
Other – deferred settlement on acquisition	32,501	59,822	-
TOTAL CURRENT LIABILITIES	<u>193,242</u>	<u>183,079</u>	<u>85,051</u>
NON-CURRENT LIABILITIES			
Payables	-	-	-
Interest bearing liabilities	177,957	85,691	25,926
Deferred tax liabilities	5,511	1,534	1,244
Other provisions	3,006	3,140	2,869
TOTAL NON-CURRENT LIABILITIES	<u>186,474</u>	<u>90,365</u>	<u>30,039</u>
TOTAL LIABILITIES	<u>379,716</u>	<u>273,444</u>	<u>115,090</u>
NET ASSETS	<u>418,307</u>	<u>386,001</u>	<u>359,758</u>
EQUITY			
Contributed equity	332,780	328,022	327,048
Reserves	15,711	1,411	1,223
Retained profits	66,279	50,733	25,583
Parent equity interest	414,770	380,166	353,854
Outside equity interest	3,537	5,835	5,904
TOTAL EQUITY	<u>418,307</u>	<u>386,001</u>	<u>359,758</u>

The accompanying notes form an integral part of these financial statements.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR-ENDED 31 DECEMBER 2000

	<i>Consolidated</i>	
	<i>31 December 2000</i>	<i>31 December 1999</i>
	\$000's	\$000's
Cash flows from operating activities		
Receipts from customers	303,175	172,017
Payments to suppliers and employees	(252,809)	(138,430)
Dividends received	706	194
Interest received	2,076	2,203
Interest and other costs of finance paid	(6,118)	(1,777)
Australian net GST paid	(2,759)	-
Income taxes paid	(17,180)	(5,449)
Net operating cash flows	27,091	28,758
 Cash flows from investing activities		
Payments for property, plant and equipment	(19,861)	(45,274)
Proceeds from sale of property, plant and equipment	121	115
Deposit on land	(1,200)	-
Investment in unrelated entity	(3,886)	(5,364)
Investment in associated entity	-	(38,758)
Investment in controlled entities (refer Note 5)	(11,210)	728
Payments for intangible assets on acquisition of businesses	(27,913)	-
Proceeds from sale of investments	889	2,582
Loans to associated companies	(307)	(593)
Loans repaid by other entities	15	7
Other	263	(567)
Net investing cash flows	(63,089)	(87,124)
 Cash flows from financing activities		
Proceeds from share issues	4,759	207,863
Proceeds from borrowings	120,001	20,505
Repayment of borrowings	(21,186)	(25,424)
Dividends paid	(2,688)	(2,460)
Proceeds from finance leases	-	2,213
Repayment of finance leases	(1,400)	(1,239)
Other – settlement of deferred acquisition Canada	(62,404)	-
Other	(544)	-
Net financing cash flows	36,538	201,458
 Net increase / (decrease) in cash held	 540	 143,092
Cash at the beginning of the financial period	47,533	29,168
Effect of different exchange rate	3,133	436
Cash at the end of the financial period	51,206	172,696

The accompanying notes form an integral part of these financial statements.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2000

1.1 BASIS OF PREPARATION

This general purpose financial report has been prepared for the half-year ended 31 December 2000 in accordance with the requirements of the Corporations Law, Australian Accounting Standard AASB1029: "Interim Financial Reporting" and Urgent Issues Group Consensus Views. It is recommended that this report be read in conjunction with the 30 June 2000 Annual Report and any public announcements made by Computershare Limited and its controlled entities during the half-year in accordance with the continuous disclosure obligations of the Corporations Law and Australian Stock Exchange Listing Rules. The notes to the financial statements do not include all information normally contained within the notes to an annual financial report.

The directors have elected to apply revised Accounting Standard AASB1029 "Interim Financial Reporting" before its mandatory application date, in accordance with subsection 334(5) of the Corporations Law, however in certain instances comparative information has been retained in this first year of its application.

The financial report has been prepared in accordance with the historical cost convention and does not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets.

1.2 EXPENSES

Direct services expense includes all the direct client related activities of providing share registry and corporate trust services, integrated mailing services and other services. Further details can be found in the Report to Shareholders.

Technology Development expense primarily relates to the activities of the in-house service provider, Computershare Technology Services, which is engaged in the development and maintenance of information technology solutions for securities markets. Products include registry systems such as COSMOS and SCRIP, Securities Trading Systems (ASTS), Order Routing Systems (ORMS) and other products. Further details can be found in the Report to Shareholders.

