ASX HALF-YEAR REPORT

Computershare Limited

ABN 71 005 485 825

31 December 2018

Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 30 June 2018 Annual Report.

Contents

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

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
HALF-YEAR ENDED 31 DECEMBER 2018
(Previous corresponding period half-year ended 31 December 2017)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$000
Revenue from ordinary activities *(Appendix 4D item 2.1)*	down	0.2%	to	1,120,996
Profit/(loss) after tax attributable to members *(Appendix 4D item 2.2)*	up	51.5%	to	259,373
Net profit/(loss) for the period attributable to members *(Appendix 4D item 2.3)*	up	51.5%	to	259,373

Dividends *(Appendix 4D item 2.4)*	Amount per security	Franked amount per security
Interim dividend	AU 21 cents	AU 6.3 cents
Final dividend (prior year)	AU 21 cents	AU 21 cents

Record date for determining entitlements to the interim dividend *(Appendix 4D item 2.5)* 20 February 2019

Explanation of Revenue *(Appendix 4D item 2.6)*
Total revenue for the half-year was $1,121.0 million, a 0.2% decrease over the corresponding period.

The US region revenues declined due to corporate actions (excluding margin income), class actions and stakeholder relationship businesses, where large event based activity from 1H18 was not repeated in 1H19. The US mortgage services revenues increased as a result of growth in loan portfolio and ancillary services, and US register maintenance recorded another strong result.

Margin income increased during the period primarily driven by interest rate increases in the US, Canada and the UK and higher average client balances.

The main drivers of growth in the UCIA region were the plan managers' contribution due to Equatex acquisition and the UK mortgage services business due to higher origination revenue from new lending clients and UKAR, partially offset by run-off of existing clients.

The Asia region decline was primarily due to the sale of the 50% interest in the Indian venture Karvy Computershare Private Limited (Karvy) on 17 November 2018. Lower revenues in Australia and New Zealand were driven by a reduction in postage revenue in communication services. This was partially offset by higher corporate actions revenues.

A weaker British pound, Australian dollar and Canadian dollar relative to the prior period reduced the translated revenue contribution from those regions.

Explanation of Profit/(loss) from ordinary activities after tax *(Appendix 4D item 2.6)*
Net statutory profit after tax attributable to members was $259.4 million, an increase of 51.5% over the corresponding period. This was supported by higher margin income driven by interest rate increases in the US, Canada and the UK and higher average client balances.

A gain from the disposal of Karvy of $108.5 million has been recognised in other income in the consolidated statement of comprehensive income during the reporting period. An estimate of the related capital gains tax was booked in the previous financial year. The Group's income tax expense for the six months ended 31 December 2017 was significantly lower than the current period as it included a one-off $42.4 million income tax credit due to the US Tax Cuts and Jobs Act 2017, which became effective on 1 January 2018. Excluding the tax impact of one-off items, the Group's effective tax rate increased in line with higher profits in the US.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Explanation of Net Profit/(loss) *(Appendix 4D item 2.6)*
Please refer above.

Explanation of Dividends *(Appendix 4D item 2.6)*
The Company has announced an interim dividend for the current financial year of AU 21 cents per share. This dividend is franked to 30%.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 December 2018

Contents

This interim financial report does not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Computershare Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Securities Exchange Listing Rules.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES DIRECTORS' REPORT

The Board of Directors of Computershare Limited (the Company) present their report in respect of the financial half-year ended 31 December 2018.

DIRECTORS

The names of the directors of the Company in office during the whole of the half-year and up to the date of this report, unless otherwise indicated, are:

Non-executive
Simon David Jones (Chairman)
Abigail Pip Cleland
Tiffany Lee Fuller
Lisa Mary Gay
Penelope Jane Maclagan (resigned effective 14 November 2018)
Christopher John Morris
Arthur Leslie Owen (resigned effective 14 November 2018)
Paul Joseph Reynolds (appointed effective 5 October 2018)
Joseph Mark Velli

Executive
Stuart James Irving (President and Chief Executive Officer)

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the half-year were the operation of investor services, plan services, communication services, business services, stakeholder relationship management services and technology services.

- The investor services operations comprise the provision of registry maintenance and related services.
- The plan services operations comprise the provision of administration and related services for employee share and option plans.
- The communication services operations comprise document composition and printing, intelligent mailing, inbound process automation, scanning and electronic delivery.
- The business services operations comprise the provision of bankruptcy, class action and utilities administration services, voucher services, corporate trust services and mortgage servicing activities.
- The stakeholder relationship management services group provides investor analysis, investor communication and management information services to companies, including their employees, shareholders and other security industry participants.
- Technology services includes the provision of software, specialising in share registry and financial services.

Computershare has a range of regulated businesses around the world, including transfer agencies, licensed dealers, corporate trusts and mortgage servicers.

REVIEW OF OPERATIONS

The Group recorded a profit before tax of $329.0 million for the half-year ended 31 December 2018 (2017: $189.6 million). Total revenue decreased to $1,121.0 million (2017: $1,122.9 million), expenses were down by $29.3 million and operating cash flows decreased by $136.5 million to $68.9 million (2017: $205.4 million).

As foreshadowed in prior disclosures, operating cash flows were impacted by the acquisition of $125.0 million loan servicing advances relating to an MSR transaction completed in a prior reporting period, whereby the Group undertook to purchase on 14 December 2018 any uncollected amounts that had been advanced relating to this MSR before it was acquired, rather than purchase the advances upon the MSR acquisition as is customary. The advances were acquired at fair value. Excluding loan servicing advances, operating cash flows decreased by $22.7 million (2017: increased $26.0 million).

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES DIRECTORS' REPORT

The weaker British pound, Australian dollar and Canadian dollar relative to the prior period reduced the translated contribution in those regions. Margin income increased during the period primarily driven by interest rate increases in the US, Canada and the UK and higher average client balances. The Group also continued to make good progress during the period on its operational and process efficiency programs and expenses were also lower due to a reduction in large event based activities in 1H18 that did not recur in the period.

Statutory basic earnings per share increased by 52.0% to 47.77 cents. The half-year result included the $108.5 million gain on disposal of Karvy. The prior period income tax expense included a one-off $42.4 million income tax credit due to a restatement of the deferred tax balances under the US Tax Cuts and Jobs Act 2017, which became effective on 1 January 2018.

