Link Administration Holdings Limited (ACN 120 964 098)

LINK GROUP

Connecting people & technology

Annual Report 2016

Connecting people & technology

Link Group administers financial ownership data and drives user engagement, analysis and insight through technology. We deliver complete solutions for companies, large asset owners and trustees across the globe. Our commitment to market-leading client solutions is underpinned by our investment in people, processes and technology.

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Chairman's message

It gives me great pleasure to present Link Group's Annual Report for the financial year ended 30 June 2016, our first since listing.

Our Initial Public Offering (IPO) in October 2015 was the largest primary equity raising in Australia for 2015 and widely recognised as one of the most successful equity capital market transactions of the year.

We are proud to have delivered on all of the key targets we set for ourselves in the IPO Prospectus. The team at Link Group has delivered:

- Revenues of $776 million, up 32% on the prior year and 3% higher than Prospectus;
- Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of $191 million, up 29% on the prior year and 5% higher than Prospectus; and
- Net Profit after Tax and after adding back tax effected acquired amortisation (NPATA) of $103 million, 8% higher than Prospectus.

The Board was pleased to announce a dividend of 8.0 cents per share, 18.7% being franked. This represents 45% of NPATA and 7% above the guidance provided in the Prospectus. The Board has reiterated the announced dividend policy of paying between 40% and 60% of NPATA into the future.

All of our business lines performed strongly by providing our clients with excellent service and a full range of high quality products. The Superpartners integration continues on track.

Our proven and experienced management team led by John McMurtrie continues to drive the growth of the business and they remain strongly committed to Link Group's growth strategy.

Whilst we are all justifiably proud of the Company's achievements this year, none of this would be possible without the strong and loyal support of our valued clients and the commitment and hard work of the broader Link Group team.

I wish to especially note our appreciation for our major founding shareholders, Pacific Equity Partners (PEP) and Intermediate Capital Group (ICG) for funding, developing and guiding this outstanding organisation in the years prior to our IPO. The Board is most grateful to our retiring directors, Paul McCullagh (previous Chair) and Cameron Blanks, for their tremendous contribution to Link Group over many years.

The Board thanks you all and we look forward to delivering on our commitment to service and innovation for our clients, their members and investors.

Michael Carapiet

Chairman

Revenue

$776m

up 32% on the prior year

Business Overview

Link Group administers financial ownership data for over 2,500 clients globally, servicing an underlying stakeholder base of over 10 million superannuation account holders and over 25 million individual shareholders. Link Group has over 4,300 employees and operations in 11 countries.

The business is underpinned by investment in technology, people and processes. It includes an in-house technology capability that supports Link Group's service offering to deliver comprehensive solutions to its client base. Link Group's proprietary technology platforms provide a key source of competitive advantage developed with over $300 million of capitial investment over the last ten years.

Link Group's technology is complemented by a culture of innovation and value creation. As a key enabler for the business, it is supported by continuous investment in the development of our people, the environment in which they operate and their active association with clients, industry bodies and other stakeholders.

Our focus on technology, people and processes is proving instrumental in providing the framework to successfully integrate the Superpartners business. The Superpartners transaction was transformational for Link Group, with the integration expected to underpin material earnings growth over the next 4 years. Already 18 months into this program, the integration is tracking ahead of expectations, remains within budget and demonstrates the significant value that high quality technology, people and processes can deliver to all stakeholders.

Our corporate objectives balance our social and environmental goals with those of all our stakeholders including customers, investors, employees and the community. Governance, risk management and sustainability continue to be a core component of Link Group's strategy.

Divisional overview

Fund Administration

Link Group offers a broad suite of superannuation administration services that connect superannuation funds with their members. Link Group is the largest provider of services in Australia's superannuation fund administration industry, which services the fourth largest pension pool in the world based on funds under management (FuM).

Corporate Markets

Link Group provides a comprehensive suite of services that connect issuers with their stakeholders. These services are provided to companies globally and include: shareholder management and analytics, stakeholder engagement, share registry, employee share plans and company secretarial services. Link Group holds a leading market position in all its key markets.

Information, Digital & Data Services (IDDS)

Link Group's dedicated division supporting and servicing internal and external clients through the provision of value-added services including:

- development and maintenance of proprietary IT systems and platforms;
- data analytics; and
- digital communications and solutions.

Servicing over
10million
superannuation account holders

Over
4,300
employees

Operating in
11
countries

Answering
4.6 million
calls per annum

Completing over
20 million
transactions per annum

Over **2,500** clients globally, servicing an underlying stakeholder base

Electronically processing over
6 million
employer contributions per annum

Servicing over
25 million
individual shareholders

Processing over
$70 billion
in payments per annum

History of Link Group

2005

- Established Link Market Services New Zealand as a joint venture with New Zealand Stock Exchange (100% owned from July 2015)

2006

- Established South African presence purchasing Ultra Share registrars, renamed Link Market Services
- Purchased Australian Administration Services (AAS), one of Australia's leading superannuation administration specialists
- Purchased Money Solutions, a financial advice specialist purchased alongside AAS, renamed Link Advice
- Acquired Orient Capital, an investor relations market leader

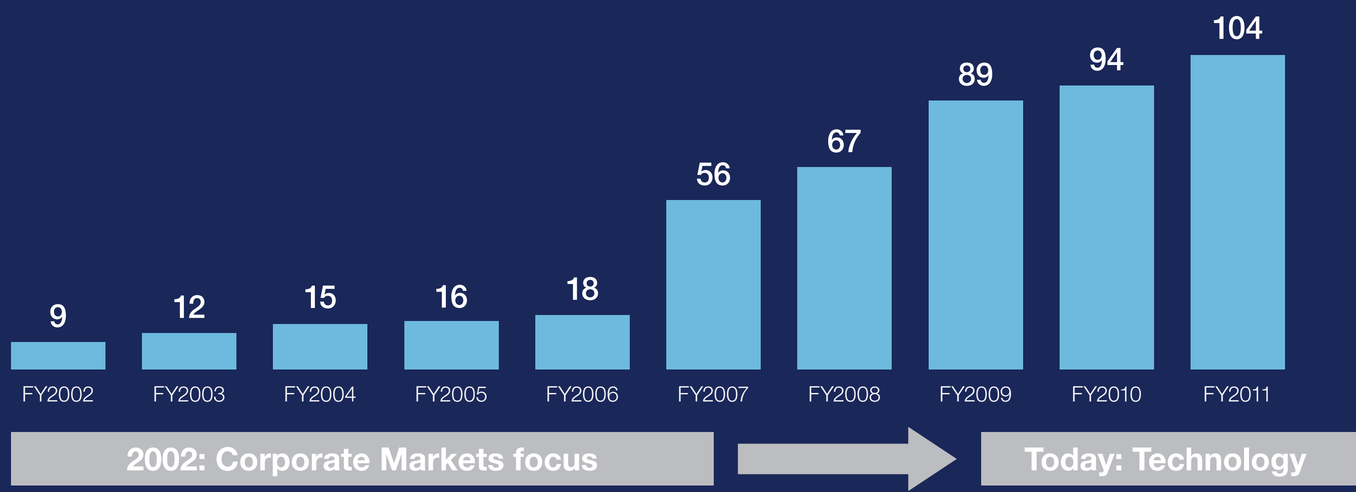
2008

- Entered Indian market with acquisition of the number two registry provider, Intime Spectrum Registry Limited, renamed Link Intime
- Purchased CMR Direct, an Australian print and mail house, renamed Link Digicom

2009

- Link Market Services, Equiniti Group and Tricor Group establish the Global Share Alliance to offer registry services across diverse global markets
- Established superannuation administration services partnership arrangement with Towers Watson

A decade showing uninterrupted Operating EBITDA growth



2011

- Purchased Empirics, a leading provider of data analytics solutions to the Australian superannuation industry
- Acquired FuturePlus Financial Services Pty Limited, a superannuation fund administrator, and established superannuation administration service arrangements with key clients

2013

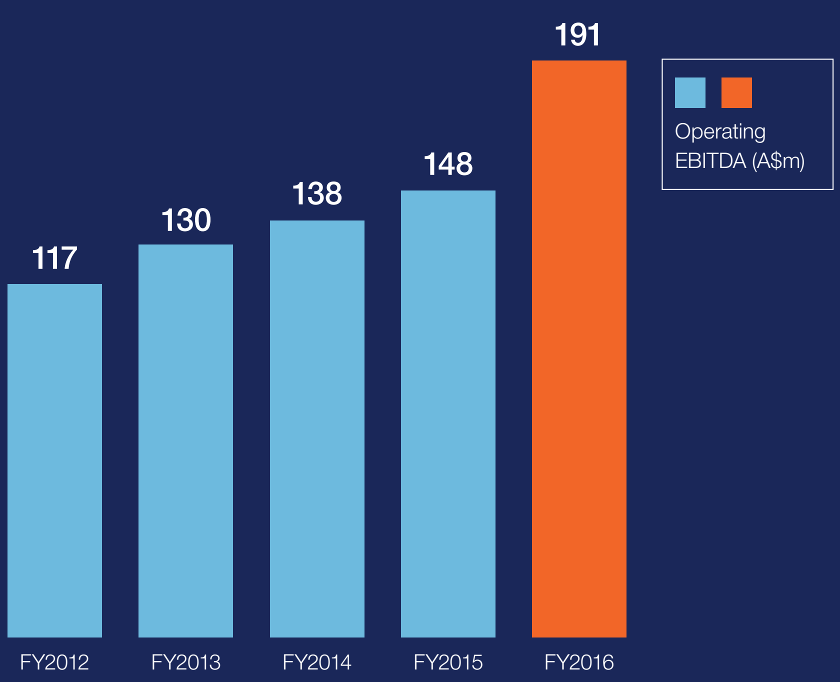
- Acquired software provider Synchronised Software (Syncsoft)
- Formed alliance with Russell Investments to deliver superannuation administration services
- Invested in Property Exchange Australia (PEXA), a digital property documentation solutions provider
- Acquired German-based registrar services GmbH from Deutsche Bank

2014

- Acquired UK-based King Worldwide Investor Relations
- Acquired D.F. King & Co's European operations from American Stock Transfer & Trust
- Successfully won the tender to be the outsourced administration services provider for the Western Australian Government Employees Superannuation Board (GESB)
- Successfully tendered to provide outsourced superannuation fund administration services to clients of Superpartners, a leading superannuation service provider. Included acquiring 100% of the shares in Superpartners at the same time

2015

- Partnered with J.P. Morgan to deliver unit registry services in A&NZ
- Acquired the Fund administration business of Aon in New Zealand
- Acquired HCE Haubrok, a specialist provider of AGM services in Germany
- Link Group listed on Australian Stock Exchange on 27 October 2015



- enabled outsourced services provider

Over 35 business combinations in the last 10 years

Over 85 superannuation fund migrations since 2008

Operational and Financial Highlights

Strong financial performance
Exceeding Prospectus earnings forecast for FY2016

Superpartners integration
Progressing ahead of Prospectus expectations

Continuing to deliver on a defined growth strategy
Investment in new products, geographic expansion & synergistic opportunities

Key financial highlights

Link Group exceeds FY2016 Prospectus earnings forecasts

Revenue

$776 million

3% above the FY2016 Prospectus Forecast

EBITDA

$191 million

5% above the FY2016 Prospectus Forecast

Recurring revenue of

$699 million

1% above the FY2016 Prospectus Forecast

Statutory NPAT of

$42 million

54% above the FY2016 Prospectus Forecast

Pro Forma NPATA before significant items

$103 million

8% above the FY2016 Prospectus Forecast

Net debt of

$262 million

representing 1.37 times FY2016 Pro Forma Operating EBITDA

Net operating Pro Forma Cashflow Conversion

102%

5% above the FY2016 Prospectus Forecast

Dividend declared of

8.0 cents per share*

7% above FY2016 Prospectus Forecast

* Franked to 18.7% per share

Pro Forma Operating EBITDA Margin

25%

1% above the FY2016 Prospectus Forecast

Managing Director's report

This is the first annual report of Link Group since listing on the ASX on October 27, 2015.

Link Group is a market leading global administrator of financial ownership data. Our origins are as an Australian Share Registry business within an accounting firm with a history going back 50 years. Link Group became a joint venture between ASX and Perpetual Ltd in 2000. In 2005, the Group was acquired by funds owned/managed by Pacific Equity Partners (PEP). This provided the Group with access to capital and has allowed us to grow both organically and by acquisition.

In 2006, Link Group entered the superannuation administration market by acquiring Australian Administration Services (AAS). We also acquired the share ownership analytics provider Orient Capital in 2006 enabling us to provide additional services to listed clients.

Technology is extremely important to Link Group, assisting us to provide competitive services to all of our clients. As a part of this, we are committed to spending between 3-5% of our annual revenues on capital expenditure. We have already rolled out some exciting innovations and have many others on the drawing board.

We now operate 3 Divisions:

- Fund Administration – servicing superannuation funds in Australia and New Zealand;
- Corporate Markets – predominantly servicing listed companies in 11 countries; and
- IDDS – providing core IT services to Link Group plus a series of value-added services for our clients including analytics and digital applications.

We operate in 11 countries with over 4,300 employees.

Financial Position and Key Achievements in FY2016

Since 2002, Link Group has maintained an uninterrupted record of EBITDA growth year-on-year. Our balance sheet is strong, with net debt to EBITDA of 1.37 times giving us the resources (together with strong cash flows) to deploy significant capital when suitable business opportunities arise.

We have been able to build a business with a very high proportion of recurring revenue – in excess of 90% of our gross revenue comes from renewable contracts of three years or longer. This allows us to take a medium to long term view particularly around technology.

All key measures of financial performance improved over the year and exceeded the Prospectus forecasts, as follows:

- Revenues of $776 million, up 32% on the prior year and 3% higher than Prospectus;
- Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of $191 million, up 29% on the prior year and 5% higher than Prospectus; and
- Net Profit after Tax and after adding back tax effected acquired amortisation (NPATA) of $103 million, 8% higher than Prospectus.

Pro forma NPATA before significant items

$103m

8% above the FY2016 Prospectus forecast

Superpartners integration:

We have now completed the migration and integration of seven of the eight Superpartners funds and we are already starting to see benefits from the integration. We are well on track to complete the migration of the final fund, AustralianSuper, by December 2016, six months ahead of the original timetable as outlined in the Prospectus.

Acquisitions:

Over the last 10 years, we have completed over 35 business combinations and we would regard our ability to purchase and integrate value accretive businesses as a core competence of the Link Group.

Acquisitions during FY2016 included:

- HCE Haubrok AG, a provider of 'Day of AGM' services and highly complementary to our existing corporate markets activities in Germany; and
- Aon fund administration business in New Zealand – our first expansion offshore for the Fund Administration division.

We are now extremely well-positioned in both New Zealand and Germany and we welcome the staff and management of both businesses to the Link Group and look forward to working together supporting and expanding further growth initiatives.

Many business combination opportunities continue to emerge to deliver client, product or regional expansion. We do however remain committed to our highly disciplined approach as we explore those opportunities that add genuine value to the Link Group.

People and culture

Link Group relies on people who all believe that they can make a difference. Whilst technology is important to us, it is the capacity to innovate and to deliver as an entire organisation to our clients that is key.

Our culture is an important contributor to this. Based on our five core values of respect, professionalism, teamwork, commitment and integrity, the Group's inclusive and enabling culture allows people to contribute their ideas and energy, knowing there is a framework of supportive management and appropriate risk controls to help them do their job in competitive and tightly regulated markets.

Link Group has over 4,300 extremely capable and skilful employees. Their ability to solve problems, deliver for clients, devise new ways of thinking and administer enormous volumes of data are highly valued by me and the rest of the executive team.

We seek to align our remuneration incentives with shareholder value creation and return. We are equally committed to gender equity and a discrimination free workplace.

We are very grateful for the efforts of all our employees, and I thank every one of them for their contribution during the year.

Well positioned for future growth

There are 5 drivers of future growth for Link Group:

- further penetrate our existing markets by winning new clients and increasing revenue from existing clients;
- create product and service innovations and use our technology expertise to strengthen our competitive advantage;
- pursue expansion through alliances and acquisitions in our existing markets;
- realise the synergies expected from integration of the Superpartners business; and
- pursue opportunities in attractive markets adjacent to those in which we now operate.

As a global company with a strong balance sheet, high-value IT systems and a continued focus on technology, we are well positioned to deliver on our growth plan. I have been very pleased with the Superpartners integration to date and also equally pleased with the ability of the business to remain focused during this transformational year for Link Group. There will always be challenges, but our people, our investment and our fiscal strength has created good momentum for the years ahead.

I look forward to reporting back to you on our progress.

John McMurtrie

Managing Director

Superpartners transition

The Superpartners transaction was transformational for Link Group, with an immediate and significant uplift in revenue from 1 January 2015, providing a substantial synergy opportunity as the integration is executed. The integration of Superpartners underpins the medium term earnings growth of Link Group.

Prior to the transaction, Link Group already had a long history of migrating clients and integrating business, completing over 80 fund migrations and successfully integrating over 35 business combinations. Our internal technical expertise is complemented by open communication and a strong sense of respect for all stakeholders. Risk is managed through a mature risk framework.

At the beginning of this year, the group had only just started down the path to integrate the Superpartners business. Through the dedication and teamwork of our people, our clients and other business partners, we are very proud of the results achieved thus far.

The Superpartners integration is tracking ahead of original expectations and remains within budget. This achievement is substantial and is a strong reflection of the cultural success achieved thus far in harmonising the business, its employees, clients and other stakeholders.

The financial benefits of the integration for Link Group are beginning to take shape through a noticeable improvement in the Operating EBITDA margin. Integration efforts implemented this year will undoubtedly reflect further rises in earnings as the full year benefit is obtained in the following financial years. Assuming no further and similar acquisitions or business combinations, Operating EBITDA margins are expected to progressively trend back to levels similar to that achieved in pro forma FY2014 (see chart on page 13).

All client migrations are expected to be completed by 31 December 2016. This will represent a significant milestone, de-risking the integration program substantially. The final migration will usher in the next significant phase in the integration, being the retirement of legacy systems and post migration operational efficiencies.

Key milestones

Head office

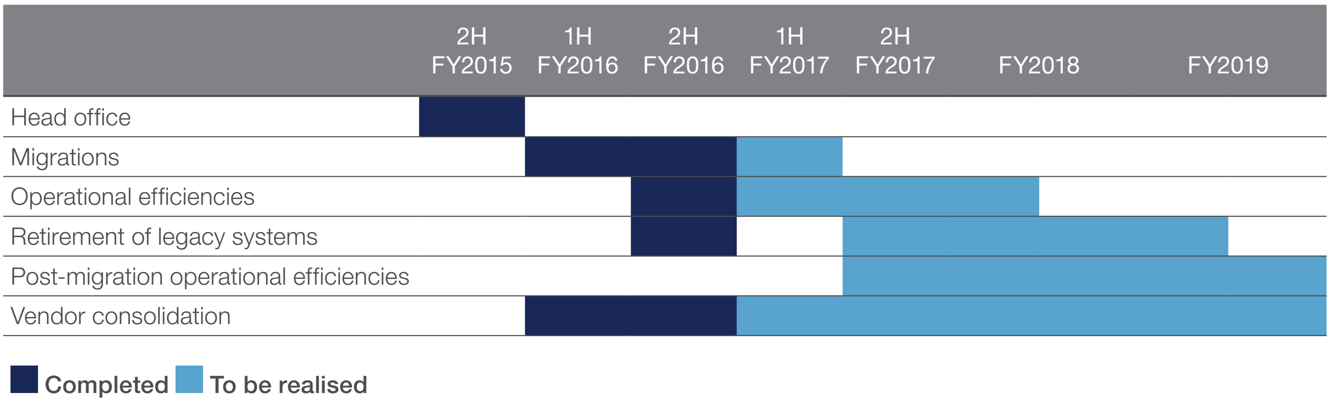
- Rationalisation of head office complete

Migrations

- MTAA Super, HESTA, AustSafe Super, Hostplus, Cbus, Ausfund and IRIS migrations complete
- On track for all migration to be completed prior to 31 December 2016

Consolidation & operational efficiency

- Migrated to a single managed services platform
- Sydney based Superpartners staff relocated to Link Group premises
- Completed the fitout of a new Melbourne site to consolidate 3 existing Melbourne premises. Staff relocation commenced end of August 2016



The retirement of legacy systems involves the archiving of historic data not already migrated, followed by the retirement of the applications resulting in significant reduction of corresponding licence fees, data storage and labour support costs. Post migration operational efficiencies are expected to deliver material synergies through the rationalisation of business process functions coupled with the benefits of increased operating leverage and economies of scale.

Whilst the economies of scale are apparent in the day-to-day operations, scale also brings an enhanced ability to attach greater product enhancement to the core platform and support of client initiatives. Clients will benefit from the additional leverage within our scaled infrastructure and our ability to drive enhanced functionality for the benefit of trustees, employers and members.

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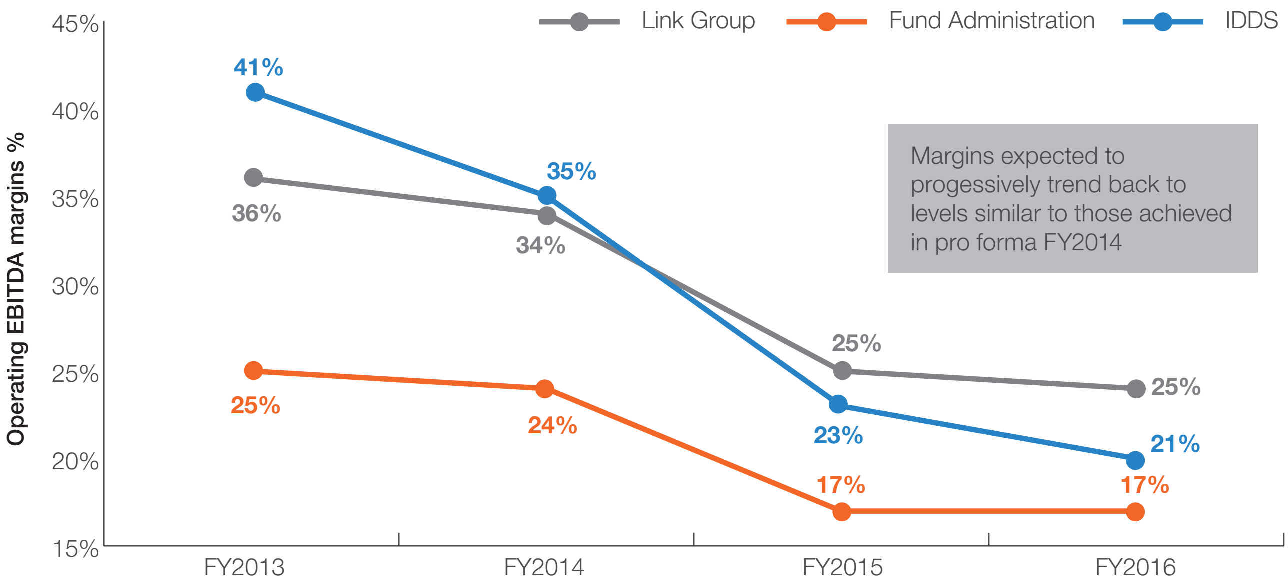
Fund Administration and IDDS Operating EBITDA margin



People & Culture

Link Group strives to be highly professional, collaborative and innovative, where the growth of our business and our people is paramount.

We have over 4,300 employees spread across our operations in Australia, New Zealand, Hong Kong, Manila, Papua New Guinea, India, Dubai, South Africa, UK, Germany and France.

Central to everything we do at Link Group are our core values of respect, professionalism, teamwork, commitment and integrity.

Investing in our people

A critical factor in our success is our commitment to our people. Our processes to attract, retain and develop their knowledge, skills and customer dedication are vital to Link Group's success.

In the past year alone, approximately 73,533 training events occurred, equating to 139,344 training hours invested in learning and development. Additionally one in ten people experienced development through promotion, transfer, secondment or acting in higher duty roles. Many of these involved transfers between teams or business units, further enhancing teamwork and cross functional collaboration within Link Group.

Since 2010, Link Group has invested heavily in our Customer First training, a tailored in-house program that focuses on empowering employees to learn from their own experiences and expectations to deliver great service. The program is continually enhanced as customer needs evolve and with the introduction of new technology as well as changes to legislation. With over 3,000 employees attending the training to date, the program encourages everyone at Link Group to work together, to put their customer first and to contribute to their own success. It also extends to supporting employees attaining recognised qualifications in Financial Services (Superannuation), Insurance & Retirement Income Streams.

The program and qualifications support Link Group employees to have the confidence and skills to interact with our customers professionally by understanding industry terminology, the regulatory environment, legislation and product types more thoroughly.

Working environment

In May 2015, we announced our intent to relocate all of our Melbourne based operations into a single new building at Collins Square. The relocation, which is due to complete by December 2016, will bring together employees from our three Melbourne offices, aiming to mirror the success of our Sydney technology and service hub at Rhodes. Link Group is proud to offer our employees the opportunity to work in a new, state-of-the-art complex which will include LinkLabs – our space for collaboration, ideation and technology innovation. The custom designed floors and open working environment will better connect our people with technology and with each other.

An inclusive and diverse workforce

Link Group actively encourages an inclusive and diverse workforce with a mix of gender, race, age, nationality and sexual orientation. We believe in a culture of hiring and promotion that is founded on merit-based criteria such as experience, ability and the contribution a person can make to Link Group.

Gender diversity

In line with the Australian Workplace Gender Equality Act 2012, Link Group has produced and lodged its annual compliance report with the Australian Workplace Gender Equality Agency (WGEA). The report measures our progress against current gender equality standards.

Link Group's current gender balance in Australia for both managers and non-managers is 55% females and 45% males. Link Group senior leaders are comprised of 27% women, followed by 51% in managerial roles, and 56% in non-managerial roles. At board level, currently three out of six Board members are women.

A copy of Link Group's public WGEA report can be found at https://www.wgea.gov.au/report/public-reports.

139,344

training hours invested in learning and development

Our community

Link Group supports a number of charity initiatives through a combination of direct cash donations, a charitable giving program for employees (matched by Link Group for specific events) and paid leave for employees to volunteer at a charity of their choice. Link Group strongly encourages employee participation in charitable giving as it allows our people to support initiatives that resonate with them and make a difference to the community. In FY2016, Link Group and its employees contributed over $300,000 to charitable organisations, specific charities and initiatives. Those supported include:

- Mother's Day Classic – Link Group was National Gold Sponsor of the annual fun walk/run organised by Women in Super. Link Group was the second highest fundraiser nationwide with $23,684 raised;
- Melbourne Classic Cycling Challenge "Around the Bay" – over $14,910 raised for the Smith Family;
- Daystar Foundation;
- Ardoch Youth Foundation;
- Ronald McDonald House;
- Australia's Biggest Morning Tea; and
- Salvation Army BBQs and Christmas Appeal.

