LINK Group

2019 ANNUAL REPORT

CONNECTING PEOPLE

WITH THEIR ASSETS

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Link Group connects millions of people with their assets, including equities, pension and superannuation, investments, property and other financial assets.

We do this by partnering with thousands of financial market participants to deliver services, solutions and technology platforms that enhance the user experience and make scaled administration simple.

We help manage regulatory complexity, improve data management and provide the tools to connect people with their assets, leveraging analysis, insight and technology.

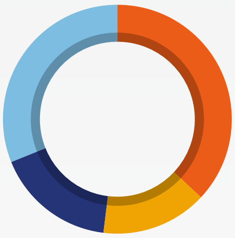
BECOMING A GLOBAL ORGANISATION

The past year saw us take several important steps towards becoming a global organisation. These include realigning our divisions and functions to support improved and consistent execution and service delivery for all our clients on a global basis. From FY2020 our business will reflect five global business divisions being Retirement & Superannuation Solutions, Corporate Markets, Fund Solutions, Banking & Credit Management and Technology & Operations, supported by our global Human Resources & Brand, Finance, Legal and Risk & Compliance functions.

OUR GLOBAL SCALE

Revenue

$1,403m



Retirement & Superannuation Solutions	33%
Corporate Markets	14%
Technology & Innovation	16%
Link Asset Services	37%

14 jurisdictions at the end of FY2019

Over **6,500** employees globally

Over **6,000** clients globally

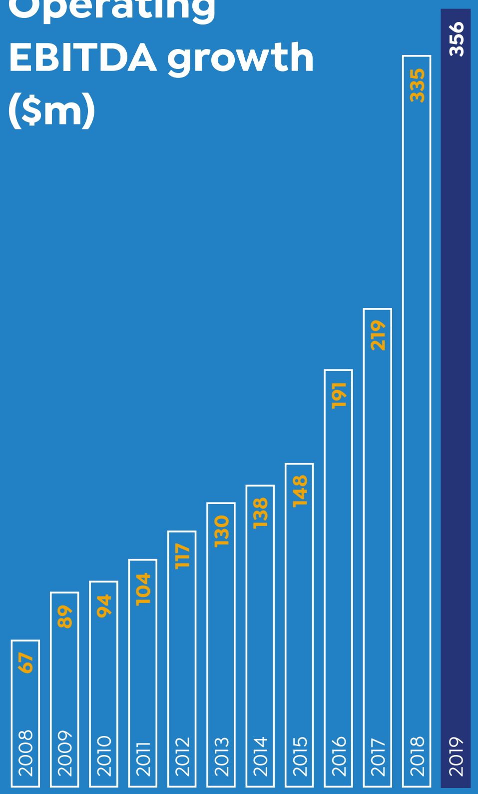

United Arab Emirates
Hong Kong
India
Papua New Guinea
Australia
New Zealand

2019 HIGHLIGHTS

OUR FIVE STRATEGIC PILLARS

1. Growing alongside our clients in attractive markets
2. Product and service innovation
3. Client, product and regional expansion
4. Integration and efficiency benefits
5. Identifying adjacent market opportunities

Operating EBITDA growth ($m)



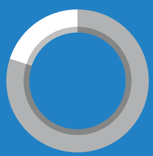
FINANCIAL HIGHLIGHTS

Revenue

$1,403m

↑ 17% from FY2018

By recurrence



Recurring revenue

$1,123m

↑ 18% from FY2018

Operating EBITDA

$356m

↑ 6% from FY2018

By divisions

Operating EBITDA margin

25%

28% in FY2018

- Retirement & Superannuation Solutions
- Corporate Markets
- Technology & Innovation
- Link Asset Services

Operating NPATA

$202m

↓ 3% from FY2018

2019	202
2018	207
2017	124
2016	103

Statutory NPAT

$320m

↑ 123% from FY2018

Final dividend declared

12.5¢

per share,
100% franked

Total FY2019 dividend

20.5¢

per share,
100% franked

Net operating cash flow

$339m

↑ 6% from FY2018

A MESSAGE FROM THE CHAIR

The past year has been a transformative one for Link Group. There have been many positive strategic and operational initiatives undertaken and completed during the year. These include the acquisition of a larger stake in PEXA, the separation of Link Asset Services (LAS, our UK and European business) from Capita plc and subsequent, progressive integration of Link Group's shared services functions and the divestment of the Corporate & Private Clients Services (CPCS) business. However, the organisation has also faced several headwinds that have impacted our financial performance.

These headwinds include aggressive competitor activity, higher business integration costs, regulatory change in the Australian superannuation sector and a more uncertain business environment in the UK.

Against this backdrop, we have delivered a satisfactory FY2019 financial performance and remain confident of delivering on our medium to long term strategic growth plans.

FINANCIAL PERFORMANCE

Our results for FY2019 were as follows:

- Final dividend of 12.5 cents per share, which is 100% franked,
- Revenue of $1,403 million, up 17% on the prior year,
- Operating EBITDA of $356 million, up 6% on the prior year,
- Operating NPATA of $202 million, 3% lower than the prior year,
- Statutory Net Profit After Tax (NPAT) of $320 million, 123% up on the prior year.

Our FY2019 financial performance mostly reflects the impact of client losses and superannuation fund mergers in Retirement & Superannuation Solutions, continued competitive pricing pressures in Corporate Markets and a suppressed capital market and other activity related to new business in the UK due to the uncertainty of Brexit.

Final dividend
12.5c
100% franked

Revenue
$1,403m
↑ 17% from FY2018

Statutory NPATA
$320m
↑ 123% from FY2018

YEAR IN REVIEW

In January 2019 Link announced, that alongside our consortium partners Commonwealth Bank of Australia (CBA) and Morgan Stanley Infrastructure (MSI), we were successful in acquiring PEXA. This electronic conveyancing platform has transformed the Australian property settlement industry and is on track to establish itself as a key piece of market infrastructure. This transaction took our equity ownership in PEXA from 19.8% to 44.2%.

We also expanded our operations in Hong Kong, India, Italy, the Netherlands and Luxembourg. All these jurisdictions are experiencing increased complexity and greater regulatory oversight, which may present future revenue opportunities as we help our clients navigate and manage this changing regulatory landscape.

Following a review of our businesses, we divested our CPCS business to Apex Group Ltd for a cash-free, debt-free consideration of £240 million (A$434 million), with the transaction completing in late June 2019. The sale of CPCS simplifies Link Group's operations and allows us to focus on the businesses that will benefit more readily from our technology and core administration capabilities. The transaction will also provide Link Group with additional balance sheet flexibility.

THE OUTLOOK

We have moved to a global operating model and organisational structure that better reflects the increasingly global nature and scale of our business, with central shared systems and services.

We have also renewed the Executive Leadership Team (ELT) and made several key external appointments in Human Resources & Brand, Risk & Compliance, Retirement & Superannuation Solutions as well as internal promotions in other executive roles. These changes have added greater strength, depth and global experience to the senior executive team, as we continue to seek growth opportunities and respond to changing business, economic and political environments.

While we expect to benefit over the medium to long term from the foundations that we have put in place this past year, we do expect some of the headwinds that presented themselves in FY2019 to remain a challenge in FY2020.

The Board remains committed to the continued development of a diverse workforce, inclusive culture, maintaining our corporate governance practices, delivering on our clients' expectations, remaining vigilant about information security and data privacy and delivering satisfactory returns to shareholders.

On behalf of the Board, I would also like to thank our loyal clients and shareholders and acknowledge the dedication of the entire Link Group team and my fellow Board members. I look forward to all of us working together in FY2020 and delivering the best possible outcome for our stakeholders.

Michael Carapiet
Chair

A MESSAGE FROM THE MANAGING DIRECTOR

FY2019 was a tough year, with our business navigating both macro and regulatory pressures. However, our conviction remains strong that our medium to long term strategy remains appropriate. We have good businesses operating in growing markets, with good prospects for growth.

The past year saw us take several important steps towards becoming a resilient, global organisation. These steps include establishing the necessary structure to operate as a cohesive, integrated global business that will support improved execution and service delivery for our clients, which remains our key focus.

Operating EBITDA

$356m

↑ 6% from FY2018

Operating NPATA

$202m

↓ 3% from FY2018

OPERATING ENVIRONMENT

The past year has been a challenging operating environment, with a large volume of regulatory change and an unsettled political landscape in the UK.

In Australia, the *Protecting Your Super* legislation announced in the 2018–19 Federal Budget and legislated in March 2019, created some short-term challenges for the industry, as superannuation funds communicate these changes to their members and undertake account consolidation actions over a very short implementation timeframe. We worked closely with our clients to manage through these regulatory changes and were able to deliver the required changes to systems and processes on time for implementation on 1 July 2019.

Whilst there are some short-term impacts from the introduction of the legislation, regulatory change often provides opportunities for our business, as we assist our superannuation fund clients to meet new obligations.

In the UK, a longer than anticipated period of uncertainty over Brexit has impacted our European operations. The uncertainty has resulted in some clients delaying projects such as new listings and fund launches, while subdued capital markets saw a reduction in transaction related revenue. We continue to work with our clients to manage the full range of Brexit scenarios, with the diversity of our footprint providing us with the flexibility to offer solutions and services to our clients, irrespective of the Brexit outcome.

FINANCIAL POSITION IN FY2019

Against the backdrop of this operating environment, our business diversification has helped deliver a satisfactory financial performance.

- Operating EBITDA was $356 million up 6% on FY2018
- Operating NPATA was $202 million, 3% lower than FY2018

Our recurring revenues remains strong, representing over 80% of total revenue, with cashflow conversion remaining high at approximately 95%.

CONNECTING PEOPLE WITH THEIR ASSETS

With more than 6,500 employees working across five key businesses, Link Group touches nearly all the major elements of household wealth – from retirement pension and superannuation, managed investments and equities, to debt and property.

Fundamentally, Link Group is a leading financial administrator that connects people with their assets. We do this by supporting clients who range from boutiques to some of the world's largest listed companies, pension and superannuation funds and investment houses, who choose Link Group to support them in managing and administering their customers' accounts securely and efficiently every day.

Our strength and scale enable us to provide high-volume financial transaction processing that complies with the relevant regulation and is supported by a strong focus on data security and privacy. We are pleased to report that our ISO27001 certification has been renewed again in FY2019.

Our technology platforms are designed to support our clients' own strategic objectives by providing them with scaled administration and related services that can be personalised for their own customers by using other Link Group value-added services, such as data analytics, apps and customer-centric communications.

14 jurisdictions at the end of FY2019

FY2019: FURTHER POSITIONING LINK GROUP TO BECOME A GLOBAL ORGANISATION

Following our expansion into Europe in FY2018 through the acquisition of LAS, we can now actively support all our clients across multiple jurisdictions.

We have also leveraged our footprint in existing markets to broaden our service offering in a number of countries. For example, this past year our Link Market Services business built and launched a new registry offering in Hong Kong, with our existing Orient Capital business providing an established operation and a largely common client base.

We also expanded our presence in Italy and the Netherlands for our Banking & Credit Management business, as well as a new Luxembourg office for our Fund Solutions business. Each of these jurisdictions is strategically important for Link Group, and the strength of our global operations has made this expansion possible.

As we continue to grow and evolve as a global organisation, we look forward to offering our teams mobility and learning and development opportunities. The diversity of our workforce continues to expand in line with our international growth, benefiting our organisation as we harness the views and perspectives of an inclusive culture into new, innovative ways of working.

FY2019: A YEAR OF INTEGRATION

I am pleased to report that in FY2019, our LAS business successfully achieved full separation from Capita plc. While our people and teams have been operating under the Link Group brand since the acquisition, this past year we have focused on becoming an integrated organisation. To that end, we announced that LAS will be re-named and known as Link Group as we move forward.

From a business and revenue point of view, we have brought together our investor relations businesses in the UK including our existing Orient Capital business. We have also commenced bringing our retirement and superannuation administration expertise to the UK so we can develop a future growth strategy for the UK and European pension market.

From an operational perspective, integration of our group functions is now complete, with all our teams – including those in Europe – now operating on the same platforms for Finance, Human Resources, Payroll, and Risk & Compliance.

The rationalisation of some UK and European offices has begun, as has the fit-out of new, state-of-the-art premises in Leeds with staff relocation to occur in FY2020. Designed to be a key operations hub servicing our European clients, our Leeds offices will be environmentally efficient and will offer our people improved amenities. We are also extending our operations hub in Mumbai, with this site also expected to be fully operational in FY2020.

We have also established global procurement and vendor management programs, commencing with our global insurance program and key technology vendors. This has led to increased value being shared across the organisation and the ability for our teams globally to access the technologies we need to facilitate faster speed to market for new products and services.

TARGETED INVESTMENT STRATEGY

During the year, Link Group undertook several targeted investment and divestment actions focused on areas that best represent the greatest opportunity for long term strategic growth.

Alongside our consortium partners, we increased our stake in PEXA to become their largest investor, providing us with a unique exposure to the property sector. As Australia's first electronic property exchange platform, we have been strong supporters of the business (having made our first investment in 2013). Its market-leading, cloud-based technology platform positions PEXA well to provide national infrastructure and continuing to assist the industry in the shift from a traditional, paper-based conveyancing property exchange market to a more efficient, digital, electronic exchange model utilising APIs.

We also completed our investment in Leveris, a company providing a next-generation, modular, end-to-end digital banking platform. This technology complements our Banking & Credit Management business and facilitates our continued expansion into new and existing jurisdictions.

Consistent with our strategic focus, we divested the CPCS business. Notwithstanding the quality of the business, we felt that the CPCS business would have a better strategic fit with their new owner. The divestment streamlines our business and provides further balance sheet flexibility.

INNOVATION CONTINUES TO BE KEY

As we strive to continuously create new ways for people to connect with their assets through our clients, reinvestment and innovation in our business continues to be critical. Over the last ten years, we have invested more than $300 million in technology, in addition to our recent investments in PEXA and Leveris.

This investment has enabled us to bring to market innovations such as the Link Group Investor Centre mobile app, which we plan to roll out globally. I am pleased to say this app was voted Financial Services App of the Year Award at the 2019 *Financial Standard* Marketing, Advertising and Sales Excellence (MAX) Awards, our third successive win in this category.

We are also continuously reinvesting in our core transactional platforms so they remain highly scalable, while refreshing our key end-user platforms to ensure they are contemporary, relevant and functionality-rich for our clients. One example this year was our miraqle platform, where we rolled out globally a refreshed client relationship management module for investor relations professionals. We also began refreshing our self-service platform for superannuation fund members in Australia, a project that can also be leveraged by our European operations as we enter the market there.

In the UK, we created a LinkLabs facility in our London office, with the official launch taking place in the new financial year. This is our third innovation and design thinking space, with LinkLabs already established in Sydney and Melbourne. LinkLabs supports a culture of collaborative innovation by providing a dedicated technology space where our teams can work together with clients to find new solutions and refine existing services.

IN CLOSING

I would like to thank all our people for their hard work, commitment and dedication that has seen us work together through a challenging year for the business.

We acknowledge and thank all of our clients for continuing to entrust us with the critical role of servicing their own customers, and for working with us as a trusted partner.

Although we have some short term headwinds to navigate, I am confident that Link Group remains well-positioned to take advantage of future opportunities and that the steps taken to reshape our business in FY2019 will provide a sound foundation from which to do so.

I strongly believe that Link Group's people, the diversification of our business lines and our demonstrated capacity to innovate and deliver market-leading technology platforms and services are at the heart of our business' resilience. These attributes have been, and will continue to be, instrumental in our ability to achieve our long term strategic goals.

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

J M McMurtrie

John McMurtrie
Managing Director

Growing as an organisation

BECOMING A GLOBAL ORGANISATION

Since our listing on the Australian Securities Exchange (ASX) in 2015, we have been focused on transforming our business as a global organisation.

The acquisition of LAS in FY2018 has underpinned our expansion in Europe and the UK, enabling us to expand our offerings in existing markets and to enter new markets that are in line with our strategic direction.

This past year, we continued to focus on building our core competencies in scaled financial administration and managing regulatory change, as well as investing in technology, innovation and our people.

In June 2019, we announced created a new operating model and organisation structure to reflect a more integrated business, comprising global business divisions and global functions, with a regional coordination overlay. These business divisions are as follows:

CORPORATE MARKETS

Link Group provides a comprehensive corporate market offering across global equity markets. Our services connect issuers with their stakeholders, and include shareholder management and analytics, stakeholder engagement, share and unit registry, employee share plans and company secretarial services.

RETIREMENT & SUPERANNUATION SOLUTIONS

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.

FUND SOLUTIONS

We are a leading independent Authorised Fund Manager and provider of fund administration and transfer agency services. With a focus on strong governance, regulatory expertise and risk management, our business helps to alleviate compliance complexities for asset managers and investors.

BANKING & CREDIT MANAGEMENT

Our leading pan-European loan servicing platform offers end-to-end servicing and asset management for clients across residential and commercial asset classes, working for both banks and other credit origination platforms as well as financial investors.

TECHNOLOGY & OPERATIONS

Our Technology & Operations division brings together our proprietary technology platforms, operations and value-added services of data analytics and digital solutions to support our clients' varied and ever-changing needs. We harness new and emerging technologies and a culture of continuous improvements to deliver scaled, operational efficiencies that are underpinned by robust data and information security.

Our goal of becoming a global organisation will enable us to deliver improved outcomes for both our clients and their customers through:

- regional hubs that provide more consistent, high-quality support to clients – no matter where they are located;
- deeper insights from data across all business lines that enables us to deliver more value for our clients;
- combining our skills and experience across the group to deliver value added services that can be leveraged in multiple lines of business, including the development of Centres of Excellence;
- enhanced service delivery through improved service coverage across time zones and geographies; and
- high data security and privacy standards that are supported by globally integrated systems and data networks.

Our five strategic pillars guide our priorities and activities. Overall, while there is still work to do, we ended the year having achieved several key foundational steps and believe that we are positioned well to deliver on our medium to long term strategic growth plans.