Corporate Services include expenses relating to corporate accounting, taxation, legal, business development, Human Resources, CEO's office Board and other items of a similar corporate nature.

In all cases the above expense categories exclude the depreciation and amortisation which is shared across all business functions.

1.3 SHARE SAVE ADMINISTRATION

Refer to Note 27 of the 30 June 2000 financial report for a description of Share Save Administration activities.

	<i>Consolidated</i>	
	<i>31 December 2000</i>	<i>31 December 1999</i>
	\$000's	\$000's
2. PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities is after crediting the following revenues:		
Sales Revenues	329,872	168,270
Other Revenues:		
Net foreign exchange gains	634	75
Sundry revenue	221	1,874
Dividends received	156	298
Interest received from other persons	1,886	1,738
Net gains on share save administration	1.3 3,710	2,156
Rent received	2,104	-
Gross proceeds from sale of - Property, plant and equipment (a)	121	115
- Investments (a)	889	-
Total other revenues	9,721	6,256
(a) Profit/(loss) on sale of - Property, plant and equipment	75	(177)
- Investments	245	-

**COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2000**

3. SIGNIFICANT ITEMS

Write Down of Investment in E Trade Australia Limited (ASX:ETR)

As at 31 December 2000, Computershare Limited held 9,010,682 shares (13.12%) in the issued capital of E Trade Australia Limited (ETR). The historical cost of the investment is approximately \$26.8m. As required by the Accounting Standards the Board of Computershare Limited has reviewed the recoverable amount of its investment and concluded that a writedown in the value of the investment was appropriate. The results for the 6 months ended 31 December 2000 reflect a pre tax write down of \$13.25m (after tax \$8.75m). After this write down the carrying value of the investment is now \$1.50 per share. In arriving at this value the Board considered the available range of broker research reports and valuations of ETR. The Board will again review the carrying value of the investment at the time of finalising the 30 June 2001 financial statements.

4. NON-CASH FINANCING AND INVESTING ACTIVITIES

On 31 December 2000 the economic entity acquired the remaining interest in the CDS group. Settlement occurred after 31 December 2000. The total purchase price is based on a deferred settlement calculation payable post 30 June 2001.

5. CHANGES IN COMPOSITION OF THE ENTITY - CONTROLLED ENTITIES ACQUIRED

The following controlled entities were acquired by the consolidated entity at the dates stated and their operating results have been included in the statement of financial performance from the relevant date.

Entity acquired	Date Acquired	Place of Incorporation	Proportion of shares acquired	<i>Consolidated Consideration paid</i>	
				<i>31 December 2000 \$000's</i>	<i>31 December 1999 \$000's</i>
CAN 088 820 633 Pty Ltd	1 July 1999	Australia	50%	-	-
CDS International Limited (prev. Ci Holdings Limited)	1 July 1999	Australia	40%	-	-
CDS (UK) Limited (prev. Ci (UK) Limited)	1 July 1999	United Kingdom	40%	-	-
CDS Limited (previously Ci Limited)	1 July 1999	Australia	40%	-	-
Citywatch Ltd	15 Dec 2000	United Kingdom	100%	11,210	-
Total consideration				<u>11,210</u>	<u>-</u>

Computershare Trust Company of New York was formed on 5 October 2000.

On 31 December 2000 the economic entity acquired the remaining interest in the CDS group. Settlement occurred after 31 December 2000. The total purchase price is based on a deferred settlement calculation payable post 30 June 2001.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2000

5. CONTROLLED ENTITIES ACQUIRED continued....

The amounts of assets and liabilities acquired by major class are:

	2000 Citywatch Ltd \$000's	2000 Total \$000's	1999 Total \$000's
Cash	310	310	728
Receivables	666	666	2,558
Inventory	-	-	350
Other financial assets	-	-	8
Prepayments	98	98	140
Property, plant & equipment	59	59	3,631
Intangible assets including			
Goodwill on consolidation	11,417	11,417	2,161
Accounts payable	(580)	(580)	(1,523)
Borrowings – economic entity	-	-	(1,464)
Interest bearing liabilities	-	-	(1,343)
Tax liabilities	(450)	(450)	(507)
Other Provisions	-	-	(307)
	<u>11,520</u>	<u>11,520</u>	<u>4,432</u>
Less outside equity interest	-	-	(3,068)
	<u>11,520</u>	<u>11,520</u>	<u>1,364</u>