Innovation

Link Group's innovation culture is the product of a long-term investment in support of value creation. Within Link Group, 'innovation' means staying at the forefront of the industry by harnessing technologies that deliver enhanced value – for clients, employees and shareholders.

Innovation and value creation can be expressed in a host of different ways, from efficiency initiatives in the process chain to new products and services designed to increase client retention and loyalty.

Our innovation activities span from continuous investments in our core platforms, to bringing to market new value-added products or services, through to process improvements, with the ultimate aim being either the generation of revenue, reductions in operating costs, continued client loyalty or effective risk management.

One of the key initiatives we are focused on is the replacement of manual processes with technology innovations to provide greater security and accuracy in our processes, be it the capture of data, the execution of a particular process or action on behalf of a fund, member, institution or shareholder.

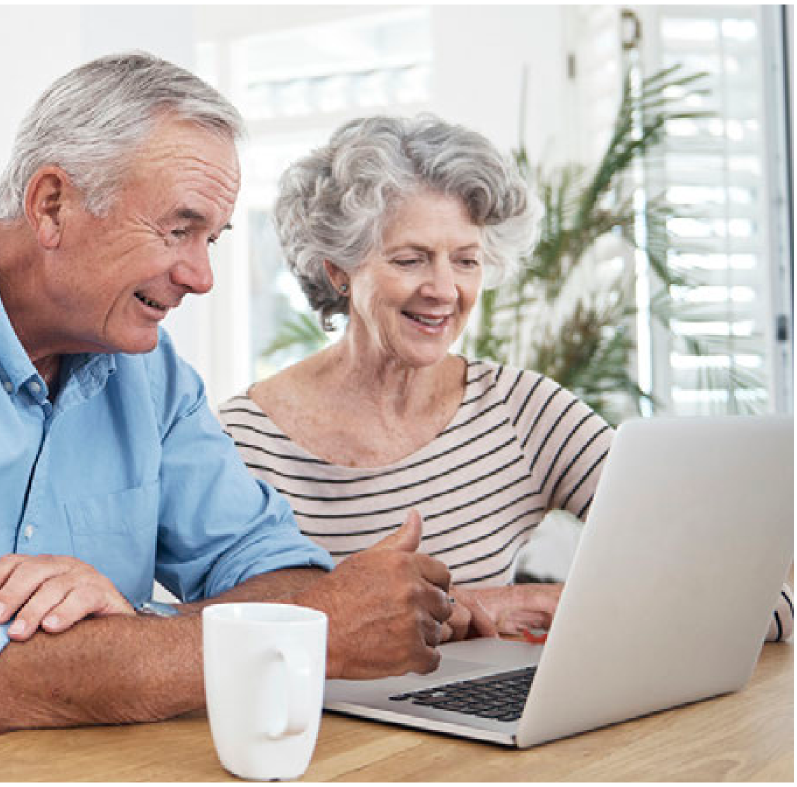
As a key enabler for Link Group, our focus on innovation is paramount. However we also pay equal importance to the role that technology plays in our organisation's strategic vision and the practical realisation of that in our day-to-day operations. The importance of this aspect of our business cannot be understated and is embedded throughout the organisation.

Demonstrating a commitment from the top down, Link Group's strategy and objectives as set by the Board are structured to encourage innovation.

Further cementing the importance of this, the Board has established a dedicated Technology and Innovation sub-committee. This committee is focused on:

- providing a forum to discuss, review and demonstrate key technology changes and trends in the market and their potential application within the business;
- ensuring Link Group's technology strategy is aligned to its overall strategy and objectives; and
- monitoring and reviewing management's strategies and innovation framework for developing or implementing new technologies and systems.

Link Group devotes more than $100m per annum to technology (opex + capex)



Technology is at the core of our ability to develop a full suite of leading-edge products and services designed to support our clients in their mission to achieve friction-free, paperless acquisition and on-boarding solutions, as well as increasing retention and engagement of their own clients.

Technology is at the core of our ability to develop a full suite of leading-edge products and services designed to support our clients in their mission to achieve friction-free, paperless acquisition and on-boarding solutions, as well as increasing retention and engagement of their own clients.

As Link Group has grown over the years, we have always focused on expansion plans and technology partners that further develop the core skill sets within Link Group in order to offer a full breadth of products and services including digital, mobile and data solutions. This allows us to cross develop turn-key solutions across multiple areas of the business, demonstrating our ability to step out into ancillary industries and adapt existing know-how to create innovative solutions.

Ultimately we see innovation as underpinned by the deep collective understanding and commitment of our staff and their creativity – seeking out best-practice technology and out-of-the-box problem solving. Our people are encouraged to constantly seek out new ways, better processes, and are supported by an extensive training program to deepen their knowledge and understanding.

We also connect with industry bodies, with many of our executives, senior staff and subject matter experts leading the discussions on topical industry issues relating to technology.

Additionally, we have developed deep, long-term relationships with our clients and regularly host forums designed to encourage collective collaboration. These forums not only provide rich insights into how Link Group can deliver further value into the future, but continue to promote the strong relationships with our clients.

Link Group is a market leading administrator of financial ownership data. Our innovation culture combined with our scale, infrastructure and investment in technology are key enablers for Link Group. This business has demonstrated the significant benefit that a culture focused on creating value can deliver. As it has in the past, these factors continue to represent a rich source of opportunity for the business moving forward.

Corporate responsibility & sustainability

Link Group seeks to identify, understand and manage the risks arising from globalisation, technology, changing business environments and also capture the opportunities they create.

We have widened the scope of our sustainability reporting, which this year includes five territories – Australia, New Zealand, UK, Germany and Hong Kong. We continue to deepen our understanding of our material risks and engage further with our stakeholders. We have also started work on bringing our supply chain into the process.

Focusing on the sustainability risks we face will help Link Group evolve, grow and respond to the changing business world and identify areas where we can make a real difference. This is a summary report and omits some disclosures which are included in the full Sustainabilty Report on our website.

The full report is available on our website at www.linkgroup.com/about-us.html, go to 'Sustainability.'

Our People

With employees fundamental to our business success, we have, over many years, built an outstanding team of highly experienced and motivated people, delivering the best possible service to our clients, as well as their members, investors and employers. We provide training and development and a great working environment so our employees can achieve the highest levels of performance, progress their own careers, feel engaged, build their teams' expertise and feel satisfied and rewarded at work. In the five territories, we employ 3,880 full-time equivalent (FTE) employees, working out of 20 offices and generating around 97.5% of Link Group revenue.

We work hard to attract and keep talented people by:

- promoting diversity and equality of opportunity;
- providing a great work environment and employee benefits; and
- maintaining excellent employee relations.

Promoting diversity and equal opportunity

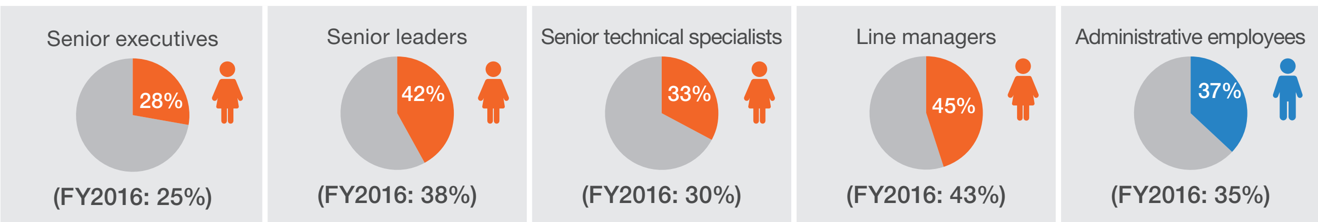
We promote diversity of gender, race, nationality, religion and sexual orientation, with strict policies to ensure that people in all offices are hired and promoted solely on merit, and to address discrimination at any level. We make every effort to fill roles internally before hiring externally.

Gender breakdown by employee type: A gender breakdown helps us to identify and address any imbalance in male/female participation. At the date of this report, Link Group's Board is represented by three female Directors and three male Directors. Link Group is committed to increasing female participation at all levels of management, in line with the targets set below and the Board's Human Resources and Remuneration Committee Charter.

Equal pay: Link Group is committed to pay equity and believes +5 to -5% is a tolerable pay gap range, due to fluctuations that can occur in running a business. In Australia, we achieved +2 to -5% pay gap in 2016. Our overseas entities do not conform easily to the Australian pay gap model due to the size and scale of their operations.

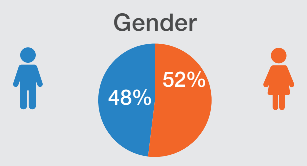
Targets for FY2019 (Australia only)

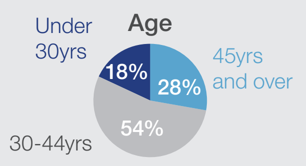
Targets for male and female participation rates:



Workforce overview

Of the total 3,880 FTE employees in the five territories:





Breakdown of (FTE) employees by position type and gender:

- Employee type: permanent **89%**; three categories (fixed term, casual, parental leave) **8%**; temporary and contractor (not directly employed by Link Group) **3%**
- Link Group contract type by gender: women made up **54%** of permanent employees; **48%** of fixed term employees; **44%** of casuals; **75%** of temporary employees and **24%** of contractors
- Senior roles: women hold **25%** of senior executive and **38%** of senior leader positions

Providing a great work environment and benefits

We strongly encourage our people to develop new skills, improve work practices and build their careers, by providing the following:

Training and development: Link Group provides training suited to individual needs and requirements, from induction and compliance training for new starters to management training for senior managers.

Training and development performance in FY2016

- Formal training per employee: **24.6 hours** (estimated)

Parental leave – participation and return to work: We encourage employees – male and female – to take parental leave and do everything we can to facilitate their return to work afterwards, whilst striking the right balance between the needs of both the employee and the business.

Parental leave performance in FY2016[1]

- Employees eligible for parental leave: **3,538**
- Took parental leave: **239 female**, **11 male**
- Returned to work afterwards: **208 female**, **8 male**
- Rate of return to work: **87% females, 73% male**

Our Environment

Link largely produces intangible products and services, requiring limited use of natural resources, so environmental risks are less significant than for materials-based companies:

- we operate from leased city centre offices, owned and managed by institutional landlords;
- most work is technology-based, with little use of physical resources; and
- our major known environmental impacts are office energy emissions, transport emissions, mainly from air travel, and consumption of paper.

Nevertheless, we take our environmental responsibilities seriously and, whilst this is only our second year of reporting, we are reviewing other potential environmental risks to determine what else may be material to our business and what we can do to improve our environmental performance and reporting.

Energy use: The key type of energy we consume in our offices is grid electricity. We have not separated out energy used for heating and cooling. During the second half of 2016 we will consolidate our three Melbourne offices into Collins Square, our new Melbourne headquarters, which has a 5-star NABERS energy rating. As existing leases come to an end we intend to take more space in recognisably-sustainable buildings. For example, our New Zealand subsidiary, Link Market Services, recently moved into Deloitte House in Auckland, New Zealand's first 5-star Green Star design rated high-rise tower.

Office emissions, five territories, FY2016

Energy used and emissions from energy consumed in our facilities across the five territories are shown below:

Energy consumed	Emissions
6,275,866 kW-h	**6,360 tonnes of CO_2e**

Air travel: Our major impact from air travel is emissions from employee flights on commercial airlines. Other air travel impacts, such as energy use, waste, spills and noise, are low impact and outside our control. We have not to date purchased emissions offsets on flights taken.

Air travel in FY2016

- Total distance flown: **9.138 million km**
- Emissions released: **2,579 tonnes of CO_2e**

1. In the five territories only

Corporate responsibility & sustainability (continued)

Total emissions: The key types of energy we consumed in our offices were electricity and some gas (a minimal amount). We do not sell any energy.

Total emissions
In FY2016, our total emissions from office energy use and air travel out of the five territories were **8,939 tonnes** of CO_2 equivalent (CO_2e). See Glossary in full Sustainability Report for definition

Paper, cardboard, plastics: We use paper for mailings (statements, letters, offer documents, reports etc) to fund members and investors, plus envelopes and a little plastic. We encourage investors and fund members to move to electronic communications (email and the internet). We will continue to drive down paper consumption, use more recycled and carbon neutral paper for mailings, reduce paper use in our offices, increase our own paper recycling and continue to review progress to see what more we can do.

Total paper, cardboard and plastics used in five territories during FY2016

- Paper consumed (external and internal), including envelopes: **563.7 tonnes**
- Paper and cardboard recycled by Link Group: **129.3 tonnes** (items received in our mailrooms from investors and fund members, scanned then sent for recycling)
- Cardboard consumed: **1.2 tonnes**

We used three types of plastic (all from non-renewable sources):

- Polymer film: **1.5 tonnes**
- Biaxially-oriented polypropylene (BOPP): **0.4 tonnes**
- Rigid PVC: **8.4 tonnes**

Other materials: In future years we plan to report on:

- our disposal of end-of-life IT hardware; and
- non-paper personal waste (recycled waste, organic waste and landfill) generated in our offices.

Our Community

In Australia, Link Group contributes to a range of activities to support our people, environment and community, with a focus on health, education, disadvantage (both physical and economic), the environment and cultural inclusiveness. Executives champion initiatives and employees are also encouraged to introduce programs that are in alignment with current focus areas. In addition, we assist with disaster relief and as a company encourage engagement and participation in programs through a number activities:

- workplace giving: through payroll and as part of the One Million Donors initiative;
- volunteering: employees, are entitled to one day of leave per year to attend a Link Group organised charitable activity or to support a charity of the employee's choice;
- employee fundraising;
- corporate donations: cash donations, sponsorship, in-kind donations or branded merchandise; and
- a number of other activities that do not fall into any of the above categories.

Total contributions during FY2016

- Initiatives directly involving employees: **$51,823**
- Employee hours spent on charitable work: **487.5 hrs**
- Direct Link Group donations: **$306,125**

A full list of beneficiaries and further explanations are provided on page 9 of the full Sustainability Report.

Our Governance

Link Group has put in place a strong governance and management framework. Many of the risks faced by Link Group have the potential to expose us to significant reputational and financial damage if not managed appropriately. There is also a legal and regulatory framework, incorporating the ASX Listing Rules and ASX Corporate Governance Council's Principles and Recommendations, which require us to address these risks and report progress. Finally there is an ever-increasing expectation by society that we will strive for the highest standards of corporate governance.

A Corporate Governance Statement has been prepared to report against the 3rd edition of the ASX Corporate Governance Council's Principles and Recommendations and the practices detailed in the Corporate Governance statement are current as at 29 September 2016. The Corporate Governance Statement has been approved by the Board and is available on the Link Group website at (http://www.linkgroup.com/about-us.html#corporategovernance).

Governance bodies

The Board of Directors oversees the management of Link Group and is responsible for its overall governance, including establishing and monitoring key performance goals. The Board monitors the operational and financial position, and performance, and oversees the development and execution of the business strategy. This includes approving strategic goals and monitoring and approving the annual business plan and budget. The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return and sustaining the growth and success of Link Group, for the benefit of all stakeholders.

The Board seeks to ensure that Link Group is properly managed and that Directors, officers and employees operate in an appropriate corporate governance environment. The Board has adopted a framework for managing Link Group which includes internal controls, risk management processes and corporate governance policies designed to promote Link Group's responsible management and conduct. Separate Board Committees for Human Resources and Remuneration; Risk and Audit; Nomination; and Technology and Innovation provide the Board with detailed oversight of key business risks.

To promote the long term future of Link Group, the Board has established an over-arching sustainability framework:

- a Board-approved Sustainability Statement is available on the website;
- a 'Framework for a Sustainable Business' is currently in preparation, to formalise in one document the policies and management structures and processes put in place to manage the greatest risks to our long term success. This document is expected to be made publicly available during FY2017; and
- the annual Sustainability Report identifies key sustainability issues and details how we have performed on each.

Risk management

Effective risk management is crucial for a data management service provider like Link Group. Our risk management approach comprises a range of comprehensive policies, backed up by a detailed management framework. The policies and framework are regularly reviewed to ensure relevance and currency.

As a services business, we believe that the risk of our products being detrimental to people or the environment is very low. In addition to our controls, we take out adequate insurance for any residual risk.

Core risks: Of the many risks we monitor, assess and manage, a number are regarded as core risks. How these are managed is explained in more detail in the Corporate Governance Statement and the Operational and Financial Report section of the Annual report, both of which are available on our website. The core risks are:

- reliance on effective performance of core and third party IT infrastructure;
- risk to security and integrity of sensitive information;
- concentrated client base and contract renewal;
- political and regulatory environment;
- ability to attract and retain key personnel;
- integration of acquired businesses and execution of new acquisitions; and
- increased competition.

Business Continuity and Disaster Recovery: Due to the nature of our business, Link Group is heavily dependent on systems and processes, and we work hard to provide uninterrupted service to clients and end users under even the most challenging of circumstances. To protect us, and our clients, fund members and investors from major disruption, we have detailed Business Continuity and Disaster Recovery Plans. Both are reviewed and tested at least annually.

Our Business Continuity Management approach defines, in detail, critical systems, activities, processes, people and timetables, as well as alternative work locations and contacts. Although the impact of an incident depends on the systems or infrastructure affected, we expect that under almost all likely scenarios we are able to resume operations from alternative locations within contractually required and agreed timeframes.

Privacy and security: Member and investor security is critical and we make stringent efforts to preserve it, with strict policies and procedures, limited access, full compliance training and testing of all employees, and potential disciplinary action for policy breaches. Privacy policies are equally strict. All staff receive regular training on their obligations under the Privacy Act 1988 (Cth) and Corporations Law, with processes to promote compliance.

Privacy-related complaints during FY2016

- Complaints substantiated (Australia): **33**
- Complaints (other four territories): **nil**

Information management security: During FY2015 Link Group gained ISO 27001 accreditation for its information security management systems. The global standard for information security, this recognises our best practice approach to managing and protecting sensitive information, including records held and administered on behalf of over 10 million superannuation account holders and more than 25 million shareholders.

Policies and procedures: In addition to robust and efficient processes and systems, we have strict rules and policies to ensure that all employees, at every level of the organisation, do the right thing by our clients and their investors or members, as well as other employees, regulators, suppliers and everyone else they work with.

Potential employees are subject to police check and screening appropriate to their role. All new and existing employees must understand and comply with a range of policies and procedures and undertake regular training appropriate to their role, using automated online training modules. New employees do the training when they start. No one is exempt.

Ethics: For the five territories covered by this year's report, ethical issues such as bribery, corruption and fraud are perceived to be of limited risk to Link Group. We continue to apply risk management frameworks to prevent or mitigate any such risk.

Non-compliance and corruption during FY2016

- No Link Group entity faced/suffered criminal or civil sanctions for non-compliance
- We are not aware of any significant corruption risk in any of the five countries
- There were no confirmed incidents of corruption of any sort

Annual Financial Report

Link Administration Holdings Limited and its controlled entities

30 June 2016

Contents

1. Directors' Report

Directors and Company Secretary

The Directors present their report together with the consolidated financial statements of Link Group, being Link Administration Holdings Limited ("the Company") and its Controlled Entities, for the year ended 30 June 2016 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Director	Experience and background
 **Michael Carapiet** Independent Chairman and Non-Executive Director *Appointed 26 June 2015*	– Michael Carapiet was appointed as a Director and Chairman of the Company in 2015. – Mr Carapiet is Chairperson of Insurance & Care NSW and was previously Chair of SAS Trustee Corporation, the trustee entity for NSW State Super. – Mr Carapiet is the Chairman of Smartgroup Corporation Limited and Adexum Capital Limited and was previously a Director of Southern Cross Media Limited. – Mr Carapiet currently serves on or has previously served on the following Commonwealth Government boards: Infrastructure Australia (current), Clean Energy Finance Corporation (former) and Export Finance Insurance Corporation (former). – Mr Carapiet has over 30 years of experience in banking and financial services. – Mr Carapiet holds a Master of Business Administration from Macquarie University, Sydney.
 **John McMurtrie** Executive Director and Managing Director *Appointed 16 February 2007*	– John McMurtrie joined Link Group in 2002 as Managing Director. – Previous senior appointments include Executive General Manager of ASX's Investors and Companies division and Chief Executive Officer of UBS Australia. – Mr McMurtrie has more than 35 years of experience in the financial services industry. – Mr McMurtrie holds a Master of Economics and Bachelor of Economics (Hons) from the University of Adelaide.
 **Cameron Blanks** Non-Executive Director and Nominee Director of the PEP Shareholders[1] *Appointed 17 August 2006*	– Cameron Blanks was appointed as a Director of the Company in 2006 as a nominee of the PEP Shareholders. – Mr Blanks is a Managing Director at PEP, having joined the firm in 2002. – Mr Blanks has previously held roles at Bain & Company and in the mining and construction industry in both Australia and North America. – Mr Blanks received a Master of Business Administration from Massachusetts Institute of Technology's Sloan School, as well as a Masters of Engineering and Bachelor of Engineering from the University of South Australia.
 **Glen Boreham, AM** Independent Non-Executive Director *Appointed 23 September 2015*	– Glen Boreham was appointed a Non-Executive Director of the Company in 2015. – Mr Boreham is a Director of Cochlear Limited and Southern Cross Media Group. He is also the Chairman of Advance, an organisation that connects and supports Australian business and the global Australian community, and the Chairman of the Industry Advisory Board for the University of Technology, Sydney. – Mr Boreham was previously the Managing Director of IBM Australia and New Zealand, Chair of Screen Australia, Deputy Chairman of the Australian Information Industry Association, Director of the Australian Chamber Orchestra, and a Director of Data#3 Limited. – Mr Boreham was awarded a Member of the Order of Australia in January 2012 for services to business and the arts. – Mr Boreham holds a Bachelor of Economics from The University of Sydney.

1. Defined in Appendix 1 to the Operating and Financial Review, which forms part of the Directors' report.

1. Directors' Report (continued)

Directors and Company Secretary (continued)

Director	Experience and background
 **Paul McCullagh** Non-Executive Director and Nominee Director of the PEP Shareholders[2] *Appointed 28 July 2006*	– Paul McCullagh was appointed as a Director of the Company in 2006 as a nominee of the PEP Shareholders. – Mr McCullagh is a founder of PEP and member of the firm's Operating Committee. – Previous roles include Managing Director of Salomon Brothers Australia and Head of Australasia at Prudential Securities. – Mr McCullagh has 35 years of corporate finance experience in the United States, Asia and Australasia. – Mr McCullagh is a Fellow of the Institute of Chartered Accountants in Ireland and a member of the Institute of Chartered Accountants in Australia. – Mr McCullagh holds a Bachelor of Commerce and Master of Business Studies from the University College, Dublin.
 **Sally Pitkin** Independent Non-Executive Director *Appointed 23 September 2015*	– Sally Pitkin was appointed a Non-Executive Director of the Company in 2015. – Dr Pitkin has 20 years' experience as a Director and board member across a wide range of industries in both private and public sectors, including in technology, retail, advanced manufacturing, professional services, regulated services and commercialisation of intellectual property. – Non-Executive Director of ASX listed Star Entertainment Group Limited, Super Retail Group Limited and IPH Limited. – Non-Executive Director of the Australian Institute of Company Directors, President of the Queensland Division and Fellow of the Institute, and a member of the External Advisory Board of the Australian Securities & Investments Commission. – Dr Pitkin holds a PhD in Governance from The University of Queensland, and a Master and Bachelor of Laws from the Queensland University of Technology. – Formerly a senior corporate partner at Clayton Utz. – Previously a Non-Executive Director of Aristocrat Leisure Limited and Billabong International Limited.
 **Fiona Trafford-Walker** Independent Non-Executive Director *Appointed 23 September 2015*	– Fiona Trafford-Walker was appointed a Non-Executive Director of the Company in 2015. – Ms Trafford-Walker is the Director of Consulting and Chair of the Investment Committee at Frontier Advisors. – Ms Trafford-Walker was the inaugural Managing Director at Frontier Advisors and played a critical role in growing the firm. – Ms Trafford-Walker has 23 years of experience in advising institutional investors on investment and governance-related issues. – Ms Trafford-Walker holds a Master of Finance from RMIT University and a Bachelor of Economics (Honours) from James Cook University, and was awarded a University Medal on completion of her degree.
 **Anne McDonald** Independent Non-Executive Director *Appointed 15 July 2016*	– Anne McDonald was appointed as a Non-Executive Director of the Company in July 2016. – Previously Ms McDonald was a partner of Ernst & Young for 15 years and has over 35 years of business experience in finance, accounting, auditing risk management and governance. – Ms McDonald is a Non-Executive Director of Spark Infrastructure Group and Speciality Fashion Group and is the Chair of Water New South Wales. – Ms McDonald is a Chartered Accountant, a graduate of the Australian Institute of Company Directors and holds a Bachelor of Economics from the University of Sydney. – Ms McDonald was previously a Director of GPT.

2. Defined in Appendix 1 to the Operating and Financial Review, which forms part of the Directors' report.

1. Directors' Report (continued)

Directors and Company Secretary (continued)

The Directors that resigned during the financial year were:

R Shelswell
Non-Executive Director

- 19 years of financial services and technology industry experience, BSc, BSc(Hons), MBA, GAICD.
- Appointed 12 December 2013.
- Resigned 23 September 2015.

J M Tasker
Non-Executive Director

- 30 years experience in the financial services industry, MA(Cantab).
- Appointed 12 December 2013.
- Resigned 23 September 2015.

J Haines
Non-Executive Director

- 15 years of experience in management consulting and principal investing, BA, HBA.
- Appointed 12 December 2013.
- Resigned 23 September 2015.

Company Secretary

John Hawkins (Link Group Chief Financial Officer) was appointed as the Company Secretary on 23 September 2015.

Paul McCullagh resigned as the Company Secretary on 23 September 2015.