PILLAR 1

GROWING WITH OUR CLIENTS IN ATTRACTIVE MARKETS

At the core of this pillar is delivering exceptional client service to support our clients' growth in their markets.

In FY2019, many of our clients were presented with challenging operating environments. For example, in Australia the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry ('Royal Commission'), legislative changes and overall heightened regulatory oversight resulted in much of our clients' focus being on addressing these challenges. In Europe, we worked closely with our clients to develop a range of operating scenarios in light of prolonged uncertainty regarding Brexit. In both situations, we continue to support and help our clients execute their strategies in response to these challenges.

With the benefit of our scale and expertise, our ability to help our clients manage growing regulatory complexity – which is a long term characteristic of the global operating environment and various markets – is a key competency of ours. Our ability to help our clients with administration and value-added solutions that adhere to regulatory requirements can present multiple opportunities in terms of new products and services as we support our clients in addressing these requirements.

This year saw us secure a number of contract wins including 130 net new clients in Corporate Markets, including China Tower in Hong Kong and Coles Group in Australia. We also renewed clients in Australia such as Commonwealth Bank of Australia and Suncorp. In the UK, our Corporate Markets business renewed clients such as Standard Life Aberdeen and Whitbread, while Link Fund Solutions renewed contracts with Prudential and Troy Asset Management.

In our superannuation administration business, of key significance was the renewal of our long-running contract with Australia's largest superannuation (pension) fund, AustralianSuper, as well as renewals from funds such as GESB, Local Government Super and ACIRT. Subsequent to the FY2019 reporting date, in August 2019 we also announced that we had entered into a new administration contract with Retail Employees Superannuation Pty Limited (Rest).

PILLAR 2

PRODUCT AND SERVICE INNOVATION

With leading market positions in many of the industries and markets in which we operate, we have both the capacity and ability to dedicate resources towards enhancing our product suite and support for clients and their own customers and stakeholders.

Technology innovation – particularly digitisation – has always been a structural driver in our markets, especially given the changing expectations of people and how we connect them with and safeguard their assets. Our plans for meeting these expectations, and exceeding them where possible, are key to our long term growth strategy.

During FY2019, we rolled out multiple initiatives designed to support self-service access and a digitisation of a number of processes across our business, including:

- new mobile apps such as the award-winning Link Investor Centre app [1] for retail shareholders;
- a consolidated data analytics hub that takes data from multiple sources to provide more tailored, actionable insights for a more personalised end-user experience;
- artificial intelligence (AI) and machine learning technologies that help us enhance the customer experience; and
- a Fund Management Centre that provides investors with 24/7 access to real-time information about their managed fund investments.

Another significant investment was commencing the implementation of global Centres of Excellence and specialist hubs that will leverage our global knowledge and experience in key areas such as information security. This will benefit our clients as we standardise and better leverage our expertise across all markets, while also helping us to streamline how we manage and operate these technologies.

As part of our structural re-alignment to reflect a global growth strategy, our Technology & Operations teams will now operate as a global team. This will accelerate client-focused technology innovation across our organisation and support continuous improvement in our operational processes.

1 Voted 'Financial Services App of The Year' in Financial Standard's MAX Awards 2019.

PILLAR 3

INTEGRATION AND EFFICIENCY BENEFITS

Over the past 15 years, Link Group has a proven track record of delivering the benefits of integration and scale to our clients. Integration is very important in reducing operational risk and enabling our operating environment to remain efficient and scalable.

Alongside the integration and transformation of LAS, we also substantially benefited from the synergies of the Superpartners acquisition. This has been a five-year program that has delivered significant efficiency benefits across many areas of our business.

Some examples of integration and efficiency benefits include the following:

GROUP FUNCTIONS INTEGRATION: We now operate from common global systems in the areas of Finance, Human Resources, Risk and Compliance, which will improve systems management and create more consistent, efficient ways of working.

PREMISES CONSOLIDATION: Premises consolidation and relocation in the UK began in FY2019, with the aim of providing high-quality working environments with lower environmental footprints as well as ongoing cost-rationalisation. This saw us starting to combine offices in the UK to form a key operating hub in Leeds which will be operational in FY2020. We have also begun planning for an expanded service hub in Mumbai to further support our operations strategy.

VENDOR CONSOLIDATION: We commenced a whole-of-business approach to vendor sourcing and management in areas such as IT, facilities management, treasury and professional services. A key highlight is the signing of a global contract with Microsoft that will support a group-wide move to cloud computing and enable us to leverage their expertise in technologies such as AI to assist us in rolling out innovation at scale.

A SPOTLIGHT ON OUR PEOPLE

SWATI UCHIL

Head of Corporate Registry, Link InTime (India)

"There is absolute connection between other offices and ours in India, where distance does not matter at all. The team give me the energy to work and do my best every moment."

Swati manages our corporate registry operations in India, providing share registry services for over 1,000 listed clients who represent approximately 26 million investors. A competitive badminton player, Swati joined the business over 20 years ago and has risen through the organisation as a junior officer to take on roles in areas such as HR and Product, before joining the registry team in 2015 and taking on her current role as Head of Corporate Registry in 2017.

Leading a team of more than 200 team members, Swati enjoys the opportunities she has to mentor others, as well as the open and professional working culture that Link Group provides. With no two days ever the same, Swati most values the connections she's made with her fellow colleagues both in India and in other offices across the globe.

PILLAR 4

CLIENT, PRODUCT AND REGIONAL EXPANSIONS

At the end of FY2019 Link Group had operations in 14 jurisdictions, presenting us with opportunities to scale by expanding our product suite into existing markets where we can leverage existing local knowledge, relationships and expertise.

An example of this strategy in action was the launch of our share registry business in Hong Kong. Another was commencing the expansion of our well-established Australian retirement and superannuation administration competencies into the UK market, where regulatory change is driving significant growth in the pension sector and Link Group's capabilities provide a competitive difference.

We also made acquisitions in existing markets such as the Netherlands, where we expanded our presence for Banking & Credit Management with the acquisition of FlexFront and NHL in early 2019.

A key element in our expansion into new products and regions is continued talent identification and investment in our people. We are continuously developing an international workforce who understand both our global aspirations as well as their local market, so that we are able to implement our long term strategic plans for growth by ensuring we have the required local customisation to our products and solutions.

HONG KONG SHARE REGISTRY

orient capital

In August 2019, we established a new share registry offering in Hong Kong, under Link Market Services.

Greenfield businesses of any kind can be challenging to establish, however we were able to build on our existing, 10-year presence in Hong Kong through our Orient Capital business, which services more than 350 listed entities in the region.

With these clients having a common profile as those we are targeting for share registry in Hong Kong, we were able to leverage our existing relationships to offer a service that now combines our Link Market Services share registry offering with that of our Orient Capital investor relations services, resulting in a more holistic service, all delivered via our 'miraqle' platform.

Our core markets are subject to many structural drivers, from economic conditions and regulatory change, to evolving customer sentiment. Continuing to strengthen Link Group's sustainability is important for our clients, employees and shareholders. Our growth strategy is therefore designed to take advantage of appropriate, adjacent market opportunities while aiming to minimise overall risk.

We continually review and assess our businesses from the point of view of our overall strategic goals, and actively seek out market opportunities in the form of potential investments and acquisitions in adjacent and new markets. For example, increasing our investment in PEXA and our investment in Leveris were part of this strategic pillar, with these investments providing future platforms for growth.

We also review existing businesses for ongoing strategic fit. The divestment of CPCS in 2019 was an outcome of this process and allowed us to realise capital, strengthen our balance sheet flexibility and will facilitate future investment in earnings accretive opportunities.

PILLAR 5

IDENTIFYING ADJACENT MARKET OPPORTUNITIES

LOOKING AHEAD TO FY2020 AND BEYOND

While we anticipate that in FY2020, structural market drivers such as technology, outsourcing, regulatory change and capital market activity will continue to impact our clients and our businesses, along with one-off geo-political issues such as Brexit, in many cases these also present potential growth and revenue opportunities for Link Group over the medium to long term. We are committed to working closely with our clients to help them best address these drivers and the impact they bring, and believe that our scaled, effective and efficient solutions will also continue to assist.

For this reason, we remain confident that our core competencies of managing regulatory change and providing efficient, scaled financial services administration position us well for the future. Our focus remains on continuously improving our offerings in these areas especially through the use of technology and innovation, to be able to offer a wider range of services to a broader range of clients.

UNDERPINNED BY TECHNOLOGY AND INNOVATION

Link Group's investment in technology and innovation enhances efficient and effective service delivery, while also enabling innovation across the group. It is a critical pillar that enables us to provide scaled operations and services, underpinned by robust information and data security.

During FY2019, we made good progress towards creating a global technology framework – thus enabling our clients' own customers to connect with their assets more easily, efficiently and effectively.

Over the past ten years, Link Group has re-invested more than $300 million in the development and implementation of our market leading platforms, for the benefit of both our clients and our people.

CONSISTENT AND COMMON PLATFORMS AND SYSTEMS

Ensuring that our activities support our global growth goals was a key focus for us in FY2019, especially with an increasingly large footprint of operations spread across the world.

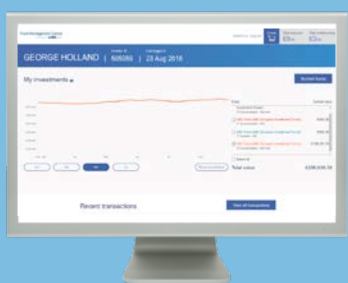
The work we began in FY2018 to integrate the LAS Finance, Human Resources and Risk & Compliance systems into those of the broader Link Group was completed in FY2019. This was an important step towards our technology standardisation agenda, creating a foundation from which we will have common and consistent, organisation-wide technology infrastructure, systems and platforms.

The signing of a long term agreement with Microsoft, for our cloud-based transformation initiative has also enabled the migration of select databases and systems into the cloud to begin this past year. This agreement will see us transition selected workloads to Microsoft Azure and deploy Microsoft Dynamics 365, while enabling our clients and our people across our global operations to access quality service and tools that will support scaled innovation, at an increased pace.

Our ultimate goal is to establish a single set of secure, connected systems, platforms and information sources across all our businesses. This will provide our clients with a streamlined, seamless and consistent Link Group experience regardless of their location, as well as a greater ability to personalise the experience for their own customers, and will also enhance our own employees' experience by supporting better communication, collaboration and innovation.

EASIER & MORE CONVENIENT ACCOUNT MANAGEMENT

Link Fund Solutions in the UK introduced a digital customer portal, Fund Management Centre (FMC), that improves our managed fund clients' relationships with their retail investors. Through the FMC, end users can make transactions and manage their investments directly, saving them time and money. The FMC enhances our other services by facilitating a direct digital relationship with end investors.



SUPPORTING PRODUCTIVITY AND COLLABORATION

During the year, Link Group continued to make technology investments that will ultimately provide all our people with the tools they need to excel individually and collectively, with flow-on benefits for clients.

These included the introduction of on-the-floor technical assistance, additional virtual meeting and collaboration tools to support flexible working and refreshed contact centre platforms.

In late 2018, our new Network Operations Centre (NOC) went live, increasing system availability for employees and clients by speeding up issues resolution.

To support Link Group's innovation program, we established a new LinkLabs in London to facilitate solutions testing, collaboration and co-designing with clients as well as providing a state-of-the-art environment for technology demonstrations.

We also began work on a multi-year investment in a new data hub that will provide seamless, tailored access to data from multiple sources. This will enable us to provide customised data analytics services that will ultimately deliver a more personalised experience for our clients and their own customers.

ENHANCING SERVICE DELIVERY

In FY2019, we introduced new technology solutions that help us to better connect people with, and to protect and manage their assets, such as our Investor Centre mobile app, Fund Manager Centre and micro investing app.

ROBUST ASSET AND DATA PROTECTION

Link Group's clients and other stakeholders expect us to provide a high level of data protection and privacy, which continues to be a key focus.

One of the Centres of Excellence established this year was in Information Security, leveraging our deep and proven experience in this area from Australia into other regions. Our ISO 27001 certification – an international best practice standard for information security – was not only maintained but expanded into other business units.

We also maintained our compliance with other frameworks, including National Institute of Standards and Technology (NIST), APRA Prudential Standard CPS 234 and General Data Protection Regulation (GDPR).

EASIER ACCESS AND GREATER CONVENIENCE

Link Group rolled out two new mobile apps to help shareholders and members of our clients conveniently manage their assets on the go. The apps are an example of how our technology leadership enables clients to deliver a unique, value-added user experience to their customers and importantly, is technology that can be rolled out globally.

We also launched Fund Management Centre in the UK, an online platform for retail investors that provides 24/7 access to real-time information about their managed fund investments and simplifies account management.

FY2019 ended with the integration of our Technology & Operations teams into one global division. This will promote a closer relationship between the two areas so we can better understand technology needs from our clients and incorporate these and other continuous improvement opportunities into our technology strategy and priorities, thereby enhancing our service delivery and offering to clients.

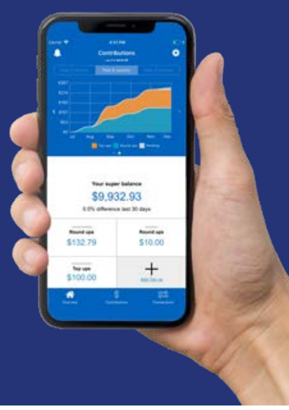
INVESTING IN CUSTOMER-CENTRIC, MOBILE-LED TECHNOLOGIES

Link Investor Centre app:

This app provides retail equity investors in Australia, New Zealand and Hong Kong with secure access to information about their share portfolio anywhere at any time. Launched in August 2018, it was voted the Financial Services App of the Year in the 2019 Financial Standard MAX Awards – the third year running that Link Group has won this award. The app will be rolled out globally from FY2020.

Intrust Super SuperCents app:

Going live in June 2019, this micro-investing app uses technology provided by Link Group and our strategic affiliate Moneysoft, to automatically round up everyday transactions made by Intrust Super members to the nearest dollar, and invests this in to the member's superannuation account. This represents a first for an Australian industry fund, with the potential for this technology to be applied to other funds and industries.



LOOKING AHEAD TO FY2020 AND BEYOND

The following key initiatives are planned for FY2020 and beyond:

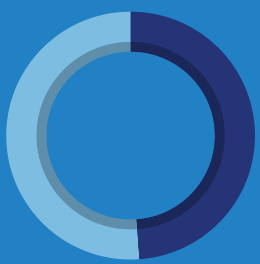
- Continue moving to common global operating systems, platforms and data sources to improve productivity and end-user experience;
- Identify continuous improvement opportunities that harness technology and innovation;
- Develop our Centres of Excellence; and
- Continue our cloud transformation initiative.

Our people

A FOCUS ON OUR PEOPLE

GENDER DIVERSITY WITHIN LINK GROUP

in Australia and New Zealand (headcount)



Men	49%
Women	51%

As Link Group continues to evolve into a high performing, global organisation, supporting, developing and providing career opportunities for our people is of critical importance. This helps us retain a diverse workforce of skilled, engaged people who work together to achieve better outcomes for our clients and their customers. During FY2019, our people strategy focused on further developing and implementing the structures, processes and systems to support Link Group being an inclusive workplace where everybody can achieve and thrive.

PROGRESSING TOWARDS AN INTEGRATED GLOBAL ORGANISATION

Organisational structure aligned with global growth

During the year, we finalised the integration of LAS into the wider Link Group. We now have a good foundation from which to develop a global workforce with the skills and capabilities to provide the best possible support for clients in all our jurisdictions.

Our move to become and operate as a global business is reinforced by the introduction of a new global operating model that is supported by the ELT, located across our key locations. The structure harnesses the combined strength of our operating businesses and group functions so all our people can work better together to achieve our strategic goals and deliver on our clients' needs.

A SPOTLIGHT ON OUR PEOPLE

LAURA FISHER

Team Leader, Retirement & Superannuation Solutions (Australia)

"Having a platform to share my Indigenous culture with my peers in an open and non-judgemental environment really fosters a better understanding of Indigenous diversity."

As a team leader in the Link Group contact centre for one of our largest superannuation fund clients, Laura works with a large team of customer service professionals and other like-minded team leaders to deliver the best level of customer service for our client's own members.

Having recently undergone medical treatment, Laura has found Link Group and the team around her to be especially supportive and empathetic during both her recovery period and as she returned to work.

As an Indigenous Australian, Laura has also found Link Group to be extremely encouraging in celebrating diversity in the workplace. For Laura, this culminated in being able to share her cultural background through artwork that Laura created for Link Group, during National Aboriginal and Islanders Day Observance Committee (NAIDOC) week this year.

Fully integrated Human Resources systems

As part of Link Group's transformation towards becoming a global organisation, we have implemented global Human Resources systems including:

PAYROLL: This involved migrating 3,000 employees onto a common group-wide system, streamlining the efficiency and cost of managing these systems;

LINKCENTRAL: A portal providing a single view of employee information that includes a global goal setting, development and performance management system and a new compensation module that was launched in late 2018; and

ONLINE TRAINING PLATFORM: We provide our people with access to an online training platform offering modules across a range of training opportunities. This includes our mandatory risk and compliance training which must be completed by all employees each year.

Supporting innovation and collaboration

Innovation and collaboration are key priorities for Link Group. In support of that, we ran our third global leadership forum in early 2019. This brought together our operating business and functional leaders from all key regions to agree on common objectives and share their insights and experience. High on the agenda was how to promote collaboration and innovation across Link Group to provide an improved client experience.

We have also created global project teams to leverage our combined skills and knowledge to optimise client outcomes. For example, subject matter experts on automated workflow technologies in the UK have brought their knowledge to Australia via a collaborative global project team to automate workflows across select key processes in superannuation administration.

The creation of a third LinkLabs in London will also further Link Group's innovation agenda by offering a dedicated space to demonstrate new solutions and collaborate with clients through co-design and co-creation activities.