CONSOLIDATED PROFIT

The profit of the consolidated entity for the half-year was $259.4 million (2017: $171.2 million) after deducting income tax and non-controlling interests.

DIVIDENDS

The following dividends of the consolidated entity 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 2018 was declared on 15 August 2018 and paid on 17 September 2018. This was a fully franked ordinary dividend of AU 21 cents per share, amounting to AUD 113,998,579 ($83,004,745).
- An interim dividend declared by the directors of the Company in respect of the current financial year, to be paid on 15 March 2019. This is an ordinary dividend of AU 21 cents per share franked to 30%, amounting to AUD 114,020,732 based on shares on issue as at 13 February 2019. The dividend was not declared until 13 February 2019 and accordingly no provision has been recognised at 31 December 2018.

ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission. In accordance with that legislative instrument, amounts in the interim financial report and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's signed independence declaration as required under section 307C of the *Corporations Act 2001* is provided immediately after this report.

Signed in accordance with a resolution of the Directors.

SD Jones
Chairman

SJ Irving
Chief Executive Officer

13 February 2019

Auditor's Independence Declaration

As lead auditor for the review of Computershare Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Computershare Limited and the entities it controlled during the period.

Anton Linschoten
Partner
PricewaterhouseCoopers

Melbourne
13 February 2019

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COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2018

	Note	Half-year 2018 $000	2017 $000
Revenue from continuing operations			
Sales revenue		**1,118,365**	1,119,295
Other revenue		**2,631**	3,571
Total revenue from continuing operations		**1,120,996**	1,122,866
Other income	10	**121,078**	7,187
Expenses			
Direct services		**724,366**	757,164
Technology costs		**140,113**	141,947
Corporate services		**15,069**	13,493
Finance costs		**32,456**	28,650
Total expenses		**912,004**	941,254
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method		**(1,037)**	775
Profit before related income tax expense		**329,033**	189,574
Income tax expense/(credit)	4	**66,530**	14,074
Profit for the half-year		**262,503**	175,500
Other comprehensive income that may be reclassified to profit or loss			
Available-for-sale financial assets		**-**	618
Cash flow hedges		**(693)**	(16)
Exchange differences on translation of foreign operations		**(1,271)**	13,626
Income tax relating to components of other comprehensive income		**353**	1,529
Total other comprehensive income for the half-year, net of tax		**(1,611)**	15,757
Total comprehensive income for the half-year		**260,892**	191,257
Profit for the half-year attributable to:			
Members of Computershare Limited		**259,373**	171,237
Non-controlling interests		**3,130**	4,263
		262,503	175,500
Total comprehensive income for the half-year attributable to:			
Members of Computershare Limited		**258,338**	186,625
Non-controlling interests		**2,554**	4,632
		260,892	191,257
Basic earnings per share (cents per share)	2	**47.77 cents**	31.43 cents
Diluted earnings per share (cents per share)	2	**47.67 cents**	31.38 cents

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	**31 December 2018 $000**	30 June 2018 $000
CURRENT ASSETS			
Cash and cash equivalents		**509,981**	500,888
Bank deposits		**6,642**	6,539
Other financial assets	7	**69,669**	16,517
Receivables		**463,219**	428,973
Loan servicing advances		**264,402**	156,689
Financial assets at fair value through profit or loss	14	**23,090**	1,791
Available-for-sale financial assets	14	**-**	4,361
Inventories		**3,834**	3,844
Current tax assets		**9,110**	2,236
Other current assets		**57,815**	40,079
Assets classified as held for sale	10	**-**	79,999
Total current assets		**1,407,762**	1,241,916
NON-CURRENT ASSETS			
Receivables		**705**	152
Investments accounted for using the equity method		**24,968**	26,770
Financial assets at fair value through profit or loss	14	**57,736**	4,263
Available-for-sale financial assets	14	**-**	26,566
Property, plant and equipment		**132,992**	115,249
Deferred tax assets		**131,475**	145,654
Intangibles		**2,753,805**	2,327,626
Other non-current assets	14	**9,488**	-
Total non-current assets		**3,111,169**	2,646,280
Total assets		**4,518,931**	3,888,196
CURRENT LIABILITIES			
Payables		**488,771**	442,270
Interest bearing liabilities		**120,362**	427,292
Current tax liabilities		**29,412**	42,319
Financial liabilities at fair value through profit or loss		**1,146**	88
Provisions		**49,584**	50,746
Deferred consideration		**17,203**	29,432
Mortgage servicing related liabilities		**32,013**	27,740
Liabilities directly associated with assets classified as held for sale	10	**-**	69,639
Other liabilities		**2,199**	2,083
Total current liabilities		**740,690**	1,091,609
NON-CURRENT LIABILITIES			
Payables		**7,806**	2,842
Interest bearing liabilities		**1,867,668**	1,053,844
Financial liabilities at fair value through profit or loss		**3,106**	5,333
Deferred tax liabilities		**200,214**	193,026
Provisions		**23,971**	24,762
Deferred consideration		**24,337**	26,110
Mortgage servicing related liabilities		**173,068**	154,404
Other liabilities		**3,938**	2,869
Total non-current liabilities		**2,304,108**	1,463,190
Total liabilities		**3,044,798**	2,554,799
Net assets		**1,474,133**	1,333,397
EQUITY			
Contributed equity	8	**-**	-
Reserves		**(158,568)**	(148,098)
Retained earnings		**1,630,660**	1,455,187
Total parent entity interest		**1,472,092**	1,307,089
Non-controlling interests		**2,041**	26,308
Total equity		**1,474,133**	1,333,397

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

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2018

	Note	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 2018		**-**	**(148,098)**	**1,455,187**	**1,307,089**	**26,308**	**1,333,397**
Change in accounting policy	14	-	(263)	(895)	(1,158)	-	(1,158)
Restated total equity at the beginning of the financial year		**-**	**(148,361)**	**1,454,292**	**1,305,931**	**26,308**	**1,332,239**
Profit for the half-year		-	-	259,373	259,373	3,130	262,503
Cash flow hedges		-	(693)	-	(693)	-	(693)
Exchange differences on translation of foreign operations		-	(695)	-	(695)	(576)	(1,271)
Income tax (expense)/credits		-	353	-	353	-	353
Total comprehensive income for the half-year		**-**	**(1,035)**	**259,373**	**258,338**	**2,554**	**260,892**
Transactions with owners in their capacity as owners:							
Dividends provided for or paid		-	-	(83,005)	(83,005)	(8,078)	(91,083)
Disposal of non-controlling interest	10	-	-	-	-	(18,743)	(18,743)
Cash purchase of shares on market		-	(20,987)	-	(20,987)	-	(20,987)
Share based remuneration		-	11,815	-	11,815	-	11,815
Balance at 31 December 2018		**-**	**(158,568)**	**1,630,660**	**1,472,092**	**2,041**	**1,474,133**