Directors' Meetings

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

	Board meetings		Risk and Audit committee		Human Resources and Remuneration committee		Nomination committee		Technology and Innovation committee	
	H	A	H	A	H	A	H	A	H	A
M Carapiet	19	17	4	4	3	3	1	1	1	1
J McMurtrie	19	19	-	-	-	-	1	1	-	-
C Blanks	19	17	-	-	-	-	1	1	-	-
G Boreham	12	12	-	-	3	3	1	1	1	1
P McCullagh	19	17	4	3	-	-	1	-	-	-
S Pitkin	12	11	4	4	3	3	1	1	-	-
F Trafford-Walker	12	11	4	4	-	-	1	1	1	1
A McDonald	-	-	-	-	-	-	-	-	-	-
R Shelswell	7	6	-	-	-	-	-	-	-	-
J Tasker	7	7	-	-	-	-	-	-	-	-
J Haines	7	-	-	-	-	-	-	-	-	-

H: number of meetings held during the period in which the Director was eligible to attend.
A: number of meetings attended by the Director.

Senior executives

The Senior executives of the Company at any time during or since the end of the financial year are:

Executive	Experience and background
 **John McMurtrie** Executive Director and Managing Director	See Directors section for more detail.
 **John Hawkins** Chief Financial Officer	– John Hawkins joined Link Group as Chief Financial Officer in 2001. – Mr Hawkins has extensive commercial, accounting and finance experience from various roles with Optus, Perpetual and KPMG (Australia and the United Kingdom). – Mr Hawkins has over 30 years professional experience, with over 15 years in financial services. – Mr Hawkins is a member of the Institute of Chartered Accountants in Australia. – Mr Hawkins holds a Bachelor of Science (Computer Science) and a Bachelor of Commerce from The University of Queensland.
 **Suzanne Holden** Chief Executive Officer, Fund Administration	– Suzanne Holden joined Link Group in 2010 and has held her present role since 1 January 2015. – Prior to joining Link Group, Ms Holden gained extensive experience managing large operational and customer service teams, most recently as the General Manager of Airport Operations for Qantas, where she was responsible for all operation, compliance and service performance across Australia. – Ms Holden has 25 years of management experience. – Ms Holden holds a joint Honours degree in Mathematics and Drama from Surrey University and is a graduate of the Australian Institute of Company Directors. – Ms Holden is also a Director of the Association of Superannuation Funds of Australia.
 **David Geddes** Chief Executive Officer, Corporate Markets	– David Geddes was appointed Chief Executive Officer of Corporate Markets in 2014. – Mr Geddes joined Link Group in 2006 when Orient Capital was acquired by Link Group from ASX Limited. – Mr Geddes has more than 30 years financial market experience and a deep understanding of the corporate markets industry, having founded Orient Capital in the 1980s. – Mr Geddes holds a Bachelor of Science (Hons) in Geography and Geology from the University of Bristol.
 **Paul Gardiner** Chief Executive Officer, Information, Digital and Data Services (IDDS)	– Paul Gardiner was appointed the Chief Executive Officer of IDDS in 2015. – Mr Gardiner joined Link Group in 2006 when Orient Capital, which he joined in 2001, was acquired by Link Group from ASX Limited. – Mr Gardiner has over 15 years of experience in operations, data analytics and digital technology. – Mr Gardiner holds a Bachelor of Commerce and a Higher Diploma in Marketing Practice from the National University of Ireland, Galway. – Mr Gardiner holds a Masters of Business Studies (Management Information Systems) from University College, Dublin.

Principal Activities - Operating and Financial Review

Principal Activities

The principal activity of Link Group during the course of the financial year was that of a technology-enabled provider of outsourced administration services for superannuation fund administration, corporate markets and related value added services including data management analytics, digital communication and stake-holder education and advice.

There were no significant changes in the nature of the activities of Link Group during the year.

Dividends

Dividends declared or paid by the Company during or since the end of the financial year were $28,783,786, which equates to 8.0 cents per share, franked to 18.7% (2015: $nil).

Review of Operations

The net profit of Link Group for the financial year was $42.5 million (2015: $3.3 million). The net profit was impacted by $22.0 million of costs relating to the Initial Public Offering (IPO).

Total Operating EBITDA, which excludes certain significant items for the financial year ended 30 June 2016 was $190.6 million (2015: $150.5 million). A reconciliation of Operating EBITDA to the net profit of Link Group is included in Note 3 to the financial statements and further explanation of the results is included in the Operating and Financial Review section within this report.

Operating and Financial Review

Introduction

The Directors are pleased to present the first Operating and Financial Review ("OFR") for Link Group since it listed on the ASX in October 2015.

This OFR is designed to assist shareholders' understanding of Link Group's business performance and the factors underlying its results and financial position. It complements the financial disclosures in the Annual Financial Report. All financial amounts contained in this OFR are expressed in Australian dollars and rounded to the nearest $0.1 million unless otherwise stated. Some numerical figures included have been subject to rounding adjustments. Any discrepancies between totals and sums of components in figures or tables contained in this OFR are due to rounding.

Consistent with the Prospectus, the OFR uses certain measures to manage and report on the Link Group business that are not recognised under Australian Accounting Standards or IFRS, collectively referred to as "non-IFRS financial measures". These non-IFRS financial measures, summarised in Appendix 1 to this OFR, have the same definitions and are prepared on the same basis as set out in the Prospectus.

The OFR covers the period from 1 July 2015 to 30 June 2016 ("FY2016"), including the comparative prior year and FY2016 forecast as set out in the Link Group IPO Prospectus dated 30 September 2015. A full reconciliation of the adjustments made to the statutory results is disclosed in more detail in section 2.2 below.

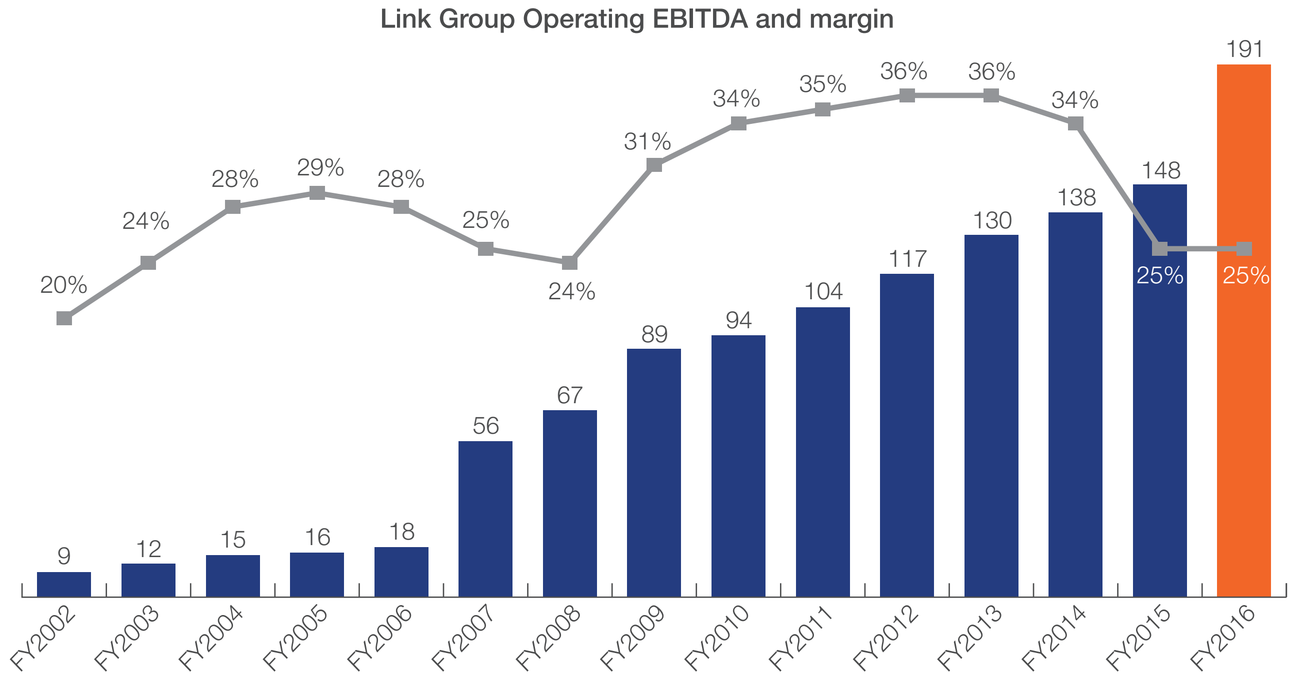
Given the change in Link Group's capital structure post-IPO and the extent of Significant items and Pro forma adjustments in the statutory results, the Directors believe it assists the readers' understanding of performance to compare year on year results on a pro forma basis[1] before Significant items. Therefore unless otherwise stated, all of the analysis below is presented on a pro forma basis before Significant items, with a reconciliation back to statutory results in section 2.2 below.

1. Pro forma results referred to throughout this OFR exclude the Offer transaction costs in FY2016 and in FY2015 exclude the settlement of legal claims, an employee liability adjustment and includes incremental public company costs. Refer to section 2.7 for more details.

1. Growth Strategy

Link Group has had a long history of strong and consistent growth in both revenue and Operating EBITDA across multiple economic cycles. As illustrated in table 1 below, Link Group has achieved uninterrupted Operating EBITDA growth since FY2002, with a Compound Annual Growth Rate ("CAGR") of 25% between FY2002 and FY2016. Additionally, Link Group has shown strong revenue growth with a CAGR of 23% between FY2002 and FY2016.

Table 1: Link Group Operating EBITDA and Operating EBITDA margins (FY2002-2016)



1.1.1 Overview of growth strategy

Link Group's growth strategy is focused on five major drivers:

- further penetration of attractive markets;
- product and service innovation;
- client, product and regional expansions;
- executing the Superpartners opportunity; and
- identifying adjacent market opportunities.

1.1.2 Further penetration of attractive markets

Link Group aims to leverage its operational capability and diverse product suite to win new clients and cross-sell more products in its key markets. While Link Group already has an established market position in all of its key markets, there remains substantial opportunity to grow the current client base over time.

Fund Administration

In Fund Administration, Link Group is able to increase its market penetration by not only winning new clients, but also by its clients increasing their underlying membership and increasing value-added services. Key drivers of Link Group's market penetration include:

- Winning of new clients: Link Group's proprietary technology, quality of service offering and operating scale provide a competitive advantage relative to other service providers;
- Underlying member growth of Link Group's clients; and
- Annual indexation-linked price increases and volume protection clauses around member losses.

Corporate Markets

In Corporate Markets, Link Group currently services over 2,000 clients globally. Management believes that Link Group's comprehensive, integrated offering can help to increase market share, both from winning new clients and increasing penetration of its diverse product and service offering throughout its existing client base. Link Group's ability to cross-sell the products and services in its Corporate Markets offering is expected to be a key driver of further market penetration in the geographies in which it operates.

IDDS

In IDDS, Link Group management believes that Link Group is well positioned to grow from the trend towards valued-added services such as data analytics and demand for new innovative digital products across both the Fund Administration and Corporate Markets client base.

1.1.3 Product and service innovation

Revenues from Link Group's existing clients increase with the number and complexity of the services that Link Group provides. In Fund Administration, increasing competition between superannuation funds to attract and engage with members is driving functionality enrichment. In Corporate Markets, the convenience and simplicity of a fully integrated product suite is driving the appeal with clients. IDDS is focused on providing these value added products and services for the Link Group.

Link Group, primarily through IDDS, has invested over $39 million in capital expenditure on its technology platforms in FY2016, adding to the $300 million invested over the previous 10 years. This reinvestment is a core feature of our business model as it continues to enrich the client engagement and client partnerships. Link Group devotes more than $100 million per annum on technology including IT operating costs and capital expenditure.

1.1.4 Client, product and regional expansions

A core competency of Link Group is the successful execution of business combinations which have delivered client, product and regional expansions. Link Group's proprietary platforms position it well for extracting synergies and expanding the revenue and earnings growth from its business combinations through cross-selling and product expansion, as illustrated by the completion of over 35 business combinations in the last 10 years.

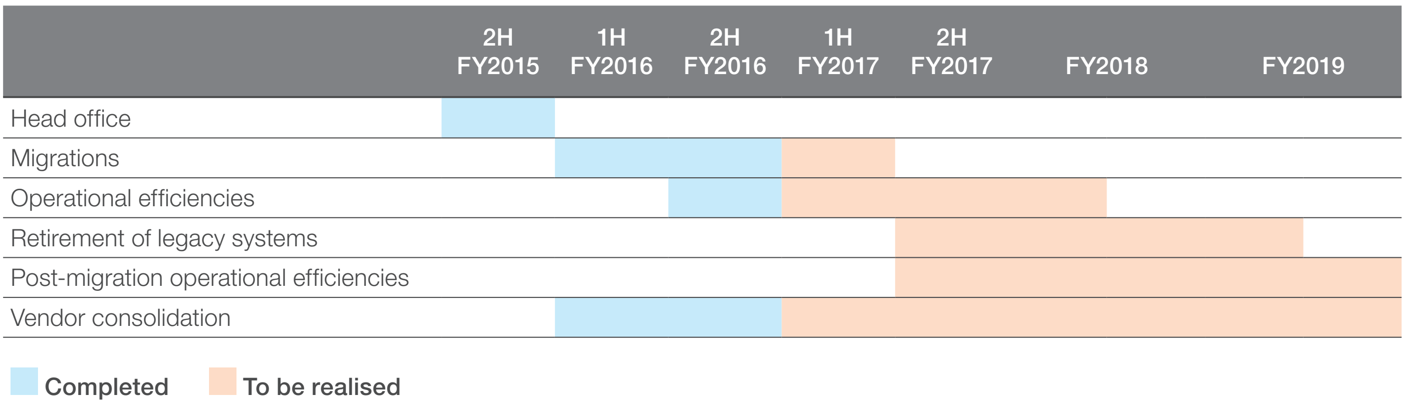
Link Group intends to maintain its highly disciplined and focused business combination strategy to enhance its product and service offerings, expand its international operations and add new clients. The use of Link Group's technology platforms has been central to Link Group's success in reducing operating costs in the businesses that it acquires.

1.1.5 Superpartners opportunity

Near term growth in Fund Administration is underpinned by the Superpartners business combination. The successful tender for the Superpartners clients not only strengthens Link Group's leading position in the attractive superannuation fund administration industry but is also expected to deliver material synergies through the rationalisation of functions, increased operating leverage and economies of scale. Table 2 below illustrates the intended timing of the integration process.

Link Group has a long history of migrating clients successfully onto its proprietary fund administration platform with over 80 fund migrations completed since 2008 when this platform was commissioned. During the last financial year, Link Group has successfully migrated 4 of the 5 major Superpartners clients to its proprietary technology platform, with the remaining major client due to be migrated by the end of December 2016.

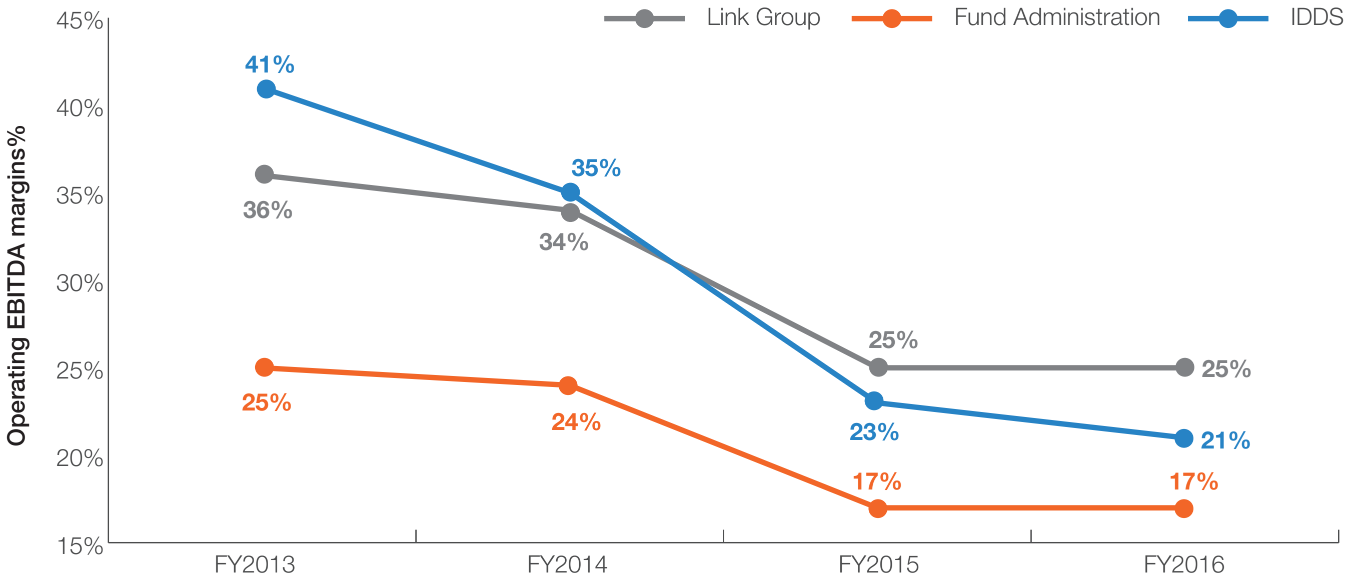
Table 2: Anticipated timing of the realisation of synergies from Superpartners



The graph below in table 3 shows the Operating EBITDA margins for Link Group, Fund Administration and IDDS highlighting the margin compression impact in both FY2015 and FY2016 from the acquisition of Superpartners (noting that FY2016 was the first full year impact given the acquisition occurred in December 2014).

Synergies are expected to be realised in both Fund Administration and IDDS. Link Group management estimates that the full benefits of the synergies will enable Operating EBITDA margins to progressively trend back to FY2014 levels.

Table 3: Link Group, Fund Administration and IDDS Operating EBITDA margins



1.1.6 Adjacent market opportunities

Link Group has a history of identifying and executing opportunities in adjacent markets that match its core competencies. Characteristics of adjacent market opportunities that Link Group targets includes strong market position in an industry with attractive fundamentals and compatibility with Link Group's core competencies in data management, technology leadership and process design. Over the last financial year, Link Group has continued to actively identify a range of corporate and other actionable targets. In addition, Link Group participated in the recent PEXA capital raising which resulted in an additional investment of $8.0 million and a small increase in the shareholding %.

2. Robust Financial Results and platform for further growth

Link Group has delivered robust financial results for the financial year ended 30 June 2016, with revenue, Operating EBITDA and NPATA for FY2016 all exceeding Prospectus forecasts. These results are underpinned by revenue and Operating EBITDA growth across all segments, demonstrating the good momentum that extends from scalable operations in attractive markets.

Complementing the strong earnings performance was a strong financial position with low leverage and high levels of cash flow. In keeping with stated objectives, **Link Group continued to reinvest in the business and technology and remains well positioned for future growth.**

Operating and Financial Review (continued)

Table 4 and Table 5 below contain an overview of Link Group's financial results.

Table 4: Statutory financial results

	STATUTORY RESULTS Year ended 30 June				
IN $M	FY2016	FY2016 Prospectus Forecast	FY2015	vs. Prospectus Forecast (%)	vs. FY2015 (%)
Revenue	**775.9**	750.0	588.3	3%	32%
Profit before tax	**59.9**	37.8	4.0	58%	1,397%
Statutory NPAT	**42.5**	**27.5**	**3.3**	54%	1,187%

Table 5: Pro forma financial results

	PRO-FORMA RESULTS Year ended 30 June				
IN $M	FY2016	FY2016 Prospectus Forecast	FY2015	vs. Prospectus Forecast (%)	vs. FY2015 (%)
Revenue	**775.9**	750.0	588.3	3%	32%
Operating EBITDA	**190.6**	**181.2**	**148.0**	5%	29%
EBITDA after significant items	**166.8**	163.2	116.5	2%	43%
NPAT	**73.0**	59.1	–	24%	–
NPATA	**95.1**	79.8	–	19%	–
NPATA before significant items[1]	**102.7**	**95.5**	–	8%	–

1. NPATA before significant items has been calculated in accordance with the principles for reporting under ASIC's Regulatory Guidance 230-Disclosing non-IFRS financial information. NPATA before significant items has not been audited by the Group's external auditors.

2.1 Statutory NPAT

Statutory Net Profit after Tax ("Statutory NPAT") was $42.5 million compared to a Prospectus forecast of $27.5 million and a prior year statutory NPAT result of $3.3 million. Compared to the prior year, the stronger Statutory NPAT result in FY2016 reflects the following key drivers:

- Higher Pro forma Operating EBITDA as discussed in more detail in section 2.5 below. The key drivers for this increase was the full year contribution from the acquisition of Superpartners in December 2014, coupled with increases in organic revenue across all 3 Segments and the contribution from Corporate Markets acquisitions in NZ and Europe.
- Reduction in Significant items which is discussed in detail in section 2.6 below. The main contributor to this reduction was a lower level of Superpartners related integration costs reflecting the progress to date in realising synergies from this acquisition.
- The impact of the Pro forma adjustments which reflects both the Offer transaction costs and adjustments to reflect the impact of the post-Offer capital structure and new banking facilities being in place from 1 July 2015 and the tax impact thereon. See further analysis in section 2.7 below.

Pleasingly when compared to the Prospectus forecast, the stronger statutory NPAT result has benefitted from stronger revenue and Operating EBITDA across all 3 Segments coupled with the gain on assets held at fair value of $18.0 million before tax ($12.6 million after tax) which primarily relates to a revaluation of the Group's investment in PEXA Limited during the period.

2.2 NPATA before Significant items

Link Group management considers NPATA before Significant items to be a meaningful measure of after tax profit as it excludes the impact of Significant items and the large amount of non-cash amortisation of acquired intangibles reflected in NPAT. The measure does include the tax effected depreciation and amortisation expense relating to all capital expenditure and certain acquired software, which is integral to the ongoing operating performance of the business.

NPATA before Significant items was $102.7 million compared to a Prospectus forecast of $95.5 million. A reconciliation of NPATA before Significant items and Statutory NPAT can be seen in Table 6 below.

The main driver of the stronger NPATA before Significant items compared to the Prospectus forecast was a higher Operating EBITDA performance. This is discussed in more detail in section 2.5 below.

Table 6: Reconciliation of pro forma NPATA to Statutory NPAT

	Year ended 30 June	
IN $M	**FY2016**	**FY2016 Prospectus Forecast**
Pro forma NPATA before significant items[1]	**102.7**	**95.5**
Significant items after tax	**(7.6)**	(15.7)
Pro forma NPATA	**95.1**	79.8
Acquired amortisation after tax	**(22.1)**	(20.7)
Pro forma NPAT	**73.0**	59.1
Offer transaction costs	**(22.0)**	(22.8)
Pro forma net financing costs	**(20.8)**	(21.1)
Tax effect of pro forma adjustments	**12.3**	12.3
Statutory NPAT	**42.5**	**27.5**

1. Refer to section 2.6 for more details of Significant items

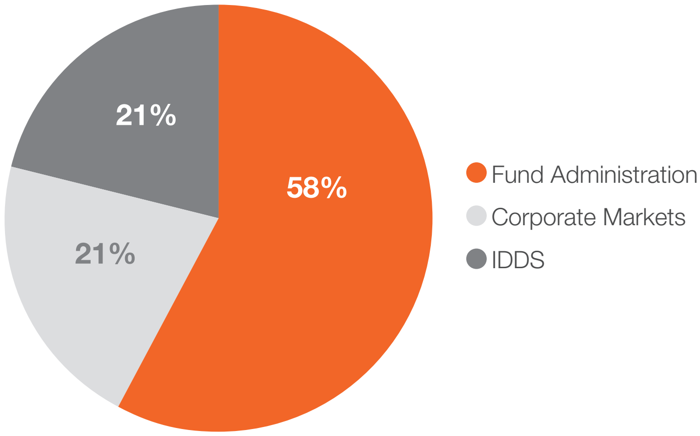
2.3 Revenue

Revenue grew in all 3 reporting segments compared to the prior year with overall Link Group revenue growth of 32% largely reflecting the full year contribution from the acquisition of Superpartners in December 2014. Compared to the Prospectus forecast, revenue was also 3% higher with all 3 reporting segments contributing to the increase. Overall Recurring Revenue (which is the revenue that the business expects to generate with a high degree of consistency and certainty year on year), was $698.9 million which was up $10.2 million or 1% on the Prospectus forecast and up $165.9 million or 31% on the prior year. Recurring Revenue as a proporation of Total Revenue was 90% which is slightly lower than both Prospectus forecast and prior year number of 91%. This reflects a higher proportion of non-recurring capital markets project related revenue in Corporate Markets. Table 7 and Table 8 below illustrate the revenue composition by reporting segment.

Table 7: Revenue by reporting segment

	PRO-FORMA RESULTS Year ended 30 June				
IN $M	**FY2016**	**FY2016 Prospectus Forecast**	**FY2015**	**vs. Prospectus Forecast (%)**	**vs. FY2015 (%)**
Revenue					
Fund Administration	**561.9**	560.5	413.8	0%	36%
Corporate Markets	**197.5**	171.8	160.0	15%	23%
IDDS	**206.5**	196.5	148.4	5%	39%
Gross Revenue	**966.0**	928.8	722.2	4%	34%
Eliminations	**(190.1)**	(178.8)	(133.9)	(6%)	(42%)
Total Revenue	**775.9**	750.0	588.3	3%	32%
Recurring Revenue %	*90%*	*91%*	91%		

Table 8: FY2016 revenue composition



Based on % of Gross Revenue

2.3.1 Segment Revenue Fund Administration (58% of total gross revenue)

Fund Administration revenue grew to $561.9 million which was 36% higher than the prior year and slightly higher than the Prospectus forecast. **The growth on the prior year is largely due to the full year revenue impact of the acquisition of Superpartners in December 2014 and the retention of all of the former Superpartners' clients,** including all its non-shareholder clients who were retained following competitive tender processes. The current year revenue result includes the in-year impact of a former client insourcing in November 2015 following the merger with another fund that self-administers. Client retention in Fund Administration remains above 95% which is consistent with the Prospectus disclosures.

Recurring revenue of $532.6 million (or 95% of the total revenue) was in line with the Prospectus forecast, with growth on the prior year of 38%. Recurring revenue remains a key element of the Link Group's financial profile and the key drivers in FY 2016 were:

- Full year contribution from Superpartners' clients
- Indexation linked price increases (albeit at lower rates than expected given the low CPI outcomes)
- Growth in pension members as a proportion of the total member base
- Growth in the Top 5 clients' members (who represent c.75% of the total) of 1.4% and stable overall accumulation member numbers[2]
- Strong client retention of >95%[3]

On a regular basis, funds will work with Link to enhance their product offering and member engagement with members or to meet regulatory objectives. This activity is related to project, as well as, implementation work and represents the bulk of non-recurring revenue in Fund Administration.