ATTRACTING AND DEVELOPING OUR PEOPLE

A major benefit of an integrated global organisation is the ability to provide a wide range of development and career opportunities to our people. This helps us attract the right candidates to Link Group, bring out the best in all our people and embed the capabilities and skills we need to become a more agile, collaborative and innovative organisation for our clients.

Attracting talent

During the year, we introduced some new initiatives to recruit people with the right skills, knowledge and behaviours to deliver outstanding client service and to support our business processes and goals.

Enhancements to our recruitment and on-boarding processes have improved the user experience for both candidates and our people. In EMEA, we introduced an education program and tools for hiring managers to support them in recruiting and selecting candidates with the right fit, while supporting regional consistency around our recruitment processes and hiring criteria.

We also introduced an internal job alert service in EMEA that enables employees to receive personalised email alerts about in-house career opportunities within the region. Implementing this across all of Link Group will encourage mobility and offer our people opportunities to progress their careers within the group.

FY2019 IN NUMBERS

(AS AT 30 JUNE 2019)

Over

6,500

employees across the globe (excluding CPCS)

Over

79,000

hours of training delivered (including CPCS)

Over

$400,000

in employee and corporate donations, sponsorships and in-kind support provided to charitable organisations

Over

550

volunteer hours undertaken by employees

Developing our People

Development plays an important role in attracting and retaining talent. In APAC we continued our graduate training program, following its launch in FY2018. Participants rotate between various business and functional areas to enable them to experience different aspects of Link Group and build their overall skills.

As we transform into a global organisation, we are investing in programs such as a new frontline leadership development program. This program aims to help new and emerging leaders move from being technical specialists to becoming effective and strong people leaders.

Risk and compliance focus

Link Group's clients operate in a dynamic sector where the legislative and regulatory environment changes frequently. Our role includes assisting clients to respond appropriately to these changes, as well as reflecting these regulatory requirements in our administration systems for clients. To do this, we have a strong risk, compliance and regulatory focus. In FY2019 we delivered over 6,000 hours of regulatory specific training in the EMEA region and over 3,000 hours in APAC.

As in previous years, all of our people undertook compulsory risk and compliance training programs in areas such as anti-money laundering, data protection, fraud and corruption awareness and equal employment opportunities. All modules are mandatory for everyone.

AN ENVIRONMENT WHERE OUR PEOPLE CAN BELONG AND THRIVE

Supporting diversity and inclusion

Our diversity and inclusion strategy is at the forefront as we bring our people together from around the world to operate more effectively as a global team.

At Link Group, we continually strive for an inclusive and collaborative environment where difference is valued and each person can realise their potential and contribute to Link Group's success. We recognise that individual differences, including that of gender, ethnicity, sexual orientation, age, physical ability and religious beliefs bring useful perspectives and a range of experience to the organisation. While we pride ourselves on our inclusive culture, we continue to strive towards making Link Group an even better place to work with a focus on improving diversity and promoting workplace flexibility.

In FY2019, we adopted more inclusive language in key people policies and procedures. We also supported gender equality and LGBTIQ inclusion by facilitating awareness and education sessions, which included the launch of our LGBTIQ networking group in Australia. In the UK, we piloted flexible work practices and launched a successful contact centre recruitment campaign targeted at people interested in working part-time, which enabled us to attract high quality candidates.

As at FY2019 end, our Board is 38% women, putting it ahead of the 30% voluntary target set for women directors in S&P/ASX 200 companies by the Australian Institute of Company Directors. At the executive level, 40% of the senior executive team are women.

Promoting workplace wellbeing

Link Group aims to provide a working environment that promotes physical and mental health and wellbeing, encouraging healthy behaviours and facilitating access to specialist support for those who need it.

In FY2019 we launched the Link Wellness interactive hub in Australia and New Zealand, with rollout to other regions planned for FY2020. A 'one-stop-shop' style portal, Link Wellness offers our people access to an online health survey and personalised report on how to achieve their wellbeing goals, as well as a wide range of health-related information and services including a booking portal for a free flu vaccination, information about Link Group's employee assistance program, nutritious recipes and exercise tips. In FY2019 we had 1,053 employees in Australia access the free online health survey. We had 1,688 employees across the globe receive the free flu vaccinations, while we also invested in a comprehensive set of wellness initiatives around stress management and managing mental health in EMEA.

A SPOTLIGHT ON OUR PEOPLE

SCOTT LYONS

Head of Strategy, Banking & Credit Management (Ireland)

"The successful integration of so many different business lines, in so many countries and the diversity of cultures is what makes Link Group a unique employer. Yet it still feels like one global family."

Scott joined Link Group in 2016 as Head of Business Integration, before being appointed as Head of Strategy, Banking & Credit Management in 2018. Scott is responsible for enabling and delivering a compelling strategy to support our Banking & Credit Management business in becoming a global market leader.

An unwavering focus on always delivering for the client – no matter what the circumstances – is Scott's approach and philosophy to his role, one that is also shared by his other team members and reflected in the 'can-do' attitude of everyone in the business.

On working at Link Group, what Scott loves best is the appetite that we have as an organisation for positive change and innovation, while continually seeking out new and diverse growth opportunities.

OUR PEOPLE AND THE COMMUNITY

Giving back to the communities in which we operate has long been part of the Link Group ethos. Throughout FY2019, we continued to support charitable and community causes across the globe through financial and in-kind donations as well as sponsorships and volunteering. Below are just a few ways our teams have contributed to their local communities during the past year.

STEPTEMBER: Link Group continued supporting the Cerebral Palsy Alliance through this annual global event, which asks participants to take 10,000 steps for 28 days. In September 2018, over 200 teams of four participated and raised over $45,000 towards this cause.

MOTHER'S DAY CLASSIC (MDC): For the third year running, we were a National Gold Sponsor for this fun run and walk in Australia. MDC raises money for breast cancer awareness, research and treatment. In FY2019 our collective fundraising efforts across Australia saw us raise a total of over $20,000 towards this cause.

KAIPATIKI ENVIRONMENT CENTRE PROJECT: Our team in New Zealand volunteered to help the Kaipatiki Environment Centre with weeding work and plant nursery work. Over a collective total of 75 hours, we were able to pot approximately 378 seedlings which the centre is able to sell to the public to raise further funds.

FOOD ANGEL: Food Angel is a food rescue and food assistance program in Hong Kong, launched in 2011 by Bo Charity Foundation. The programme rescues edible surplus food from the local food industry, which is then prepared as nutritious hot meals and redistributed to underprivileged communities in Hong Kong. Our team volunteered 84 hours of their time to help prepare over 1,000 of these meals.

WORLD HUNGER DAY: Our UK team supported World Hunger Day through a donation rally in our London office. We donated essential items for Whitechapel Mission, a charity that has been helping the homeless and marginalised since 1876. Our teams donated enough essentials to deliver multiple boxes of toiletries, food, clothing and other essential hygiene items to the Whitechapel Mission.

LOOKING AHEAD TO FY2020 AND BEYOND

As we look to FY2020 and beyond, our focus will be on:

- continue to drive an integrated, global approach to how we collaborate, innovate and work together;
- further support the development of skills, competencies and capabilities at all levels;
- further advance our diversity & inclusion strategies including a launch of our 'FlexTogether' flexibility initiative; and
- expand the Link Wellness Hub into other regions as part of a global wellbeing approach.

OUR APPROACH TO GOVERNANCE AND SUSTAINABILITY

Emissions cut in Australia

1,756t CO_2e

As Link Group connects millions of people with their assets, we are committed to a high standard of information and data security, privacy and corporate governance practices. At the same time, we maintain a focus on the creation of new, innovative solutions and continuous operational improvements to support the achievement of our strategic goals.

As part of this, we understand and manage the impacts of regulatory change, changing technological and demographic trends and evolving community and market expectations. We monitor and manage these impacts to mitigate identified risks, structure our business and build our capabilities to capture the opportunities that these create.

Our sustainability performance across all jurisdictions is available in Link Group's FY2019 Sustainability Report, which is available on the Link Group website at www.linkgroup.com.

OUR GOVERNANCE

We recognise that a strong corporate governance culture plays an important role in sustainable value creation for our shareholders.

While the Board has overall accountability for an effective corporate governance framework, all of our people are equally responsible for upholding the corporate governance standards.

These standards are clearly articulated in our Code of Conduct and Ethics and reflected in our core values of Professionalism, Integrity, Respect, Commitment and Teamwork.

GOVERNANCE STRUCTURE: The Board is appointed by, and represents Link Group's shareholders. It is accountable to shareholders for creating and delivering sustainable value. The Board's role includes providing leadership and guiding Link Group's strategic direction, driving performance and overseeing the activities of Management and the operation of Link Group.

Separate Board Committees for Risk and Audit, Technology and Operations, Human Resources and Remuneration, and Nomination all support the Board in carrying out its role by providing detailed oversight in these specialist areas.

The ELT, through the Managing Director, is accountable to the Board for the day-to-day management of the business. The ELT is supported by our senior leaders and also by a number of governance, risk and operationally-focussed management committees with specific responsibilities designed to provide the necessary information upon which sound business decisions can be made.

This is underpinned by a two-way flow of open, constructive discussion between the Board and Management.

We comply with the ASX Corporate Governance Council's Principles and Recommendations (Third Edition).

For more on our corporate governance practices, our 2019 Corporate Governance Statement and related key governance documents are available on Link Group's website at www.linkgroup.com.

Fines/sanctions for non-compliance during FY2019

- Link Pension Trustees Limited in the UK, and Sharex Dynamic (India) Pvt Limited in India were both sanctioned by regulators for conduct which originated before they were acquired by Link Group. Our Sustainability Report includes further details on this matter. No other entity controlled by Link Group was subject to any sanction during the period.
- There were no confirmed incidents of corruption during the year.

FCA Investigation

As disclosed on 18 June 2019, the Financial Conduct Authority (FCA) has notified Link Fund Solutions (LFS) that it is commencing an investigation into LFS as authorised corporate director (ACD) to the LF Woodford Equity Income Fund (Fund).

The key responsibility of LFS in its role as ACD of the Fund, is to always act in the best interests of all investors in the Fund. LFS considers that it has at all times acted in accordance with applicable rules and in the best interests of all investors in the Fund and it continues to do so.

FCA investigations may run for a considerable period of time before any outcomes are announced. While this may present a potential financial and reputational risk, as stated in Link Group's audited FY19 financial statements, there has been no enquiry, complaint or claim received by LFS regarding its role in relation to any fund, including the Woodford Fund, which should be recognised as a contingent liability.

A SPOTLIGHT ON OUR PEOPLE

GAIL BAILEY

Head of Customer Experience and Operations, Fund Solutions (UK)

"At Link Group, I feel empowered to make change happen and be accountable for my own decisions, while playing a part in driving the development and growth of this business."

As Head of Customer Experience and Operations based in our Leeds office in the UK, Gail is focussed on ensuring that the service provided to retail customers and institutional clients of our Fund Solutions business is seamless and exceptional at all touch points.

Gail particularly enjoys working with stakeholders across the business to seek out ways to constantly improve the processes, systems and people in her team, so that we deliver outstanding service to our clients.

Link Group offers Gail the opportunity to be part of a growing global team where she is always learning new skills that enable her to stretch and develop herself. In turn, Gail thrives on supporting the development of her own team members, so that they too can fulfil their own career goals.

OUR ENVIRONMENT

As a service-based financial services organisation, we have no manufacturing operations and have limited use of natural resources. We operate from leased office premises and therefore have a reasonably small energy-and-resources footprint compared to companies producing physical goods. However, we still take our environmental responsibilities seriously.

This year, we are reporting 12 months of data for the expanded Link Group for the first time (including CPCS which was divested on 27 June 2019). We continue to strive to improve our environmental performance.

OFFICE ENERGY USE: Almost all the energy consumed in our offices comes from grid electricity. During FY2019, we consolidated our premises as part of our integration and transition strategy. This included:

- closing offices in the UK, the Netherlands, Switzerland, Luxembourg and South Africa;
- significantly reducing our office space in Ireland; and
- occupying two new offices in the Netherlands and one in Switzerland.

We will continue to take more space in energy-efficient buildings, consolidate offices where possible especially as leases end, and continue to reduce our power costs and emissions.

AIR AND RAIL TRAVEL: Our major impact from travel is emissions from commercial airline flights and a small amount from rail travel. We do not currently purchase carbon offsets on flights.

OFFICE PAPER: We consume paper as part of our own operations and on behalf of our clients for their shareholder and fund member communications. While encouraging clients to embrace electronic communications, we also seek to reduce paper use in our offices, to use more environment-friendly paper and to recycle more.

OTHER MATERIALS: We report the amount of IT hardware we have disposed of through recycling, reuse or resource recovery at end of life, and our non-paper general waste.

OUR SUPPLY CHAIN

We prefer to work with suppliers that share our commitment to continuously improving their sustainability performance.

We have engaged with a number of our larger suppliers in Australia and asked them about their own sustainability performance and plans including policies, business continuity planning (BCP), labour standards, the environment, community involvement and their own suppliers. In FY2019 we extended oversight of our supply chain to a number of smaller suppliers. Of our total Australian non-labour operating costs of $251.0 million, the suppliers we have engaged with represent $201.1 million, or 80% (2018: 69%).

Our aim is to gradually broaden our supplier engagement to understand the key issues suppliers face and determine where we need to focus our efforts.

We will continue to focus on issues most likely to present a potential risk to Link Group. We are required by both the Australian and UK Modern Slavery Acts to issue a Modern Slavery Statement and our first combined report will cover the FY2020 financial year. A component of this reporting is to gauge the risk of any slavery or other form of forced labour in our supply chain.

We have a strong desire to work with suppliers whose standards are similar to ours, and who seek continuous improvement in their sustainability performance, as we do. In order to manage sustainability risks and impacts in our supply chain, we are preparing to write our broad sustainability expectations into our larger contracts.

We plan to look further into our supply chain, to increase our understanding of Link Group's sustainability risks and, where appropriate, encourage our suppliers to match our commitment to sustainable work practices.

OUR CLIENTS

Our relationships with clients are critical to the future of Link Group and our stakeholders, and we work to build and maintain strong relationships with them.

INNOVATIVE TECHNOLOGY: Growing our capability to create, develop and roll out innovative new solutions and service enhancements is a key contributor to our relevancy and sustainability as an organisation.

For that reason, we are continually re-investing in technology, systems and platforms as well as infrastructure and information and data security.

SECURITY AND PRIVACY: The security of client and investor data is critical to Link Group and we employ rigorous controls and allocate considerable time, resources and systems to protect it, with ISO27001 certification in key markets, policies and procedures, significant system protections, limited access and mandatory compliance training for employees. Privacy is equally important, with our people receiving regular training on our privacy obligations and principles.

IT SECURITY CONTROLS: Owing to the nature of our business, IT security controls are critical. We have processes, systems and procedures in place so that access to systems and data is restricted to those authorised and that our systems are maintained and upgraded regularly.

BUSINESS CONTINUITY AND DISASTER RECOVERY: Our Business Continuity and Disaster Recovery plans are reviewed and tested regularly. We expect that under most scenarios, we can resume operations from alternative locations within agreed timeframes.

ETHICAL STANDARDS: We strive to act ethically, protect privacy and manage data securely in all markets. Our Code of Conduct and Ethics is complemented by a series of policies. We apply our risk management frameworks to help prevent and mitigate risks and all employees are required to undertake annual Code of Conduct and Ethics training.

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DIRECTORS AND COMPANY SECRETARIES

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 financial year ended 30 June 2019 and the auditor's report thereon.

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 Chair and Non-Executive Director** Appointed 26.02.2015	Michael Carapiet was appointed as a Director and Chair of the Company in 2015. Michael is Chair of the Nomination Committee and a member of each of the Human Resources and Remuneration and Technology and Operations Committees. Michael is Chair of Insurance & Care NSW (icare) and was previously Chair of SAS Trustee Corporation, the trustee entity for NSW State Super. Michael is the Chair of Smartgroup Corporation Limited and Adexum Capital Limited. Michael was previously a Director of Southern Cross Media Group Limited. Michael has also served on Commonwealth Government boards including Infrastructure Australia, Clean Energy Finance Corporation and Export Finance Insurance Corporation. Michael has over 30 years of experience in banking and financial services and holds a Master of Business Administration from Macquarie University, Sydney.
 **John McMurtrie, AM** **Executive Director and Managing Director** Appointed 16.02.2007	John McMurtrie joined Link Group in 2002 as Managing Director. John's previous senior appointments include Executive General Manager of ASX's Investors and Companies division and Chief Executive Officer of UBS Australia. John was previously Chair of Sydney Water Corporation and was the inaugural Chair of the National Electricity Code Administrator (NECA). John has over 40 years of business experience, more than 35 of which have been in the financial services industry, covering both the public and private sectors. John holds a Master of Economics and Bachelor of Economics (Hons) from the University of Adelaide. John was appointed to the Order of Australia in January 2019 for significant service to the community through philanthropic initiatives, and to the finance industry.
 **Glen Boreham, AM** **Independent Non-Executive Director** Appointed 23.09.2015	Glen Boreham was appointed a Non-Executive Director of the Company in 2015. Glen is Chair of the Technology and Operations Committee and a member of each of the Human Resources and Remuneration and Nomination Committees. Glen is a Director of Cochlear Limited and Southern Cross Media Group Limited and Chair of the Advisory Board of IXUP Limited. Previously, Glen was the Managing Director of IBM Australia and New Zealand. He has also previously served as Chair of Screen Australia, Advance and the Industry Advisory Board for the University of Technology, Sydney, as well as Deputy Chair of the Australian Information Industry Association and as a Director of the Australian Chamber Orchestra. Glen holds a Bachelor of Economics from the University of Sydney and an Honorary Doctorate from the University of Technology Sydney. In January 2012, he was awarded a Member of the Order of Australia for services to business and the arts.

DIRECTORS AND COMPANY SECRETARIES (CONTINUED)

DIRECTOR | **EXPERIENCE AND BACKGROUND**

Andrew (Andy) Green

Independent Non-Executive Director

Appointed 09.03.2018

Andy Green was appointed a Non-Executive Director of the Company in 2018.