Outflow of cash to acquire the entities, net of cash acquired:

Consideration payable	11,520	11,520	1,364
Less consideration paid in			
Prior periods	0	0	(1,364)
Less Shares issued	0	0	0
Other acquisition costs	0	0	0
Less Cash balance acquired	(310)	(310)	(728)
Outflow/(inflow) of cash	<u>11,210</u>	<u>11,210</u>	<u>(728)</u>

**COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2000**

6. CONTINGENT LIABILITIES

6.1 Guarantees and Indemnities

Contingent liabilities at balance date, not otherwise provided for in these financial statements are categorised as follows:

Guarantees and indemnities totalling \$181,000,000 (1999: nil) have been given to two of the consolidated entity's bankers by Computershare Limited, Computershare Technology Services Pty Limited, Computershare Investor Services Limited, Computershare New Zealand Limited, Computershare Registry Services Ltd (incorp in NZ), Computershare Ltd (incorp in UK), Computershare Services PLC, Computershare Inc, Computershare Investor Services LLC, and Computershare Services (Ireland) Ltd as security for the parent entity's facilities.

A guarantee and indemnity of nil (1999: \$13,000,000) has been given to one of the consolidated entity's bankers by Computershare Limited, Computershare Technology Services Pty Limited, Computershare Registry Services Pty Ltd, Computershare New Zealand Limited and Computershare Registry Services Limited (incorp in NZ) as security for the parent entity's facilities.

Guarantees of \$5,659,914 (1999: \$602,818) have been given by Computershare Limited as security bonds in respect of leased premises.

A bank guarantee of \$270,000 (1999: \$270,000) given in respect of facilities provided to Computershare Clearing Pty Ltd.

A bank guarantee of \$250,000(1999: \$250,000) has been given in respect of facilities provided to Sepon Australia Pty Ltd.

Bank Guarantees of \$669,945 (1999: \$792,680) have been given to Computershare Limited as security for performance by Computershare Technology Services Ltd in relation to certain customer contracts.

Guarantees of \$239,897 (1999: \$232,000) have been given by Computershare Services (South Africa) Pty Ltd in respect of housing loans.

6.2 Legal matters

During 1999 Computershare commenced legal proceedings against Perpetual Registrars Limited (PRL), Perpetual Trustees Australia Limited (PTA) and Christopher Hamilton (an employee of Australian Stock Exchange Limited) alleging that PRL had breached obligations of confidentiality and other provisions of the Bureau Services Agreement between Computershare, PRL and PTA pursuant to which Computershare has provided computer bureau services to PRL since September 1998.

Computershare has sought among other things, destruction of confidential information in the possession of the defendants, damages and a declaration that Computershare was entitled to terminate the Bureau Services Agreement for this default. The defendants are defending the action and have counter claimed against Computershare alleging that enforcement of various provisions of the Bureau Services Agreement would be in contravention of the Trade Practices Act.

Further, Computershare has also commenced legal proceedings against PRL and PTA to recover outstanding fees and charges of approximately \$1.7 million payable to Computershare by PRL under the Bureau Services Agreement.

On 17 July 2000 both proceedings were joined by the Supreme Court and ordered to be transferred for hearing in the Federal Court of Australia. A court convened Mediation in February 2001 was unsuccessful in resolving the various issues in dispute. The matter is now proceeding through the latter stages of the litigation process.

The Board of Directors of Computershare is confident that Computershare will succeed in these proceedings and is endeavouring to expedite the hearing of the proceedings in the Federal court.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2000

7. SEGMENT INFORMATION

The consolidated entity operated within the computerised share registry, corporate trust and technology services industry within Australasia, the United Kingdom, USA, Canada, Hong Kong and South Africa during the period.

Registry and ancillary services represents services provided by share registry, Analytics and CDS group. Technology services represents all technology services including bureau services.