In comparison to the prior year, non-recurring revenue grew 8% and outperformed the prospectus guidance by 5%, the majority of which was achieved in the 1st half of FY2016 prior to the significant migration activity from December 2015 onwards. Original expectations were guided lower in the prospectus forecast due to the high level of migration activity forecast with Superpartners clients. The positive result reflects not only the throughput capability of the business to deliver multiple project related outcomes but is also a good reflection of the desire of the clients to engage Link Group to implement enhancement activities.

During 2016, non-recurring fee activity included the provision of IT support services to the Superpartners' client base, as well as, the rollout of new digital products such as digital member cards, mobile apps and online pension transition and identity verification developed by Link Group's IDDS business unit and provided to the Fund Administration client base.

2. Based on total billable members excluding Eligible Rollover Funds and Redundancy Trusts.
3. Client retention represents the proportion of annual revenue from clients that have not been lost in the last 12 months.

Corporate Markets (21% of total gross revenue)

Corporate Markets revenue model is centred upon providing an integrated suite of products and services to Corporate Markets clients. During 2016, Corporate Markets revenue grew to $197.5 million which was 23% higher than the prior year and 15% higher than the Prospectus forecast. Organic revenue growth in this business unit was underpinned by new client wins and increased product penetration of existing clients, coupled with the contribution from acquisitions, including Link New Zealand (from July 2015), D.F. King Europe (from December 2014) and HCE Haubrok (from October 2015). The attraction of a fully integrated product offering with a menu of value added services provides a good client engagement and retention platform for new and existing business. Client retention in Corporate Markets remained above 95% in 2016 which remained consistent with the Prospectus disclosures.

Overall Corporate Markets revenue of $197.5 million comprises $157.8 million of recurring revenue which was up $11.1 million or 8% on the Prosepctus forecast and up $18.4 million or 13% on the prior year. Recurring Revenue as a proportion of Total Reveneue was 80%, which was below the Prospectus forecast of 85% and prior year of 87% on a higher proportion of capital markets related activity during the current year (particularly in the 1st half year). Recurring revenue growth can be attributed largely due to the following factors:

- Contribution from acquisitions (Link New Zealand, D.F. King Europe and HCE Haubrok);
- New business wins including 37 new IPO wins in Australia & New Zealand and continuing net client wins from competitors of 37;
- Robust net client growth of 299 outside of Australia and New Zealand; and
- Strong client retention of >95%.[4]

The Corporate Markets business in Australia has enjoyed another year of positive net wins from changes in share registry by existing listed companies coupled with winning 20 out of 39 IPOs that raised more than $50 million. The Corporate Markets business services approximately 468 share registry clients in Australia as at 30 June 2016 (an increase of 28 or 6% on the same period last year) during a period when the total number of listed entities on the ASX declined by 0.7%.

Working with the IDDS business unit, Corporate Markets launched a number of new innovative products during the year including "Investor Join Online", an industry first for investors to sign up online, Sharevault, a secure document management tool with the miraqle platform and investor centre 3rd party authorisation to enable "financial advisor read only" access to investor holdings. These innovative products position Link Group's technology as best in class in Corporate Markets and helped drive client retention, new business wins and the sale of value added services into the existing client base.

Non recurring revenue growth on the prior year was 65% and was up 58% on the Prospectus forecast reflecting strong capital markets activity in Australia, especially in the 1st 6 months of the financial year, driven by several large capital raisings by Commonwealth Bank of Australia Limited and Westpac Banking Corporation Limited amongst others.

Information, Digital and Data Services ("IDDS") (21% of total gross revenue)

IDDS utilises an in-house technology capability to support the operations of Fund Administration and Corporate markets (internal revenue), as well as develop and implement innovative technology products for existing and future clients and enrich the functionality and understanding of customer facing processes and improve data analytics (external revenue).

IDDS revenue grew to $206.5 million which was 39% higher than the prior year and 5% higher than the Prospectus forecast. The growth on the prior year is largely due to the full year contribution from IT revenue recharges to Superpartners (within the Fund Administration segment) for supporting the Superpartners' legacy IT platforms, coupled with growth in external revenue from increased new product rollouts and volumes.

As a % of overall IDDS revenue, external revenue comprises 28% compared to 22% in the Prospectus forecast and grew by 37% on the prior year and 33% compared to the Prospectus forecast due to the following factors:

- Growth in revenue from new Digital Solutions products and services including mobile apps, digital member cards, online tracking of insurance claims and pension join online;
- Increased volumes in Link Digicom; and
- New business wins in Data Analytics (Empirics).

Overall IDDS revenue of $206.5 million comprises internal revenue (from IT recharges to Fund Administration and Corporate Markets) of $147.9 million and external revenue of $58.6 million from value added services (including data analytics, digital solutions and digital communications) and licensing in-house administration software.

Technology is a key enabler of the Link Group. Link Group is committed to reinvesting and engaging with specialist partners to better service its internal and external client base. We work closely with our clients to ensure we continue to exhibit leadership in this space. The historic investments made to date have provided Link Group with a strong comparative advantage and equally opens up opportunities to build on this into the future.

4. Client retention represents the proportion of annual revenue from clients that have not been lost in the last 12 months.

2.4 Operating Expenses

Pro forma operating expenses grew by 33% to $585.3 million compared to the prior year and were 3% higher than the Prospectus forecast. The growth on the prior year reflects the full year impact of costs relating to the Superpartners acquisition in December 2014, partially offset by cost synergies achieved to date, whilst the increased costs compared to the Prospectus forecast are largely related to the increased revenue performance discussed above. Table 9 below outlines the main components of operating expenses:

Table 9: Pro forma operating expenses

	PRO-FORMA RESULTS Year ended 30 June				
IN $M	FY2016	FY2016 Prospectus Forecast	FY2015	vs. Prospectus Forecast (%)	vs. FY2015 (%)
Operating Expenses					
Employee Expenses	**349.6**	353.2	274.8	1%	(27%)
IT Expenses	**76.0**	72.2	54.7	(5%)	(39%)
Occupancy Expenses	**34.2**	35.1	25.2	2%	(36%)
Other Expenses	**125.4**	108.3	85.6	(16%)	(47%)
Total Operating Expenses	**585.3**	568.8	440.3	(3%)	(33%)

2.4.1 Employee expenses

Employee expenses, the largest cost category, grew by 27% on the prior year and were slightly lower than the Prospectus forecast. The growth on the prior year was largely due to the full year impact of the Superpartners acquisition in December 2014 and a modest impact from the smaller Corporate Markets acquisitions described above, partially offset by cost synergies achieved to date. The favourable variance to the Prospectus forecast reflects a better than expected cost synergy outcome.

Cost synergies achieved to date are comprised of the full year impact of cost outs in the prior year (largely Superpartners head office related) coupled with the part year benefit of cost savings achieved during FY2016. These "in year" cost savings included cost outs achieved subsequent to the migration of Superpartners' clients onto Link Group's proprietary platforms, integration of various operational teams and efficiency initiatives from reduction in paper and cheques.

2.4.2 IT expenses

IT expenses grew by 39% on the prior year and were up 5% on the Prospectus forecast, with the growth on the prior year largely due to the full year impact of support costs for the Superpartners legacy technology platforms coupled with some additional IT costs related to the smaller Corporate Markets acquisitions described above. One of the many benefits arising from the Superpartners acquisition is the additional scale of IT operations undertaken by the Group, which helped enable the execution of a new IT managed services agreement which took effect in April 2016 and provided cost out savings in the last 3 months of the year.

The increased costs compared to the Prospectus reflects costs associated with the provision of IT support services to the Superpartners' clients for longer than expected coupled with the additional use of offshore development and testing resources to drive the rollout of new Digital Solutions products delivered to clients.

2.4.3 Occupancy expenses

Occupancy expenses increased by 36% on the prior year and were down 2% on the Prospectus forecast. The major driver for the increased cost compared to the prior year was the full year impact of occupancy expenses associated with the new premises taken on with the Superpartners business.

The lower costs compared to the Prospectus reflects the positive impact of the successful sub-leasing of surplus space acquired as part of the Superpartners' acquisition. This is one of the early benefits arising from the premises consolidation initiative which will be further enhanced with the consolidation of 3 existing Melbourne premises into Collins Square later in the calendar year.

2.4.4 Other expenses

Other expenses comprises print and mail costs (46% of the FY2016 total other expenses), office related expenses, insurance, professional fees, travel and other general and administrative expenses. Other expenses increased by 47% compared to the prior year reflecting increased costs associated with the Superpartners acquisition and to a lesser extent the smaller Corporate Markets acquisitions described above.

The increased costs compared to the Prospectus forecast of 16% reflects higher print and mail activity (directly related to the stronger revenue performance in both Corporate Markets and IDDS) coupled with increased provisioning of potential self-insured claims in Fund Administration relating to a number of specific incidents that arose during the year.

2.5 Operating EBITDA

Link Group's Operating EBITDA result on a pro forma basis was $190.6 million, which was up 29% on the prior year pro forma result of $148.0 million and 5% above the Prospectus forecast of $181.2 million. This performance reflects strong revenue growth of 32% on the prior year and 3% up on the Prospectus forecast at higher incremental Operating EBITDA margins of 36.3% compared to overall Operating EBITDA margins of 24.6%. **Operating EBITDA grew in all 3 reporting segments compared to the prior year**.

The operating performance of the business is already benefiting from the increased scale of the business and these benefits will expand with the continual rationalisation of systems and processes. Domestically, the Link Group is consolidating premises as part of its integration program which has historically provided a good platform for further operational efficiency by improving culture, access to technology and productivity.

As a result, Link Group delivered higher pro forma Operating EBITDA margins of 24.6% compared to the Prospectus forecast of 24.2% and slightly down on the prior year of 25.2%, (reflecting the full year effect of the absorption of the Superpartners' cost base) as set out in Table 10 below.

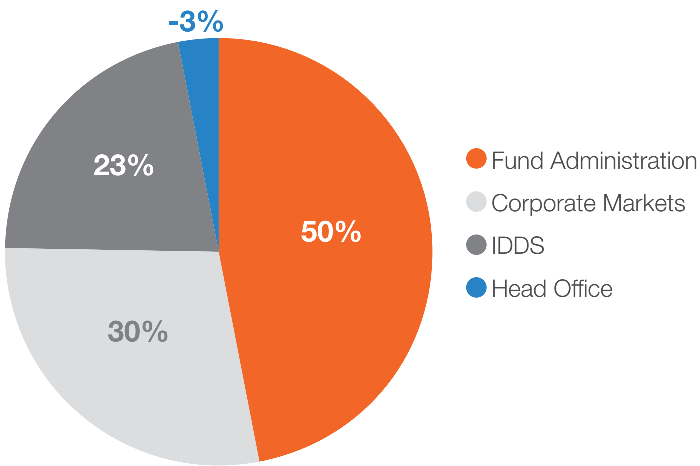
Table 10: Pro forma Operating EBITDA by reporting segment

	PRO-FORMA RESULTS Year ended 30 June				
IN $M	FY2016	FY2016 Prospectus Forecast	FY2015	vs. Prospectus Forecast (%)	vs. FY2015 (%)
Operating EBITDA					
Fund Administration	**96.1**	92.9	70.2	3%	37%
Corporate Markets	**56.9**	54.9	50.4	4%	13%
IDDS	**43.9**	39.8	34.1	10%	29%
Head Office	**(6.3)**	(6.4)	(6.7)	2%	6%
Total Operating EBITDA	**190.6**	181.2	148.0	5%	29%
Operating EBITDA margin					
Fund Administration[1]	**17%**	17%	17%	1%	0%
Corporate Markets[1]	**29%**	32%	32%	(3%)	(3%)
IDDS[1]	**21%**	20%	23%	1%	(2%)
Total Operating EBITDA margin	**25%**	24%	25%	1%	(1%)

1. Calculated based on Gross Revenue

The composition of FY2016 pro forma Operating EBITDA by reporting segment is further illustrated in Table 11 below.

Table 11: FY2016 pro forma Operating EBITDA composition



2.5.1 Segment Operating EBITDA

Fund Administration (50% of total Operating EBITDA)

Fund Administration Operating EBITDA grew to $96.1 million which was 37% higher than the prior year and 3% higher than the Prospectus forecast. The growth on the prior year reflects the full year impact of the Superpartners acquisition coupled with the full year impact of cost savings from synergies achieved in the prior year and part year impact of cost outs actioned during FY2016.

Synergy benefits achieved to date include staff cost savings from Superpartners head office functions' rationalisation coupled with operating efficiencies achieved from the integration of teams following the successful migration of 4 Superpartners' client funds during FY2016. Benefits continue to accrue through the application of scale across multiple areas of the business as well as the application of efficiency initiatives to drive down the volume of paper and cheques in the business. In addition, further cost outs achieved during FY2016 included benefits from vendor consolidation and sub-leasing of surplus premises.

Whilst the Superpartners integration and related synergy benefits are progressing slightly ahead of expectations, the full synergy benefits are not expected to be achieved until all funds are migrated onto Link Group's proprietary IT platforms and the Superpartners' legacy platforms are retired. These benefits will continue to be progressively realised over the period up to the close of FY2019.

Operating EBITDA margins of 17% are in line with the prior year and slightly ahead of the Prospectus forecast.

Corporate Markets (30% of total Operating EBITDA)

Corporate Markets Operating EBITDA grew to $56.9 million which was 13% up on the prior year and 4% higher than the Prospectus forecast. The growth in Operating EBITDA on the prior year is largely due to the full year contribution from acquisitions completed during the prior year (i.e. DF King Europe and Link New Zealand) and part year contribution from the acquisition of HCE Haubrok in October 2015, coupled with organic revenue related growth in Australia and Overseas jurisdictions.

Operating EBITDA margins of 29% were lower than the prior year and Prospectus forecast due to a combination of factors including:

- Revenue mix reflecting an increased mix of lower margin products such as print and mail related to capital markets projects in Australia (particularly in the 1st 6 months), increased staff costs related to the implementation phase of more complex Managed Funds new business, the addition of the lower margin "day of AGM" business in Germany (HCE Haubrok) and temporary loss of some higher margin revenues in South Africa; and
- Continued competitive pricing pressures in Australia where clients have been retained at lower prices than previously charged.

Information, Digital and Data Services ("IDDS") (23% of total Operating EBITDA)

IDDS operating EBITDA grew to $43.9 million which was 29% higher than the prior year and 10% higher than the Prospectus forecast. The increase in operating EBITDA compared to the prior year reflects the margin flow through from revenue growth due to the increased activity and support for Fund Administration arising from the Superpartners acquisition coupled with the margin benefits from external revenue growth.

Operating EBITDA margins of 21% are down on the prior year, as expected given the full year impact of supporting less efficient Superpartners' legacy technology platforms. Compared to the Prospectus forecast, Operating EBITDA margins are 1% higher reflecting the margin flow through of higher external revenue coupled with a higher proportion of staff working on projects where the costs are capitalised into software assets and initial cost out benefits arising from vendor consolidation and staff reductions.

Following the completion of the migration of the Superpartners client base on to the Link Group platforms, significant cost synergies will be achieved across both staff and IT vendor costs.

2.6 Significant items

Table 12 sets out a summary of Significant items split between those impacting EBITDA and those impacting below EBITDA.

Table 12: Summary of Significant items

	PRO-FORMA RESULTS Year ended 30 June				
IN $M	FY2016	FY2016 Prospectus Forecast	FY2015	vs. Prospectus Forecast (%)	vs. FY2015 (%)
Significant items					
Business combination costs	**0.7**	0.7	6.6	1%	89%
Gain on consolidation (Link NZ)	**–**	–	(10.3)	nmf	nmf
Integration costs	**8.5**	5.6	23.9	(51%)	65%
IT business transformation costs	**8.2**	4.5	3.1	(83%)	(165%)
Client migration costs	**6.5**	7.2	8.2	10%	21%
Total Significant items (impacting EBITDA)	**23.8**	18.0	31.5	(32%)	24%
Gain on assets held at fair value	**(18.0)**	–	–	nmf	n/a
Discount on provision unwind	**4.6**	4.1	–	(11%)	n/a
Total Significant items	**10.4**	22.1	31.5	53%	67%

Total Significant items expense of $10.4 million was significantly lower than the prior year expense of $31.5 million and also down $11.7 million or 53% on the Prospectus forecast, largely due to a gain on assets held at fair value of $18.0 million relating to the revaluation of Link Group's minority investment in PEXA Limited, following a capital raising successfully completed in June 2016.

The remaining Significant items are largely in line with expectations with some increased costs compared to the Prospectus forecast incurred in relation to IT business transformation costs and integration costs. This reflects a longer period of service transition costs required to mitigate risk and some increases in non-recurring data centre migration costs coupled with increased provisions booked in respect of announced but not yet completed restructuring activities as part of the Superpartners integration.

2.7 Pro forma adjustments

Pro forma adjustments of $30.6 million have been made to Link Group's statutory NPAT. In FY2016 pro forma adjustments reflect the elimination of costs associated with certain items such as:

- Offer transaction costs;
- Adjustments to reflect the impact of the post-Offer capital structure and new banking Facilities being in place from 1 July 2015; and
- The tax impact of the above adjustments.

Offer transaction costs of $22.0 million were slightly below the Prospectus forecast of $22.8 million reflecting slightly lower costs actually incurred.

In the prior year, pro forma adjustments reflect the impact of incremental public company costs as if they were incurred from 1 July 2014 and the elimination of costs associated with the settlement of legal claims and changes in the method of calculation of employee liabilities. Table 13 sets out a summary of the pro forma adjustments.

Table 13: Pro forma adjustments

IN $M	FY2016	FY2016 Prospectus Forecast	FY2015	vs. Prospectus Forecast (%)	vs. FY2015 (%)
	Year ended 30 June				
Pro forma adjustments					
Incremental public company costs	**–**	–	(2.5)	n/a	nmf
Offer transaction costs	**22.0**	22.8	0.0	3%	nmf
Settlement of legal claims	**–**	–	3.8	n/a	nmf
Employee liabilities	**–**	–	2.8	n/a	nmf
Total Pro forma adjustments (impacting EBITDA)	**22.0**	22.8	4.1	3%	(438%)
Net finance expense	**20.8**	21.1	–	1%	nmf
Tax effect of adjustments	**(12.3)**	(12.3)	–	(0%)	nmf
Total Pro forma adjustments (impacting NPAT)	**30.6**	31.6	4.1	3%	(646%)

2.8 Other expenses below EBITDA

Other expenses below EBITDA primarily relate to depreciation and amortisation, acquired amortisation, net finance costs and tax expense. Table 14 below outlines other expenses below EBITDA and their composition.

Table 14: Pro forma other expenses below EBITDA

IN $M	FY2016	FY2016 Prospectus Forecast	FY2015	vs. Prospectus Forecast (%)	vs. FY2015 (%)
	PRO-FORMA RESULTS Year ended 30 June				
EBITDA after significant items	**166.8**	163.2	116.5	2%	43%
Depreciation and amortisation	**(33.4)**	(35.7)	(32.0)	6%	(4%)
EBITA	**133.3**	127.5	84.5	5%	58%
Acquired amortisation	**(31.6)**	(29.6)	(28.2)	(7%)	(12%)
EBIT	**101.8**	97.9	56.3	4%	81%
Net finance expense	**(12.5)**	(12.1)	–	(3%)	n/a
Discount on provision unwind	**(4.6)**	(4.1)	–	(11%)	n/a
Gain on assets held at fair value	**18.1**	–	–	nmf	n/a
NPBT	**102.8**	81.7	–	26%	n/a
Tax expense	**(29.8)**	(22.6)	–	(32%)	n/a
NPAT	**73.0**	59.1	–	24%	n/a
Add back acquired amortisation after tax	**22.1**	20.7	–	7%	n/a
NPATA	**95.1**	79.8	–	19%	n/a
Add back significant items after tax	**7.6**	15.7	–	(52%)	n/a
NPATA before significant items	**102.7**	95.5	–	8%	n/a

2.8.1 Depreciation and Amortisation

Depreciation and amortisation expense increased by 4% to $33.4 million compared to the prior year reflecting the full year impact of additional assets from the Superpartners acquisition coupled with the impact of capital expenditure undertaken in the prior year (i.e. full year impact) and FY2016 (i.e. part year impact). Compared to the Prospectus forecast, depreciation and amortisation is 6% lower reflecting a re-assessment of some useful lives related to Superpartners legacy technology platforms.

Acquired amortisation reflects the amortisation of client lists and the revaluation impact of acquired intangible assets resulting from business combinations. Acquired amortisation grew by 12% to $31.6 million compared to the prior year reflecting a full year impact of software acquired as part of the Superpartners acquisition in the prior year, coupled with acquired intangibles relating to the acquisitions of HCE Haubrok and the Fund Administration assets of AON in New Zealand during FY2016.

2.8.2 Pro forma Net finance expense

Pro forma net finance expense reflects the finance costs for FY2016 which would have been incurred had the post IPO capital structure been in place since 1 July 2015. Pro forma net finance expense of $12.5 million was slightly higher than the Prospectus forecast due to slightly lower than expected interest received on funds on deposit.

2.8.3 Pro forma tax expense

Pro forma tax expense of $29.8 million is 31% higher than the Prospectus forecast largely reflecting the tax effect of the $18.1 million gain on assets held at fair value. The effective tax rate is 29.0% compared to a Prospectus forecast of 27.7% reflecting the aforementioned impact of the tax effect of the gain on assets held at fair value coupled with small differences in permanent differences and mix of Australian and offshore income which is taxed at different rates.

3. Strong Balance Sheet and Cash Flow conversion

Link Group has a strong balance sheet with a modest level of gearing which provides significant flexibility for future growth opportunities. The business generates high levels of cash whilst also maintaining a substantial ongoing investment in enhancing its proprietary systems and in new products and services.

3.1 Balance Sheet

Table 15 below provides a summary of the Balance Sheet as at 30 June 2016. The pro forma comparative year has been adjusted to reflect the post IPO capital structure.

Table 15: Summary Balance Sheet

IN $M	30 June 2016 Statutory	30 June 2015 Pro forma	30 June 2015 Statutory
Assets			
Cash	**30.2**	16.5	31.8
Trade and other receivables	**95.8**	82.6	85.0
Other Current Assets	**13.4**	10.9	10.9
Total Current Assets	**139.3**	110.0	127.7
Deferred Tax Asset	**55.7**	76.9	69.6
Other Non Current Assets	**959.3**	921.9	919.9
Total Non Current Assets	**1,015.0**	998.8	989.5
TOTAL ASSETS	**1,154.3**	1,108.8	1,117.2
Liabilities			
Trade and other payables	**87.9**	72.6	72.5
Interest Bearing Liabilities	**0.2**	0.2	24.0
Other Current Liabilities	**86.0**	90.6	90.8
Total Current Liabilities	**174.1**	163.4	187.4
Interest Bearing Liabilities	**291.9**	323.1	765.6
Defered Tax Liability	**60.5**	63.7	62.8
Other Non Current Liabilities	**45.7**	48.3	52.3
Total Non Current Liabilities	**398.2**	435.1	880.7
TOTAL LIABILITIES	**572.2**	598.5	1,068.1
NET ASSETS	**582.1**	510.3	49.1
Equity			
Contributed Equity	**689.0**	687.4	202.5
Reserves	**(112.4)**	(142.8)	(145.7)
Retained earnings	**5.5**	(34.3)	(7.7)
TOTAL EQUITY	**582.1**	510.3	49.1

The cash balance of $30.2 million as at 30 June 2016 has improved from the pro forma 30 June 2015 position due to good cash generation of the business coupled with lower interest expense on lower post IPO debt.

Net working capital (trade and other receivables less trade and other payables) as at 30 June 2016 of $7.9 million has remained largely stable with the pro forma comparative year as growth in trade and other receivables have been largely offset by growth in trade and other payables reflecting both organic growth and acquisition of HCE Haubrok.

Other non-current asset growth is largely due to continuing investment in software intangibles (partially offset by amortisation) which represents the bulk of the Group's capital expenditure each year.

Interest bearing liabilities have declined by $31.2 million compared to the pro forma comparative period reflecting voluntary repayments of debt over the period. The reduction in debt compared to the statutory comparative period reflects the pay-down of debt from the IPO proceeds.

Total equity increased to $582.1 million from $49.1 million in the statutory comparative reflecting the proceeds of the IPO coupled with the statutory profit for the period.

3.2 Cash flow

Cash flow conversion is a key focus of the business and it is pleasing to see outperformance in relation to both the management of cash flow conversion and the management of working capital.

Capital expenditure is a key driver of future productivity, product growth and cost efficiency. The business uses a benchmark of 3-5% of group revenue to guide capital expenditure initiatives. For FY2016, capital expenditure was $39.4 million, representing 5%. This expenditure is at the upper end of that range and reflects a higher level of spend in respect of integration infrastructure related to the Superpartners acquisition coupled with increased investment in enhancements to the Syncsoft "Capital" administration platform to cater for future growth in the NZ "Kiwi Saver" market.

Table 16 below provides a summary of Link Group's pro forma cash flow.

Table 16: Summary pro forma cash flow

	PRO-FORMA RESULTS Year ended 30 June				
IN $M	FY2016	FY2016 Prospectus Forecast	FY2015	vs. Prospectus Forecast (%)	vs. FY2015(%)
Operating EBITDA	**190.6**	181.2	148.0	5%	29%
Non cash items in Operating EBITDA	**(4.1)**	(3.1)	(2.7)	(32%)	(52%)
Changes in working capital	**7.1**	(2.7)	(30.7)	363%	123%
Net Operating Cashflow	**193.6**	175.4	114.6	10%	69%
Capital Expenditure	**(39.4)**	(33.7)	(35.1)	(17%)	(12%)
Net Operating Free Cashflow	**154.2**	141.7	79.5	9%	94%
Cash impact of significant items	**(58.5)**	(69.3)	(32.0)	16%	(83%)
Net Free Cashflow after significant items	**95.7**	72.4	47.5	32%	101%
Tax	**(1.6)**	(1.0)	–	(59%)	–
Interest	**(10.4)**	(11.4)	–	9%	–
Other investing cashflow	**(21.7)**	(5.9)	–	(268%)	–
Net cashflow	**62.0**	54.1	–	15%	–
Net Operating cashflow conversion	**102%**	97%	77%	5%	24%
Net Operating Free Cashflow conversion	**81%**	78%	54%	3%	27%

3.3 Net debt

Table 17 below compares the net debt position of Link Group as at 30 June 2016 to the prior year comparative on both a statutory and pro forma basis. The pro forma net debt for the prior year has been adjusted to reflect the post IPO debt structure.