Andy is Chair of the LAS Advisory Forum and a member of the Nomination Committee.

Andy is currently Chairman of IG Group plc, a FTSE-listed global leader in online trading and Senior Independent Director of Airtel Africa plc.

Andy is President of UK Space and is a Commissioner at the UK's National Infrastructure Commission. Andy is also the Vice-Chair of the UK Disasters Emergency Committee and a Trustee and Director of WWK UK.

Andy's earlier career at BT Group (formerly British Telecom) spanned more than 20 years, including as CEO of Global Services. He also previously served as Group Chief Executive of IT and management consultancy company Logica plc, and as Senior Independent Director at ARM Holdings plc.

Andy holds a Bachelor of Science in Chemical Engineering with first class honours from Leeds University.

Peeyush Gupta, AM

Independent Non-Executive Director

Appointed 18.11.2016

Peeyush Gupta was appointed Non-Executive Director of the Company in 2016.

Peeyush is a member of each of the Nomination and Risk and Audit Committees.

With over 30 years of experience in the wealth management industry, Peeyush was previously co-founder and the inaugural CEO of IPAC Securities Limited, a wealth management firm spanning financial advice and institutional portfolio management.

Peeyush has extensive corporate governance experience, having served as a Director on listed corporate, not-for-profit, trustee and responsible entity boards since the 1990s. He has extensive experience on risk, audit, remuneration and nominations committees of boards.

Peeyush is currently the Chair of Charter Hall Direct Property Management Limited and Long Wale REIT and a Non-Executive Director of National Australia Bank, Insurance & Care NSW (icare), SBS and Quintessence Labs Pty Ltd

Peeyush is also Governor, Western Sydney University.

Peeyush holds a Masters of Business Administration (Finance) from the Australian Graduate School of Management and has completed the Advanced Management Program at Harvard Business School. He is a Fellow of the Australian Institute of Company Directors.

Peeyush was appointed to the Order of Australia in January 2019 for significant service to business, and to the community, through governance and philanthropic roles.

DIRECTORS AND COMPANY SECRETARIES (CONTINUED)

DIRECTOR | **EXPERIENCE AND BACKGROUND**

Anne McDonald

Independent Non-Executive Director

Appointed 15.07.2016

Anne McDonald was appointed a Non-Executive Director of the Company in 2016.

Anne is a member of each of the Nomination and Risk and Audit Committees.

She is an experienced director and has pursued a fulltime career as a Non-Executive Director since 2006.

Anne is the Chair of Water New South Wales. She is a Non-Executive Director of Spark Infrastructure Group and St Vincent's Health Australia Limited, and was previously Chair of Specialty Fashion Group, a Non-Executive Director of GPT Group and a number of other businesses.

Previously a partner at Ernst & Young for 15 years, Anne has over 35 years of business experience in finance accounting, auditing, risk management and governance.

Anne is a Chartered Accountant, a graduate of the Australian Institute of Company Directors and holds a Bachelor of Economics from the University of Sydney.

Sally Pitkin

Independent Non-Executive Director

Appointed 23.09.2015

Dr Sally Pitkin was appointed a Non-Executive Director of the Company in 2015.

Sally is Chair of the Human Resources and Remuneration Committee and a member of each of the Nomination and Risk and Audit Committees.

Sally has 20 years of experience as a Non-Executive Director and board member across a wide range of industries in both private and public sectors, including listed companies, highly regulated industries, professional services and commercialisation of new technology.

Sally is Chair of Super Retail Group Limited and a Non-Executive Director of The Star Entertainment Group Limited.

Sally is Chair of the Australian Institute of Company Directors Corporate Governance Committee and a Member of the Senate of the University of Queensland.

Formerly a senior corporate partner at a national legal firm, Sally has extensive corporate and banking law experience. She holds a PhD in Governance from the University of Queensland and a Master and Bachelor of Laws from the Queensland University of Technology.

Fiona Trafford-Walker

Independent Non-Executive Director

Appointed 23.09.2015

Fiona Trafford-Walker was appointed a Non-Executive Director of the Company in 2015.

Fiona is Chair of the Risk and Audit Committee and a member of each of the Nomination and Technology and Operations Committees.

Fiona is an Investment Director at Frontier Advisors, providing strategic advice across the Frontier client base. She is also a member of the firm's Governance Advisory service and its Investment Committee. Fiona was the inaugural Managing Director at Frontier Advisors and played a critical role in growing the firm.

Fiona has over 27 years' of experience in advising institutional investors on investment and governance-related issues.

Fiona is a Director of Prospa Group Ltd and Chair of its Audit and Risk Committee and a Director of Victorian Funds Management Corporation. She is also a member of the Investment Committee for the Walter and Eliza Hall Institute.

Fiona holds a Master of Finance from RMIT University and a Bachelor of Economics from James Cook University. Fiona is also a Graduate of the Australian Institute of Company Directors.

DIRECTORS AND COMPANY SECRETARIES (CONTINUED)

Company Secretaries

Janine Rolfe was appointed General Counsel and Joint Company Secretary on 1 May 2017. In 2006, Janine established Company Matters Pty Limited, a wholly-owned subsidiary of Link Group, a leading governance and company secretarial service consultancy. Prior to this, Janine was a company secretary and legal counsel at Qantas Airways Limited and before that a solicitor at Mallesons Stephen Jaques (now King & Wood Mallesons). Janine holds a Bachelor of Economics and a Bachelor of Laws (Hons) from the University of Sydney.

Emma Lawler was appointed Joint Company Secretary on 13 May 2019. Emma has more than 20 years' corporate governance and company secretarial experience in public and private, listed and unlisted entities. Emma's previous role was Senior Governance Consultant with Company Matters Pty Limited. Emma's roles prior to joining Company Matters in 2008, included Head of Strategy & Consolidation Risk Solutions, BT Financial Group, Company Secretary at Westpac Banking Corporation and Company Secretary for the former NSW State Rail Authority. Emma holds a Bachelor of Business from the University of Technology and a Graduate Diploma of Applied Corporate Governance. Emma is also a Fellow of the Governance Institute of Australia.

Cassandra Hamlin resigned as Company Secretary on 1 March 2019.

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		RISK AND AUDIT COMMITTEE		HUMAN RESOURCES AND REMUNERATION COMMITTEE		TECHNOLOGY AND OPERATIONS COMMITTEE		NOMINATION COMMITTEE	
	H	A	H	A	H	A	H	A	H	A
M Carapiet	11	11	–	3*	5	5	3	3	2	2
J McMurtrie	11	11	–	3*	–	5*	–	3*	2	2
G Boreham	11	11	–	2*	5	5	3	3	2	2
A Green	11	11	–	3*	–	5*	–	2*	2	2
P Gupta	11	11	4	4	–	5*	–	2*	2	2
A McDonald	11	11	4	4	–	5*	–	3*	2	2
S Pitkin	11	11	4	4	5	5	–	2*	2	2
F Trafford-Walker	11	11	4	4	–	5*	3	3	2	2

H Number of meetings held during the period in which the Director or Committee Member was appointed to the Board or Committee. All Directors are entitled to attend Committee meetings in an ex-officio capacity and attendance in an ex-officio capacity has been noted with an asterisk (*).

A Number of meetings attended by the Director.

EXECUTIVE KEY MANAGEMENT PERSONNEL (KMP)

The Managing Director, John McMurtrie is a Member of the Nomination Committee but is not a Member of any other Committee given he is an Executive Director.

The Board also convenes Special Committee meetings from time to time as may be required. There were four special purpose committee meetings during the year. Two were attended by Michael Carapiet and John McMurtrie and two were attended by Michael Carapiet and Fiona Trafford-Walker.

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

CONTINUING EXECUTIVE KMP	EXPERIENCE AND BACKGROUND
 **John McMurtrie, AM** **Executive Director and Managing Director**	See Directors section for more detail.
 **Andrew MacLachlan** **Chief Financial Officer**	Andrew MacLachlan was appointed Chief Financial Officer on 1 January 2019. Andrew became Executive KMP from this date. Andrew joined Link Group in 2009 and was Deputy Chief Financial Officer from 2013 to 31 December 2018. Andrew has over 25 years' of experience in Finance and Accounting. His previous roles include Chief Financial Officer at Fero Group Pty Limited, Chief Financial Officer at Evans and Tate Limited and various roles at Singtel Optus and KPMG. Andrew is a member of Chartered Accountants Australia and New Zealand and holds a Bachelor of Economics (Accounting and Finance) from Macquarie University.

EXECUTIVE KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

CONTINUING EXECUTIVE KMP	EXPERIENCE AND BACKGROUND
 **Paul Gardiner** Chief Technology & Operations Officer	Paul Gardiner was appointed Chief Technology & Operations Officer in 2019. Prior to this Paul was CEO of both Corporate Markets and Technology & Innovation. Paul joined Link Group in 2006 when Orient Capital was acquired by Link Group from ASX Limited. Paul has over 15 years' of experience in operations, data analytics and digital technology, having joined Orient Capital in 2001. Paul holds a Bachelor of Commerce and a Higher Diploma in Marketing Practice from the National University of Ireland, Galway and a Masters of Business Studies (Management Information Systems) from University College, Dublin.
 **Dee McGrath** Chief Executive Officer, Link Fund Administration	Dee McGrath joined Link Group as Chief Executive Officer of Fund Administration in May 2019. Dee has over 20 years' of experience in the financial services and technology industry. Dee's previous senior appointments include National Australia Bank, Visa and HP, and prior to joining Link Group was Managing Partner, Global Business Services at IBM. Dee was a Member of the Board of IBM Australia, Bluewolf Australia and Oniqua Holdings. Dee's qualifications include business studies, economics and strategic planning and is currently a member of Chief Executive Women.
 **Anthony O'Keeffe** Chief Executive Officer, Link Asset Services	Anthony O'Keeffe is the Chief Executive Officer of Link Asset Services (LAS). Anthony joined Link Group in November 2017 when Capita Asset Services was acquired by Link Group from Capita plc. Anthony has over 25 years' of experience in the financial services industry via his previous employment with Royal & Sun Alliance and subsequently Capita. He previously sat on the Capita plc Executive Board as Executive Officer of Capita Asset Services. Anthony holds a BA (Hons) Degree in Business Studies and is professionally qualified as a member of the Institute of Internal Auditors.

EXECUTIVE KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

EXECUTIVES THAT CEASED TO BE KMP	EXPERIENCE AND BACKGROUND
 **John Hawkins** Group Executive Investments and Acquisitions	John Hawkins joined Link Group as Chief Financial Officer in 2001 and held the position until 31 December 2018, when he was appointed Group Executive Investments and Acquisitions. John ceased to be Executive KMP on this date. John has over 30 years' of commercial, accounting and finance experience gained from various roles, including with Optus, Perpetual and KPMG (Australia and the United Kingdom). John is a member of Chartered Accountants Australia and New Zealand and 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 ceased employment with Link Group 2 August 2018. Up until this date she served as Chief Executive Officer, Fund Administration.

PRINCIPAL ACTIVITIES

Link Group's principal activities during the course of the financial year was the provision of technology-enabled administration, securities registration and asset services, for listed and unlisted corporate entities, and pension and superannuation funds across the globe. This is complemented by the provision of ancillary, value-added services in the areas of digital communication, data integration and insights, and stakeholder education and advice.

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

DIVIDENDS

Dividends paid by the Company during the financial year were:

	CENTS PER SHARE	TOTAL AMOUNT	FRANKED/UNFRANKED	DATE OF PAYMENT
Final 2018	13.5	$71,488,284	100% franked	10.10.2018
Interim 2019	8.0	$42,574,580	100% franked	09.04.2019

In addition, dividends declared or paid by the Company since the end of the financial year were $66,743,828, which equates to 12.5 cents per share, 100% franked (2018: $71,488,284, 13.5 cents per share, 100% franked). The record date for determining entitlements to the final dividend is 5 September 2019. Payment of the final dividend will occur on 10 October 2019.

The Link Group Dividend Reinvestment Plan (DRP) will operate in respect of the 2019 final dividend. The DRP election deadline is 6 September 2019.

REVIEW OF OPERATIONS

The net profit of Link Group for the financial year was $320.2 million (2018: $143.6 million [1]). The result for the comparative period includes 8 months of contribution from the acquisition of LAS on 3 November 2017.

Operating EBITDA, which excludes certain significant items, for the financial year ended 30 June 2019 was $356.1 million (2018: $335.3 million). A reconciliation of Operating EBITDA to the net profit of Link Group is included in Note 4 to the financial statements and further explanation of the results is included in the Operating and Financial Review section within this report.

Operating NPATA, which excludes certain significant items and acquired amortisation, for the financial year ended 30 June 2019 was $201.5 million (2018: $206.7 million).

1 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

OPERATING AND FINANCIAL REVIEW

1. HIGHLIGHTS

Revenue **$1,403m** ↑ 17% from FY2018	Operating EBITDA **$356m** ↑ 6% on FY2018	Operating NPATA **$202m** ↓ 3% on FY2018
Statutory NPAT **$320m** ↑ 123% on FY2018	Basic earnings per share **59.98cps**[2] ↑ 110% on FY2018	Net operating Cash Flow Conversion **95%** Strong conversion rate

2. BASIS OF PREPARATION

This OFR[3] is designed to assist shareholders' understanding of Link Group's business performance and the factors underlying our financial results and financial position. It complements the financial disclosures in the Financial Statements. The OFR covers the period from 1 July 2018 to 30 June 2019 (FY2019), including a comparative prior year (FY2018). A full reconciliation of the adjustments made to the statutory results is disclosed in more detail in section 5.2.

Consistent with previous disclosures, Link Group uses certain measures to manage and report on the business that are not recognised under Australian Accounting Standards or International Financial Reporting Standards (IFRS), collectively referred to as 'non-IFRS financial or Operating measures'. These non-IFRS financial or Operating measures are summarised in Appendix 1 of this OFR.

Given the extent of Significant items in the current and prior year statutory results, the Directors believe it will assist the readers' understanding of performance to compare year-on-year results on an Operating before significant items basis. Therefore, unless otherwise stated, all of the analysis is presented on an Operating basis, with reconciliation back to statutory results provided in section 5.2.

2 Operating earnings per share for FY2019 was 37.9cps. Down 9% on FY2018.

3 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.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

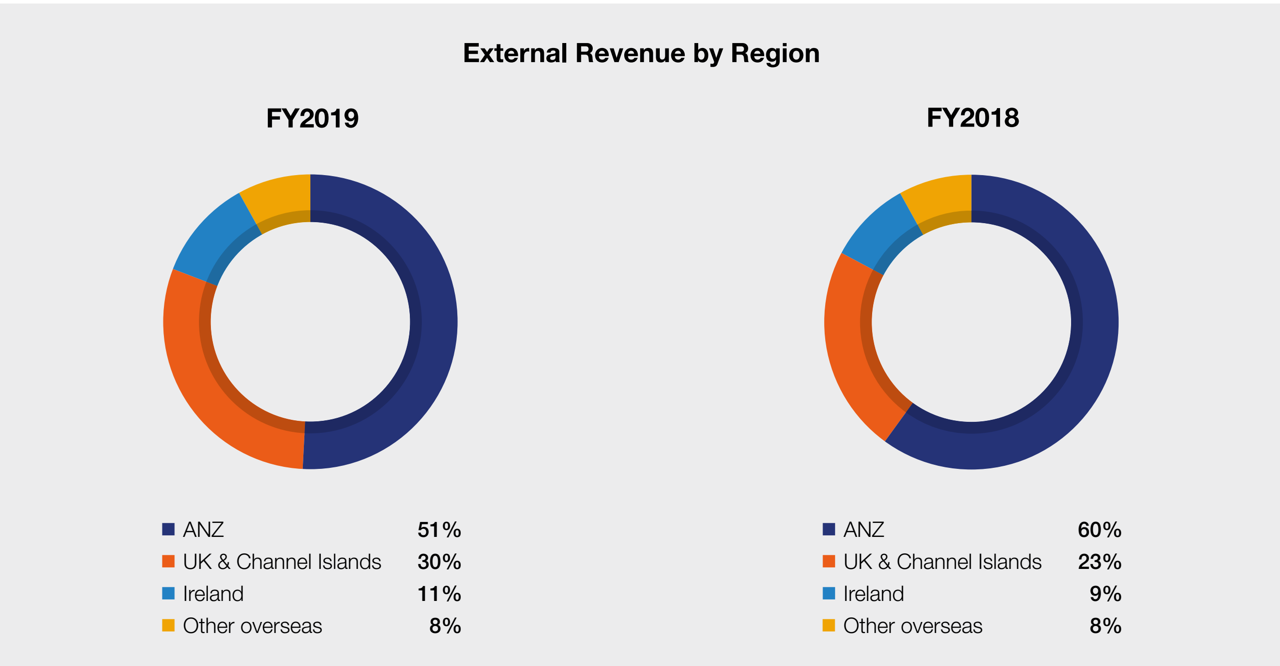
3. OVERVIEW OF RESULTS

The net profit of Link Group for FY2019 was $320.2 million, which was up 123% on FY2018's net profit of $143.6 million.

During FY2019 substantial progress was made on the integration of Link Asset Services (LAS) culminating in the implementation of a global operating model that establishes a strong foundation for growth and further efficiency gains. At the same time, the business faced a number of external head winds which impacted on our financial performance and are discussed in more detail in this review.

Link Group's revenue by geographic region (as illustrated below in Figure 1) reflects our diversification into a global business with revenue derived from outside ANZ increasing from 40% in FY2018 to 49% in FY2019 reflecting a full-year contribution from LAS.