	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 2017	**-**	**(98,487)**	**1,315,607**	**1,217,120**	**19,908**	**1,237,028**
Profit for the half-year	-	-	171,237	171,237	4,263	175,500
Available-for-sale financial assets	-	618	-	618	-	618
Cash flow hedges	-	(16)	-	(16)	-	(16)
Exchange differences on translation of foreign operations	-	13,257	-	13,257	369	13,626
Income tax (expense)/credits	-	1,529	-	1,529	-	1,529
Total comprehensive income for the half-year	**-**	**15,388**	**171,237**	**186,625**	**4,632**	**191,257**
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	-	-	(80,642)	(80,642)	-	(80,642)
Share buy-back	-	(38,615)	-	(38,615)	-	(38,615)
Cash purchase of shares on market	-	(17,678)	-	(17,678)	-	(17,678)
Share based remuneration	-	10,144	-	10,144	-	10,144
Balance at 31 December 2017	**-**	**(129,248)**	**1,406,202**	**1,276,954**	**24,540**	**1,301,494**

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

COMPUTERSHARE LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED CASH FLOW STATEMENT

For the half-year ended 31 December 2018

	Note	Half-year 2018 $000	2017 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**1,156,125**	1,214,371
Payments to suppliers and employees		**(888,018)**	(941,268)
Loan servicing advances (net)		**(107,713)**	6,128
Dividends received from associates, joint ventures and equity securities		**1,163**	2,262
Interest paid and other finance costs		**(37,773)**	(26,929)
Interest received		**1,468**	1,309
Income taxes paid		**(56,371)**	(50,458)
Net operating cash flows	6(a)	**68,881**	205,415
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of controlled entities and businesses (net of cash acquired)		**(438,287)**	(8,035)
Payments for intangible assets including MSRs		**(46,191)**	(74,025)
Proceeds from sale of property, plant and equipment		**2,240**	-
Proceeds from/(payments for) investments		**(16,708)**	(5,187)
Payments for property, plant and equipment		**(33,565)**	(17,010)
Proceeds from sale of subsidiaries and businesses (net of cash disposed)		**77,232**	-
Net investing cash flows		**(455,279)**	(104,257)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for purchase of ordinary shares - share based awards		**(20,987)**	(17,678)
Proceeds from borrowings	6(b)	**1,984,976**	130,820
Repayment of borrowings	6(b)	**(1,600,502)**	(27,000)
Loan servicing borrowings (net)	6(b)	**101,142**	(42,104)
Dividends paid - ordinary shares (net of dividend reinvestment plan)		**(78,660)**	(74,590)
Purchase of ordinary shares - dividend reinvestment plan		**(4,345)**	(6,052)
Dividends paid to non-controlling interests in controlled entities		**(8,078)**	-
Payments for on-market share buy-back		**-**	(38,615)
Repayment of finance leases	6(b)	**(2,091)**	(2,786)
Net financing cash flows		**371,455**	(78,005)
Net increase/(decrease) in cash and cash equivalents held		**(14,943)**	23,153
Cash and cash equivalents at the beginning of the financial year		**534,669**	510,683
Exchange rate variations on foreign cash balances		**(9,745)**	11,393
Cash and cash equivalents at the end of the half-year*		**509,981**	545,229

*Cash and cash equivalents at 31 December 2018 includes nil cash (31 December 2017: $26.0 million) presented in the assets classified as held for sale line item in the consolidated statement of financial position.

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION

The interim financial report for the half-year reporting period ended 31 December 2018 includes the condensed financial statements for the consolidated entity consisting of Computershare Limited and its controlled entities, referred to collectively as the "consolidated entity", "the Group" or "Computershare".

The interim financial report is a general purpose financial report prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), including IAS 34 *Interim Financial Reporting*.

The interim financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Computershare Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Securities Exchange listing rules.

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

The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period with the exception of those discussed in note 14.

2. EARNINGS PER SHARE

Half-year ended 31 December 2018	**Basic EPS**	**Diluted EPS**	**Management Basic EPS**	**Management Diluted EPS**
Earnings per share (cents per share)	**47.77 cents**	**47.67 cents**	**34.97 cents**	**34.90 cents**
Reconciliation of earnings	**$000**	**$000**	**$000**	**$000**
Profit for the year	**262,503**	**262,503**	**262,503**	**262,503**
Non-controlling interest (profit)/loss	**(3,130)**	**(3,130)**	**(3,130)**	**(3,130)**
Add back management adjustment items (see below)	**-**	**-**	**(69,492)**	**(69,492)**
Net profit attributable to the members of Computershare Limited	**259,373**	**259,373**	**189,881**	**189,881**
Weighted average number of ordinary shares used as denominator in calculating earnings per share	**542,955,868**	**544,066,299**	**542,955,868**	**544,066,299**

Half-year ended 31 December 2017	Basic EPS	Diluted EPS	Management Basic EPS	Management Diluted EPS
Earnings per share (cents per share)	31.43 cents	31.38 cents	30.62 cents	30.57 cents
Reconciliation of earnings	$000	$000	$000	$000
Profit for the half-year	175,500	175,500	175,500	175,500
Non-controlling interest (profit)/loss	(4,263)	(4,263)	(4,263)	(4,263)
Add back management adjustment items (see below)	-	-	(4,443)	(4,443)
Net profit attributable to the members of Computershare Limited	171,237	171,237	166,794	166,794
Weighted average number of ordinary shares used as denominator in calculating earnings per share	544,778,652	545,684,531	544,778,652	545,684,531

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	**542,955,868**	544,778,652
Adjustments for calculation of diluted earnings per share:		
Performance rights	**1,110,431**	905,879
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**544,066,299**	545,684,531

For the half-year ended 31 December 2018 management adjustment items include the following:

	Gross $000	**Tax effect $000**	**Net of tax $000**
Amortisation			
Amortisation of intangible assets	**(25,100)**	**6,543**	**(18,557)**
Acquisitions and disposals			
Gain on disposal of Karvy	**108,534**	**(17)**	**108,517**
Acquisition related expenses	**(8,549)**	**1,626**	**(6,923)**
Acquisition accounting adjustments	**(277)**	**-**	**(277)**
One-off tax expense on Equatex IP restructure	**-**	**(9,125)**	**(9,125)**
Other			
Major restructuring costs	**(10,131)**	**2,604**	**(7,527)**
Marked to market adjustments - derivatives	**4,027**	**(1,210)**	**2,817**
Put option liability re-measurement	**1,696**	**-**	**1,696**
True-up of US tax reform impact on foreign subsidiary profits	**-**	**(1,129)**	**(1,129)**
Total management adjustment items	**70,200**	**(708)**	**69,492**

Management Adjustment Items

Management adjustment items net of tax for the half-year ended 31 December 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 half-year ended 31 December 2018 was $18.6 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 accounting gain of $108.5 million was recognised on disposal of the Indian Karvy venture.
- Acquisition related expenses of $6.9 million were incurred mainly related to the acquisition of Equatex Group Holding AG (Equatex). This included a $6.1 million loss on derivatives used to fix the amount of borrowings needed to fund the acquisition.
- An expense of $0.3 million was recognised for re-measurement of contingent consideration payable to the sellers of RicePoint Administration Inc.
- Pursuant to the Australian controlled foreign company rules, a one-off tax expense of $9.1 million has been recognised as a result of the Equatex IP restructure.

Other

- Costs of $7.5 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.
- 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 $2.8 million.
- The Karvy put option liability re-measurement up to the date of disposal resulted in a gain of $1.7 million.
- A true-up of the US tax reform impact on foreign subsidiary profits resulted in a tax expense of $1.1 million.

For the half-year ended 31 December 2017 management adjustment items include the following:

	Gross	Tax effect	Net of tax
	$000	$000	$000
Amortisation			
Amortisation of intangible assets	(25,747)	7,660	(18,087)
Acquisitions and disposals			
Tax on pending disposal of Karvy	-	(5,527)	(5,527)
Acquisition accounting adjustments	(4,721)	-	(4,721)
Acquisition and disposal related expenses	(2,059)	49	(2,010)
Other			
Restatement of deferred tax balances due to US tax reform	-	42,403	42,403
Major restructuring costs	(8,811)	3,069	(5,742)
Voucher Services impairment	(3,544)	-	(3,544)
Marked to market adjustments - derivatives	1,974	(596)	1,378
Put option liability re-measurement	293	-	293
Total management adjustment items	(42,615)	47,058	4,443

3. SEGMENT INFORMATION

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, the 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 security 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.

OPERATING SEGMENTS

	Asia	Australia & New Zealand	Canada	Continental Europe	Technology & Other	UCIA	United States	Total
December 2018	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Total segment revenue and other income	72,122	119,623	91,452	41,782	128,201	257,027	542,975	1,253,182
Intersegment revenue	(1,594)	(330)	(1,334)	(476)	(118,151)	(7,763)	(1,903)	(131,551)
External revenue and other income	70,528	119,293	90,118	41,306	10,050	249,264	541,072	1,121,631
Revenue per business line:								
Register maintenance	31,507	48,290	25,781	13,513	1,060	39,413	176,964	336,528
Corporate actions	6,835	14,182	10,693	-	-	4,919	55,071	91,700
Business services	16,472	4,348	38,913	-	-	151,630	232,566	443,929
Stakeholder relationship management	2,714	508	-	1,735	-	3,409	27,148	35,514
Employee share plans	12,418	8,076	10,616	11,942	-	44,587	28,949	116,588
Communication services	-	43,772	3,606	13,429	-	2,943	19,412	83,162
Technology and other	582	117	509	687	8,990	2,363	962	14,210
	70,528	119,293	90,118	41,306	10,050	249,264	541,072	1,121,631
Management adjusted EBITDA	**25,657**	**22,427**	**43,737**	**4,019**	**13,190**	**55,786**	**166,931**	**331,747**

December 2017	Asia $000	Australia & New Zealand $000	Canada $000	Continental Europe $000	Technology & Other $000	UCIA $000	United States $000	Total $000
Total segment revenue and other income	78,742	131,581	85,779	39,975	137,955	227,576	557,428	1,259,036
Intersegment revenue	(2,500)	(457)	(1,335)	(72)	(128,695)	(980)	(1,566)	(135,605)
External revenue and other income	76,242	131,124	84,444	39,903	9,260	226,596	555,862	1,123,431
Revenue per business line:								
Register maintenance	31,756	52,194	26,055	11,856	-	38,214	167,865	327,940
Corporate actions	8,538	11,965	7,807	-	-	4,067	52,836	85,213
Business services	22,434	4,797	35,447	-	-	142,795	235,948	441,421
Stakeholder relationship management	2,430	301	-	1,719	-	3,286	49,786	57,522
Employee share plans	10,551	8,192	10,580	12,789	-	34,810	29,556	106,478
Communication services	-	53,543	4,091	12,661	-	2,665	18,424	91,384
Technology and other	533	132	464	878	9,260	759	1,447	13,473
	76,242	131,124	84,444	39,903	9,260	226,596	555,862	1,123,431
Management adjusted EBITDA	28,774	21,482	38,528	1,568	9,181	45,719	147,716	292,968

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:

	Half-year **2018** **$000**	2017 $000
Total operating segment revenue and other income	**1,253,182**	1,259,036
Intersegment eliminations	**(131,551)**	(135,605)
Corporate revenue and other income	**(635)**	(565)
Total revenue from continuing operations	**1,120,996**	1,122,866

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:

	Half-year	
	2018	2017
	$000	$000
Management adjusted EBITDA - operating segments	**331,747**	292,968
Management adjusted EBITDA - corporate	**(317)**	418
Management adjusted EBITDA	**331,430**	293,386
Management adjustment items (before related income tax expense):		
Amortisation of intangible assets	**(25,100)**	(25,747)
Gain on disposal of Karvy	**108,534**	-
Acquisition and disposal related expenses	**(8,549)**	(2,059)
Acquisition accounting adjustments	**(277)**	(4,721)
Major restructuring costs	**(10,131)**	(8,811)
Marked to market adjustments - derivatives	**4,027**	1,974
Put option liability re-measurement	**1,696**	293
Voucher Services impairment	**-**	(3,544)
Total management adjustment items (note 2)	**70,200**	(42,615)
Finance costs	**(32,456)**	(28,650)
Other amortisation and depreciation	**(40,141)**	(32,547)
Profit before income tax from continuing operations	**329,033**	189,574