Table 17: Summary of net debt

IN $M	30 June 2016 Statutory	30 June 2015 Pro forma	30 June 2015 Statutory
Cash and cash equivalents	**(30.2)**	(16.5)	(31.9)
Long term debt	**292.1**	325.0	766.3
Short term debt	**–**	–	26.9
Net Debt	**262.0**	308.5	761.3
Pro forma debt ratios			
Net debt/Operating EBITDA	**1.37**	2.08	191.14
Operating EBITDA/pro forma net interest costs	**15.28**	n/a	0.08

The improvements in pro forma debt ratios compared to the prior year reflect a combination of higher pro forma Operating EBITDA performance and lower net debt level.

Link Group has total committed and available facilities of $580.0 million with a further $250.0 million as an uncommitted accordion facility. This level of available facilities provides significant capacity for future potential acquisitions.

4. Pro-active Management of Risks

Link Group actively monitors, assesses and manages a variety of business risks as part of its risk management framework. Link Group's core risks and the way they are managed are outlined below. This is not a comprehensive list of the risks or of the mitigating actions employed by the business.

4.1 Reliance on effective performance of core and third party IT Infrastructure

Technology is the key enabler of Link Group's services. Link Group and its clients are dependent on the effective performance, reliability and availability of Link Group's technology platforms, software, third party data centres and communications systems. Link Group also relies on certain contracts with third party suppliers to help maintain and support its IT infrastructure.

Link Group utilises Tier 1, best in class infrastructure and IT vendors. The infrastructure is owned and licensed by Link Group and is housed in Fujitsu data centres managed by Fujitsu under a managed services agreement. Link Group's proprietary applications are developed using industry standard Java and Microsoft. Net stacks and conform to standard multi-tier architecture conventions.

4.2 Risk to security and integrity of sensitive information

Link Group's products and services involve the storage and transmission of financial, proprietary and personal user information. By their nature, information technology systems are susceptible to cyber-attacks, unauthorised access to, or disclosure of, such data.

IT security is paramount and Link Group proactively seeks to mitigate any identified risks associated with its technology infrastructure. Link Group's systems are architected, built and managed to reduce the potential for security or data privacy breaches. Link Group is also ISO 27001 certified, the global standard for information security management, demonstrating Link Group's commitment to best practice and industry leadership.

4.3 Concentrated client base and contract renewal

Link Group's primary source of revenue is from contracted services to clients. Link Group has a relatively concentrated client base, with its top five clients contributing 47% of FY2016 revenue.

Link Group's business is characterised by medium to long term contracts of two to five years, strong recurring revenue and high levels of client retention being greater than 95% over the last 3 years. In Link Group's view, high levels of client retention can be attributed to the range and quality of the services Link Group provides, brand loyalty, and the significant integration with clients.

4.4 Political and regulatory environment

Link Group's business is influenced and affected by laws, regulatory compliance and government policy in each of the jurisdictions it operates in. In some cases, Link Group has accepted regulatory and compliance commitments to its clients which exceed those to which it would be subject in its business as usual operations.

Link Group works closely with all government, regulatory and industry authorities and actively monitors, assesses and manages relevant changes in laws, regulation and government policy to ensure its operations, products and services are compliant at all times.

4.5 Ability to attract and retain key personnel

A key driver of Link Group's performance is the recruitment and retention of effective and qualified personnel.

Link Group continues to invest in the development of its people and culture. An open management style, dynamic working environment and appropriate performance targeted financial incentives are key qualities underpinning the Link Group culture. We encourage open and honest dialogue and empower our people to think, to deliver and to take responsibility and use proactive human resource management tools to manage the deployment, productivity and performance of Link Group's human resources.

4.6 Integration of acquired businesses and execution of new acquisitions

Link Group continually investigates and considers potential acquisitions and investment opportunities, which is consistent with its growth strategy. Acquisitions and investments have risk around the incremental financial value for the Link Group. Integration of businesses can require a considerable period of time to realise expected revenue and expense synergies.

Link Group has successfully integrated over 35 business combinations over the past 10 years and created value by following a disciplined process. The process includes initial strategic and financial analysis, due diligence and contract execution which Link Group undertakes in conjunction with its accounting and legal partners. Once a business is acquired, Link Group has a robust process covering people, systems, products and clients to ensure the acquired business delivers on or exceeds the expected financial and operational results.

Specifically in relation to the Superpartners acquisition in FY2015, there is an ongoing (albeit diminishing with the passage of time) risk that Link Group may not be able to integrate the business or extract operational efficiencies. The Superpartners integration remains on track to complete all client migrations by the end of the calendar year, realise the expected operational synergies and progress onto the other activities which will result in operational synergies over time.

4.7 Increased competition

The key industries that Link Group operates in are all competitive markets and are expected to remain competitive.

Link Group has successfully invested over $300 million in delivering technology-driven solutions for clients. Our competitive advantage stems from the capability, functionality, integration and scalability of our proprietary technology. Link Group continues to drive innovation, partner with industry leaders and expand the range of value added services for clients to further enhance Link Group competitive advantage together alongside the overall clients' experience.

5. Outlook

Link Group expects to continue to deliver revenue and Operating EBITDA growth across all reporting segments through the following key business drivers:

- Growth through further penetration of attractive industries
- Growth through product and service innovation
- Growth through client, product and regional expansions
- Executing Superpartners opportunity
- Identifying adjacent market opportunities

Link Group benefits from a high proportion of Recurring Revenue, providing good organic revenue visibility into the future. This Recurring Revenue is underpinned by contractual price inflators which will largely mirror the current low inflation environment. Underlying market growth together with new business and expansion of the product and service offering supports organic revenue growth.

The successful migration of the Superpartners clients onto the Link Group platform will also trigger a one-time contractual price adjustment for the former shareholder clients of Superpartners in March 2017 as highlighted in the Prospectus. This contractual price adjustment aligns with the significant migration milestone and coincides with a key opportunity for the Link Group to begin the next phase of the integration.

The benefits of this next phase are expected to be achieved over the next 3 years through both the Fund Administration and IDDS segments. The full benefits of the synergies will be progressively achieved as existing legacy systems are shut down and Link Group homogenises processes across the client base and extracts the benefits of scale.

Link Group believes it is on track to achieve the Superpartners synergies and, assuming no further acquisitions or business combinations, is confident of its Operating EBITDA margins in both Fund Administration and IDDS progressively trending back to levels similar to that achieved in pro forma FY2014. In Corporate Markets, Link Group expects Operating EBITDA margins to remain at existing levels over the short to medium term with a trend back to pro forma FY2015 levels over the longer term. As a result, Link Group expects overall Operating EBITDA margins to progressively trend back to FY2014 levels over the next 3 years.

At an NPAT level and assuming no further acquisitions or business combinations, Link Group expects continued growth as a result of the growth in Operating EBITDA, a gradual reduction in depreciation and amortisation as asset useful lives come to an end and reduction in net interest expense as debt is reduced.

In terms of dividends, Link Group re-affirms its Prospectus guidance that it will target a dividend payout ratio of between 40% and 60% of annual NPATA. Dividends are likely to remain largely unfranked until after FY17 due to the utilisation of historic tax losses.

Cash flow generation is expected to remain strong as a result of continued Operating EBITDA growth, working capital control and a stable level of capital expenditure. Cash conversion is expected to remain in line with current levels, which allows significant flexibility to consider selective acquisitions and/or capital management in the future.

Appendix 1 – non IFRS definitions

Link Group uses a number of non-IFRS financial measures in this OFR to evaluate the performance and profitability of the overall business. The principal non-IFRS financial measures that are referred to in this OFR are as follows:

- **FY** is financial year ended 30 June (in the applicable year);
- **Recurring Revenue** is revenue arising from contracted core administration services, stakeholder engagement services, share registry services and shareholder management and analytics services that are unrelated to corporate actions. Recurring Revenue is expressed as a percentage of total revenue. Recurring Revenue is revenue the business expects to generate with a high level of consistency and certainty year-on-year. Recurring Revenue includes contracted revenue which is based on fixed fees per member (for Fund Administration) or shareholder (for Corporate Markets). Clients are typically not committed to a certain total level of expenditure and as a result fluctuations for each client can occur year-on-year depending on various factors, including number of member accounts in individual funds or the number of shareholders of corporate market clients;
- **Gross Revenue** is the aggregate segment revenue before elimination of intercompany revenue and recharges such as IDDS recharges for IT support, client related project development and communications services on-charged by Fund Administration or Corporate Markets to their clients. Link Group management considers segmental Gross Revenue to be a useful measure of the activity of each segment;
- **Operating EBITDA** is earnings before interest, tax, depreciation and amortisation and Significant items. Management uses Operating EBITDA to evaluate the operating performance of the business and each operating segment prior to the impact of Significant items, the non-cash impact of depreciation and amortisation and interest and tax charges, which are significantly impacted by the historical capital structure and historical tax position of Link Group. Link Group also presents Operating EBITDA margin which is Operating EBITDA divided by revenue, expressed as a percentage. Operating EBITDA margin for business segments is calculated as Operating EBITDA divided by segmental Gross Revenue while Link Group Operating EBITDA margin is calculated as Operating EBITDA divided by revenue. Management uses Operating EBITDA to evaluate the cash generation potential of the business because it does not include Significant items or the non-cash charges for depreciation and amortisation. However, the Company believes that it should not be considered in isolation or as an alternative to net operating free cash flow;
- **EBITDA** is earnings before interest, tax, depreciation and amortisation; and
- **NPATA before Significant items** is net profit after tax and after adding back tax affected Significant items (including the discount expense on the un-wind of the Superpartners client migration provision) and acquired amortisation. Acquired amortisation comprises the amortisation of client lists and the revaluation impact of acquired intangibles such as software assets that were acquired as part of Business Combinations. Link Group management considers NPATA before Significant items to be a meaningful measure of after-tax profit as it excludes the impact of Significant items and the large amount of non-cash amortisation of acquired intangibles reflected in NPAT. This measure includes the tax effected amortisation expense relating to certain acquired software which is integral to the ongoing operating performance of the business. Link Group also presents NPATA before Significant items margin which is NPATA before Significant items divided by revenue, expressed as a percentage. NPATA before Significant items margin is a measure that Link Group management uses to evaluate the profitability of the overall business.

Although Link Group believes that these measures provide useful information about the financial performance of Link Group, they should be considered as supplemental to the information presented in accordance with Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way Link Group calculated these measures may differ from similarly titled measures used by other companies.

Other definitions used in the Directors' report are as follows:

- **PEP Shareholders** – Pacific Equity Partners Fund II (Australasia) Pty Limited ACN 106 318 370 as trustee for Pacific Equity Partners Fund II (Australasia) Unit Trust, Pacific Equity Partners Fund II (Australasia) Pty Limited ACN 106 318 370 as trustee for Pacific Equity Partners Supplementary Fund II (Australasia) Unit Trust, PEP Investment Pty Limited ACN 083 026 984, Pacific Equity Partners Fund II L.P, Pacific Equity Partners Supplementary Fund II L.P, Pacific Equity Partners Fund II (NQP) L.P., PEP Co-Investment Pty Limited ACN 083 026 859, Pacific Equity Partners Fund III L.P., Pacific Equity Partners Supplementary Fund III L.P., Pacific Equity Partners Fund III (Australasia) Pty Limited ACN 117 565 410 (acting as trustee for Pacific Equity Partners Fund III (Australasia)), Pacific Equity Partners Fund III (Australasia) Pty Limited ACN 117 565 410 (acting as trustee for Pacific Equity Partners Supplementary Fund III (Australasia)), Eagle Co- Investment Pty Limited ACN 119 182 688 (acting as trustee for Pacific Equity Partners Fund III Co-Investment Trust A).

Remuneration Report

The Remuneration report summarises the remuneration of Link Group's Key Management Personnel (KMP) including Directors and certain Link Group senior executives that are named in this report for the year ended 30 June 2016. This report has been prepared in accordance with the requirements of section 300A of the Corporations Act 2001.

1. Link Group - Key Management Personnel

The names and titles of KMP are set out below. There have been no changes to KMP since the end of the financial year, other than the appointment of Anne McDonald as an Independent Non-Executive Director on 15 July 2016.

Name	Position
Non-Executive Directors	
Michael Carapiet	Independent Chairman and Non-Executive Director
Cameron Blanks	Non-Executive Director and Nominee Director of the PEP Shareholders[1]
Glen Boreham, AM	Independent Non-Executive Director
Paul McCullagh	Non-Executive Director and Nominee Director of the PEP Shareholders[1]
Sally Pitkin	Independent Non-Executive Director
Fiona Trafford-Walker	Independent Non-Executive Director
Anne McDonald	Independent Non-Executive Director
Senior executives	
John McMurtrie	Executive Director and Managing Director
John Hawkins	Chief Financial Officer
Suzanne Holden	Chief Executive Officer, Fund Administration
David Geddes	Chief Executive Officer, Corporate Markets
Paul Gardiner	Chief Executive Officer, Information, Digital & Data Services (IDDS)

1. Defined in Appendix 1 to the Operating and Financial Review, which forms part of the Directors' report.

2. Remuneration governance

Link Group has a Human Resources and Remuneration Committee (the Committee), whose purpose is to assist the Board with the:

- establishment of a Human Resources strategy, supporting policies and practices for Link Group employees and Directors;
- establishment of Remuneration policies and practices for Link Group employees and Directors; and
- monitoring of the implementation and effectiveness of the Human Resources strategy, policies and practices, including Remuneration policies and practices.

The Committee comprises independent, Non-Executive Directors appointed by the Board.

The Committee seeks external advice from time to time so it can be fully informed when considering remuneration matters. Remuneration advisors are engaged by and report directly to the Committee. No remuneration recommendations (as defined by the Corporations Act) were provided during the financial year (2015: $nil).

3. Remuneration framework in FY2016

The remuneration strategy at Link Group is designed to support a high performance culture, achieve superior business performance and create sustainable shareholder value.

In FY2016 the remuneration framework comprised market referenced fixed remuneration and a performance based short-term incentive. Details of these components are provided below. The framework recognised that the senior leaders of the Link Group, including the senior executives listed as KMP, presently hold an estimated 7% of the Company's share capital, which was acquired over a significant period of time when Link Group was in private ownership.

Fixed remuneration

Fixed remuneration for the senior executives for FY2016 was set at the time of the Company's listing on the Australian Securities Exchange (ASX) by reference to the median point of fixed remuneration of like roles in organisations in sectors most relevant to Link Group and of similar size measured by revenue. Fixed remuneration consists of a base salary, car parking benefits (including any related Fringe Benefits Tax), leave entitlements and any related superannuation benefits.

Short-term incentive

Participation by the senior executives in the cash performance based 'at risk' incentive was set at the time of the Company's listing on the ASX. No incentives were payable to any senior executive unless Link Group achieved an Operating EBITDA of $181.2 million. As the financial gateway was met, the performance of each senior executive was assessed against financial and non-financial metrics.

The financial metrics for the Managing Director and the Chief Financial Officer measured achievement of half-year and financial year performance against Prospectus forecasts. The financial metrics for other senior executives measured financial year performance at the relevant division level against Prospectus forecasts. The non-financial metrics for the Managing Director and the Chief Financial Officer related primarily to the success of the transition to a publically listed company and the Superpartners migrations. The non-financial metrics for other senior executives measured specific strategic and operational initiatives within their division.

As disclosed in the Prospectus, 50% of the short-term incentive will be paid to the senior executives as a cash payment following the release to the market of Link Group's financial statements, with 25% of the entitlement being deferred for 12 months after the first payment and the final 25% being deferred for a further 12 months.

Senior executives can elect to receive the deferred short-term incentive entitlement as shares, subject to shareholder approval being obtained in the case of the Managing Director. The number of shares issued is calculated by reference to the volume weighted average price of shares on the 5 trading days immediately before the requisite approval is sought in the case of the Managing Director or the anniversary date in the case of other senior executives.

The short-term incentive earned by senior executives in FY2016 (including the deferred component) is payable on cessation of employment in certain circumstances, as detailed in the senior executives' employment contracts subject to the Board's discretion and shareholder approval in the case of the Managing Director.

Details of the short-term incentive earned by the senior executives for FY2016 is set out in the table following:

Senior executive	Short-term incentive Target $	Short-term incentive Achieved $	Short-term incentive Achieved %	Short-term incentive forfeited %	Short-term incentive to be paid in cash[1] $	Short-term incentive to be deferred[2] $
John McMurtrie	640,000	640,000	100	-	320,000	320,000
John Hawkins	390,000	390,000	100	-	195,000	195,000
Suzanne Holden	300,000	300,000	100	-	150,000	150,000
David Geddes	250,000	250,000	100	-	125,000	125,000
Paul Gardiner	250,000	250,000	100	-	125,000	125,000

1. 50% of the short-term incentive will be paid in cash following the release to the market of Link Group's financial statements.
2. 25% of the entitlement is deferred for 12 months after the first payment and the final 25% being deferred for a further 12 months.

In the financial year ended 30 June 2016, certain senior leaders, including a member of KMP, were paid a one-off bonus in connection with Link Group's successful Initial Public Offering, in line with the disclosures made in the Prospectus. Refer to Section 7 of this report for details of payments made.

4. Link Group performance and shareholder wealth

The indices in the table below show the link between Link Group performance and shareholder wealth creation over the previous four financial years.

	2016	2015	2014	2013	2012
Operating EBITDA ($'000)	**190,600**	150,493	140,010	132,231	116,665
Net Profit/(loss) after tax ($'000)	**42,456**	3,306	(25,188)	50,153	32,704
Change in share price to 30 June ($)	**1.80**	N/A[1]	N/A[1]	N/A[1]	N/A[1]

1. Not applicable: Link Administration Holdings Limited listed on the ASX on 27 October 2015.

5. Remuneration framework for FY2017

The Board has considered the remuneration framework for FY2017 for senior leaders, including senior executives, and has set the following specific remuneration objectives:

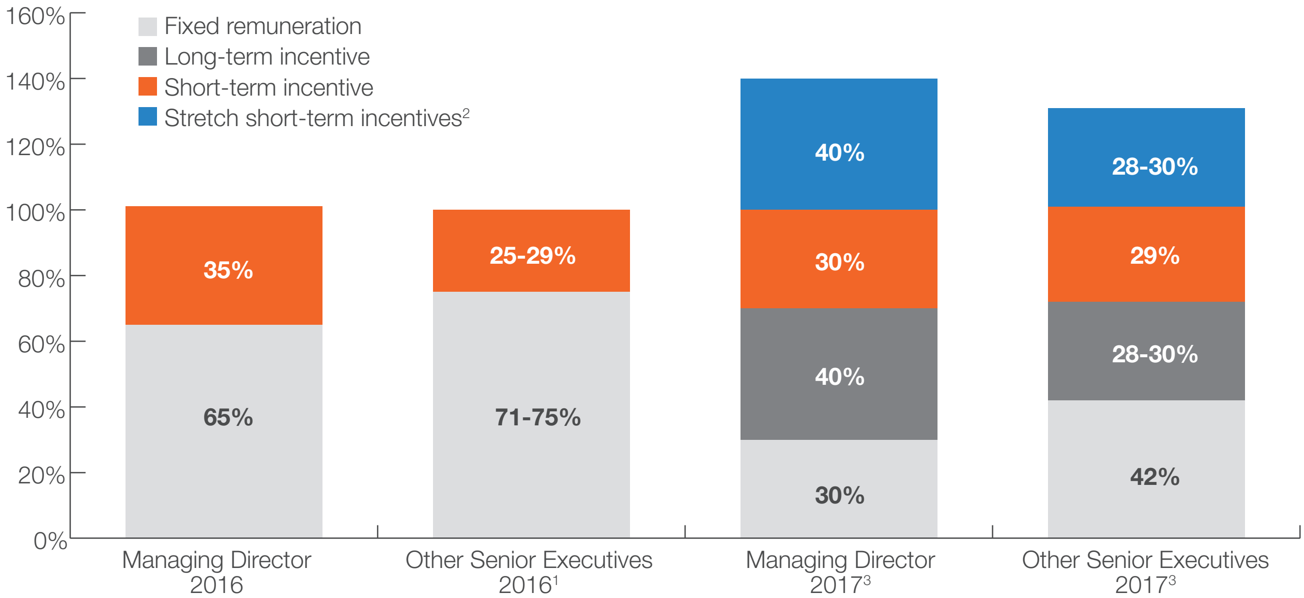
- reward senior leaders fairly using a remuneration framework that is informed by Link Group's strategic objectives and performance, their individual performance against appropriate and measurable objectives and the external compensation environment;
- enable Link Group to attract, motivate and retain high calibre senior leaders capable of contributing to Link Group's global business strategic objectives;
- continue the alignment of senior leaders' remuneration with shareholder value creation and return; and
- have Link Group's remuneration practices reflect its standing as a significant ASX listed company with growth objectives.

For FY2017, the Board has approved design changes to the short-term incentive component and introduced a long term incentive plan in which the senior executives will be invited to participate.

The total target remuneration and each of the remuneration components for each senior executive for FY2017 will be benchmarked against appropriate market data. The strategy is to set fixed remuneration at the median and total target remuneration between the median and the 75th percentile of the market.

The introduction of the long term incentive plan will change the mix of remuneration for the senior executives as shown in the table below:

Target Mix of Remuneration



1. Excludes any one-off IPO related bonus for the financial year ended 30 June 2016.
2. The Board has approved a stretch short-term incentive that is available to senior executives. The stretch short-term incentive is payable in cash on a scaled basis once 110% to 200% of the Board approved Operating EBITDA target is met. The maximum stretch short-term incentive that can be earned by each senior executive if the Operating EBITDA target of 200% is achieved is 28–30% (or 40% in the case of the Managing Director) of the relevant senior executives' FY2017 target remuneration.
3. Excludes the deferred element of any deferred short-term incentive relating to FY2016.

Long-term incentive

As indicated in the Prospectus, Link Group will invite participation of senior executives in the Omnibus Equity Plan. All invitations will occur following the release to the market of Link Group's financial statements. Awards of performance share rights will be made subject to the satisfaction of service-based conditions and performance hurdles, which will, when satisfied, allow participating senior executives to receive fully paid ordinary shares in the Company. The number of Performance Share Rights that will be issued to each senior executive will be calculated with reference to the 5 day Volume Weighted Average Price (VWAP) following the results release date and will be accounted for at fair value in accordance with accounting standards from grant date.

The performance share rights will be divided into two tranches of 75% and 25% and subject to testing against an earnings per share (EPS) target and relative total shareholder return (relative TSR) respectively. The Board has considered the cost of introducing the Omnibus Equity Plan in its expectation of progressively trending back to an Operating EBITDA margin similar to that achieved in FY2014.

On vesting of performance share rights issued under the Omnibus Equity Plan, the Company will instruct the trustee of the Link Group Employee Share Trust (**EST**) to subscribe for or acquire shares and to hold those shares on behalf of the participants in accordance with the terms of a trust deed. While those shares are held in the EST, participants are entitled to receive dividends and exercise voting rights attaching to those shares. Participants are eligible to withdraw up to 50% of shares after the first exercise date (which will occur after Link Group's financial statements for FY2019 are lodged) and on application after the holding lock periods have passed. Holding locks prevent 25% of shares being withdrawn until 1 year after the performance share rights vest and another 25% until 2 years after the performance share rights vest.

Broad-based employee share plan

As indicated in the Prospectus, Link Group will introduce a broad-based employee share plan in FY2017, the Tax Exempt Share Plan (**Exempt Plan**). All Australian based qualifying employees of the Company and its subsidiaries will be offered participation in the Exempt Plan and the right to be issued up to $1,000 worth of fully paid ordinary shares for no payment, given the shares will be purchased on market by Link Group.

The Exempt Plan has been structured so as to enable those qualifying employees to receive shares free of income tax provided conditions in the current Australian tax legislation are satisfied. In accordance with those requirements, shares acquired under the Exempt Plan cannot be disposed of or sold until the earlier of three years after the date on which they are issued or the date on which the holder ceases to be an employee of Link Group.

6. Executive service agreements

The key employment terms for the Managing Director and senior executives are summarised in the table below:

	Employment term & leave entitlements		Notice period		Post-employment restrictions	
Senior executive	Employment term	Annual leave entitlement	Company	Employee	Restraint period	Non-solicitation period
John McMurtrie	Open ended	6 weeks	12 months	12 months	12 months	12 months
John Hawkins	Open ended	5 weeks	12 months	12 months	12 months	12 months
Suzanne Holden	Open ended	4 weeks	12 months	12 months	12 months	12 months
David Geddes	Open ended	4 weeks	6 months	6 months	12 months	12 months
Paul Gardiner	Open ended	4 weeks	6 months	6 months	12 months	12 months

All employment contracts contain:

- total remuneration packages (including mandatory superannuation contributions), plus car parking and any related FBT liability;
- the opportunity to participate in a short-term incentive plan. Details of the short-term incentive earned by the senior executives for FY2016 is set out in Section 3 of this report;
- eligibility to participate in any long-term incentive plan introduced by Link Group;
- express provisions protecting Link Group's confidential information and intellectual property; and
- post-employment restrictions covering non-competition, non-solicitation of clients and non-poaching of employees, within Australia and for a maximum duration of 12 months.

Under the terms of all employment contracts, either party is entitled to terminate employment by giving 12 or 6 months written notice. Link Group may, at its election, make a payment in lieu of that notice based on the senior executives' base remuneration package.

Link Group can also terminate the employment contract on 12 or 6 months' written notice where a senior executive becomes incapacitated by illness or injury for an accumulated period of more than six months in any 12 month period or where Link Group is advised by an independent medical officer that, due to physical or mental ill health, the relevant individual is unable to perform their duties on a permanent basis. Link Group may also terminate employment immediately and without further payment where the employee commits serious misconduct and on other similar grounds.