Figure 1: Revenue by region



Link Group continued to execute on other elements of our growth strategy in FY2019 as follows:

- Increased sales of products and services to existing clients helping to mitigate the impact of previously announced client losses in Fund Administration, competitive pressures in Corporate Markets and Brexit uncertainty in LAS.
- New investment in technology platforms and innovative products and services with capital expenditure increasing by 22% to $81 million during the year.
- Acquisitions of businesses in the Netherlands (Banking and Credit Management) and India (Corporate Markets) which adds scale to our existing operations in these markets.
- Integration and efficiency benefits continued to be realised.
- Increased investment in Property Exchange Australia Limited (PEXA) to 44.2% as part of a consortium with Morgan Stanley Infrastructure Inc. and Commonwealth Bank of Australia.

We also successfully completed the sale of the Corporate Private Client Services (CPCS) business. This provides Link Group with flexibility to pursue future growth opportunities. With our balance sheet strength and Operating cash flows, Link Group has considerable flexibility to continue to pursue organic growth opportunities both domestically and internationally. With pro forma leverage[4] of circa 1.85 times (towards the bottom of our guidance range), we are also well positioned to take advantage of future acquisition and capital management opportunities.

4 Pro forma leverage is calculated as Net Debt/operating EBITDA (excluding 12 months of CPCS results).

OPERATING AND FINANCIAL REVIEW (CONTINUED)

4. GROWTH STRATEGY

Drivers of growth				
1 Growing with our clients in attractive markets	**2** Product and service innovation	**3** Integration and efficiency benefits	**4** Client, product and regional expansions	**5** Identifying adjacent market opportunities
FY2019 Success				
• Key client renewals (AusSuper / REST) • Increased service across existing clients (e.g. 73 ASX 300 clients in Corporate Markets now consume more than 7 products (FY2017: 19) • Continuing to win clients in LFS (UK and Australia)	• Voted financial services app of the year – 3rd year in a row • CX data hub • CRM • CompanyMatters UK – Service Provider of the year (2018 ICSA Awards)	• Delivered annual efficiency benefits of £8.6m to date in LAS • c$40m invested in FY2019 • Implementation of company-wide efficiency and cost-out program targeting $50m in annual cost savings	• HK greenfield in Corporate Markets (clients won) • FlexFront and NHL in the Netherlands • Expansion of CM in India	• Acquisition of PEXA with consortium partners
FY2020 Strategic focus				
• Capitalise on growth opportunities created by financial services Royal Commission in Australia • Renew administration contracts with clients	• Deliver integrated and increased product suite in the UK • Broaden the range of products per customer across business units	• Expansion of cost-out and efficiency program • Implementation of new global operating model (realigned business units)	• Exploring retirement and pension opportunities in UK • Further expansion of BCM and LFS businesses in Europe	• Continue to explore value accretive acquisitions

OPERATING AND FINANCIAL REVIEW (CONTINUED)

5. SOLID FINANCIAL RESULTS AND PLATFORM FOR FURTHER GROWTH

FY2019 has seen Link Group deliver growth in revenue, Operating EBITDA and earnings per share. These results reflect a full year contribution from LAS (FY2018: 8 months). We are committed to realising synergies and efficiency benefits from the Superpartners and LAS business combinations, and evolving these independent programs into a global transformation initiative.

We have maintained a prudent financial position. The financial year ended with comfortable leverage and high levels of cash-flow generation. Consistent with our stated objectives and the needs of our client base, Link Group continued to invest in our technology platforms and product and service innovation during FY2019. Table 1 below contains an overview of Link Group's financial results.

Table 1: Statutory & Operating financial results

	IN $M	FY2019	FY2018[5]	VARIANCE (%)
Statutory Results	Revenue	**1,403.5**	1,198.4	17%
	Profit before tax	**417.5**	191.5	118%
	Statutory NPAT	**320.2**	143.6	123%
	Earnings per share (cents)	**59.9**	28.6	110%
Operating Results	Operating EBITDA	**356.1**	335.3	6%
	EBITDA after significant items	**297.4**	290.3	2%
	NPATA	**376.6**	176.1	114%
	Operating NPATA	**201.5**	206.7	(3%)
	Operating earnings per share (cents)	**37.9**	41.7	(9%)

5.1 Statutory NPAT

Statutory Net Profit after Tax (Statutory NPAT) was $320.2 million compared to a prior year Statutory NPAT result of $143.6[5] million. The stronger Statutory NPAT result in FY2019 reflects:

- post-tax effect fair value gain of $124.6 million ($178.0 million pre-tax) relating to Link Group's investment in PEXA;
- post-tax effect gain of $103.6 million ($105.4 million pre-tax) on disposal of the CPCS business;
- full year contribution from LAS; and
- lower contribution from the combined non-LAS business units partially offset by continued realisation of synergies from business combinations.

5.2 Operating NPATA

Link Group considers Operating NPATA to be a meaningful measure of after-tax profit as it excludes the impact of Significant items (including the PEXA fair value gain and CPCS gain on disposal) and the large amount of non-cash amortisation of acquired intangibles reflected in NPAT. The measure includes the tax-effected depreciation and amortisation expense relating to all capital expenditure and the original cost of acquired software that is integral to the ongoing operating performance of the business.

Operating NPATA of $201.5 million was down 3% on the prior year result of $206.7 million reflecting:

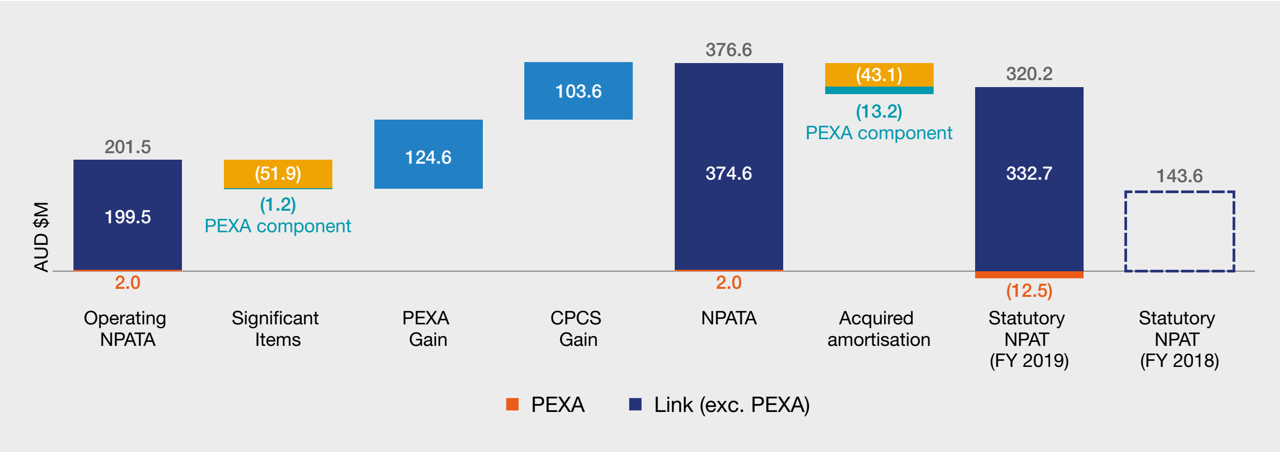
- 12 months' contribution of LAS;
- lower performance in Fund Administration and Corporate Markets partially offset by stronger performance in Technology & Innovation;
- higher depreciation and amortisation; and
- higher finance costs.

5 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Figure 2 below provides a reconciliation of Operating NPATA to Statutory NPAT.

Figure 2: Reconciliation of Operating NPATA to Statutory NPAT



5.3 Financial Performance by Division

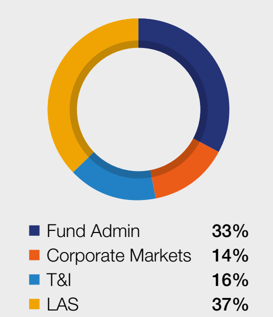
Link Group’s Operating EBITDA result was $356.1 million, which was up 6% on the prior year result of $335.3 million. This performance reflects the first full year contribution from LAS of $131.4 million. Operating EBITDA margins of 25.0% compared to 28.0% in FY2018 reflect the margin dilutive impact of consolidating a full year of the lower margin LAS results and margin pressure in the Fund Administration and Corporate Markets businesses resulting from client losses and competitive pricing pressures.

Table 2: FY2019 Revenue and Operating EBITDA by reporting segment

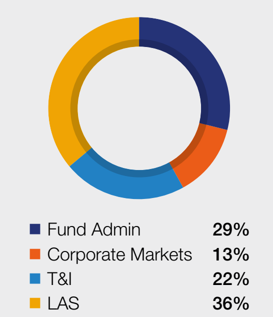
IN $M	FY2019	FY2018	VARIANCE (%)
Revenue			
Fund Administration	550.8	560.0	(2%)
Corporate Markets	223.9	214.8	4%
Technology & Innovation	258.8	230.7	12%
Link Asset Services	607.6	404.9	50%
Gross Revenue	1,641.1	1,410.4	16%
Eliminations	(237.6)	(212.0)	(12%)
Total Revenue	1,403.5	1,198.4	17%
Recurring Revenue %	80%	80%	

IN $M	FY2019	FY2018	VARIANCE (%)
Operating EBITDA			
Fund Administration	107.7	123.1	(13%)
Corporate Markets	49.3	54.9	(10%)
Technology & Innovation	79.4	72.9	9%
Link Asset Services	131.4	93.8	40%
Head Office	(11.7)	(9.4)	(26%)
Total Operating EBITDA	356.1	335.3	6%
Operating EBITDA margin %	25%	28%	

% of Gross Revenue



% of Operating EBITDA*



* Excludes ($12.4m) contribution from Head Office

OPERATING AND FINANCIAL REVIEW (CONTINUED)

5.3.1 Fund Administration

Fund Administration revenue decreased (2%) year-on-year to $550.8 million resulting from a reduction in Recurring Revenue, which was partially offset by growth in Non-Recurring Revenue.

Notwithstanding some previously announced client losses that adversely impacted results for the year, overall client retention[6] remained at 94%.

Table 3: Fund Administration Revenue and Operating EBITDA

IN $M	FY2019	FY2018	VARIANCE (%)
Revenue	**550.8**	560.0	(2%)
Operating Expenses	**(443.1)**	(436.9)	(1%)
Operating EBITDA	**107.7**	123.1	(13%)
Recurring Revenue %	**87%**	89%	
Operating EBITDA margin %	**20%**	22%	

Recurring Revenue of $480.8 million (or 87.3% of the total Fund Administration revenue) was down $17.5 million or 3.5% on the prior year.

Key contributing factors in FY2019 include:

- full year and part year impact of some client exits and mergers with non-Link Group administered funds;
- growth in overall member numbers of (excluding ERF activity) 4.8%[7] and an increase in our top five clients' members (who represented approximately 86% of the total) of 5.4%;
- part-year impact of client wins;
- indexation-linked price increases; and
- some isolated price reductions

Non-Recurring Revenue of $70.0 million represents 12.7% of total Fund Administration revenue and grew by 13.5% compared to the prior year largely resulting from project activity driven by regulatory change programs. The growth achieved in FY2019 is in addition to growth in the prior year of 34%, and is a solid performance considering a soft revenue performance in the first quarter of the year.

Funds regularly work with Link Group to enhance their product offerings and boost engagement with members or to meet regulatory and compliance objectives. These activities are referred to as fee-for-service projects and represent the bulk of Non-Recurring Revenue in Fund Administration.

Fee-for-service revenue projects completed during FY2019 included significant regulatory and legislative change programs particularly related to PYS legislation, insurance changes and unitisation.

Fund Administration Operating EBITDA was $107.7 million, which was $15.4 million or 12.5% lower than the prior year. The decrease on the prior year largely reflects the impact of previously announced client exits and fund mergers (including Kinetic Super, CareSuper, Austsafe, TWUSuper and EISS). Synergies achieved in the prior year and the part-year impact of cost savings made during FY2019 offset reductions to Recurring Revenue (as discussed above) and some additional costs related to:

- client migrations (Energy Super, Russell and RBF);
- supporting increased fee for service project revenue (including PYS);
- increased share of Technology & Innovation and central costs; and
- higher self-insured claims costs resulting from administrative processing errors.

6 Client retention represents the proportion of annual revenue from clients that have not been lost in FY2019.

7 Based on growth in total billable members excluding lost clients, eligible rollover funds and redundancy trusts from 1 July 2018 to 30 June 2019.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

5.3.2 Corporate Markets

The Corporate Markets revenue model is centred on providing an integrated suite of products and services to Corporate Markets clients across the various jurisdictions where Link Group has a presence, with overseas jurisdictions accounting for approximately 36% of total Corporate Markets revenue in FY2019 (FY2018:34%).

Table 4: Corporate Markets Revenue and Operating EBITDA

IN $M	FY2019	FY2018	VARIANCE (%)
Revenue	**223.9**	214.8	4%
Operating Expenses	**(174.6)**	(159.9)	(9%)
Operating EBITDA	**49.3**	54.9	(10%)
Recurring Revenue %	**81%**	81%	
Operating EBITDA margin %	**22%**	26%	

During FY2019, Corporate Markets revenue was $223.9 million. That was 4% higher than the prior year reflecting modest growth in both organic and acquired Recurring Revenue combined with Non-Recurring Revenue growth from capital markets activity.

Recurring Revenue of $181.5 million was up 5% on the previous year and as a proportion of Total Revenue it held steady at 81%. Recurring Revenue growth can be attributed mainly to the following factors:

- robust organic net client growth of 130 across all jurisdictions; and
- strong client retention of 96%.

Corporate Markets services approximately 4,700 clients across all of its jurisdictions as at 30 June 2019, up from 4,000 in the prior year, due partly to the successful acquisitions of India-based share registry businesses Sharex and TSR Darashaw and integration of the LAS investor relations business in the UK. In Australia, Corporate Markets won 40 net new clients from both competitors and from new IPOs, with Link Group winning 19 out of 29 IPOs that raised more than $50 million. Overseas jurisdictions saw organic growth of 90 net new clients.

Non-Recurring Revenue increased to $42.3 million which is a $1.1 million increase on the previous year, reflecting stronger performance especially in Europe, offset by no repeat benefit from the significant South African corporate action that took place in late FY2018.

Operating EBITDA decreased to $49.3 million, which was $5.6 million or 10% down on the previous year, due to the margin impact of continued pricing pressure in core registry services in all jurisdictions and changes in revenue mix (including a higher volume of lower margin disbursements revenue) coupled with some additional costs related to:

- supporting business volume growth (including UK Investor Relations consolidation, Indian acquisitions, Hong Kong Registry and LFS Australia);
- higher print and mail disbursement cost reflecting higher supplier costs; and
- increased share of Technology and Innovation and central costs.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

5.3.3 Technology & Innovation

Technology & Innovation revenue of $258.8 million comprises internal revenue (from IT recharges to Fund Administration and Corporate Markets) of $167.5 million and external revenue of $91.3 million from value-added services (including data analytics, digital solutions and digital communications) and licensing in-house administration software.

Table 5: Technology & Innovation Revenue and Operating EBITDA

IN $M	FY2019	FY2018	VARIANCE (%)
Revenue	**258.8**	230.7	12%
Operating Expenses	**(179.4)**	(157.8)	(14%)
Operating EBITDA	**79.4**	72.9	9%
External Revenue %	**35%**	33%	
Recurring Revenue %	**95%**	94%	
Operating EBITDA margin %	**31%**	32%	

Technology & Innovation total revenue grew to $258.8 million which was 12% higher than the previous year. The growth on the prior year is due to strong growth in external revenue from increased sales of products and services to both existing and new clients across its various business lines, including:

- increase in fee-for-service project-related work driven by regulatory change program;
- increased volumes of new e-communications and traditional print services coupled with new business wins; and
- increase in demand for digital services.

As a percentage of overall Technology & Innovation revenue, external revenue increased from 33% to 35%.

Internal revenue growth of 8% on the previous year reflects a restructure of some functions across Fund Administration and Corporate Markets to reduce duplication coupled with indexation and increased levels of support (related to IT security, cloud infrastructure and application support).

Technology & Innovation Operating EBITDA grew to $79.4 million, which was $6.5 million or 9.0% higher than the prior year. The increase in Operating EBITDA compared to the prior year reflects the synergy benefits of cost-out initiatives arising from the Superpartners integration, partially offset by increased costs related to the restructure of functions (referred to above), revenue related cost growth and higher costs from increased technology support. Synergy benefits realised in FY2019 included decommissioning legacy systems and vendor consolidation and sourcing initiatives coupled with additional staff cost savings from further restructuring and savings derived from consolidating various Fund Administration functions into the Technology & Innovation business.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

5.3.4 Link Asset Services

LAS' results reflect 12 months for FY2019 compared to eight months of trading in FY2018 (which reflects the period since acquisition on 3 November 2017).

Table 6: Link Asset Services Revenue and Operating EBITDA

IN $M	FY2019	FY2018	VARIANCE (%)
Revenue	**607.6**	404.9	50%
Operating Expenses	**(476.2)**	(311.1)	(53%)
Operating EBITDA	**131.4**	93.8	40%
Recurring Revenue %	**73%**	67%	
Operating EBITDA margin %	**22%**	23%	

The major contributors to the LAS results are set out below:

Link Market Services (LMS) revenue of $153.2 (£84.9) million was up 33% from £63.7 million in the prior year due to 12 months of activity and reflects:

- Recurring revenue derived from share registration, employee share plans and treasury management activities; and
- Non-Recurring revenue derived from corporate action fees, share dealing, variable registration income, treasury debt services and margin income. FY19 included two large corporate actions (Sky/Comcast and Standard Life Aberdeen), and higher margin income due to new banking arrangements. Non-Recurring revenue in the second half FY2019 was negatively impacted by Brexit related market uncertainty.

Link Fund Solutions (LFS) generated revenue of $143.3 (£79.4) million, up 64% from £48.4 million in the prior year due to 12 months of activity and reflects:

- Recurring revenue attributable to governance, administration and transfer agency services provided to investment fund managers in the UK and Ireland. During the period, LFS earned revenue from 43 new fund launches across the UK and Ireland, of which 12 sub-funds relate to the provision of the operator service to the Wales Pension Partnership and ACCESS (Local Government Pension Schemes). Assets under management at 30 June 2019 amounted to £96.6 billion and reflects LFS position as the leading independent authorised fund manager in the UK.