4. INCOME TAX EXPENSE

	Half-year	
	2018	2017
	$000	$000
Profit before income tax expense	**329,033**	189,574
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%	**98,710**	56,872
Tax effect of permanent differences:		
Gain on disposal of Karvy	**(33,171)**	6,098
One-off tax expense on Equatex IP restructure	**9,125**	-
Variation in tax rates of foreign controlled entities	**(5,247)**	(1,132)
Prior year tax (over)/under provided	**(1,813)**	(1,176)
True up of US tax reform impact on foreign subsidiary profits	**1,129**	-
Restatement of deferred tax balances due to US tax reform	**-**	(42,403)
Net other deductible	**(2,203)**	(4,185)
Income tax expense	**66,530**	14,074

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 31 December 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 31 December 2018 excluding interest is estimated at $49.1 million.

5. DIVIDENDS

	2018	2017
	$000	$000
Ordinary shares		
Dividends provided for or paid during the half-year	**83,005**	80,642

Dividends not recognised at the end of the half-year

In addition to the above dividends, since the end of the half-year the directors have declared the payment of an interim dividend of AU 21 cents per fully paid ordinary share, franked to 30%. As the dividend was not declared until 13 February 2019, a provision has not been recognised as at 31 December 2018.

6. CASH FLOW INFORMATION

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

	Half-year	
	2018	2017
	$000	$000
Net profit after income tax	**262,503**	175,500
Adjustments for:		
Depreciation and amortisation	**65,240**	58,294
Gain on disposal of Karvy	**(108,534)**	-
Net (gain)/loss on asset disposals	**(799)**	-
Share of net (profit)/loss of associates and joint ventures accounted for using equity method	**1,037**	(775)
Employee benefits – share based expense	**10,521**	8,822
Impairment charge – Voucher Services	**-**	3,544
Fair value adjustments	**(3,810)**	(1,931)
Acquisition related expenses	**8,549**	-
Contingent consideration re-measurement	**277**	4,721
Changes in assets and liabilities:		
(Increase)/decrease in receivables	**(25,425)**	33,312
(Increase)/decrease in inventories	**(43)**	(393)
(Increase)/decrease in loan servicing advances	**(107,713)**	6,128
(Increase)/decrease in other current assets	**(8,284)**	(7,962)
Increase/(decrease) in payables and provisions	**(34,800)**	(37,461)
Increase/(decrease) in tax balances	**10,162**	(36,384)
Net cash and cash equivalents from operating activities	**68,881**	205,415

(b) Reconciliation of liabilities arising from financing activities

	Current borrowings	Non-current borrowings	Current lease liabilities	Non-current lease liabilities	Cross currency swap	Total
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Opening balance at 1 July 2018	**423,676**	**1,051,842**	**3,617**	**2,002**	**-**	**1,481,137**
Cash flows	(133,888)	619,504	(1,995)	(96)	-	483,525
Non-cash changes:						
Acquisitions of entities and businesses	16,993	-	-	-	-	16,993
Additions	-	-	1,002	4,800	-	5,802
Fair value adjustments	160	12,597	-	-	482	13,239
Transfers and other	(189,530)	185,472	315	(315)	-	(4,058)
Currency translation difference	76	(8,087)	(64)	(51)	(16)	(8,142)
Balance at 31 December 2018	**117,487**	**1,861,328**	**2,875**	**6,340**	**466**	**1,988,496**

7. BUSINESS COMBINATIONS

a) On 9 November 2018, the Group acquired 100% of Equatex Group Holding AG, a European employee share plan administration business headquartered in Zurich, Switzerland. Total consideration was EUR 370.2 million. The acquisition enhances Computershare's Employee Share Plans client base, product suite, capabilities and position in key European markets.

This business combination did not materially contribute to the total profit of the Group. If the acquisition had occurred on 1 July 2018, consolidated revenue for the half-year ended 31 December 2018 would have been $36.3 million higher.

Details of the acquisition are as follows:

	$000
Cash consideration	419,680
Total consideration paid	419,680
Less fair value of identifiable assets acquired	(57,048)
Provisional goodwill on consolidation*	**362,632**

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

The provisional goodwill is attributable to the expected future cash flows of the businesses associated with collective experience of management and staff and synergies expected to be achieved as a result of the full integration into the Group.

Assets and liabilities arising from this acquisition are as follows:

	Fair value $000
Client deposits[1]	49,642
Cash and cash equivalents	26,131
Software	32,243
Receivables	19,632
Other current assets	2,350
Property, plant and equipment	13
Client deposits liability[1]	(49,642)
Payables	(21,965)
Provisions	(845)
Deferred tax liabilities	(267)
Current tax liabilities	(188)
Financial liabilities at fair value through profit or loss	(56)
Net assets	**57,048**

Purchase consideration:

Inflow/(outflow) of cash to acquire the entity, net of cash acquired:	**$000**
Cash balance acquired	26,131
Less cash paid	(419,680)
Net inflow/(outflow) of cash	**(393,549)**

[1] Equatex AG is a registered broker dealer and custodian in Switzerland and it accepts client deposits in its own name as part of providing plan manager services. These deposits are recognised in other financial assets in the statement of financial position, with a corresponding offsetting liability recognised in payables.

b) On 31 December 2018, Computershare acquired 100% of LenderLive Financial Services, LLC. LenderLive is a fulfilment and secondary market service provider in the US mortgage industry, based in Denver, USA. This acquisition will further strengthen Computershare's growth in the US mortgage services market, adding scale to existing fulfilment and secondary market services.

This business combination did not materially contribute to the total revenue of the group.