7. Key management personnel remuneration

		Short term				Post-employment	Other long term		Share-based payments	
in dollars		Salary and fees	Short-term incentive[1]	Non-monetary benefits	Total	Superannuation benefits	Long term incentive settlement[2]	Long service leave	Performance share rights	Total
Senior executives										
John McMurtrie	**2016**	**792,759**	**453,333**	**7,135**	**1,253,227**	**34,308**	**–**	**–**	**–**	**1,287,535**
	2015	635,734	600,000	-	1,235,734	18,783	–	66,511	–	1,321,028
John Hawkins[3]	**2016**	**614,783**	**556,250**	**10,075**	**1,181,108**	**33,908**	**–**	**25,084**	**–**	**1,240,100**
	2015	542,933	600,000	11,046	1,153,979	33,183	–	56,605	–	1,243,767
Suzanne Holden	**2016**	**586,869**	**212,500**	**10,050**	**809,419**	**19,308**	**–**	**13,317**	**–**	**842,044**
	2015	454,775	200,000	8,748	663,523	18,783	–	13,590	–	695,896
David Geddes	**2016**	**480,692**	**177,083**	**11,502**	**669,277**	**35,000**	**–**	**6,926**	**–**	**711,203**
	2015	465,887	-	11,046	476,933	18,783	799,713	3,742	–	1,299,171
Paul Gardiner	**2016**	**489,588**	**177,083**	**11,337**	**678,008**	**22,308**	**–**	**21,270**	**–**	**721,586**
	2015	416,449	-	11,046	427,495	18,783	799,713	26,455	–	1,272,446
Total of Senior executives' remuneration	**2016**	**2,964,691**	**1,576,249**	**50,099**	**4,591,039**	**144,832**	**–**	**66,597**	**–**	**4,802,468**
	2015	2,515,778	1,400,000	41,886	3,957,664	108,315	1,599,426	166,903	–	5,832,308
Total of Non-Executive Directors' remuneration (see next page)	**2016**	**948,005**	**–**	**–**	**948,005**	**53,630**	**–**	**–**	**–**	**1,001,635**
	2015	–	–	–	–	–	–	–	–	–
Total of all Key Management Personnel remuneration	**2016**	**3,912,696**	**1,576,249**	**50,099**	**5,539,044**	**198,462**	**–**	**66,597**	**–**	**5,804,103**
	2015	2,515,778	1,400,000	41,886	3,957,664	108,315	1,599,426	166,903	–	5,832,308

1. All short-term incentives, excluding any IPO related bonus, are subject to Board approval upon finalisation of the financial statements.
2. David Geddes and Paul Gardiner were each paid an agreed amount to settle a Long Term Incentive arrangement that ceased to exist as at 30 June 2015.
3. John Hawkins received a one-off IPO related bonus of $280,000 in addition to his short-term incentive bonus of $276,250 for the financial year ended 30 June 2016.

8. Non-executive Director remuneration

The pool for payment of Non-Executive Directors' fees is capped by the Company at $2 million per annum. Non-Executive Directors' fees were set at the time of IPO, with reference to relevant market data. Any increase to that aggregate annual sum needs to be approved by Shareholders. Non-Executive Directors receive an annual fee for being a Board member and for being the Chairman or Member of Board Committees, with effect from 23 September 2015. Non-Executive Director fees are set out in the table below:

	Chairman fee[1]	Member fee[1]
Base fees	$320,000	$160,000
Committee		
Risk and Audit Committee	$35,000	$17,500
Human Resources and Remuneration Committee	$28,000	$14,000
Nomination Committee	–	–
Technology and Innovation Committee	$28,000	$14,000

1. Amounts are exclusive of GST and inclusive of any required superannuation payments.

Fees paid to Non-executive Directors during the year were:

		Short-term						Post-employment	
in dollars		**Base fee**	**Risk and Audit Committee**	**Human Resources and Remuneration Committee**	**Nomination Committee**	**Technology and Innovation Committee**	**Total**	**Superannuation benefits**	**Total**
Michael Carapiet	**2016**	**247,385**	**11,936**	**9,549**	**–**	**9,549**	**278,419**	**–**	**278,419**
Appointed 26 June 2015	2015	–	–	–	–	–	–	–	–
Cameron Blanks	**2016**	**112,910**	**–**	**–**	**–**	**–**	**112,910**	**10,726**	**123,636**
Appointed 17 August 2006	2015	–	–	–	–	–	–	–	–
Glen Boreham	**2016**	**112,910**	**–**	**9,549**	**–**	**19,097**	**141,556**	**10,726**	**152,282**
Appointed 23 September 2015	2015	–	–	–	–	–	–	–	–
Paul McCullagh	**2016**	**112,910**	**11,936**	**–**	**–**	**–**	**124,846**	**10,726**	**135,572**
Appointed 28 July 2006	2015	–	–	–	–	–	–	–	–
Sally Pitkin	**2016**	**112,910**	**11,936**	**19,097**	**–**	**–**	**143,943**	**10,726**	**154,669**
Appointed 23 September 2015	2015	–	–	–	–	–	–	–	–
Fiona Trafford-Walker	**2016**	**112,910**	**23,872**	**–**	**–**	**9,549**	**146,331**	**10,726**	**157,057**
Appointed 23 September 2015	2015	–	–	–	–	–	–	–	–
Sub-total Non-Executive Directors' remuneration	**2016**	**811,935**	**59,680**	**38,195**	**–**	**38,195**	**948,005**	**53,630**	**1,001,635**
	2015	–	–	–	–	–	–	–	–
Total Non-Executive Directors' remuneration[1,2]	**2016**	**811,935**	**59,680**	**38,195**	**–**	**38,195**	**948,005**	**53,630**	**1,001,635**
	2015	–	–	–	–	–	–	–	–

1. All fees are pro-rata from 23 September 2015.
2. Anne McDonald was appointed on 15 July 2016 and did not receive any fees in relation to the financial year ended 30 June 2016.

9. Shareholdings

The Board has adopted a Minimum Shareholding Policy to assist in aligning the interests of all Directors and senior executives (as determined by the Board from time to time) with the interests of Link Group's shareholders.

Each Non-Executive Director must hold a minimum number of shares, which is of equal value to one times their annual base fee (not including Committee membership or the higher fee for the Chairman). Each Non-Executive Director must meet the requirements of the policy within three years after the date of their appointment. Each senior executive must hold a minimum number of shares, which is of equal value to one times the senior executive's base salary. Each senior executive must meet the requirements of the policy within three years of them becoming a participant in the Omnibus Equity Plan. Progress is monitored on an ongoing basis to ensure compliance with the policy.

The movement during the reporting period in the number of ordinary shares in Link Administration Holdings Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2015	Received on exercise of options / rights	Other changes[1]	Held at 30 June 2016
Michael Carapiet	851,465	–	156,985	**1,008,450**
Cameron Blanks	71,179	–	(28,556)	**42,623**
Glen Boreham	–	–	70,643	**70,643**
Paul McCullagh	311,783	–	(125,085)	**186,698**
Sally Pitkin	–	–	39,245	**39,245**
Fiona Trafford-Walker	–	–	12,590	**12,590**
John McMurtrie	13,609,029	–	(940,849)	**12,668,180**
John Hawkins	3,825,590	–	(506,856)	**3,318,734**
Suzanne Holden	468,461	–	(112,294)	**356,167**
David Geddes	1,089,975	–	8,825	**1,098,800**
Paul Gardiner	706,029	–	59,251	**765,280**

1. Consists of shares purchased and sold during the period.

10. Loans to key management personnel and their related parties

Loans to key management personnel during the reporting period were as follows. All loans were interest free and were repaid during the year:

	Balance at 1 July 2015 $	Balance at 30 June 2016 $	Highest balance in period $	Interest charged $	Interest not charged[1] $
Suzanne Holden	628,126	**–**	628,126	–	11,448
David Geddes	565,133	**–**	565,133	–	10,300
Paul Gardiner	565,133	**–**	565,133	–	10,300
Total	**1,758,392**	**–**	**1,758,392**	**–**	**32,048**

1. Deemed value of interest not charged for the period.

11. Other transactions with key management personnel

A number of Link Group's Non-Executive Directors are Directors of other entities, which transacted with Link Group during the year. The terms and conditions of the transactions with these entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

From time to time, Directors of Link Group, or their related entities, may purchase services from Link Group. These purchases are on the same terms and conditions as those entered into by other Link Group employees or customers and are minor or trivial in nature.

Other Information

Significant Changes in State of Affairs

Listing

Link Administration Holdings Limited listed on the Australian Securities Exchange (ASX) on 27 October 2015. A diversified group of both retail and institutional investors acquired shares in the Company at the time of listing. As part of listing on the ASX, the Company changed from a proprietary limited company to a public company, raised $500 million in issued capital and used some of the proceeds to repay borrowings.

Other Matters

Other than the matter discussed above, in the opinion of the Directors there were no significant changes in the state of the affairs of the Company or Link Group that occurred during the financial year ended 30 June 2016.

Events Subsequent to Reporting Date

On 23 August 2016, the Directors declared a final dividend of $28,783,786, which equates to 8.0 cents per share, franked to 18.7% in respect of the financial year ended 30 June 2016. The record date for determining entitlements to the dividend is 29 September 2016. Payment of the dividend will occur on 10 October 2016.

Other than the matter described above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of Link Group, the results of those operations, or the state of affairs of Link Group, in future financial years.

Likely Developments

Further information about the likely developments in the operations of Link Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to Link Group.

Environmental Regulation

Link Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board believes Link Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to Link Group. A Sustainability Report, which communicates Link Group's approach to dealing with environmental regulations will be approved by the Board and made available on the Link Group website at www.linkgroup.com.

Indemnification and Insurance

Indemnification and insurance of Directors and Officers of the Company and auditors comprise:

Indemnification:

The Company has agreed to indemnify, to the extent permitted by the Corporations Act, each Director and Officer in respect of certain losses and liabilities (including all reasonable legal expenses) which the Director or Officer may incur as a result of, or by reason of being a Director or Officer of Link Group or a related body corporate.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

Insurance:

In accordance with the provisions of the Corporations Act 2001, the Company has a Directors' and Officers' Liability policy which covers all Directors and Officers of Link Administration Holdings Limited and its Controlled Entities. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Corporate Governance

The Board is committed to implementing the highest standards of corporate governance appropriate to Link Group, taking into account the Company's size, structure and nature of its operations. A Corporate Governance Statement is in the process of being prepared to report against the 3rd edition of the ASX Corporate Governance Council's Principles and Recommendations and the practices detailed in the Corporate Governance statement. The Corporate Governance Statement will be approved by the Board and made available on the Link Group website at www.linkgroup.com.

Rounding Off

The Company is of a kind referred to in ASIC Rounding instrument 2016/191 dated 1 April 2016 and in accordance with that rounding instrument, amounts in the financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Non-audit services

During the year KPMG, Link Group's auditor, performed certain other services in addition to the audit of the financial statements amounting to $1,685,700 (2015: $218,880). The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Risk and Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by Link Group and have been reviewed by the Risk and Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Link Group, acting as an advocate for Link Group or jointly sharing risks and rewards.

Details of the amounts paid to KPMG for audit and non-audit services provided during the year are disclosed in note 27 to the financial statements.

Lead Auditor's Independence Declaration

The Lead Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 56 and forms part of the Directors' Report for the year ended 30 June 2016.

Signed in accordance with a resolution of the Board of Directors.

Dated 23 August 2016 at Sydney.

M Carapiet
Chairman

J M McMurtrie
Managing Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Link Administration Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Andrew Yates

Partner

Sydney

23 August 2016

2. Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016

	Note	2016 $'000	2015[1] $'000
Revenue – rendering of services		**775,896**	588,343
Expenses:			
Employee expenses		**(359,579)**	(300,542)
Occupancy expenses		**(37,558)**	(32,664)
IT costs		**(83,826)**	(56,056)
Administrative and general expenses		**(127,307)**	(90,989)
IPO related expenses		**(22,040)**	-
Net acquisition and capital management related (expenses)/income		**(873)**	4,312
		(631,183)	(475,939)
Depreciation expense	11	**(11,242)**	(9,812)
Intangibles amortisation expense	12	**(53,758)**	(50,391)
		(65,000)	(60,203)
Gain on financial assets held at fair value through profit and loss		**18,057**	3,424
Finance income		**946**	1,005
Finance costs	15	**(38,828)**	(53,428)
Net finance costs		**(37,882)**	(52,423)
Share of profit of equity accounted investee, net of tax		**-**	781
Profit before tax		**59,888**	3,983
Tax expense	5(a)	**(17,432)**	(677)
Profit for the year		**42,456**	3,306
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Defined benefit remeasurement		**(91)**	(598)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations, net of tax		**1,145**	3,665
Net change in fair value of cash flow hedge, net of tax		**2,886**	(877)
		4,031	2,788
Other comprehensive income, net of tax		**3,940**	2,190
Total comprehensive income for the year		**46,396**	5,496

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

1. Prior year comparatives have been restated to reflect the fair value adjustments to the purchase price allocation of prior period acquisitions during the measurement period. Refer to note 23.

2. Financial Statements (continued)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)
for the year ended 30 June 2016

	2016 $'000	2015[1] $'000
Profit attributable to:		
Owners of the Company	**42,069**	3,804
Non-controlling interests	**387**	(498)
Profit for the year	**42,456**	3,306
Total comprehensive income attributable to:		
Owners of the Company	**46,039**	5,983
Non-controlling interests	**357**	(487)
Total comprehensive income for the year	**46,396**	5,496
Earnings per share	**Cents per Share**	Cents per share
Basic and diluted earnings per share	**12.59**	1.36

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

1. Prior year comparatives have been restated to reflect the fair value adjustments to the purchase price allocation of prior period acquisitions during the measurement period. Refer to note 23.

2. Financial Statements (continued)

Consolidated Statement of Financial Position as at 30 June 2016

	Note	30 June 2016 $'000	30 June 2015[1] $'000
Current assets			
Cash and cash equivalents	13(b)	**30,153**	31,835
Trade and other receivables	6	**95,823**	85,018
Other assets	7	**13,324**	10,678
Current tax assets		**30**	242
Total current assets		**139,330**	127,773
Non-current assets			
Investments	18	**67,019**	34,432
Plant and equipment	11	**47,284**	22,618
Intangible assets	12	**844,733**	862,435
Deferred tax assets	5(d)	**55,677**	69,623
Other assets	7	**268**	408
Total non-current assets		**1,014,981**	989,516
Total assets		**1,154,311**	1,117,289
Current liabilities			
Trade and other payables	8	**87,925**	72,693
Interest bearing loans and borrowings	14	**198**	24,007
Derivative financial liabilities	17(a)	**–**	208
Provisions	9	**46,260**	54,069
Employee benefits	10	**38,627**	35,975
Current tax liabilities		**1,074**	441
Total current liabilities		**174,084**	187,393
Non-current liabilities			
Trade and other payables	8	**22,534**	6,527
Interest-bearing loans and borrowings	14	**291,922**	765,596
Derivative financial liabilities	17(b)	**–**	3,915
Provisions	9	**15,462**	32,634
Employee benefits	10	**7,723**	9,187
Deferred tax liabilities	5(d)	**60,524**	62,894
Total non-current liabilities		**398,165**	880,753
Total liabilities		**572,249**	1,068,146
Net assets		**582,062**	49,143
Equity			
Contributed equity	20	**689,004**	202,481
Reserves	21	**(112,417)**	(145,696)
Retained earnings/(accumulated losses)	22	**4,999**	(7,761)
Total equity attributable to equity holders of the parent		**581,586**	49,024
Non-controlling interest		**476**	119
Total equity		**582,062**	49,143

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

1. Prior year comparatives have been restated to reflect the fair value adjustments to the purchase price allocation of prior period acquisitions during the measurement period. Refer to note 23.

2. Financial Statements (continued)

Consolidated Statement of Changes in Equity as at 30 June 2016

	Share capital $'000	Reserves $'000	Retained earnings/ (accumulated losses) $'000	Total $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2015	202,481	(145,696)	(7,761)	49,024	119	49,143
Net profit	–	–	42,069	42,069	387	42,456
Defined benefit remeasurement	–	(91)	–	(91)	–	(91)
Net change in fair value of cash flow hedge, net of tax	–	2,886	–	2,886	–	2,886
Foreign currency translation differences, net of tax	–	1,175	–	1,175	(30)	1,145
Total other comprehensive income, net of income tax	–	3,970	–	3,970	(30)	3,940
Total comprehensive income for the year	–	3,970	42,069	46,039	357	46,396
Transfer from retained earnings to reserves	–	29,309	(29,309)	–	–	–
Transactions with shareholders						
Issue of share capital, net of costs of raising capital and tax	486,523	–	–	486,523	–	486,523
Total contributions by and distributions to owners	486,523	–	–	486,523	–	486,523
Balance at 30 June 2016	689,004	(112,417)	4,999	581,586	476	582,062

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity (continued)
as at 30 June 2016

	Share capital $'000	Reserves $'000	Retained earnings/ (accumulated losses) $'000	Total $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2014	197,535	(147,879)	(11,559)	38,097	630	38,727
Net profit	–	–	3,804	3,804	(498)	3,306
Defined benefit remeasurement	–	(598)	–	(598)	–	(598)
Net change in fair value of cash flow hedge, net of tax	–	(877)	–	(877)	–	(877)
Foreign currency translation differences, net of tax	–	3,654	–	3,654	11	3,665
Total other comprehensive income, net of income tax	–	2,179	–	2,179	11	2,190
Total comprehensive income for the year	–	2,179	3,804	5,983	(487)	5,496
Transfer from Retained Earnings to Reserves	–	6	(6)	–	–	–
Transactions with shareholders						
Issue of ordinary shares, net of costs of raising capital and tax	4,946	–	–	4,946	143	5,089
Disposal of partly controlled subsidiary	–	–	–	–	(154)	(154)
Acquisition of non controlling interests in a subsidiary	–	(2)	–	(2)	(4)	(6)
Dividends paid	–	–	–	–	(9)	(9)
Total contributions by and distributions to owners	4,946	(2)	–	4,944	(24)	4,920
Balance at 30 June 2015[1]	202,481	(145,696)	(7,761)	49,024	119	49,143

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

1. Prior year comparatives have been restated to reflect the fair value adjustments to the purchase price allocation of prior period acquisitions during the measurement period. Refer to note 23.

2. Financial Statements (continued)

Consolidated Statement of Cash Flows
for the year ended 30 June 2016

	Note	2016 $'000	2015[1] $'000
Cash flows from operating activities			
Cash receipts in the course of operations		**845,683**	608,489
Cash payments in the course of operations		**(713,279)**	(525,232)
		132,404	83,257
Interest received		**434**	571
Dividend received		**296**	277
Borrowing costs paid		**(28,638)**	(48,974)
Income taxes paid		**(1,593)**	(600)
Net cash provided from operating activities	13(a)	**102,903**	34,531
Cash flows from investing activities			
Payments for plant and equipment		**(15,295)**	(9,810)
Payments for software		**(24,072)**	(25,261)
Acquisition of subsidiary, net of cash acquired		**(7,111)**	(146,336)
Dividends from equity accounted investee		**-**	1,223
Payments for investments		**(14,599)**	(3,105)
Net cash used in investing activities		**(61,077)**	(183,289)
Cash flows from financing activities			
Proceeds from borrowings		**358,380**	194,748
Repayment of borrowings		**(861,425)**	(44,864)
Proceeds from the issue of shares and conversion of partly paid shares		**499,738**	2,792
IPO related costs		**(40,441)**	-
Acquisition of non-controlling interests		**-**	(31)
Dividends paid to non-controlling interests		**-**	(9)
Net cash (used in)/provided by financing activities		**(43,748)**	152,636
Net (decrease)/increase in cash and cash equivalents		**(1,922)**	3,878
Cash and cash equivalents at the beginning of the financial year		**31,835**	27,706
Effect of exchange rate fluctuations on cash held		**240**	251
Cash and cash equivalents at the end of the financial year	13(b)	**30,153**	31,835

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements

1. Prior year comparatives have been restated to reflect the fair value adjustments to the purchase price allocation of prior period acquisitions during the measurement period. Refer to note 23.

3. Notes to the Financial Statements

Preparation of this Report

1. General Information

Link Administration Holdings Limited (the "Company") is a company incorporated and domiciled in Australia. The Company's registered office and principal place of business is Level 12, 680 George Street, Sydney NSW 2000, Australia. The consolidated financial statements of Link Group as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries and Link Group's interest in associates and jointly controlled entities. Link Group is a for-profit entity. Link Group is a technology-enabled provider of outsourced administration services for superannuation fund administration, corporate markets and related value added services including fund administration, registry services, data management, analytics, digital communication and stake-holder education and advice.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on a going concern basis. The Directors of Link Administration Holdings Limited consider it probable that Link Group will continue to fulfil all obligations as and when they fall due for the foreseeable future and accordingly consider that Link Group's financial statements should be prepared on a going concern basis.

Link Group had positive cash flows from operating activities for the financial year ended 30 June 2016 and is forecasting positive operating cash flows in the 2017 financial year. Link Group also has undrawn facilities that, if required, will enable Link Group to fulfil obligations as and when they fall due. The deficiency of current assets over current liabilities is impacted by provisions raised in respect of contractual obligations and other restructuring activities.

The consolidated financial statements were approved by the Board of Directors on 23 August 2016.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value; and
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of Link Group.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the following notes to the financial statements:

- Note 12 – Key assumptions in Value in Use (VIU) calculations
- Note 30(k) and 9 – Provisions
- Note 5(e) – Utilisation of tax losses
- Note 23 – Business combinations
- Note 19 – Financial risk management

Link Group assesses the fair value of its assets on a regular basis. As far as possible observable market data is used and assessed for compliance with IFRS. Each fair valued amount is then categorised into the different levels of the fair value hierarchy based on its inputs.

2. Basis of preparation (continued)

(e) Changes in accounting policies

Link Group has consistently applied the accounting policies set out in Note 30 to all periods presented in these consolidated financial statements. There were no new standards or amendments to standards that Link Group was required to adopt during the financial year.

(f) Parent entity information

In accordance with the Corporations Act 2001, these consolidated financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 24.

(g) Rounding off

The Company is of a kind referred to in ASIC Rounding instrument 2016/191 dated 1 April 2016 and in accordance with that Rounding instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

3. Operating segments

Link Group has three reportable segments, as described below, which are Link Group's key divisions. Each of the divisions offer different products and services and are managed separately because they require different technology and business strategies to service their respective markets and comply with relevant legislative or other requirements. Financial information for each division is provided regularly to Link Group's Managing Director (the chief operating decision maker). The following summary describes the operations in each of Link Group's reportable segments:

- **Fund Administration** – provides administration services to superannuation funds. Link Group provides a fully integrated platform solution to its clients, covering all major front, middle and back office administration functions.
- **Corporate Markets** – provides a comprehensive and integrated corporate market offering that connects issuers with their stakeholders. The division's key services include shareholder management and analytics, stakeholder engagement, share registry, employee share plans and company secretarial.
- **Information, Digital and Data Services** – is the technology hub of Link Group and a key driver of innovation. Information, Digital and Data Services provides core services of development and maintenance of proprietary IT systems and platforms, and value-added services of data analytics, digital solutions and digital communications. This division supports Fund Administration, Corporate Markets and a number of external clients.

	2016 $'000	2015 $'000
Segment revenue		
Fund Administration	**561,933**	413,831
Corporate Markets	**197,506**	160,047
Information, Digital and Data Services	**206,538**	148,403
Total Segment revenue	**965,977**	722,281
Eliminations	**(190,081)**	(133,938)
Total revenue	**775,896**	588,343
Operating EBITDA		
Fund Administration	**96,114**	70,205
Corporate Markets	**56,867**	50,410
Information, Digital and Data Services	**43,901**	34,067
Total Segment Operating EBITDA	**196,882**	154,682
Head Office	**(6,282)**	(4,189)
Total Operating EBITDA	**190,600**	150,493
Significant items:		
Business Combination costs	**(696)**	(6,675)
Integration costs	**(8,464)**	(23,866)
Client migration costs	**(6,470)**	(8,154)
IT business transformation	**(8,217)**	(3,160)
Settlement of legal claims	**–**	(3,804)
Employee liabilities	**–**	(2,763)
Fair value adjustments on joint venture on acquisition	**–**	10,333
Total significant items	**(23,847)**	(38,089)

3. Operating segments (continued)

	2016 $'000	2015[1] $'000
IPO related expenses	(22,040)	–
Depreciation expense	(11,242)	(9,812)
Intangibles amortisation expense – investments	(22,166)	(22,136)
Intangibles amortisation expense – acquisitions	(31,592)	(28,255)
Gain on financial assets held at fair value through profit and loss	18,057	3,424
Finance income	946	1,005
Finance expense	(38,828)	(53,428)
Share of profit of equity accounted investee, net of tax	–	781
Profit before tax	59,888	3,983
Income tax expense	(17,432)	(677)
Net profit after tax	42,456	3,306

External revenue is the same as segment revenue for all segments except Information, Digital and Data Services, which had direct external revenues of $16.5 million (2015: $14.5 million).

Segment assets		
Fund Administration	471,768	477,160
Corporate Markets	370,187	362,580
Information, Digital and Data Services	185,977	178,981
Total segment assets	1,027,932	1,018,721
Head office	126,379	98,568
Total assets	1,154,311	1,117,289

Geographical segment

Link Group operates predominantly in one geographical segment being Australia.

Major Clients

Link Group had two major clients in the Fund Administration division, which had combined revenues of $229,810,644 (2015: $158,160,530).

1. Prior year comparatives have been restated to reflect the fair value adjustments to the purchase price allocation of prior period acquisitions during the measurement period. Refer to note 23.

4. Earnings per share

(a) Basic earnings per share

	2016 $'000	2015 $'000
Profit for the year attributable to owners of the Company	42,069	3,804
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at 1 July	281,305	279,709
Effect of allotment and issuances	52,972	307
Basic weighted average number of ordinary shares	334,277	280,016

(b) Diluted earnings per share

	$'000	$'000
Profit for the year attributable to owners of the Company	42,069	3,804
	Number of shares '000	Number of shares '000
Basic weighted average number of ordinary shares	334,277	280,016
Effect of dilutive securities	–	–-
Weighted average number of ordinary shares (diluted)	334,277	280,016
Basic and diluted earnings per share (cents)	**12.59**	1.36

Operating Results (continued)

5. Taxation

(a) Income tax expense

	2016 $'000	2015 $'000
Current tax expense		
Current year	**(11,825)**	(6,451)
Adjustment for prior years	**(602)**	399
	(12,427)	(6,052)
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	**(5,634)**	5,712
Adjustment for prior years	**629**	(337)
	(5,005)	5,375
Tax expense from continuing operations	**(17,432)**	(677)
Profit before income tax	**59,888**	3,983
Prima facie income tax expense calculated at 30% on operating profit from ordinary activities:	**(17,966)**	(1,195)
Effect of tax rates in foreign jurisdictions	**(193)**	70
Non-deductible expenses	**(1,457)**	(2,698)
Non-assessable income	**618**	3,345
Recognition/(de-recognition) of previously unrecognised/(recognised) tax losses	**1,540**	(261)
Over provision of tax in respect of prior years	**26**	62
Income tax expense	**(17,432)**	(677)
Movement in temporary differences	**5,364**	(5,073)
Utilisation of recognised tax losses	**9,515**	5,282
Income tax payable on current year profits	**(2,553)**	(468)

(b) Effective tax rates for Australian and overseas operations

	2016			2015		
	Profit before tax $'000	Income tax expense $'000	Effective tax rate	Profit before tax $'000	Income tax expense/ (benefit) $'000	Effective tax rate
Australian operations	**54,192**	**16,608**	**30.65%**	1,438	(134)	(9.32%)[1]
Overseas operations	**5,696**	**824**	**14.47%**[2]	2,545	811	31.87%
Total	**59,888**	**17,432**	**29.11%**	3,983	677	16.99%

1. The effective tax rate was less than 30% predominately because Link Group made a fair value adjustment in its financial statements, that was not currently assessable for tax purposes and adjustments for non-deductible entertainment, legal fees, professional fees and acquisition costs, which were not deductible for tax purposes.
2. The overseas effective tax rate is lower than the prior year due to an unrealised foreign exchange gain in Germany, which is not assessable for tax purposes and the recognition of previously unrecognised tax losses that were incurred in a prior year. The overseas effective tax rate after adjusting for these permanent differences was 26.93%.