Banking and Credit Management (BCM) debt servicing revenue in the UK and Ireland of $168.8 (£93.6) million was up 52% from £61.7 million in the prior year due to 12 months of activity and reflects:

- Recurring revenue from new business wins including 2 service contracts wins in Ireland and 2 service contract wins in Italy. During the period, BCM further expanded into The Netherlands (assisted by the acquisition of NHL and Flexfront in April 2019). Assets under administration at 30 June amounted to £82.7 billion; and
- Non-Recurring revenue derived from ad hoc project fees, liquidation / exit fees, activity based servicing fee and on-boarding and origination fees.

CPCS generated revenue of $142.3 (£78.9) million from corporate and regulatory services, accounting and tax and company secretarial services. The majority of the CPCS business was sold on 28 June 2019 for a pre-tax gain of $105.4 million.

LAS' Operating EBITDA for the period was $131.4 (£72.7) million which represented a margin of 22%, which was in line with the margin achieved in the 12-month period ended 30 June 2018. The increase in Operating EBITDA compared to prior year reflects a full year of activity offset by higher stand-alone costs covering head office functions, insurance premiums and costs related to enhancing IT and data security.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

5.4 Significant items

Total Significant items gain of $224.8 million was higher than the prior year expense of $37.8 million.

Table 7: Summary of Significant items

IN $M	FY2019	FY2018	VARIANCE (%)
Significant Items			
Business Combinations Costs	18.3	16.9	(9%)
LAS Integration Costs	33.9	10.9	(212%)
Other Integration Costs	5.6	2.2	(155%)
Client Migration Costs	0.8	15.1	95%
Total Significant Items (impacting EBITDA)	58.6	45.1	(30%)
Gain on Assets Held at Fair Value	(178.0)	(7.3)	nmf
Gain on Disposal of Subsidiary	(105.4)	0.0	nmf
Total Significant Items	(224.8)	37.8	nmf

The increase in Significant items (impacting EBITDA) was largely due to an increase in LAS integration costs (resulting from the integration of LAS and the establishment of a global operating model) in FY2019, partially offset by lower client migration costs reflecting the migration of clients onto Link Group's proprietary platforms in FY2018. Business combination costs include PEXA transaction costs, CPCS separation costs and costs relating to other acquisitions made in FY2019.

The gain on assets held at fair value gain of $178.0 million related to Link Group's investment in PEXA which was accounted for at fair value through profit and loss prior to 16 January 2019. PEXA has been equity accounted since 16 January 2019, when Link Group was deemed to have attained significant influence.

A gain of $105.4 million on the disposal of the CPCS business was also recognised during the year.

5.5 Other expenses below EBITDA

Table 8: Other expenses below EBITDA

IN $M	FY2019	FY2018	VARIANCE (%)
EBITDA after Significant Items	297.4	290.3	2%
Depreciation and Amortisation	(70.1)	(47.2)	(49%)
EBITA	227.3	243.1	(7%)
Acquired Amortisation	(54.4)	(42.5)	(28%)
EBIT	172.9	200.6	(14%)
Net Finance Expense	(26.3)	(16.5)	(60%)
Gain on Assets Held at Fair Value	178.0	7.3	nmf
Gain on Disposal of Subsidiary	105.4	0.0	nmf
Profit / (Loss) from JV	(12.5)	0.0	nmf
NPBT	417.5	191.4	118%
Tax Expense	(97.3)	(47.9)	(103%)
NPAT	320.2	143.5	123%
Add Back: Acquired Amortisation After Tax	56.4	32.6	73%
NPATA	376.6	176.1	114%
Add Back Significant Items After Tax	(175.1)	30.6	(672%)
Operating NPATA	201.5	206.7	(3%)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Depreciation and Amortisation

Depreciation and amortisation expense increased by 49% to $70.1 million compared with the prior year largely due to the 12-month impact of the LAS acquisition, which brought with it associated depreciation and amortisation. In addition, increased depreciation and amortisation resulted from higher levels of capital expenditure in both the current and prior years.

Acquired amortisation reflects the amortisation of client lists and the revaluation impact of acquired intangible assets resulting from business combinations. Acquired amortisation increased by 28% to $54.4 million compared with the prior year. This reflected the full year impact of additions to acquired intangibles (including software and client lists) arising from the LAS acquisition, partly offset by other assets from previous acquisitions reaching the end of their useful lives in FY2018 and FY2019.

Net finance expense

Net finance expense of $26.3 million is up $9.8 million on the previous year's net finance expense due to higher average net debt following the settlement of the LAS acquisition, together with additional debt drawn to finance the PEXA acquisition in January 2019.

Tax expense

Tax expense of $97.3 million is 103% higher than the prior year's tax expense reflecting an increase in profit before tax of 118%, coupled with a larger number of non-deductible LAS acquisition-related costs, partially offset by the utilisation of unrecognised tax losses. The effective tax rate of 23% is lower than the prior year reflecting the full-year impact of lower tax rates applying to income generated in European jurisdictions.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

6. SOLID BALANCE SHEET AND CASH FLOW CONVERSION

Link Group maintained a solid balance sheet in FY2018 with a low level of gearing as at 30 June 2019 providing flexibility for future growth opportunities. The business generates high levels of cash while also maintaining a substantial ongoing investment in enhancing our proprietary systems and in new products and services.

6.1 Balance Sheet

The cash balance of $560.2 million as at 30 June 2019 includes $433.6 million of proceeds relating to the sale of the CPCS business on 28 June 2019. In addition, cash is retained to cover short-term investment management payables related to the Fund Solutions business in LAS.

Table 9: Summary Balance Sheet

	AS AT 30 JUNE	
IN $M	FY2019	FY2018[8]
Assets		
Cash	**560.2**	265.5
Trade & Other Receivables	**244.8**	302.3
Other Current Assets	**1,023.5**	618.0
Total Current Assets	**1,828.5**	1,185.8
Deferred Tax Asset	**48.0**	58.7
Other Non Current Assets	**3,039.3**	2,693.3
Total Non Current Assets	**3,087.3**	2,752.0
TOTAL ASSETS	**4,915.8**	3,937.8
Liabilities		
Trade & Other Payables	**267.9**	284.4
Interest Bearing Liabilities	**0.0**	0.5
Other Current Liabilities	**1,052.8**	687.3
Total Current Liabilities	**1,320.7**	972.2
Interest Bearing Liabilities	**1,153.5**	821.9
Deferred Tax Liability	**150.4**	114.6
Other Non Current Liabilities	**130.4**	128.8
Total Non Current Liabilities	**1,434.3**	1,065.3
TOTAL LIABILITIES	**2,755.0**	2,037.5
NET ASSETS	**2,160.8**	1,900.3
Equity		
Contributed Equity	**1,909.1**	1,875.6
Reserves	**15.4**	17.4
Retained Earnings	**233.1**	5.3
Non-Controlling Interest	**3.2**	2.0
TOTAL EQUITY	**2,160.8**	1,900.3

Net working capital (trade and other receivables less trade and other payables) as at 30 June 2019 of ($23.1) million has decreased from the 30 June 2018 position of $17.9 million.

8 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Interest-bearing liabilities have increased by $331.1 million compared with the prior year. This largely reflects increases in debt drawn to fund the equity accounted investment in PEXA, partially offset by debt repayments.

Total contributed equity increased to $1,909.1 million from $1,875.6 million in the prior year as a result of the dividend reinvestment plan.

6.2 Cash flow

Cash flow conversion continues to be a key focus of the business and Link Group achieved an operating cash conversion rate of 95%, slightly down up on the previous year.

Table 10: Summary Pro forma cash flow

IN $M	FY2019	FY2018	VARIANCE (%)
Operating EBITDA	**356.1**	335.3	6%
Non Cash Items in Operating EBITDA	**(0.3)**	6.8	(104%)
Changes in Fund Assets & Liabilities	**(12.7)**	15.1	(184%)
Changes in Working Capital	**(4.1)**	(36.9)	89%
Net Operating Cash Flow	**339.0**	320.3	6%
Cash Impact of Significant Items	**(49.4)**	(58.8)	16%
Net Free Cash Flow after Significant Items	**289.6**	261.5	11%
Tax	**(69.2)**	(40.5)	(71%)
Interest	**(23.8)**	(12.9)	(84%)
Net Cash Provided by Operating Activities	**196.6**	208.1	(6%)
Capital Expenditure	**(80.7)**	(66.3)	(22%)
Other Investing Cashflow	**(52.7)**	(1,470.9)	96%
Dividends Paid	**(81.3)**	(46.9)	(73%)
Net Cash Flow Before Other Financing Activities	**(18.1)**	(1,376.0)	99%
Net Cash Used in Other Financing Activities	**311.7**	1,640.1	(81%)
Net (Decrease) / Increase in Cash	**293.6**	264.1	11%
Net Operating Free Cash Flow	**258.4**	254.0	2%
Net Operating Cash Flow Conversion	**95%**	96%	
Net Operating Free Cash Flow Conversion	**73%**	76%	

Working capital consumption of $4.1 million in FY2019 reflects improved trade and other receivables performance due to positive collections and large one off project accruals for FY2018, partially offset by reduced trade and other payables and lower provisioning linked to increased claim activity.

Capital expenditure is a key driver of future productivity, product growth and cost efficiency. The business uses a benchmark of 3-5% of Link Group revenue to guide capital expenditure initiatives. In FY2019, capital expenditure was $80.7 million, representing 6% of revenue and above our benchmark guidance. The main reasons for the increase in capital expenditure relate to the following:

- full year inclusion of LAS;
- increased scope and complexity of enhancements to proprietary systems to on-board new clients in Fund Administration;
- development of the Corporate Markets proprietary registry system to facilitate entry to the Hong Kong market; and
- significant investment in, but not restricted to, miraqle and investor centre platform refresh programs, and new leading CRM, CX Data Hub and Contact Centre platforms to ensure that they remain market leading.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

6.3 Net debt

The pro forma Net Debt/Operating EBITDA ratio has increased to 1.85 times. This reflects the increased debt drawn to fund the acquisition of PEXA in January 2019 partially offset by the proceeds from the CPCS sale completed on 28 June 2019 and an improved Operating EBITDA performance. The Operating EBITDA/net interest cost ratio has decreased to 12.21 times, reflecting higher net interest costs more than offsetting higher Operating EBITDA performance.

Link Group has total committed and available facilities of $1,440.8 million with a further $250.0 million as an uncommitted accordion facility. This level of cash and available facilities provides significant capacity for various capital management and/or acquisition activities.

Table 11: Summary of net debt

IN $M	FY2019	FY2018
Cash and Cash Equivalents	(560.2)	(265.5)
Long Term Debt	1,153.6	822.4
Net Debt	**593.4**	**556.9**
Pro forma debt ratios		
Net Debt / Operating EBITDA [9]	1.85	1.52
Operating EBITDA / Net Interest Costs	12.21	15.88

9 Proforma ratios are calculated using Operating EBITDA excluding CPCS.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

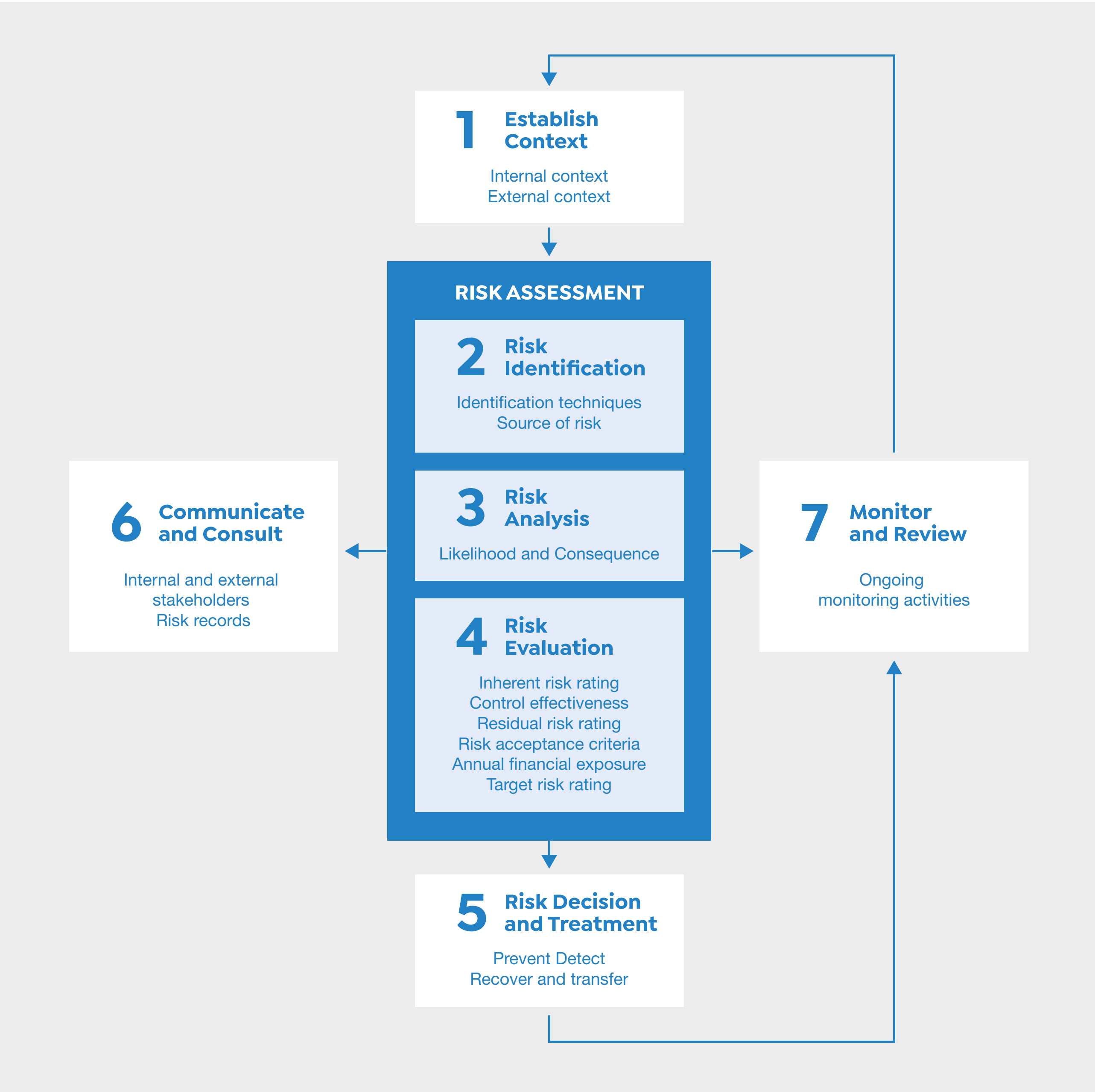
7. PRO-ACTIVE MANAGEMENT OF RISKS

Risk Management Framework

Link Group's risk management framework is aligned to international risk management guidelines (ISO 31000:2018). The framework promotes the achievement of Link Group's objectives by integrating policies, processes, procedures and systems with our structures and people. The Board's Risk and Audit Committee oversees, reviews and supervises the framework, as well as promoting a risk management culture.

The framework provides a consistent approach for identifying, analysing, evaluating, treating and monitoring risks and understanding the risk environment within which Link Group operates. It supports the integration of risk into decision making and operational processes.

The following diagram illustrates the key elements of the risk management framework.



OPERATING AND FINANCIAL REVIEW (CONTINUED)

Changes to the Risk Profile

Since the acquisition of LAS in FY2018 and in-line with its integration, Link Group has focused on identifying and adopting global best practices used to identify, assess, manage, and control risks across our businesses. The following changes to our organisation and risk profile occurred during FY2019.

Sale of CPCS:

- Reduces the number of jurisdictions in which we operate and exposure to both regulatory and principal risk;
- Reduces the numbers of staff and offices; and
- Allows us to focus on our core business.

Move towards Global Centres of Excellence:

- Supports integration and transformation initiatives;
- Facilitates development of global best practice;
- Increases reliance on locations where Link Group has historically had a smaller presence; and
- Enables a truly global organisation.

Governance Enhancements:

- Implemented learnings from APRA's Prudential review of the Commonwealth Bank of Australia;
- Incorporating learnings from the Hayne Royal Commission into Banking, Financial Services and Superannuation; and
- Heightened awareness and focus on corporate governance.

Key Management Personnel:

- Strengthened the capability of the Executive Leadership Team; and
- Reduced key person risk.

Key Risks

Some of the more significant risks faced by Link Group and how they are being managed are considered below in more detail. In addition to these key risks, there are other generic risks inherent to all businesses, including Link Group's, such as:

- our exposure to the macro-economic environment, political and regulatory risk;
- our systems, technology and operational quality; and
- our ability to attract and retain key personnel.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Link Group considers these risks in operating our business and actively manages them.