Details of the acquisition were as follows:

	$000
Cash consideration	31,801
Total consideration paid	31,801
Less fair value of identifiable assets acquired	(21,838)
Provisional goodwill on consolidation*	**9,963**

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

Assets and liabilities arising from this acquisition are as follows:

	Fair value
	$000
Cash and cash equivalents	15,453
Bank deposits	293
Financial assets at fair value through profit or loss	14,163
Receivables	8,296
Property, plant and equipment	3,033
Other current assets	501
Intangibles	479
Interest bearing liabilities	(16,993)
Payables	(2,780)
Provisions	(317)
Other liabilities	(290)
Net assets	**21,838**

Purchase consideration:	
Inflow/(outflow) of cash to acquire the entity, net of cash acquired:	**$000**
Cash balance acquired	15,453
Less cash paid	(31,801)
Net inflow/(outflow) of cash	**(16,348)**

c) On 10 July 2018, Computershare acquired the business of Title XI Software Solutions. Title XI is a provider of software and technology solutions for chapter 11 and chapter 7 bankruptcy administration based in California, USA.

This business combination did not materially contribute to the total revenue of the group.

Details of the acquisition were as follows:

	$000
Cash consideration	4,046
Deferred consideration	2,454
Total consideration paid	6,500
Provisional goodwill on consolidation*	**6,500**

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

8. CONTRIBUTED EQUITY

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 starting on 30 August 2017. The on-market share buy-back ended on 29 August 2018.

There have been no share buy-backs or issue of ordinary shares during the half-year ended 31 December 2018.

Movement in contributed equity

	Number of shares	$000
Balance at 1 July 2018	542,955,868	-
Balance at 31 December 2018	**542,955,868**	**-**

9. FAIR VALUE MEASUREMENTS

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The measurement hierarchy used is as follows:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period for identical assets and liabilities. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. This includes inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Such instruments include derivative financial instruments and the portion of borrowings included in the fair value hedge.

Specific valuation techniques used to value financial instruments are as follows:

- Quoted market prices or dealer quotes are used for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- The fair value of cross currency swaps is a combination of the fair value of forward foreign exchange contracts determined using forward exchange rates at the balance sheet date (for the final principal exchange) and the use of quoted market prices or dealer quotes for similar instruments (for the basis valuation).
- The fair value of interest rate swaptions is calculated using the Black-Scholes formula and quoted market prices.

Level 3: Valuation methodology of the asset or liability uses inputs that are not based on observable market data (unobservable inputs). This is the case of investments in unconsolidated structured entities, which are included in financial assets at fair value through profit or loss and deferred consideration arising from business combinations.

The amount of contingent consideration recognised on business combinations is typically referenced to revenue or EBITDA targets. The Group estimates the fair value of the expected future payments based on the terms of each earn-out agreement and management's knowledge of the business taking into account the likely impact of the current economic environment. Contingent consideration amounts are re-measured every reporting period based on most recent projections. Gains or losses arising from changes in fair value are recognised in profit or loss in the period in which they arise.

The fair value of the investment in structured entities is determined by reference to the interest in net assets of these entities, which approximate their fair values. As profits are realised and dividends are paid to investors, the net assets of these entities decrease and so does the fair value of the Group's investment.

The following tables present the Group's financial assets and liabilities measured and recognised at fair value at 31 December 2018. The comparative figures are also presented below.

As at 31 December 2018	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets				
Financial assets at fair value through profit or loss	**23,722**	**19,743**	**37,361**	**80,826**
Total assets	**23,722**	**19,743**	**37,361**	**80,826**
Liabilities				
Borrowings	**-**	**802,221**	**-**	**802,221**
Financial liabilities at fair value through profit or loss	**-**	**4,252**	**-**	**4,252**
Deferred consideration	**-**	**-**	**41,540**	**41,540**
Total liabilities	**-**	**806,473**	**41,540**	**848,013**
As at 30 June 2018				
Assets				
Financial assets at fair value through profit or loss	-	6,054	-	6,054
Available-for-sale financial assets	5,518	-	25,409	30,927
Total assets	5,518	6,054	25,409	36,981
Liabilities				
Borrowings	-	419,464	-	419,464
Financial liabilities at fair value through profit or loss	-	5,421	-	5,421
Deferred consideration	-	-	55,542	55,542
Total liabilities	-	424,885	55,542	480,427

The following table presents the changes in level 3 items for the period ended 31 December 2018:

		Financial assets at fair value through profit or loss $000	Deferred consideration liability $000
Opening balance at 1 July		**-**	**(55,542)**
Change in accounting policy	14	25,409	-
Restated balance at the beginning of the financial year		**25,409**	**(55,542)**
Additions		14,138	(994)
Payments		-	14,161
Gains/ (losses) recognised in the profit or loss		(216)	(277)
Return of capital		(1,970)	-
Currency translation difference		-	1,112
Closing balance at 31 December		**37,361**	**(41,540)**

Net fair value of financial assets and liabilities
The carrying amounts of cash and cash equivalents, bank deposits, receivables, payables, non-interest bearing liabilities, finance leases and loans approximate their fair values for the Group except for the unhedged portion of USD Senior Notes of $270.0 million (30 June 2018: $325.0 million), where the fair value based on level 2 valuation techniques described above was $268.8 million as at 31 December 2018 (30 June 2018: $319.5 million).

Interest bearing liabilities
On 20 November 2018, Computershare US issued 24 notes in the United States with a total value of $550.0 million. These notes were for a tenor of seven and ten years. Fixed interest is paid on all the issued notes on a semi-annual basis. The Group uses interest rate derivatives to manage the fixed interest exposure.

On 10 May 2018, a bridge facility was executed for the Equatex acquisition of GBP 332.0 million (USD: $434.2 million) maturing on 20 April 2020. The bridge facility was drawn on 8 November 2018 to settle the Equatex acquisition, then fully repaid on 22 November 2018 upon which date the facility was terminated.

10. OTHER SIGNIFICANT INFORMATION

On 17 November 2018, Computershare completed the sale of its 50% interest in the Indian venture Karvy. A gain of $108.5 million has been recognised in other income in the consolidated statement of comprehensive income during the reporting period. Karvy's revenues and EBITDA contribution until the date of disposal are included in the Asia segment in note 3.