5. Taxation (continued)

(c) Tax recognised in other comprehensive income and equity

	2016			2015		
	Before tax $'000	Tax (expense)/ benefit $'000	Net of tax $'000	Before tax $'000	Tax (expense)/ benefit $'000	Net of tax $'000
Foreign Currency Translation Reserve	1,477	(302)	1,175	3,645	9	3,654
Cash flow hedge	4,123	(1,237)	2,886	(1,253)	376	(877)
	5,600	(1,539)	4,061	2,392	385	2,777

(d) Deferred tax assets/(liabilities)

	2016 $'000	2015[1] $'000
Deferred tax asset:		
Provisions	36,690	47,411
Accruals	979	1,319
Business/acquisition related costs	12,474	5,276
Borrowing costs	–	4,176
Deferred income	1,527	–
Cash flow hedge/swaption	–	1,382
Plant, equipment & software	–	675
Other	743	–
Tax losses	3,264	9,384
	55,677	69,623
Deferred tax liability:		
Intangible assets	(38,865)	(41,611)
Plant, equipment & software	(15,097)	(20,524)
Other	(6,562)	(759)
	(60,524)	(62,894)

(e) Unrecognised tax losses

As at 30 June 2016, companies within Link Group had tax losses of $233.9 million (2015: $235.2 million) unrecognised for deferred tax purposes, available to offset against taxable income in future years.

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these losses because it is not probable that the conditions will be met to utilise them.

(f) Franking credits

Amount of franking credits available to shareholders for subsequent financial years	2,310	2,239

The ability to use the franking credits is dependent on the ability to declare dividends.

1. Restated due to amendment of provisional acquisition accounting. Refer to note 23.

Operating assets and liabilities

6. Trade and other receivables

	2016 $'000	2015[1] $'000
Trade receivables	**94,417**	81,139
Trade receivables – related parties	**33**	106
Less: provision for impaired amounts	**(1,758)**	(1,108)
	92,692	80,137
Other related party receivables	**–**	2,154
Other debtors	**3,131**	2,727
	3,131	4,881
	95,823	85,018

7. Other assets

	2016 $'000	2015[1] $'000
Current		
Prepayments	**13,324**	10,678
Non Current		
Prepayments	**268**	408

8. Trade and other payables

	2016 $'000	2015[1] $'000
Current		
Trade creditors	**15,436**	13,228
Deferred consideration	**1,509**	1,257
Accrued operational expenses	**20,330**	17,222
Other creditors and accruals	**50,650**	40,986
	87,925	72,693
Non-current		
Deferred consideration	**1,985**	3,511
Other creditors and accruals	**20,549**	3,016
	22,534	6,527

9. Provisions

	2016 $'000	2015[1] $'000
Current		
Provisions	**46,260**	54,069
Non-current		
Provisions	**15,462**	32,634

1. Restated due to amendment of provisional acquisition accounting. Refer to note 23.

9. Provisions (continued)

A reconciliation of the carrying amount of each material class of provisions is set out below:

	Self insured claims $'000	Restructuring $'000	Migration related $'000	Other $'000	Total $'000
Balance at 1 July 2015	12,543	8,644	51,273	14,243	86,703
Contractual liabilities incurred through business combinations	–	–	2,119	–	2,119
Unwinding of finance charge	–	–	4,100	–	4,100
Provisions made during the year	10,444	5,230	–	4,441	20,115
Provisions used during the year	(732)	(3,855)	(35,086)	(3,644)	(43,317)
Provisions reversed during the year	(2,976)	(4,938)	–	–	(7,914)
Foreign exchange translation difference	(51)	4	(7)	(30)	(84)
Balance at 30 June 2016	19,228	5,085	22,399	15,010	61,722
Current	9,728	5,085	22,399	9,048	46,260
Non-current	9,500	–	–	5,962	15,462

Self Insured Claims: Link Group self-insures for processing errors associated with the handling of administration activities for clients. Incidents that may give rise to a claim are measured at the cost that Link Group expects to incur in settling the claim, which may have or have not been reported.

Restructuring provision: The restructuring provision is for redundancy expenses. The restructuring provision is based on estimates of the future costs associated with the redundancy. The provision calculation includes assumptions around the timing and costs of the redundancy.

Migration related: The migration provisions represent contractual liabilities incurred through business combinations and other related liabilities. The migration provision recognised on acquisition is stated at fair value based on estimates of the costs required to perform the migration procedures contractually required under the agreements.

Other: Other provisions are for onerous contracts, litigation, and make good liabilities.

10. Employee benefits

	2016 $'000	2015[1] $'000
Current		
Employee entitlements	38,627	35,975
Non-current		
Employee entitlements	7,723	9,187

1. Restated due to amendment of provisional acquisition accounting. Refer to note 23.

11. Plant and equipment

	Plant & equipment $'000	Fixtures and fittings $'000	Total $'000
Cost			
Balance at 1 July 2015	**48,133**	**30,022**	**78,155**
Acquisitions through business combinations	**125**	**–**	**125**
Additions	**15,162**	**20,916**	**36,078**
Effects of movements in exchange rates	**(358)**	**(99)**	**(457)**
Disposals/write offs	**(63)**	**–**	**(63)**
Balance at 30 June 2016	**62,999**	**50,839**	**113,838**
Depreciation and impairment losses			
Balance at 1 July 2015	**(33,210)**	**(22,327)**	**(55,537)**
Depreciation charge for the period	**(6,788)**	**(4,454)**	**(11,242)**
Effects of movements in exchange rates	**140**	**26**	**166**
Disposals/write offs	**59**	**–**	**59**
Balance at 30 June 2016	**(39,799)**	**(26,755)**	**(66,554)**
Carrying amount at 30 June 2016	**23,200**	**24,084**	**47,284**
Cost			
Balance at 1 July 2014	36,041	28,242	64,283
Acquisitions through business combinations	2,721	1,203	3,924
Additions	9,649	506	10,155
Effects of movements in exchange rates	221	72	293
Disposals/write offs	(499)	(1)	(500)
Balance at 30 June 2015	48,133	30,022	78,155
Depreciation and impairment losses			
Balance at 1 July 2014	(27,691)	(18,435)	(46,126)
Depreciation charge for the period	(5,984)	(3,828)	(9,812)
Effects of movements in exchange rates	(22)	(65)	(87)
Disposals/write offs	487	1	488
Balance at 30 June 2015	(33,210)	(22,327)	(55,537)
Carrying amount at 30 June 2015[1]	14,923	7,695	22,618

1. Restated due to amendment of provisional acquisition accounting. Refer to note 23.

12. Intangible assets

	Goodwill $'000	Client lists $'000	Software $'000	Brand Names $'000	Total $'000
Cost					
Balance at 1 July 2015	**586,481**	**214,875**	**297,340**	**5,089**	**1,103,785**
Acquisitions through business combinations	**6,187**	**3,176**	**226**	**–**	**9,589**
Additions	**–**	**–**	**25,015**	**–**	**25,015**
Transfers	**–**	**–**	**168**	**(168)**	**–**
Effects of movements in exchange rates	**1,449**	**(851)**	**(88)**	**(445)**	**65**
Disposals/Assets written off	**–**	**–**	**(15)**	**–**	**(15)**
Balance at 30 June 2016	**594,117**	**217,200**	**322,646**	**4,476**	**1,138,439**
Amortisation and impairment losses					
Balance at 1 July 2015	**(2,500)**	**(68,432)**	**(169,255)**	**(1,163)**	**(241,350)**
Effects of movements in exchange rates	**–**	**1,189**	**133**	**65**	**1,387**
Amortisation charge	**–**	**(18,212)**	**(34,974)**	**(572)**	**(53,758)**
Disposals/Assets written off	**–**	**–**	**15**	**–**	**15**
Balance at 30 June 2016	**(2,500)**	**(85,455)**	**(204,081)**	**(1,670)**	**(293,706)**
Carrying amount at 30 June 2016	**591,617**	**131,745**	**118,565**	**2,806**	**844,733**
Cost					
Balance at 1 July 2014	445,077	137,370	244,149	1,149	827,745
Acquisitions through business combinations	141,498	75,835	27,008	3,551	247,892
Adjustment for prior year business combinations	(1,444)	–	–	–	(1,444)
Additions	–	–	26,055	–	26,055
Effects of movements in exchange rates	1,378	2,215	282	389	4,264
Disposals/Assets written off	(28)	(545)	(154)	–	(727)
Balance at 30 June 2015	586,481	214,875	297,340	5,089	1,103,785
Amortisation and impairment losses					
Balance at 1 July 2014	(2,500)	(49,106)	(138,734)	(522)	(190,862)
Effects of movements in exchange rates	–	(611)	(115)	(13)	(739)
Amortisation charge	–	(19,203)	(30,560)	(628)	(50,391)
Disposals/Assets written off	–	488	154	–	642
Balance at 30 June 2015	(2,500)	(68,432)	(169,255)	(1,163)	(241,350)
Carrying amount at 30 June 2015[1]	583,981	146,443	128,085	3,926	862,435

1. Restated due to amendment of provisional acquisition accounting. Refer to note 23.

12. Intangible assets (continued)

Impairment testing for cash generating units (CGU) containing goodwill

For the purpose of impairment testing, goodwill is allocated to Link Group's operating divisions. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	2016 $'000	2015[1] $'000
Fund Administration	**279,012**	277,913
Corporate Markets Australia and New Zealand	**235,500**	234,378
Corporate Markets Overseas	**39,413**	33,998
Information, Digital and Data Services	**37,692**	37,692
Total goodwill	**591,617**	583,981

The recoverable amounts of CGU's were determined through value in use calculations. The value in use calculations applied a post-tax discounted cashflow model, based on a five year budget approved by the Board and an appropriate terminal value. Cashflows after the fifth year were projected at growth rates of 2.50% (2015: 3%) for Fund Administration, 2.50% (2015: 3%) for Corporate Markets Australia and New Zealand, 3.01% (2015: 3.19%) for Corporate Markets Overseas and 2.5% (2015: 3%) for Information and Data Services. All key assumptions were determined using the past experiences of Link Group and management. Where possible, assumptions were validated against external sources of information.

The value in use calculations employed a range of pre-tax discount rates from 9.69% to 11.84% (2015: 11.31% to 12.31%). These rates relate to the risks in the respective segments and countries in which they operate. The discount rate used reflects management's estimate of the time value of money and Link Group's weighted average cost of capital (WACC), which is calculated separately for each CGU.

Management is of the opinion that other reasonable changes in the key assumptions on which the recoverable amount of Link Group's goodwill is based would not cause Link Group's carrying amount to exceed its recoverable amount.

1. Restated due to amendment of provisional acquisition accounting. Refer to note 23.

13. Notes to the statement of cash flows

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

	2016 $'000	2015[1] $'000
Net profit after income tax	**42,456**	3,306
Add/(less) non-cash items		
Depreciation	**11,242**	9,812
Amortisation	**53,758**	50,391
Unrealised foreign exchange loss/(gain)	**233**	(15)
Share of profit from associates	**-**	(781)
Unwinding discount on deferred acquisition	**4,564**	326
Borrowing cost amortisation	**5,048**	4,203
Fair value adjustments on acquisition	**-**	(10,333)
Gain on financial assets held at fair value through profit & loss	**(18,057)**	(3,424)
Net cash inflow from operating activities before changes in assets and liabilities	**99,244**	53,485
IPO costs expensed through income statement	**22,040**	-
Change in operating assets and liabilities		
Change in trade and other receivables	**(10,666)**	(17,245)
Change in other assets	**(1,983)**	591
Change in trade and other payables	**8,985**	(12,384)
Change in provisions	**(30,208)**	10,307
Change in current and deferred tax balances	**15,491**	(223)
Net cash inflow from operating activities	**102,903**	34,531

(b) Reconciliation of Cash

	2016 $'000	2015[1] $'000
Cash and cash equivalents	**30,153**	31,835

1. Restated due to amendment of provisional acquisition accounting. Refer to note 23.

Capital structure, financing and risk management

14. Interest bearing loans and borrowings

	2016 $000	2015 $000
Current		
Finance lease	**198**	209
Loans	**–**	23,798
	198	24,007
Non–current		
Finance lease	**465**	790
Loans	**291,457**	764,806
	291,922	765,596

Financing Arrangements	**Contractual interest rate at 30 June 2016**		
Total facilities available:			
Amortising loan facility	n/a	**–**	41,221
Non amortising term loan facility	3.1-3.4%	**550,000**	512,000
Capex and acquisition facility	n/a	**–**	325,000
Working capital facility	1.5-3.4%	**30,000**	30,000
		580,000	908,221
Facilities utilised at reporting date:			
Amortising loan facility	n/a	**–**	41,221
Non amortising term loan facility	3.1-3.4%	**293,000**	512,000
Capex and acquisition facility	n/a	**–**	240,000
Working capital facility	1.5%	**12,959**	12,450
		305,959	805,671
Facilities not utilised at reporting date:			
Non amortising term loan facility	0.48-0.6%	**257,000**	–
Capex and acquisition facility	n/a	**–**	85,000
Working Capital facility	0.6%	**17,041**	17,550
		274,041	102,550

Facilities utilised at reporting date includes $12,959,000 (2015: $12,450,000) of guarantees provided to external parties, which have not been drawn down. Refer to Note 16.

Link Group signed a new Syndicated Loan Facility on 18 September 2015, in preparation for refinancing following the Initial Public Offering ("IPO"). On 2 November 2015, Link Group repaid existing debt facilities in full ($811,221,000), and made a drawdown of $343,000,000 on the new Syndicated Loan Facility. Link Group repaid $50,000,000 of the new facility during the financial year.

Link Group also has access to an uncommitted facility of $250,000,000 under the new Syndicated Loan Facility. This is an uncommitted revolving credit facility for general corporate purposes to fund acquisitions permitted under the facility (and related advisory fees, costs and expenses) and growth capital expenditure and to refinance existing debt of an acquired target.

15. Finance costs

	2016 $000	2015 $000
Loan interest expense	**28,885**	48,833
Amortisation of capitalised borrowing costs	**5,048**	4,203
Foreign exchange loss	**233**	18
Other	**4,662**	374
	38,828	53,428

16. Contingent liabilities

Link Group has granted bank guarantees to the favour of:

AFSL Performance Bond – Westpac/NAB	**10,000**	10,000
Letter of Credit – STRATE Limited	**820**	950
Letter of Credit – Railway Pension Nominees Limited	**639**	–
Bank guarantee – ASX	**500**	500
Bank guarantee – Westpac	**1,000**	1,000
Bank guarantee – CBA	**287**	287

Australian Financial Services Licence (AFSL) Performance Bond

A Guarantee for $10 million (2015: $10 million) is held with Westpac on behalf of a subsidiary of Link Group, Pacific Custodians Pty Limited, as a requirement of the subsidiary's Australian Financial Services Licence (AFSL) requirements (AFSL Performance Bond).

Letter of Credit

The ZAR9,000,000 ($819,631) guarantee in favour of STRATE Limited (2015: ZAR9,000,000 or $950,000) covers any liability arising from Link Investor Services South Africa (Proprietary) Limited becoming a Central Securities Depository Participant and is provided by Westpac.

The GBP350,784 ($638,602) guarantee in favour of Railway Pension Nominees Limited (2015:$nil) is held on behalf of a subsidiary as a requirement of their lease agreement.

Bank guarantee

The Westpac Banking Corporation ("Westpac") guarantee of $500,000 (2015: $500,000) to the favour of ASX Settlement and Transfer Corporation Pty Limited covers any liability arising from a subsidiary being a Specialist Settlement Participant.

A guarantee for $1,000,000 (2015: $1,000,000) is held in respect of a contractual requirement.

A guarantee for $287,000 (2015: $287,000) is held with Commonwealth Bank of Australia Limited ("CBA") on behalf of a subsidiary as a requirement of their lease agreement.

17. Derivative financial instruments

	2016 $000	2015 $000
a. Derivative financial liability – current		
Interest rate swap – cashflow hedge	**–**	208
b. Derivative financial liability – non current		
Interest rate swap – cashflow hedge	**–**	3,915

Further information on Link Group's hedging policies is contained in Note 19.

18. Investments

	2016 $000	2015[1] $000
Listed equity securities – at fair value through profit or loss	**2,738**	2,762
Unlisted investments – at fair value through profit or loss	**64,281**	31,670
	67,019	34,432

The equity securities have been designated at fair value through profit or loss because they are managed on a fair value basis and their performance is actively monitored.

19. Financial risk management

Objectives

Overview

Link Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risk Management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Link Group has established risk management policies that identify and analyse the risks faced by Link Group, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

Credit Risk

Credit risk is the risk of financial loss to Link Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and attaches principally to Link Group's receivables from customers, cash and cash equivalents and other financial assets. The carrying amount of financial assets less any provisions for impairment represents the maximum credit exposure.

Exposure to credit risk

Link Group's exposure to credit risk arises predominantly through its cash and cash equivalents and trade and other receivables. Cash and cash equivalent amounts as well as transactions involving derivative financial instruments are all held or maintained by banks and financial institutions with high credit ratings. Trade Receivables are monitored in line with Link Group's credit policy. The credit quality of customers is assessed by taking into account their financial position, past experience and other relevant factors. Based on the above process, Link Group believes that all unimpaired trade and other receivables are collectible in full.

The maximum exposure to credit risk for trade and other receivables at the end of the reporting period was as follows:

	2016 $000	2015[1] $000
Neither past due nor impaired	**86,266**	76,456
Past due 1–30 days	**6,217**	4,578
Past due 31–60 days	**1,393**	1,754
Past due over 61 days	**1,947**	2,230
	95,823	85,018

There were no material movements in the allowance for impairment in respect of trade and other receivables during the year.

1. Restated due to provisional acquisition accounting. Refer to note 23.

19. Financial risk management (continued)

Liquidity Risk

Liquidity risk is the risk that Link Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Link Group manages its liquidity risk by maintaining adequate cash reserves and available committed credit lines combined with continuously monitoring of actual and forecast cashflows on a short, medium and long term basis. See Note 14 for details of Link Group's unused facilities at year end.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments. The amounts include both interest and principal cashflows undiscounted and based on contractual maturity and therefore the totals will differ from those disclosed in the statement of financial position. It is noted that the interest repayments are based on forward interest rates and as such these amounts could vary however it is not expected that they will do so significantly from the amounts stated below.

	Carrying amount $000	Total $000	< 1 year $000	1–2 years $000	2–5 years $000	> 5 years $000
30 June 2016						
Non-derivative liabilities						
Non interest bearing						
Trade and other payables	**110,459**	**110,459**	**90,851**	**2,016**	**5,709**	**11,883**
Interest bearing						
Loans and borrowings	**292,120**	**338,873**	**10,179**	**10,127**	**318,567**	**–**
Total non-derivative liabilities	**402,579**	**449,332**	**101,030**	**12,143**	**324,276**	**11,883**
30 June 2015						
Non-derivative liabilities						
Non interest bearing						
Trade and other payables	79,220	79,220	76,673	1,260	881	406
Interest bearing						
Loans and borrowings	789,603	838,116	59,604	777,931	581	–
Total non-derivative liabilities	868,823	917,336	136,277	779,191	1,462	406
Derivative liabilities						
Interest rate hedge	4,123	4,196	2,687	1,509	–	–
Total derivative liabilities	4,123	4,196	2,687	1,509	–	–

The timing impact of the hedge's cashflow on profit or loss is the same as the cashflow timings disclosed above.

The Company and a number of the subsidiaries are guarantors to Link Group's loans and borrowings.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect Link Group's income or carrying value of its holdings of financial instruments as at the year end.

Foreign Currency Risk

Link Group is exposed to currency risk on sales, purchases and foreign currency bank accounts that are denominated in a currency other than the functional currency of Link Group, being the Australian dollar (AUD). The overseas subsidiaries within Link Group transact in a different functional currency (Pound Sterling, New Zealand Dollar, South African Rand, Indian Rupee, Euro) and investments in these subsidiaries are not hedged. The effects of any exchange rate movements in respect to the net investment in foreign subsidiaries are recognised in the foreign currency translation reserve. Sensitivity testing was performed by increasing foreign exchange rates by 10% (2015: 10%) which would result in an immaterial effect on the profit before tax result and would result in a negative impact of $5,512,138 (2015: $2,953,860) to Link Group's equity. A decrease of 10% would have an equal and opposite effect.

19. Financial risk management (continued)

Market risk (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. Link Group is exposed to interest rate risk attaching specifically to Link Group's financial assets and liabilities as well as through the maintenance of paying agent and escrow bank accounts administered on behalf of clients. Link Group's primary financial assets impacted by changes in interest rates include cash and cash equivalents. Link Group's primary financial liabilities impacted by interest rate movements include loans and borrowings.

In accordance with Link Group's policies and the terms of its debt facilities, Link Group implemented an interest rate hedging program in July 2013. The program aims to hedge the notional value of total floating rate loans and borrowings, net of cash and cash equivalents. Actual levels of hedging are assessed with consideration to economic circumstances and the level of indebtedness prevailing at the time, subject to Board approval. There were no hedge arrangements in place as at 30 June 2016, given reduced debt levels. Any hedging has historically used floating-to-fixed interest rate swaps and options which have the economic effect of converting borrowings from floating to fixed rates, thereby mitigating the effect of changes in floating interest rates on future cashflows.

A sensitivity analysis was performed to assess the impact interest rates have on Link Group's statement of financial performance, including the impact of hedging and escrow bank accounts. Sensitivity testing was performed by increasing interest rates by 1% (2015: 1%) as at reporting date which would result in an adverse effect on the profit and loss result of $538,000 (2015 favourable effect: $1,339,000). A decrease of 1% would have an equal and opposite effect.

The assumed 1% change was chosen based on historical movements of official exchange rates and analysts forecasts. The method of calculation has not changed from the prior period.

Capital management

The Board's policy is to maintain a capital base so as to provide shareholder and other stakeholder confidence and to sustain future development of the business. Capital consists of total equity less amounts accumulated in equity in relation to cashflow hedges, dividend reserves and other reserves.

Link Group monitors capital using an adjusted net debt to market value ratio, which is adjusted net debt (interest bearing loans less cash) divided by equity after adjusting for the last traded share price. The equity adjusted for the last traded share price at year end is sufficient to provide confidence that Link Group maintains a strong capital base. A key ratio for Link Group is net financial indebtedness to earnings before interest, tax, depreciation and amortisation, (EBITDA). Net debt is calculated as interest bearing liabilities less cash and cash equivalents.

Fair Value of financial instruments

The following table details Link Group's fair value amounts of financial instruments categorised by the following levels:

- Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
30 June 2016				
Assets				
Unlisted investments designated at fair value through profit and loss	–	3,752	60,529	64,281
Listed equity securities designated at fair value through profit and loss	2,738	–	–	2,738
	2,738	3,752	60,529	67,019

19. Financial risk management (continued)

Fair Value of financial instruments (continued)

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
30 June 2015[1]				
Assets				
Unlisted investments	–	2,050	29,620	31,670
Listed equity securities designated at fair value through profit and loss	2,762	–	–	2,762
	2,762	2,050	29,620	34,432
Liabilities				
Derivative - Interest rate swap at fair value through profit and loss	–	4,123	–	4,123
	–	4,123	–	4,123

There have been no assets transferred between levels during the year (2015: none).

The Level 2 derivatives are valued monthly by the financial institution which Link Group entered the contract with. These are valued using a discounted cash flow approach taking into account appropriate rates of discount and credit risk. The unlisted managed investment schemes were valued based at fair value through profit and loss. The fair value was based on quoted unit prices.

The Level 3 unlisted investment held by Link Group is not listed on any stock exchange nor has a widely observable market price and as such its valuation was determined to be Level 3 under the fair value hierarchy.

Management has assessed the fair value as appropriate based on a valuation performed by an independent valuer, using a discounted cash flow method based on 10 year forecasts, taking into account appropriate adjustments. This is supported by an arm's length capital raising completed at the independent valuation per share prior to year end. Significant increases or decreases in future cash flows would increase or decrease, respectively, the fair value of the investment.

	2016 $000	2015 $000
Opening balance at the beginning of the financial year	**29,620**	22,554
Purchase	**12,934**	3,666
Net change in fair value	**17,975**	3,400
Closing balance at the end of the financial year	**60,529**	29,620

1. Restated due to amendment of provisional acquisition accounting. Refer to note 23.

19. Financial risk management (continued)

Fair Value of financial instruments (continued)

The following table sets out the carrying amount and fair value of those financial assets and financial liabilities held at fair value:

	2016		2015[1]	
Fair value vs carrying amounts	**Fair value $000**	**Carrying amount $000**	Fair value $000	Carrying amount $000
Assets				
Financial assets measured at fair value				
Designated at fair value through profit and loss				
Investments	**67,019**	**67,019**	34,432	34,432
Financial Assets not measured at fair value				
Loans and Receivables				
Cash and cash equivalents	**30,153**	**30,153**	31,835	31,835
Trade and other receivables	**95,823**	**95,823**	85,018	85,018
	192,995	**192,995**	151,285	151,285
Liabilities				
Financial liabilities measured at fair value				
Fair value – hedging instruments				
Interest rate swaps	**–**	**–**	4,123	4,123
Financial liabilities not measured at fair value				
Other Financial Liabilities				
Trade and other payables	**110,459**	**110,459**	79,220	79,220
Interest bearing loans and borrowings	**292,120**	**292,120**	789,603	789,603
	402,579	**402,579**	872,946	872,946

The fair values of interest bearing loans and borrowings are not materially different to their carrying amounts since the interest payable on those borrowings is floating at current market rates.