	Revenue from Customers Outside the economic entity		Intersegment Revenue		Total Revenue		Profit before income tax		Total Assets	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Industry:										
Registry & ancillary Services	320,072	149,849	1,370	97	321,442	149,946	33,851	19,332	738,887	281,795
Technology Services	19,064	24,171	22,098	11,452	41,162	35,623	1,967	9,585	39,911	34,810
Unallocated	457	506	10,782	24,717	11,239	25,223	(2,869)	(7,846)	19,225	158,527
Eliminations	0	0	(34,250)	(36,266)	(34,250)	(36,266)	(28)	11	0	(284)
Consolidated	339,593	174,526	0	0	339,593	174,526	32,921	21,082	798,023	474,848
Geographic:										
Australia	86,832	73,362	9,593	5,976	96,425	79,338	4,156	13,458	184,735	312,747
New Zealand	5,251	5,512	347	819	5,598	6,331	1,441	587	11,180	14,568
South Africa	13,238	14,973	0	0	13,238	14,973	3,063	6,158	14,127	11,433
United Kingdom	111,503	74,019	5,620	2,073	117,123	76,092	29,456	(54)	165,393	126,958
Ireland	4,157	6,519	0	0	4,157	6,519	(20)	1,402	9,409	8,922
Asia	96	141	168	152	264	293	1,448	(334)	940	432
USA	52,358	0	155	33	52,513	33	(11,394)	(146)	200,936	72
Canada	66,158	0	0	0	66,158	0	4,798	0	211,303	0
Unallocated	0	0	0	0	0	0	(28)	0	0	0
Eliminations	0	0	(15,833)	(9,053)	(15,883)	(9,053)	0	11	0	(284)
Consolidated	339,593	174,526	0	0	339,593	174,526	32,921	21,082	798,023	474,848

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2000

8. SUBSEQUENT EVENTS

No matter or circumstance has arisen since the end of the half-year which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years other than:

- **Move to 100% ownership of Central Registration Hong Kong**

With effect from 1 March 2001, Central Registration became a wholly owned subsidiary of Computershare Limited. Computershare Limited paid a subsidiary of HSBC Holdings plc a cash consideration of A\$40.0m for its 50% interest in Central Registration. Computershare funded the payment from existing cash reserves and available debt facilities.

- **Disposal of the SUMMIT business**

On 15 February 2001, Computershare announced that it had disposed of the SUMMIT, broker back office system business to the ADP Inc subsidiary, Wilco International. The transaction will result in the recording of a one off gain before tax of A\$6.4m in the second half of the current financial year.

- **Equity Arrangements with Pacific Exchange (PCX)**

On 6 March 2001 a cross equity arrangement was entered into with PCX. Computershare will be granted by PCX a 5% shareholding in the new PCX entity. This entity will operate the screen based trading business. PCX will be granted by Computershare options over 15,979,188 Computershare shares at an exercise price of \$7.75 per share. The exercise of each of these options is subject to achievement of agreed volume milestones for the new screen based trading business of PCX as set out below:

- i) after 18 months of commercial operation if the average trading volume is 100,000 option contracts per day or more, then options over 2,130,558 Computershare shares become exercisable;
- ii) after 3 years of commercial operation if the average trading volume is 175,000 option contracts per day or more, then options over a further 8,522,234 Computershare shares become exercisable; and
- iii) after 3 years of commercial operation if the average trading volume is 250,000 contracts per day or more, then options over a further 6,326,396 Computershare shares become exercisable.

9. COMPARATIVES

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

DIRECTORS' DECLARATION

The directors declare that:

- (a) the financial statements and associated notes comply with the accounting standards and Urgent Issues Group Consensus Views;
- (b) the financial statements and notes give a true and fair view of the financial position as at 31 December 2000 and performance of the consolidated entity for the half-year then ended; and
- (c) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and the companies and the parent entity who are party to the deed of cross guarantee, will together be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee dated 20 July 1988.

This statement has been made in accordance with a resolution of directors.

A. S. Murdoch, Chairman

C. J. Morris, Director

MELBOURNE
15 March 2001

INDEPENDENT REVIEW REPORT

To the members of
Computershare Limited

Scope

We have reviewed the consolidated financial report of Computershare Limited and its controlled entities for the period ended 31 December 2000 as set out on pages 7 to 16. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the preparation and presentation of the financial statements and of the information they contain. We have performed a review of these financial statements in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial statements are not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investment Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to analytical procedures applied to the financial data, assessing whether accounting policies have been consistently applied, and making enquiries of management responsible for financial and accounting matters. These procedures exclude audit procedures, such as test of controls and verification of assets and liabilities, and do not provide all the evidence that would be required in an audit; thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Computershare Limited is not in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2000 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

ARTHUR ANDERSEN
Chartered Accountants

IVAN. M. WINGREEN
Partner

Melbourne
15 March 2001