Details of the disposal are as follows:

	$000
Cash consideration	100,476
Less:	
Carrying amount of net assets disposed	(1,143)
Disposal of non-controlling interest	18,743
Reclassification of foreign currency translation reserve	(7,504)
Disposal costs	(2,038)
Gain on disposal before income tax	**108,534**
Income tax expense	(17)
Gain on disposal after tax	**108,517**

Carrying amount of net assets disposed:

Assets and liabilities	**$000**
Cash and cash equivalents	21,206
Receivables	20,103
Intangibles	19,256
Property, plant and equipment	8,641
Other assets	250
Put option liability	(54,338)
Payables	(9,857)
Current tax liabilities	(2,284)
Deferred tax liabilities	(1,077)
Provisions	(757)
Net assets	**1,143**

Disposal consideration:
Inflow/(outflow) of proceeds received from sale of subsidiary, net of cash disposed:

	$000
Cash consideration	100,476
Less cash disposed	(21,206)
Net inflow/(outflow) of cash	**79,270**

11. CONTINGENT LIABILITIES

Guarantees, indemnities and other contingent liabilities

Guarantees and indemnities of $1,060.0 million (30 June 2018: $745.0 million) have been given to US Institutional Accredited Investors by Computershare Limited, ACN 081 035 752 Pty Ltd, Computershare Finance Company Pty Ltd, Computershare US, Computershare Investments (UK) (No. 3) Ltd and Computershare Investor Services Inc under a Note and Guarantee Agreement dated 9 February 2012 and 20 November 2018.

There have been no other material changes to guarantees, indemnities and other contingent liabilities since the last reporting date.

Legal and regulatory matters

Due to the nature of operations, certain commercial claims in the normal course of business have been made against the consolidated entity in various countries. An inherent difficulty in predicting the outcome of such matters exists, but in the opinion of the Group, based on current knowledge and in consultation with legal counsel, we do not expect any liability material to the Group to eventuate. The status of all claims is monitored on an ongoing basis, together with the adequacy of any provisions recorded in the Group's financial statements. For the Australian thin capitalisation contingent liability refer to note 4.

12. COMMITMENTS

There have been no material changes to commitments since the last reporting date.

13. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

No matter or circumstance has arisen since the reporting date which is not otherwise reflected in this report that has significantly affected or may significantly affect the operations of the consolidated entity.

14. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of *AASB 9 Financial Instruments* and *AASB 15 Revenue from Contracts with Customers* on the Group's financial statements.

(a) AASB 9 Financial Instruments

AASB 9 replaced the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 *Financial Instruments* from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions of AASB 9, comparative figures have not been restated.

Accounting policy applied from 1 July 2018

Under AASB 9, the Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. This category includes cash and bank deposits, receivables, loan servicing advances and other financial assets which include client deposits.
- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Unrealised gains and losses for changes in fair value are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss. Currently, the Group has no financial instruments classified into this category.
- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. This category includes derivative financial instruments and debt securities that are not held in a business model to collect contractual cash flows and sell financial assets.

Equity instruments

The Group measures all equity instruments at fair value through profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income. Changes in fair value are recognised in profit or loss as applicable.

Investment in structured entities

The Group measures investments in structured entities at fair value through profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income. Changes in fair value are recognised in profit or loss as applicable.

Impairment

From 1 July 2018, the Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For loan servicing advances and other receivables, the Group applies the general approach, which requires recognition of a loss allowance based on either 12-month expected credit loss or lifetime expected credit loss depending on whether there has been a significant increase in credit risk since initial recognition. The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

Impact of adoption of AASB 9

Classification and measurement

On 1 July 2018, the Group assessed which business models apply to the financial assets held by the Group and classified its financial instruments into the appropriate AASB 9 categories. The available-for-sale equity securities, debt securities and investments in structured entities were reclassified from available-for-sale to financial assets at fair value through profit or loss as the contractual cash flows of these financial assets do not represent solely payments of principal and interest.

The adoption of AASB 9 resulted in a reclassification of the closing 30 June 2018 balance in available-for-sale financial assets of $30.9 million to the opening 1 July 2018 balance of financial assets at fair value through profit or loss. Related fair value gains of $0.3 million were also transferred from the available-for-sale asset reserve to retained earnings. In the six months to 31 December 2018, fair value losses of $0.2 million relating to these investments were recognised in the profit and loss.

Impairment of financial assets

Impairment under AASB 9 requires recognition of a loss allowance for expected credit losses rather than incurred credit losses as is the case under AASB 139. Expected credit losses are probability-weighted amounts determined by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

Application of the AASB 9 impairment provisioning methodology resulted in an increase of $6.1 million to the provision for doubtful debtors and contract assets booked through opening retained earnings on 1 July 2018.

Derivatives and hedging activities

The Group hedge relationships at 30 June 2018 qualified as hedges under AASB 9. The Group’s risk management strategies and hedge documentation are aligned with the requirements of AASB 9 and these relationships are therefore treated as continuing hedges.

(b) AASB 15 Revenue from Contracts with Customers

AASB 15 is the new standard for recognition of revenue and replaces AASB 118 which covered revenue arising from the sale of goods and the rendering of services and AASB 111 which covered construction contracts. The Group adopted AASB 15 from 1 July 2018 which resulted in minor changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in AASB 15, the Group adopted the modified retrospective method of implementation and comparative figures were not restated.

Accounting policy applied from 1 July 2018

The Group's policy for revenue recognition under AASB 15 is largely consistent with the policy applied previously with two minor changes:

i) Upfront fees

There are a number of customer contracts in the Group's registry, plan managers and business services business lines which include an upfront fee charged at the beginning of the contract for setup and implementation activities. The upfront fees were previously recognised when billed at the beginning of the contract. Under AASB 15, most of the upfront fees are classified as fulfilment activities and recognised straight line over the relevant contract term. Where the related implementation costs can be measured reliably, they are now deferred and amortised over the same period.

In the six months to 31 December 2018, changes in the recognition of upfront fees resulted in an increase in profit after tax of $0.8 million, comprising increase in revenue of $1.7 million, increase in cost of sales of $0.7 million and an increase in tax expense of $0.2 million.

ii) Shareholder meetings

Some of the Group's customer contracts in the registry business line include the shareholder meeting service in the general registry maintenance fee, which is recognised as revenue over time as the registry maintenance service is provided. For contracts where the shareholder meeting fee is not billed separately, the portion of the fee attributable to the shareholder meeting service was previously recognised progressively over the year. Under AASB 15, revenue related to shareholder meetings is recognised now at a point in time when the shareholder meeting service has been provided.