1. Restated due to amendment of provisional acquisition accounting. Refer to note 23.

Capital structure, financing and risk management (continued)

20. Contributed equity

	2016 $'000	2015 $'000
Issued and paid-up capital		
Balance at the beginning of the year	**202,481**	197,535
Equity issued	**500,014**	4,946
Equity raising costs, net of tax	**(13,491)**	–
Balance at the end of the year	**689,004**	202,481

Number of shares:	Ordinary Shares issued 000's	Class A shares issued 000's	Preference shares issued 000's	Management performance shares issued 000's
Opening balance 1 July 2014	242,259	19,413	10,221	7,816
Conversion to ordinary shares from other classes	8,612	–	–	(8,612)
Shares issued	800	–	–	796
Balance as at 30 June 2015	**251,671**	**19,413**	**10,221**	**–**
Conversion to ordinary shares from other classes	**29,634**	**(19,413)**	**(10,221)**	**–**
Shares issued under IPO	**78,493**	**–**	**–**	**–**
Closing balance as at 30 June 2016	**359,798**	**–**	**–**	**–**

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. Holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

Class A shares

Holders of Class A shares were entitled to receive dividends as declared from time to time but are not entitled to vote at shareholders' meetings. In the event of winding up of the Company, Ordinary and Class A shareholders rank equally after all other shareholders and creditors and are fully entitled to any proceeds of liquidation. Class A shares automatically converted to Ordinary shares at the Initial Public Offering ("IPO").

Preference shares

Holders of Preference shares were entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. The dividends are non-cumulative and non-interest bearing. The preference element relates to the return to the shareholder on exit and insolvency, in that the investor receives a return equivalent to 10% p.a. in priority to other equity investors and then achieves returns equivalent to other investors above this return. Preference shares automatically converted to Ordinary shares at the IPO.

21. Reserves

Share Compensation reserve

The reserve for own shares represents the cost of ordinary shares held by an equity compensation plan that will be issued to settle entitlements under share based payment plans. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Distributable profits reserve

The distributable profits reserve is available to enable the payment of future dividends.

Cashflow Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet settled.

Foreign Currency Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity, as well as from the translation of liabilities that hedge the Company and Link Group's net investment in a foreign subsidiary.

Acquisition reserve

The reserve for acquisition represents the purchase of non-controlling interests where there is no change in control. The accounting standards prescribe that the value of such acquisitions should be accounted for as equity transactions instead of accounting for them as an adjustment to Goodwill.

Defined benefit reserve

The defined benefit reserve represents the remeasurement of the net defined benefit liability and comprises the actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest).

Pre-acquisition profits paid reserve

The pre-acquisition profits paid reserve represents dividends paid on consolidation from pre and post-acquisition profits in a prior period.

Capital structure, financing and risk management (continued)

21. Reserves (continued)

Consolidated	Share Compen-sation reserve $'000	Distri-butable profits reserve $'000	Cashflow Hedge reserve $'000	Foreign Currency Translation reserve $'000	Acquisition reserve $'000	Defined Benefit Reserve $'000	Pre-acquisition Profits Paid reserve $'000	Total $'000
Balance at 1 July 2015	**3,144**	**–**	**(2,886)**	**(7,229)**	**(8,562)**	**(1,018)**	**(129,145)**	**(145,696)**
Net profit	–	–	–	–	–	–	–	–
Other comprehensive income:	–	–	2,886	1,175	–	(91)	–	3,970
Total comprehensive income for the year	–	–	2,886	1,175	–	(91)	–	3,970
Transactions with shareholders								
Transfer from retained earnings to reserves	–	29,309	–	–	–	–	–	29,309
Transfers within reserves	–	588	–	–	–	–	(588)	–
Balance at 30 June 2016	**3,144**	**29,897**	**–**	**(6,054)**	**(8,562)**	**(1,109)**	**(129,733)**	**(112,417)**
Balance at 1 July 2014	3,144	–	(2,009)	(10,883)	(8,560)	(420)	(129,151)	(147,879)
Net profit	–	–	–	–	–	–	–	–
Other comprehensive income:	–	–	(877)	3,654	–	(598)	–	2,179
Total comprehensive income for the year	–	–	(877)	3,654	–	(598)	–	2,179
Transactions with shareholders								
Acquisition of non controlling interests	–	–	–	–	(2)	–	–	(2)
Transfer from retained earnings to reserves	–	–	–	–	–	–	6	6
Balance at 30 June 2015[1]	3,144	–	(2,886)	(7,229)	(8,562)	(1,018)	(129,145)	(145,696)

22. Retained earnings / (accumulated losses)

	2016 $000	2015 $000
Accumulated losses at the beginning of the financial year	**(7,761)**	(11,559)
Net profit attributable to equity holders	**42,069**	3,804
Transfer from retained earnings to reserves	**(29,309)**	(6)
Retained earnings/(accumulated losses) at the end of the year	**4,999**	(7,761)

1. Restated due to amendment of provisional acquisition accounting. Refer to note 23.

23. Business combinations

In addition to organic growth, Link Group seeks to grow through acquisitions and leverage the existing systems, skillsets and processes to improve client satisfaction and obtain synergies to drive positive returns for shareholders.

(i) Acquisitions

On 13 October 2015, Link Group acquired 100% of the shares and voting interests of HCE Haubrok AG, a company incorporated in Germany. Link Group also entered into an agreement with AON to provide third party Fund Administration services to AON and certain AON clients, which was accounted for as a business combination. The acquisitions were not material to Link Group's assets or results. The provisional acquisition accounting has been accounted for in the consolidated financial statements as follows:

	30 June 2016 $000
Cash consideration paid or payable	7,951
Contractual liabilities assumed on acquisition	2,119
Less deferred tax asset recognised on contractual liabilities	(593)
	9,477
Less: fair value of net identifiable assets acquired	(3,290)
Goodwill	6,187
Identifiable assets acquired and liabilities assumed:	
Cash	2,247
Receivables	730
Plant and equipment	125
Client Lists	3,176
Software	226
Payables	(1,974)
Employee benefits	(148)
Tax payable	(74)
Deferred tax liabilities	(1,018)
Net assets	3,290

The fair values of assets and liabilities at 30 June 2016 are measured on a provisional basis, whereby the accounting balances for the acquisition may be revised in accordance with AASB 3 – *Business Combinations*. The measurement period for the HCE Haubrok and AON business combinations remains open. The provisional acquisition accounting that was adopted in preparing the Link Group interim financial statements has been subsequently amended as at 30 June 2016 to reflect non-material changes in the purchase price and Link Group's assessment of system related migration obligations.

(ii) Amendment of provisional acquisition accounting

During the year, Link Group identified new information regarding facts and circumstances that existed at acquisition date that resulted in adjustments to the provisional acquisition accounting for Superpartners and Link Market Services Limited (New Zealand) acquisitions in accordance with AASB 3 *Business Combinations*. With respect to Superpartners, Link Group subsequently quantified the fair value of the commitments made prior to acquisition to deliver software to Superpartners' clients and obtained more clarity around pre-acquisition tax obligations resulting in adjustment to the provisional accounting, with a net increase of $2.8m of goodwill. Link Group notes that the measurement period for Superpartners is now complete.

23. Business combinations (continued)

(ii) Amendment of provisional acquisition accounting (continued)

In relation to Link Market Services Limited (New Zealand), Link Group subsequently obtained further information with respect to the valuation of assets and liabilities acquired resulting in an adjustment in the valuation of assets and liabilities and total consideration, resulting in a net increase in goodwill of $0.4m. The measurement period for Link Market Services Limited (New Zealand) is now complete.

	30 June 2016 $000
Goodwill has been recognised as follows:	
Total consideration	**214,563**
Less: provisional value of identifiable net assets	**(76,305)**
Add: fair value adjustment to identifiable net assets due to finalisation of Purchase Price Allocation	**3,240**
Goodwill - restated	**141,498**

24. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2016 the ultimate parent entity of Link Group was Link Administration Holdings Limited.

	2016 $'000	2015 $'000
Result of parent entity		
Profit for the year	**29,309**	6
Other comprehensive income	**–**	–
Total comprehensive income for the year	**29,309**	6
Financial position of parent entity at year end		
Current assets	**135**	4,794
Total assets	**653,050**	137,390
Current liabilities	**–**	170
Total liabilities	**–**	170
Total equity of the parent entity comprising of:		
Contributed equity	**689,004**	202,483
Share compensation reserve	**3,144**	3,144
Distributable profits reserve	**29,897**	588
Accumulated losses	**(68,995)**	(68,995)
Total equity	**653,050**	137,220

Other than those disclosed in Notes 16 and 19, the parent entity has no contingent liabilities, contractual commitments or guarantees with third parties as at 30 June 2016 (2015: none).

Group structure (continued)

25. Controlled entities

Subsidiaries	Country of incorporation	% Ownership interest consolidated 2016	% Ownership interest consolidated 2015
Link Administration Pty Limited	Australia	**100**	100
Link Digital Solutions Pty Limited (formerly Link Infrastructure Services Pty Limited)	Australia	**100**	100
Link Investor Services Pty Limited	South Africa	**88.9**	88.9
Link Market Services Group Pty Limited	Australia	**100**	100
Link Market Services Holdings Pty Limited	Australia	**100**	100
Link Market Services Limited	Australia	**100**	100
Pacific Custodians Pty Limited	Australia	**100**	100
Link MS Services Pty Limited	Australia	**100**	100
Link Share Plan Pty Limited	Australia	**100**	100
Link Market Services South Africa (Pty) Limited	South Africa	**88.9**	88.9
PNG Registries Pty Limited	Papua New Guinea	**100**	100
Orient Capital Pty Limited	Australia	**100**	100
Orient Capital Limited	United Kingdom	**100**	100
Corporate File Pty Limited	Australia	**100**	100
Open Briefing Pty Limited	Australia	**100**	100
Australian Administration Services Pty Limited	Australia	**100**	100
AAS Superannuation Services Pty Limited	Australia	**100**	100
aaspire Pty Limited	Australia	**100**	100
Atune Financial Solutions Pty Limited	Australia	**100**	100
Primary Superannuation Services Pty Limited	Australia	**100**	100
The Superannuation Clearing House Pty Limited	Australia	**100**	100
Complete Corporate Solutions Pty Limited	Australia	**100**	100
Company Matters Pty Ltd	Australia	**100**	100
The Australian Superannuation Group (WA) Pty Ltd	Australia	**100**	100
Link DigiCom Pty Limited (formerly City Mail Room Pty Limited)	Australia	**100**	100
Link Intime India Private Ltd	India	**100**	100
Link Business Services Pty Ltd	Australia	**100**	100
Link Administration Services Pty Limited	Australia	**100**	100
Link Advice Pty Limited (formerly Money Solutions Pty Limited)	Australia	**100**	100
Link Super Pty Limited	Australia	**100**	100

25. Controlled entities (continued)

Subsidiaries	Country of incorporation	% Ownership interest consolidated 2016	% Ownership interest consolidated 2015
PSI Superannuation Management Pty Limited	Australia	**100**	100
Empirics Marketing Pty Limited	Australia	**51.3**	51.3
FuturePlus Financial Services Pty Limited	Australia	**100**	100
Link Property Pty Limited	Australia	**100**	100
FuturePlus Legal Services Pty Limited	Australia	**100**	100
Accrued Holdings Pty Limited	Australia	**51.3**	51.3
Synchronised Software Pty Limited	Australia	**100**	100
Link Market Services (EMEA) Limited	United Kingdom	**100**	100
Link Market Services (Germany) GmbH	Germany	**100**	100
Registrar Services GmbH	Germany	**100**	100
HCE Haubrok AG	Germany	**100**	-
Pacific Custodians (Nominees) (RF) Pty Limited	South Africa	**88.9**	88.9
D.F. King Limited	United Kingdom	**100**	100
Link Administration Support Services Pty Limited	Australia	**100**	100
Superpartners Pty Limited	Australia	**100**	100
Link Administration Resource Services Pty Limited	Australia	**100**	100
Link Market Services (New Zealand) Limited	New Zealand	**100**	100
Pacific Custodians (New Zealand) Limited	New Zealand	**100**	100

26. Related parties

(a) Key Management Personnel compensation

The aggregate Key Management Personnel ("KMP") compensation comprised the following:

	2016 $	2015 $
Short term employee benefits	**5,539,044**	3,957,664
Post-employment benefits	**198,462**	108,315
Other long term benefits	**66,597**	1,766,329
	5,804,103	5,832,308

(b) Other related party transactions

During the year ended 30 June 2016, consultancy fees were paid to Macquarie Capital (Australia) Limited of $7,755,427 (2015: $2,009,446). The balances outstanding as at 30 June 2016 were $nil (2015: $nil).

During the year ended 30 June 2016, fees were paid to Pacific Equity Partners Pty Limited of $1,091 (2015: $76,104). The balances outstanding as at 30 June 2016 were $nil (2015: $nil).

Link Group had $nil (2015: $1,758,392) of unsecured loans to members of KMP at 30 June 2016. During the financial year ended 30 June 2016, all unsecured loans to members of KMP were fully repaid. These loans were interest free and subject to repayment at the time and date on which shares were sold in connection with an exit event.

27. Auditor's remuneration

	2016 $	2015 $
Audit of the financial statements		
Auditor of the Company	**1,072,810**	786,168
Audit related services		
Auditor of the Company	**598,870**	551,908
Other services		
Auditor of the Company	**1,685,700**	218,880
	3,357,380	1,556,956

'Other services' includes accounting and IPO related work provided during the financial year.

28. Commitments

	2016 $'000	2015 $'000
Non-cancellable operating lease commitments		
Operating lease rentals are payable as follows:		
Not later than one year	**39,534**	37,854
Later than one year but not later than five years	**110,328**	115,807
More than five years	**146,731**	166,750
	296,593	320,411

29. Subsequent events

On 23 August 2016, the Directors declared a final dividend of $28,783,786, which equates to 8.0 cents per share, franked to 18.7% in respect of the financial year ended 30 June 2016. The record date for determining entitlements to the dividend is 29 September 2016. Payment of the dividend will occur on 10 October 2016.

Other than the matter described above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of Link Group, the results of those operations, or the state of affairs of Link Group, in future financial years.

30. Significant accounting policies

Link Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

All Business Combinations are accounted for by applying the acquisition method. For every Business Combination, Link Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill

Link Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Consideration transferred includes the fair values of the assets, liabilities and contingent liabilities, including liabilities incurred by Link Group to the previous owners of the acquiree and equity interests issued by Link Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the Business Combination.

Transaction costs

Transaction costs that Link Group incurs in connection with a Business Combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when Link Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed on acquisition when necessary to align them with the policies adopted by Link Group.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and presented in equity in the Foreign Currency Translation Reserve.

30. Significant accounting policies (continued)

(c) Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, interest-bearing loans and borrowings, and trade and other payables. A financial instrument is recognised if Link Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if Link Group's contractual rights to the cash flows from the financial assets expire or if Link Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if Link Group's obligations specified in the contract expire or are discharged or cancelled.

Accounting for any gains and losses through profit or loss on initial recognition or subsequent measurement are recognised in 'gains or losses on financial assets held at fair value through profit and loss'.

Measurement

Non-derivative financial instruments are recognised initially at fair value less, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Financial assets at fair value through profit or loss

Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in 'gains or losses on financial assets held at fair value through profit and loss'.

Other

Other non-derivative financial instruments are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables and interest-bearing loans and borrowings are classified as financial liabilities. Trade and other receivables and cash and cash equivalents are classified as loans and receivables.

Cash and cash equivalents comprise cash balances and call deposits.

(ii) Derivative financial instruments

Link Group holds derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are recognised at fair value. Transaction costs attributable to the derivative are recognised in profit or loss when incurred.

Hedging

On entering into a hedging relationship, Link Group formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. Hedges that are expected to be highly effective in achieving offsetting changes in fair value or cash flows are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any changes in the fair value of the derivative financial instrument are recognised directly in equity. To the extent that the hedge is ineffective, changes in fair value are recognised in profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively.

The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs, when it is then transferred to profit or loss.

When the hedged item subsequently results in a non-financial asset or liability, the amount previously recognised as other comprehensive income in equity is transferred to the carrying amount of the asset when it is recognised.

30. Significant accounting policies (continued)

(d) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

(e) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment from the date it is ready for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that Link Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

- office equipment 3–8 years
- fixtures and fittings 2–10 years
- leased plant and equipment 3–10 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(f) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and joint controlled entities. Goodwill represents the excess of the cost of the acquisition over Link Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Subsequent to initial measurement, goodwill is measured at cost less accumulated impairment losses.

(ii) Software

Link Group has developed in-house software applications to meet business and client needs and enable operational efficiencies to be achieved. Software that is capitalised is classified as an intangible asset by Link Group.

Development expenditure is capitalised only if development costs are directly attributable, can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and Link Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Other software development costs are expensed as incurred.

Capitalised software development costs are amortised on a straight line basis from the date they are held ready for use, over the period during which the related benefits are expected to be realised. The expenditure capitalised includes the costs of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised software is stated at cost less accumulated amortisation and impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by Link Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

30. Significant accounting policies (continued)

(f) Intangible assets (continued)

(v) Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite from the date they are available for use. Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. The estimated useful lives for the current and comparative periods are as follows:

- software 2–9 years
- client lists 3–20 years
- brand names 5–10 years

(g) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised costs less provision for doubtful debts. Trade receivables are generally due after 14 to 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off when identified. A provision for doubtful debts is established when there is objective evidence that Link Group will not be able to collect all amounts due according to the original terms of receivables.

(h) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of Link Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill and any other intangible assets with indefinite lives acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Employee benefits

(i) Long-term employee benefits

Link Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

(ii) Short-term benefits

Liabilities for employee benefits for wages, salaries, and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company wholly expects to pay as at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if Link Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

30. Significant accounting policies (continued)

(i) Employee benefits (continued)

(iii) Short-term benefits — deferred

Certain members of management are eligible to receive an annual short term incentive (STI), subject to achieving targets as against key performance indicators agreed with the Board for that year. If these targets are met, 50% of any STI entitlement will be provided as a cash payment, with 25% of that STI entitlement being deferred for 12 months after the first payment and the final 25% being deferred for a further 12 months. Those deferred STI components may be paid in cash or in the form of shares and are subject to completion of service periods. Link Group's net obligation in respect of deferred STI is the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value.

(j) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

(k) Provisions

A provision is recognised if, as a result of a past event, Link Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is treated as a finance expense.

(i) Restructuring

A provision for restructuring is recognised when Link Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

(ii) Self insured claims

Link Group self-insures for processing errors associated with the handling of administration activities for clients. Incidents that may give rise to a claim are measured at the cost that Link Group expects to incur in settling the claim, which may or may not have been reported.

(iii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by Link Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, Link Group recognises any impairment loss on the assets associated with that contract.

(l) Segment reporting

As a result of the IPO during the year, Link Group has provided the segment disclosures in the consolidated financial statements in accordance with under AASB 134. Segment results that are reported to Link Group's Managing Director (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(m) Earnings per share

As a result of the IPO that occurred during the year, Link Group has presented basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(n) Revenue

Revenue is earned from rendering of services to customers outside Link Group. Revenue is recognised on an accruals basis in the period in which it is earned, to the extent that it is probable that the economic benefits will flow to Link Group and the revenue can be reliably measured.

30. Significant accounting policies (continued)

(o) Expenses

(i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(ii) Finance expense

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Ancillary costs incurred in connection with the arrangement of borrowings are netted against the relevant borrowings and amortised over their life.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a Business Combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. The measurement of deferred tax reflects the tax consequences that would follow the manner in which Link Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Link Administration Holdings Limited.

(ii) Tax funding and tax sharing agreements

The tax-consolidated group has entered into a tax sharing agreement that requires wholly-owned subsidiaries to make contributions to the head entity for current tax liabilities. Under the tax funding agreement, the subsidiaries reimburse Link Administration Holdings Limited for their portion of Link Group's current tax liability and recognise this payment as an inter-entity payable/receivable in their financial statements. Link Administration Holdings Limited reimburses the subsidiaries for any deferred tax asset arising from unused tax losses and/or tax credits.

(q) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

30. Significant accounting policies (continued)

(r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to Link Group are set out below. Link Group does not plan to adopt these standards early.

AASB 9 *Financial Instruments* replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on after 1 January 2018, with early adoption permitted. An assessment of the new standard is ongoing and it is not expected to have a material impact on Link Group.

AASB 15 *Revenue from Contracts with Customers* supersedes nearly all existing revenue recognition guidance under Australian Accounting Standards. The core principle of AASB 15 is to recognise revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. AASB 15 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing Australian Accounting Standards. These include, but are not limited to, identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation.

AASB 15 will be required to be applied by Link Group for the financial year ended 30 June 2019, however is available for early adoption. On application, the standard will be applied using either of two methods: (i) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined in AASB 15; or (ii) the cumulative effect of initially applying AASB 15 recognised at the date of initial application, with no restatement of comparatives presented. Link Group is currently evaluating the potential impact on its consolidated financial statements resulting from the application of AASB 15.

AASB 16 *Leases* removes the lease classification test for lessees and requires all leases (including those classified as operating leases) to be brought onto the balance sheet. There is new guidance on when an arrangement would meet the definition of a lease. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 *Revenue from Contracts with Customers* is adopted at the same time.

Link Group is assessing the potential impact of the application of AASB 16 on its financial statements, including the potential impact of the various transition provisions available to Link Group. On a high level basis, if Link Group was to adopt AASB 16 as at 30 June 2016, the present value of the future minimum lease payments for non-cancellable operating leases as noted in Note 28 would be recognised as a financial liability in the statement of financial position, and under one of the transition provisions available to Link Group, it would recognise a corresponding amount as a right-of-use asset.

5. Directors' Declaration

1. In the opinion of the Directors of Link Administration Holdings Limited ('the Company'):

   (a) The consolidated financial statements and notes that are set out on pages 57 to 97 and the Remuneration Report on pages 24 to 30 in the Directors' report are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of Link Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; 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.

2. The Directors have given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and the Chief Financial Officer for the financial year ended 30 June 2016.

3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dated 23 August 2016 at Sydney.

M Carapiet
Chairman

J M McMurtrie
Managing Director

6. Independent Auditor's Report

Independent auditor's report to the members of Link Administration Holdings Limited

Report on the financial report

We have audited the accompanying financial report of Link Administration Holdings Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, and consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 30 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 47 to 53 of the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Link Administration Holdings Limited for the year ended 30 June 2016, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Andrew Yates

Partner

Sydney

23 August 2016

Kim Lawry

Partner

Additional shareholder information

Additional information required by the Australian Securities Exchange (ASX) and not shown elsewhere in this report is as follows. The information is current at 14 September 2016.

Substantial shareholders

Name	Number of Shares	Current Interest	Date became a Substantial Shareholder
National Australia Bank Limited and its associated entities	20,846,348	5.79%	8 September 2016
Ausbil Investment Management Limited	22,593,202	6.28%	8 September 2016
AustralianSuper Pty Ltd	28,345,695	7.88%	27 October 2015

Distribution of shareholders

There are 3,740 holders of 359,797,322 ordinary shares. There are no other classes of equity securities on issue on 14 September 2016.

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	979	477,114
1,001 - 5,000	1,846	4,826,750
5,001 - 10,000	485	3,570,121
10,001 - 100,000	356	8,514,441
100,001 - and over	74	341,808,896
Total	**3,740**	**359,797,322**

Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 61. A marketable parcel represents 63 fully paid ordinary shares at the closing share price of $7.960 on 14 September 2016.

Top twenty shareholders

Name	Number of ordinary shares held	%
J P Morgan Nominees Australia Limited	77,045,288	21.45
HSBC Custody Nominees (Australia) Limited	73,840,464	20.56
National Nominees Limited	43,900,944	12.22
Citicorp Nominees Pty Limited	41,603,896	11.58
BNP Paribas Noms Pty Ltd	15,715,043	4.38
Brispot Nominees Pty Ltd	10,491,485	2.92
Boston & Baxter Pty Limited	7,919,450	2.20
BNP Paribas Nominees Pty Ltd	7,759,021	2.16
AMP Life Limited	6,599,009	1.84
John Menzies McMurtrie	4,655,510	1.30
UBS Nominees Pty Ltd	4,180,061	1.16
RBC Investor Services Australia Pty Limited	4,180,000	1.16
Citicorp Nominees Pty limited	3,527,732	0.98
William John Hawkins	3,200,000	0.89
Mr Phillip Muhlbauer	2,840,294	0.79
HSBC Custody Nominees (Australia) Limited	2,561,638	0.71
Leigh Mervyn Bull	2,529,350	0.70
HoldCo 2007 (no.2) Pty Limited	2,483,705	0.69
HSBC Custody Nominees (Australia) Limited - a/c 3	2,212,467	0.62
Bond Street Custodians Limited(Macq High Conv Fund) & Bond Street Custodians Limited	1,854,039	0.52
Total Top 20	**319,099,396**	**88.84**

Additional shareholder information (continued)

On-market buy back

There is no current on-market buy back.

Voting rights

The voting rights attached to ordinary shares are set out below.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Unquoted equity securities

Link Administration Holdings Limited has no unquoted equity securities on 14 September 2016.

Securities subject to voluntary escrow

Period escrow ends	Number of securities subject to escrow
Management (2) - until 29 June 2020	600,000
Total of Escrowed Shares	**600,000**

Use of cash and assets

Link Administration Holdings Limited has used the cash and assets in a form readily convertible to cash at the time of admission to the ASX in a way that is consistent with its business objectives as stated in its Prospectus.

Corporate information

Directors[1]	Michael Carapiet (Chairman) John McMurtrie (Managing Director) Glen Boreham, AM (Non-executive Director) Sally Pitkin (Non-executive Director) Fiona Trafford-Walker (Non-executive Director) Anne McDonald (Non-executive Director)
Company Secretary	William John Hawkins
Registered Office and Principal Administrative Office	Level 12, 680 George Street, Sydney NSW 2000, Australia Telephone Number: +61 2 8280 7100
Share Register	Link Market Services Limited Level 12, 680 George Street, Sydney NSW 2000, Australia Telephone Number: 1300 554 474
Auditor	KPMG Level 30, Tower Three, International Towers Sydney 300 Barangaroo Avenue Telephone Number: +61 2 9335 7000
Stock Exchange Listing	Link Administration Holdings Limited securities are listed on the Australian Stock Exchange (Listing code: LNK)
Website	www.linkgroup.com

1. As at 30 September 2016

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