RISK CATEGORY	DESCRIPTION OF THE RISK AND ITS IMPACT	HOW WE RESPOND
Information and Cyber security	**Description** Link Group's core products and services inherently involve appropriate management of information. Link Group's ability to ensure the availability, integrity and security of information that it holds, may provide a competitive advantage or may be detrimental to Link Group, as it attempts to enable efficient and secure businesses. **Impact** Clients expect Link Group to securely store and make use of accurate information. Failure to meet these expectations may result in breach of confidence, contract or regulation, which may have a negative impact on Link Group's reputation, financial performance and ability to achieve our strategic objectives.	Link Group has in place a global information security management system aligned to the international best practice standard ISO27001 and the NIST cyber security resilience framework at a cost of over $10 million per annum. Some key controls include: • employing 'privacy by design' principles in the design, development and deployment of policies, processes, procedures, systems, infrastructure, products and services • proactive management of identified vulnerabilities, with controls in place to prevent, detect, mitigate and report breaches, including privacy and data breach response plans and regulatory reporting mechanisms • monitoring of internal and external system traffic • regular external penetration testing • user access controls to restrict access to premises, information and systems • mandatory privacy and information security training to all staff at least annually Link Group maintains close ties with the information and cyber security community and government authorities in a number of jurisdictions in which it operates. In Australia, Link Group is aligned to the APRA Prudential Standard CPS234 as well as the National Institute of Standards and Technology (NIST) cybersecurity resilience framework.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

RISK CATEGORY	DESCRIPTION OF THE RISK AND ITS IMPACT	HOW WE RESPOND
Political and regulatory environment	**Description** Link Group's businesses are influenced and affected by laws, regulations and government policy in each of the jurisdictions in which they operate. Political and/or regulatory change, and Link Group's ability to comply with regulations, could enable or inhibit our business objectives. **Impact** Changes could affect the ability to achieve business objectives and financial performance. For example, by: • limiting or removing authority to operate • changing how a business operates • altering resource requirements, operating efficiency and profitability Changes may also provide an opportunity for Link Group generate additional revenue streams by supporting its clients in their regulatory compliance obligations. For example: 1. Brexit – the uncertainty of impacts arising as a result of the United Kingdom's exit from the European Union. 2. In Australia, the Protecting Your Superannuation Legislation has a material impact on operating volumes, the number of members administered by Link Group and operating margins in the Fund Administration division. 3. MiFID II in the EU and certain proposed changes in Australia and other jurisdictions may provide Link Group with opportunities to develop additional products and services for our clients. 4. Regulations requiring changes to the capital requirements and structure of banks, particularly in Europe, could lead to selling of portfolios of non-performing loans that would provide opportunities in our Banking and Credit Management business.	Link Group: • engages with government, regulatory authorities and industry • actively monitors, assesses and manages the impacts of changes to laws, regulation and government policy • designs processes, procedures and systems consistent with the stated policy principles within each jurisdiction • works with clients to assist in preparation for, and mitigation of, the impact of change • has a diversified geographic and jurisdictional presence Link Group's businesses are supported by specialist Risk & Compliance professionals in each of the jurisdictions in which we operate internal and external legal counsel and expert third party advisors, as required. For example: 1. Brexit – Link Group has presence in other jurisdictions within the European Union to facilitate continuity of service provisioning to our clients, irrespective of the form or timing of Brexit. 2. Legislation change in Superannuation – • Link Group is collaborating with clients • Commercial contractual protections (I.e. Volume clauses) 3. Link Group has a regulatory change framework in place to identify our clients' regulatory requirements and, where feasible, develop and implement solutions to assist them. 4. Link Group has well-established regulatory change processes that closely monitor changes to the regulatory environment, impacts on Link Group (and its stakeholders) and supports clients to prepare for and mitigate the impact of proposed change.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

RISK CATEGORY	DESCRIPTION OF THE RISK AND ITS IMPACT	HOW WE RESPOND
Principal risk	**Description** Link Group's ability to comply with relevant obligations may result in regulatory and consumer exposures, contrary to our objectives to operate profitable, risk managed, compliant businesses. **Impact** Link Group primarily provides services to/for clients as an agent (indirectly accountable), but also provides primary services to clients as principal (directly liable). The Fund Solutions business acts as principal, primarily in Europe, and has direct regulatory obligations. Willingness to assume principal risk may provide a high barrier to entry, which could be a competitive advantage for Link Group. However, material failure by Link Group to discharge our principal obligations may negatively affect financial performance (compensation, pecuniary penalties, lost earnings) and reputation. It may also give rise to regulatory penalties or removal of authority to operate the relevant business.	Link Group mitigates this risk through: • robust risk management and compliance frameworks focused on identifying, assessing, monitoring and controlling risk • skilled and qualified staff • documented processes and procedures • assurance programs and Internal Audit function • professional lines of insurance • proactive engagement with regulators • in the case of Fund Solutions, governance mechanisms and processes are in place to ensure its fiduciary obligations are being fulfilled • at least annual compliance training for impacted staff • effective internal complaints mechanism and dispute resolution systems to identify consumer concerns • ensuring compensation is appropriate with the level of risk taken in services and products provided • a strong corporate governance structure and culture, including local legal entity boards with direct regulatory accountability as required
Client base, retention and arrangements	**Description** Link Group may experience greater or less success: attracting new clients, cross-selling new products and services, retaining existing clients and scope of services on commercial terms and benefit from client merger activity than expected/desired. Some factors may include: • scope and quality of service • increased competition • industry consolidation • business and regulatory environment • strength of relationships • technological disruption and innovation **Impact** The key industries that Link Group operates in are all competitive markets and are expected to remain competitive. This may affect organic growth capability and the scope and quality of products and services. It may also influence resourcing, margins and financial performance.	Link Group manages this risk through: • development of long-term relationships premised on strategic partnership • competitive, diversified and integrated product and service offerings • dedicated client relationship managers • market and product benchmarking and evaluations • reputation and brand equity • management of contracted service delivery, including prompt rectification of issues • commercial contractual protections Link Group actively monitors and invests in innovation and new technologies. It has invested over $300 million in delivering technology-driven solutions for our clients and continues to partner with industry leaders to expand the range of value-added services for clients to further enhance competitive advantage.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

RISK CATEGORY	DESCRIPTION OF THE RISK AND ITS IMPACT	HOW WE RESPOND
Benefit realisation from acquisition, integration and transformation	**Description** The benefits of investment, acquisition, integration, migration, relocation, consolidation or transformation in a timely and commercial manner could be less than or greater than expected. Some factors may include: • appropriateness of each plan • accuracy of the calculation of expected benefits • quality and efficiency of execution • market conditions and client receptivity • unexpected intervening events **Impact** The extent to which expected synergies and other benefits are realised can affect Link Group's financial performance, organisational efficiency, allocation of resources and strategic plans.	Having successfully executed and integrated more than 40 business combinations over the past 15 years, Link Group has significant experience delivering on the expected benefits. This is achieved principally through: • established and robust processes encapsulating people, systems, products and clients • partnering with organisations and employing people with appropriate skills, expertise, and experience to optimise each specific opportunity • disciplined project governance controls • initial strategic and financial analysis • contingency factoring • sound due diligence practices • contractual protections

OPERATING AND FINANCIAL REVIEW (CONTINUED)

8. FY2020 OUTLOOK

Fund Administration

- Underlying business drivers remain strong and well placed to capitalise on future opportunities.
- Member growth (excluding PYS impact) expected to continue to exceed employment growth.
- Execute on UK pension market opportunity.

Link Asset Services

- Hedged against and prepared for a hard/no deal Brexit. Short term impact on LMS Non-Recurring Revenue expected.
- LFS business demonstrating continued client wins post Woodford suspension.
- LFS focus on insource to outsource opportunity in all jurisdictions.
- BCM business expansion into new markets and diversifying into performing loans to mitigate non-performing loan portfolio amortisation.

Integration and transformation activities

- New global structure implemented.
- Global transformation program to deliver further savings to FY2022.
- Establishment of CoE hubs in UK, India and Australia.

Corporate Markets

- Continued focus on multiple product penetration to drive volume growth.
- Benefits from new systems and core system refreshes to be realised.
- Improved earnings available through disciplined cost management.

Technology & Innovation

- A global business unit and the establishment of CoE hubs to drive efficiencies.
- Global rollout of workflow and AI to realise efficiency benefits.
- Vendor consolidation opportunity with global suppliers.
- Continued focus on new products and services to drive external revenue growth.

Capital management

- Up to 10% share buyback.
- Proforma leverage of 1.85x provides flexibility to continue assessing value accretive acquisition opportunities.
- Explore PEXA capital returns in the medium term.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

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 servicing and registration services, corporate and trustee services, transfer agency, 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, per client or shareholder. 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.
Non-Recurring Revenue	is revenue the business expects will not be earned on a consistent basis each year. Typically, this revenue is project related and can also be ad hoc in nature. Non-Recurring Revenue includes corporate actions (including print and mail), call centre, capitals markets investor relations analytics, investor relations web design, extraordinary general meetings, share sale fees, off-market transfers, employee share plan commissions and margin income revenue. Non-Recurring Revenue also includes fee for service (FFS) project revenue, product revenue, revenue for client funded FTE, share sale fees, share dealing fees, one-off and other variable fees.
Gross Revenue	is the aggregate segment revenue before elimination of intercompany revenue and recharges such as Technology and Innovation recharges for IT support, client-related project development and communications services on-charged to 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 an 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.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Operating NPATA	is net profit after tax and after adding back tax affected Significant items (including the discount expense on the un-winding 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, which were acquired as part of business combinations. Link Group management considers Operating NPATA 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 acquired software which is integral to the ongoing operating performance of the business. Link Group also presents Operating NPATA margin which is Operating NPATA divided by revenue, expressed as a percentage. Operating NPATA margin is a measure that Link Group management uses to evaluate the profitability of the overall business.
Operating earnings per share	is Operating NPATA divided by the weighted average number of ordinary shares outstanding for the period. Link Group management considers Operating earnings per share to be a meaningful measure of after-tax profit per share as it excludes the impact of Significant items and the large amount of non-cash amortisation of acquired intangibles reflected in basic earnings per share. This measure includes the tax effected amortisation expense relating to acquired software which is integral to the ongoing operating performance of the business.
Significant items	refer to revenue or expense items which are considered to be material to NPAT and not part of the normal operations of the Group. These items typically relate to events that are considered to be 'one-off' and are not expected to re-occur. Significant items are used in both profit and loss and cash flow presentation. Significant items are broken down into; business combination costs, integration costs, client migration costs, IT business transformation (all above EBITDA) and finance charges and one-off gains/losses associated with the fair value measurement or sale of Link Group's investments (all below EBITDA).

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.

REMUNERATION REPORT

Introduction from the Chair of the Human Resources and Remuneration Committee

Dear Shareholder,

On behalf of the Board, I present the Remuneration Report for the financial year ended 30 June 2019. This Report has been prepared on a consistent basis to previous years for ease of reference.

Our Remuneration Report received a vote in favour of 82.3% at the 2018 AGM. We have taken into account shareholder feedback in presenting the FY2019 remuneration outcomes and in the proposed changes for FY2020. Our aim is to align remuneration structures and decisions to sustainable shareholder value creation.

FY2019 presented some challenges including regulatory changes and client losses that impacted our superannuation fund administration business as well as prolonged Brexit uncertainty impacting our businesses in the United Kingdom. Against this backdrop, we delivered a satisfactory financial result reflecting the benefits of our scale and more diversified business. In addition, substantial progress was made on the integration of Link Asset Services (LAS) culminating in the implementation of a global operating model and structure that establishes a strong foundation for growth and further efficiency gains.

In FY2019, Operating EBITDA was $356.1m representing an increase of 6% on the prior year. This Operating EBITDA performance did not meet the Short Term Incentive (STI) target and therefore the gateway for STI payments was not met. While performance against individual Key Performance Indicators (KPIs) of Executive KMP was generally strong, no KMP received a STI payment in FY2019 as the gateway was not met.

In FY2019, the following key remuneration issues were addressed.

- The FY2019 Operating EBITDA gateway on the STI was not achieved and therefore the Managing Director and Executive Leadership Team (ELT), which includes the Executive KMP will not receive any STI for FY2019.
- The FY2017 LTI grant was tested at the end of FY2019 resulting in no vesting of the relative TSR component and 79% vesting of the EPS component (an overall vesting of 59%). This reflects the strong EPS growth over the performance period of 9.9%.
- The Board reviewed the Earnings Per Share (EPS) targets in relation to unvested long-term incentive (LTI) awards following the equity investment in Property Exchange Australia (PEXA) and the sale of the Corporate and Private Clients (CPCS) business against the transaction principles outlined in Section 3.1 and determined that:
  - In respect of the PEXA transaction, no adjustments be made to FY2019 or subsequent financial year LTI targets or the number of Performance Share Rights (PSRs) on issue; and
  - In respect of the sale of the CPCS business, no adjustments be made to the targets for the FY2017 PSRs granted in calendar year 2016 or the targets for the FY2018 PSRs granted in calendar year 2017. The CPCS contribution is to be excluded from the base year target for the FY2019 PSRs granted in calendar year 2018 and the FY2020 PSRs to be granted in calendar year 2019.
- Andrew MacLachlan was included as a Key Management Personnel (KMP) following his promotion to Chief Financial Officer in January 2019 as was Dee McGrath following her appointment to CEO, Fund Administration in May this year. John Hawkins ceased to be a KMP following his transition from Chief Financial Officer to Group Executive, Acquisitions & Investments as did Suzanne Holden following her departure from the organisation in August 2018.

The following remuneration changes will apply from FY2020:

- The Managing Director and Executive KMP will not be awarded any Fixed Pay increases for FY2020;
- The previously agreed annual 2.5% increase to Non-Executive Director fees for FY2019, FY2020 and FY2021 will be suspended for FY2020 and therefore there will be no increase to the base Non-Executive Director fees for FY2020;
- The maximum STI opportunity for the Managing Director and Executive KMP will be reduced to 150% of Target STI from 200% of Target STI;
- Operating NPATA will be used as the STI gateway measure to better reflect accounting standard changes and align to the LTI measure. In addition, a risk & compliance gateway will be introduced for Executive KMP;
- 50% of any STI awarded to the ELT, including the Managing Director, will be deferred for up to two years into Link shares. Previously STI deferral operated only to support achievement of minimum shareholding requirements; and
- The minimum shareholding requirement for the ELT will remain at 100% of fixed remuneration and the timeframe in which to achieve this holding will be extended to 5 years, from 3 years.

We welcome your feedback on our FY2019 Remuneration Report.

Yours sincerely,

Sally Pitkin
Human Resources & Remuneration Committee Chair

REMUNERATION REPORT (CONTINUED)

ABOUT THIS REMUNERATION REPORT

The Remuneration Report (Report) summarises the remuneration of Link Group's KMP; namely Directors and Executive KMP that are named in this Report for the year ended 30 June 2019. This Report has been prepared in accordance with the requirements of section 300A of the *Corporations Act 2001* and has been audited.

1. OVERVIEW OF THE EXECUTIVE KMP REMUNERATION APPROACH

1.1 Remuneration principles & philosophy

Link Group applies the following principles when developing and implementing remuneration decisions. The decisions made about remuneration should:

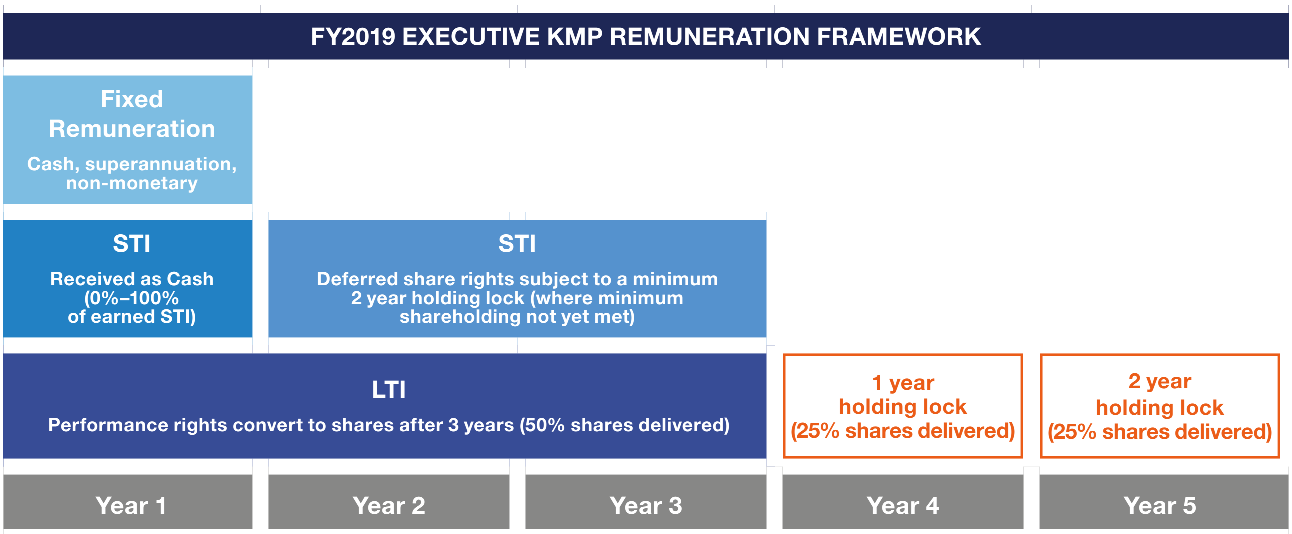
- support competitive market pay;
- support the attraction and retention of capable and committed employees;
- reinforce the alignment of behaviours and outcomes to Link Group values and strategic imperatives;
- align remuneration with sustainable shareholder value creation and returns;
- align remuneration with prudent risk taking and Link Group's long term financial soundness;
- motivate individuals to pursue Link Group's long-term growth and success;
- demonstrate a clear relationship between Link Group's overall performance and the performance of individuals;
- support gender pay equity; and
- comply with all relevant legal, tax and regulatory provisions.

REMUNERATION REPORT (CONTINUED)

1.2 FY2019 remuneration framework

Link Group's remuneration framework is designed to reward Executive KMP for achievement of Link Group strategy and shareholder value creation. Figure 1 outlines the components of Executive KMP remuneration and their purpose.

Figure 1: FY2019 Executive KMP remuneration framework



FY2019 EXECUTIVE KMP REMUNERATION COMPONENTS

Fixed	Variable "at risk"	
Fixed remuneration	**Short-term incentive (STI)**	**Long-term incentive (LTI)**
PURPOSE AND ALIGNMENT		
Market competitive, to attract and retain key talent to Link Group.	To drive achievement of the short-term financial and pre-financial strategic and operational objectives as agreed by the Board. Deferral (where minimum shareholding not yet met) supports alignment to creation of sustainable shareholder value.	To reward and incentivise Executive KMP to drive the sustainable creation of shareholder value, within Link Group's prudent risk management framework.
VALUE TO INDIVIDUAL DETERMINED BY		
Fixed remuneration is targeted around the median of the market, defined as Australian listed companies of similar size and / or industry. For roles in the UK / EMEA, consideration is also given to publicly listed companies in the UK/EMEA with revenue similar to LAS. Fixed remuneration may deviate from the market median depending on individual alignment to corporate values, experience, capabilities, performance and location.	Operating EBITDA gateway determines capacity to pay. Awards based on Link Group and business unit financial performance and individual performance against specified KPIs. KPIs include financial and pre-financial targets. Board discretion to moderate award for factors such as alignment to corporate values and prudent risk taking. Stretch STI up to 200% of target based on stretch Operating EBITDA targets.	Vesting is based on achievement of: Operating earnings per share (EPS) performance against targets (75% of opportunity). Total shareholder return (TSR) relative to constituents of a S&P/ASX index (25% of opportunity).