This change resulted in deferral of some of the registry revenue from the first half of the financial year to the second half of the year with a decrease in revenue for the six months ended 31 December 2018 of $2.2 million. This change does not affect full year's results and therefore no opening retained earnings adjustment was recorded.

(c) Combined impact of AASB 9 and AASB 15 on the opening balance sheet

The following table shows the adjustments recognised in the opening balance sheet on 1 July 2018 for each individual line item:

Balance sheet (extract)	**30 June 2018 $000**	**AASB 9 $000**	**AASB 15 $000**	**1 July 2018 Restated $000**
Current assets				
Receivables/contract assets	428,973	(6,063)	-	**422,910**
Available-for-sale financial assets	4,361	(4,361)	-	**-**
Financial assets at fair value through profit or loss	1,791	4,361	-	**6,152**
Other current assets	40,079	-	3,781	**43,860**
Non-current assets				
Available-for-sale financial assets	26,566	(26,566)	-	**-**
Financial assets at fair value through profit or loss	4,263	26,566	-	**30,829**
Deferred tax assets	145,654	1,950	2,169	**149,773**
Other non-current assets	-	-	9,611	**9,611**
Impact of changes on total assets		**(4,113)**	**15,561**	
Current liabilities				
Payables	442,270	-	4,276	**446,546**
Non-current liabilities				
Payables	2,842	-	5,749	**8,591**
Deferred tax liabilities	193,026	-	2,581	**195,607**
Impact of changes on total liabilities		**-**	**12,606**	
Impact of changes on net assets		**(4,113)**	**2,955**	
Reserves	(148,098)	(263)	-	**(148,361)**
Retained earnings	1,455,187	(3,850)	2,955	**1,454,292**
Impact of changes on total equity		**(4,113)**	**2,955**	

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 29 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

SD Jones

Chairman

SJ Irving

Director

Melbourne

13 February 2019

Statement to the Board of Directors of Computershare Limited

The Chief Executive Officer and Chief Financial Officer state that:

(a) the financial records of the consolidated entity for the half-year ended 31 December 2018 have been properly maintained in accordance with section 286 of the *Corporations Act 2001*; and

(b) the financial statements, and the notes to the financial statements, of the consolidated entity, for the half-year ended 31 December 2018:

 (i) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

 (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of their performance for the half-year ended on that date.

SJ Irving

Chief Executive Officer

MB Davis

Chief Financial Officer

13 February 2019

Independent auditor's review report to the members of Computershare Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Computershare Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of changes in equity, consolidated cash flow statement and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Computershare Limited Group (the Group). The Group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state that the consolidated financial statements comply with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Computershare Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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Conclusion
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:

1. is not in accordance with the *Corporations Act 2001* including:

   (a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;

   (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

2. does not comply with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board as disclosed in note 1.

PricewaterhouseCoopers

Anton Linschoten
Partner

Melbourne
13 February 2019

NTA Backing *(Appendix 4D item 3)*

	31 December 2018	31 December 2017
Net tangible asset backing per ordinary share	**(2.60)**	(2.29)

Controlled entities acquired or disposed of *(Appendix 4D item 4)*

Acquired	**Date control gained**
Equatex Group Holding AG	9 November 2018
Equatex Holding AG	9 November 2018
Equatex IP AG	9 November 2018
Equatex AG	9 November 2018
Equatex Norway AS	9 November 2018
Equatex Employee Services AS	9 November 2018
Equatex US Inc.	9 November 2018
Equatex UK Ltd	9 November 2018
Equatex Deutschland GmbH	9 November 2018
Equatex Poland Sp.Z.o.o.	9 November 2018
Equatex UK Nominee Ltd	9 November 2018
LenderLive Financial Services, LLC	31 December 2018
LenderLive Network, LLC	31 December 2018

Disposed	**Date control lost**
Karvy Computershare Private Limited	17 November 2018
Karvy Computershare W.L.L	17 November 2018
Karvy Computershare (Malaysia) Sdn Bhd	17 November 2018

Additional dividend information *(Appendix 4D item 5)*

Details of dividends declared or paid during or subsequent to the half-year ended 31 December 2018 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend (AUD)	Franked amount per security	Conduit foreign income amount per security
22 August 2018	17 September 2018	Final	AU 21 cents	113,998,579	AU 21.0 cents	AU 0.0 cents
20 February 2019	15 March 2019	Interim	AU 21 cents	114,020,732	AU 6.3 cents	AU 14.7 cents

Dividend reinvestment plans *(Appendix 4D item 6)*

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 interim dividend declared in respect of the current financial year on 13 February 2019. Applications or notices received after 5.00pm (Melbourne time) on 21 February 2019 will not be effective for payment of this interim dividend but will be effective for future dividend payments.

The DRP price for the interim 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 25 February 2019 to 8 March 2019 (inclusive). No discount will apply to the DRP price.

Associates and joint venture entities *(Appendix 4D item 7)*

Name	**Place of incorporation**	**Principal activity**	**Ownership interest**		**Consolidated carrying amount**	
			Dec 2018 %	June 2018 %	**Dec 2018 $000**	June 2018 $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**	45
Associates						
SETL Development Limited	United Kingdom	Business Services	**10.8**	10.8	**11,946**	13,490
Expandi Ltd	United Kingdom	Investor Services	**25**	25	**6,327**	6,354
Milestone Group Pty Ltd	Australia	Technology Services	**20**	20	**3,831**	3,918
CVEX Group, Inc	United States	Investor Services	**20**	20	**1,763**	1,940
The Reach Agency Holdings Pty Ltd	Australia	Investor Services	**46.5**	46.5	**1,056**	1,023
Mergit s.r.l.	Italy	Technology Services	**30**	30	**-**	-
					24,968	26,770

The share of net profit/(loss) of associates and joint ventures accounted for using the equity method for the half-year ended 31 December 2018 is a loss of $1.0 million (31 December 2017: $0.8 million profit).

Foreign Entities *(Appendix 4D item 8)*

For foreign entities, International Financial Reporting Standards are used in compiling the half-year consolidated report.

CORPORATE DIRECTORY

DIRECTORS
Simon David Jones
(Chairman)
Stuart James Irving
(President and
Chief Executive Officer)
Abigail Pip Cleland
Tiffany Lee Fuller
Lisa Mary Gay
Christopher John Morris
Paul Joseph Reynolds
Joseph Mark Velli

COMPANY SECRETARY
Dominic Matthew Horsley

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