REMUNERATION REPORT (CONTINUED)

EXECUTIVE KMP REMUNERATION IN FY2019

What changes to executive remuneration have been made in FY2019 and why?

The Board reviewed FY2019 remuneration for the Executive KMP in the context of the scale, complexity and geographical reach of Link Group, and market benchmarking data. The following changes to fixed remuneration for the following Executive KMP were made from 1 October 2018, as foreshadowed in the FY2018 Remuneration Report:

John McMurtrie Managing Director	22% increase in fixed remuneration as part of a continuing phased approach to lift fixed remuneration to the median of the market.
Paul Gardiner CEO Corporate Markets, CEO Technology and Innovation	12% increase in fixed remuneration due to increase in role scope to include responsibility for Link Asset Services (LAS) information technology.

As STI and LTI opportunity is derived as a percentage of fixed remuneration, increases in those opportunities are commensurate with increases in fixed remuneration.

There were no changes to remuneration for other Executive KMP.

For FY2019, as was the case for Australian based executives in FY2018, deferral of a portion of any earned STI into equity is mandatory for all Executive KMPs in cases where the minimum shareholding requirement has not been achieved.

How is Link Group's performance reflected in FY2019 remuneration outcomes?

In FY2019 the Operating EBITDA gateway on the STI was not achieved and therefore the Managing Director and Executive Leadership Team (ELT), which includes Executive KMP, will not receive any STI for FY2019.

The FY2017 LTI grant was tested at the end of FY2019, resulting in no vesting of the relative TSR component and 79% vesting of the EPS component (an overall vesting of 59%). This reflects the strong annual EPS growth over the performance period of 9.9%, driven by the successful integration of Superpartners, international expansion and commitment to innovation and product development to support existing clients and business growth. One-half of the vested FY2017 LTI will be delivered in FY2020 and will be reflected in the FY2020 remuneration outcomes.

A critical component of Link's growth strategy is through acquisitions, which require a disciplined application to the Group's acquisition framework and the successful integration of the business and realisation of efficiency benefits. Many of the acquisitions are dilutive in the short term but provide for future growth. The impact of transactions are considered on a case by case basis in line with agreed transaction principles outlined in Section 3.1.

The Board considered the impact of the equity investment in Property Exchange Australia (PEXA), which is earnings dilutive in FY2019, against these transaction principles and determined that no adjustments be made to FY2019 or subsequent financial year LTI targets or the number of PSRs on issue. In addition, it was agreed that the acquired amortisation, net of tax be added back to the NPATA contribution from PEXA in determining the Operating NPATA for Link Group and that the fair value gain be excluded.

In respect of the sale of the CPCS business, to reflect that the ongoing business should be used as the basis for assessing long term performance, the Board determined that no adjustments be made to the targets for the FY2017 Performance Share Rights (PSRs) granted in calendar year 2016 or the targets for the FY2018 PSRs granted in calendar year 2017. The Board further determined that any CPCS contribution be excluded from the base year target for the FY2019 PSRs granted in calendar year 2018 and the FY2020 PSRs to be granted in calendar year 2019.

These principles were also applied to the acquisition of Capita Asset Services (subsequently renamed Link Asset Services) where taking the principles into account and considering that the incremental earnings was offset by the capital raising resulting in an insignificant Operating NPATA impact, no changes were made to the LTI targets.

Further detail on performance outcomes is provided in Section 2.2.

REMUNERATION REPORT (CONTINUED)

EXECUTIVE KMP REMUNERATION IN FY2019

How is fixed remuneration determined and how is it positioned relative to the market?	Fixed remuneration generally includes base salary, superannuation and may include non-monetary benefits. Fixed remuneration is targeted around the median of the market. The market is defined as Australian-listed companies of similar size and/or industry. Consideration is generally given to S&P/ASX200 companies with market capitalisation 50% to 200% of Link Group's 12-month average market capitalisation and publicly listed companies in the UK/EMEA with revenue similar to LAS' 12-month revenue. Fixed remuneration is generally reviewed against the market annually, however, there is no guaranteed annual increase.
What proportion of target remuneration is 'at risk' and why is it considered appropriate for the business?	Target total remuneration is positioned between the median and 75th percentile of the market. A significant portion of Executive KMP remuneration is 'at risk' subject to both short and long-term performance hurdles. The 'at risk' components directly align executive pay with our strategic imperatives and shareholder value creation. The proportion of total target remuneration 'at risk' for Executive KMP ranges from 55% to 71%.
Is clawback available on 'at-risk' remuneration?	The Board has the discretion to determine that some portion or all of an employee's unvested or vested short-term incentive (STI) and long-term incentive (LTI) awards be forfeited if, in the Board's opinion, adverse circumstances affecting the performance, reputation or risk profile of Link Group have come to the Board's attention which circumstances, had they been known at the time when the STI or LTI was made, would have caused the Board to make a different award or no award.

REMUNERATION REPORT (CONTINUED)

EXECUTIVE KMP REMUNERATION IN FY2019

What is the remuneration mix for each executive KMP for FY2019?

EXECUTIVE KMP	TOTAL FIXED REMUNERATION %	TARGET STI %	LTI GRANT %	TOTAL VARIABLE REMUNERATION %
Continuing Executive KMP				
John McMurtrie	30%	30%	40%	70%
Andrew MacLachlan (Commenced 1 January 2019)	40%	30%	30%	60%
Paul Gardiner	40%	30%	30%	60%
Dee McGrath (Commenced 20 May 2019)	45%	33%	22%	55%
Anthony O'Keeffe	29%	29% [10]	42%	71%
Executives that ceased to be KMP				
John Hawkins (Ceased 31 December 2018)	38%	31%	31%	62%
Suzanne Holden (Ceased 2 August 2018)	40%	30%	30%	60%

What are the performance measures (including gateway) on the STI plan and how do they align with the business strategy?

An Operating EBITDA gateway must be met before any STI is paid. The Board determines an annual Operating EBITDA target, taking into consideration our longer-term growth strategy.

Operating EBITDA is a key measure of success for our business and part of our growth strategy and is defined on page 59. Including Operating EBITDA as a gateway supports affordability of the plan in a given year. Operating EBITDA excludes Significant Items.

Payments made under the STI plan are subject to the achievement of a balanced scorecard of individual measures comprising both financial and pre-financial measures aligned to our strategic imperatives.

Measures vary by role and across financial years but broadly fall under the categories of strategic priorities, divisional finance targets, key divisional objectives, governance and risk, transition and integration of new business acquisitions, and people.

Strategic goals align to our growth strategy and in FY2019 included objectives such as successful acquisition execution and integration, retention of existing clients, new client wins, developing and launching innovative new products and continuing to explore growth opportunities.

The Board has discretion to moderate payment for factors such as alignment to corporate values and prudent risk taking.

Further detail is included in Section 2.2.

10 Anthony O'Keeffe's amount does not include his retention bonus or the one-off payment in October 2018 of £181,500 as part of an agreement to align his STI percentage with other Executive KMP.

REMUNERATION REPORT (CONTINUED)

EXECUTIVE KMP REMUNERATION IN FY2019

What is the target and maximum STI opportunity each Executive KMP can earn under the STI plan?	Target opportunity: The target STI opportunity for Executive KMP represents an opportunity to earn around 31% of total target remuneration. Target STI ranges from 75% to 100% of fixed remuneration. Stretch opportunity: The on-target STI may be increased if Link Group achieves at least 110% of the Operating EBITDA target. In addition, an individual must have achieved at least 80% on their individual strategic goals to receive any stretch STI. Executive KMP have the opportunity to earn up to 200% of their target STI where the Operating EBITDA is 150% of target. This represents the maximum STI. A sliding scale applies between 110% and 150% achievement of the Operating EBITDA target.
In what circumstances is STI deferred?	A portion of earned STI is deferred into equity for Executive KMP in cases where the minimum shareholding requirement has not yet been achieved. Deferral is into PSRs which automatically convert to deferred shares soon after grant. These shares are subject to a holding lock for a minimum period of two years after conversion. The Board also allows participants to voluntarily elect to sacrifice up to 100% of their STI outcomes, on a pre-tax basis, in return for a grant of deferred share rights to the equivalent value.
How is the LTI aligned to the business strategy?	The Omnibus Equity Plan measures performance over a three-year period against operating EPS targets (75%) and relative TSR performance targets (25%), with no re-testing. The operating EPS measure strongly aligns to the purpose of the plan to support our growth strategy, and has strong alignment to sustainable shareholder value. Our key focus is on delivering earnings growth to our shareholders. The use of operating EPS as a performance measure is further reinforced by Link's growth strategy being underpinned by a disciplined approach to acquisitions as well as organic growth in our existing businesses. This strategy requires dealing effectively with the inherent complexity in managing an acquisitions pipeline and the need to integrate well and achieve synergies. Link Group acknowledges that TSR performance relative to a basket of constituents is important to some investors. However, in the absence of a sizeable group of comparable industry peers, we also acknowledge that comparison to a broad S&P/ASX index constituents group can give arbitrary results that are not reflective of the Company's performance. The lower weighting on TSR is reflective of this possibility. One-half of any vested award is available to the participant at the end of the performance period. The remaining vested award is subject to an additional holding lock, of which 50% is available after a further year and 50% after two years. The Board has determined that the combination of the three-year vesting period and subsequent two-year holding lock provides participants alignment to Link Group's long-term growth strategy. The relative TSR component of the LTI granted in FY2019 is measured against 62 constituents of the S&P/ASX 100, excluding materials, utilities, industrials and energy companies. The Board retains discretion to make adjustments for any unintended remuneration outcomes arising from a relative TSR measure. Further detail is included in Section 3.1.

REMUNERATION REPORT (CONTINUED)

EXECUTIVE KMP REMUNERATION IN FY2019

How are EPS targets determined?	The EPS targets in relation to LTI grants are set with reference to the Group's growth strategy. The macroeconomic environment, market and industry peer practice and stakeholder expectations are also considered. The target range set provides appropriate stretch to executives and achievement provides strong returns to shareholders. For the purpose of the LTI, EPS is calculated by dividing the Group's Operating NPATA by the undiluted weighted average number of shares on issue throughout the Performance Period. Operating NPATA reflects the underlying earnings of the business and excludes the impact of non-cash acquired amortisation and the after tax impact of one off significant items, The Board has discretion to include or exclude items from the calculations. A reconciliation of the operating NPATA to statutory NPAT is set out in Figure 2 of the Operating and Financial Review.
What are the minimum shareholding requirements for Executive KMP? Have Executive KMP met the requirements?	Executive KMP are required to hold a minimum shareholding of one year's fixed remuneration within three years of the date they first become a participant in the Omnibus Equity Plan. All Executive KMP with three or more years' service are in compliance with the minimum shareholding requirement. See Table 12 for further detail.

EXECUTIVE KMP REMUNERATION IN FY2020

Are there any changes to Executive KMP remuneration proposed in FY2020?	We will not be awarding any Fixed Pay increases to the Managing Director and ELT for FY2020, notwithstanding that the current Fixed Pay for the Managing Director is below market. The maximum STI opportunity will be reduced to 150% of Target STI from 200% of Target STI. From FY2020, Operating NPATA will be used as the STI gateway measure to better reflect the underlying earnings of the business in light of accounting standard changes in relation to leases and to align to the LTI measure. In addition, an additional gateway for Executive KMP will be meeting their risk & compliance requirements. From FY2020, 50% of any STI awarded to Executive KMP (and the ELT), including the Managing Director, will be deferred for up to two years into Link Group Shares. Previously STI deferral into Link Group shares operated only to support achievement of minimum shareholding requirements. The minimum shareholding requirement for the ELT will remain at 100% of fixed remuneration and the timeframe in which to achieve this holding will be extended to 5 years, from 3 years. Deferred STI and vested LTI subject to a holding lock will count towards the minimum shareholding and will not be able to be sold, with an exception to fund any associated tax liability, or any other exception approved by the Board, until this threshold is achieved.

NON-EXECUTIVE DIRECTOR REMUNERATION IN FY2019 AND FY2020

Were there any changes to Non-Executive Director remuneration in FY2019? Are there any proposed changes in FY2020?	Non-Executive Director (NED) remuneration levels were adjusted in FY2019. NED base fees were increased by 2.5% from 1 July 2018 as part of a three-year program to increase fees by 2.5% in FY2019, FY2020 and FY2021. The Board has decided to suspend the across the board increase to base fees for FY2020. The Chair fee reflects a single payment, with no additional fees eligible to be paid to the Chair for Committee membership. There will be no changes to the NED fee pool in FY2020, however in FY2020 there will be a review of the structure, fees and composition of the Board Committees.

REMUNERATION REPORT (CONTINUED)

NON-EXECUTIVE DIRECTOR REMUNERATION IN FY2019 AND FY2020

What are the minimum shareholding requirements for Non-Executive Directors?	NEDs are required to hold a minimum shareholding of one times the NED annual base fee (not including Committee membership or the higher fee for the Committee Chair) within three years after the date of their appointment.
Have Non-Executive Directors met the requirements?	All NEDs are in compliance with the minimum shareholding requirement.

2. SUMMARY INFORMATION

2.1 Key Management Personnel

The names and titles of KMP are set out below. There have been no other changes to KMP following the end of the financial year.

NAME	POSITION	STATUS	TERM AS KMP
Non-Executive Directors			
Michael Carapiet	Independent Chair and Non-Executive Director	Full year	
Glen Boreham, AM	Independent Non-Executive Director	Full year	
Andrew (Andy) Green	Independent Non-Executive Director	Full year	
Peeyush Gupta, AM	Independent Non-Executive Director	Full year	
Anne McDonald	Independent Non-Executive Director	Full year	
Sally Pitkin	Independent Non-Executive Director	Full year	
Fiona Trafford-Walker	Independent Non-Executive Director	Full year	
Continuing Executive KMP			
John McMurtrie, AM	Executive Director and Managing Director	Full year	
Andrew MacLachlan	Chief Financial Officer	Part year	Commenced 1 January 2019
Paul Gardiner	Chief Executive Officer, Technology and Innovation	Full year	
Dee McGrath	Chief Executive Officer, Fund Administration	Part year	Commenced 20 May 2019
Anthony O'Keeffe	Chief Executive Officer, Link Asset Services	Full year	
Executives that ceased to be KMP			
John Hawkins [11]	Chief Financial Officer	Part year	To 31 December 2018
Suzanne Holden	Chief Executive Officer, Fund Administration	Part year	Ceased 2 August 2018

11 John Hawkins ceased being an Executive KMP upon his appointment to Group Executive, Investments and Acquisitions effective 1 January 2019.

REMUNERATION REPORT (CONTINUED)

2.2 FY2019 Overview – alignment between performance and Executive KMP remuneration

In FY2019, our Executive KMP remuneration consisted of fixed remuneration, short-term incentives (STIs) and a grant of Performance Share Rights (PSRs) under the LTI plan. The short and long-term incentive plans align remuneration outcomes to Link Group's strategic objectives, and reward superior business performance and sustainable shareholder value creation. Given the Operating EBITDA STI gateway was not achieved, no STIs were awarded to Executive KMP in FY2019. In addition to the above elements, the Executive KMP presently hold an estimated 3% of Link Group's share capital.

Tables 1, 2 and 3 outline further detail of our performance against our strategic goals in FY2019.

Table 1: KPI Performance of Executive KMP

MEASURE	OUTCOME	DESCRIPTION
Company Financial Performance	Below target	Link Group reported Operating EBITDA was $356.1 million in FY2019 ($335.3 million in FY2018). The Operating EBITDA gateway of $403 million was not met in FY2019.
Divisional Financial Performance	Below/ At target	Divisional financial performances are key drivers in achieving Operating EBITDA. Technology and Innovation achieved their operating EBITDA budget with all other divisions below budget.
Transition and Integration	At target	Due to our strategic focus on acquisitions and expansion, transition and integration performance measures are included in performance metrics. Substantial progress was made on the integration of Superpartners and LAS. The separation of LAS from Capita plc was completed and LAS successfully transitioned onto the Link Group Human Resources, Finance and Risk & Compliance systems. A new global organisational operating model and structure was introduced supporting the foundation for growth and further efficiencies. A global insurance program was implemented and there was a consolidation of premises in London and Frankfurt.
Business Development and Innovation	At target	Business development through new clients, new services and acquisitions are key drivers of Link Group's growth strategy. Key highlights included: • Successful renewal of the AustralianSuper contract for a further four years commencing 1 July 2019; • An investment in Leveris, who provide a next generation modular, end-to-end banking platform. This technology will support the continued growth of our Banking & Credit Management business; • Increase in our equity ownership of PEXA, Australia's first electronic property settlement system from 19% in 2013 to 44% in 2019; and • Winner of the Financial Standard's MAX Award for the Financial Services App of the Year (2019) of the Link Group Investor Centre mobile app.
Governance	At target	Key governance objectives were achieved in FY2019 including meeting all required reporting deadlines, quarterly risk management reporting and execution of the Link Group corporate governance framework to drive good corporate governance principles in how we operate to create sustainable value for our shareholders.

REMUNERATION REPORT (CONTINUED)

MEASURE	OUTCOME	DESCRIPTION
People	At target	Link Group recognises its people are paramount to the ongoing success of the business. While the turnover target was not achieved and there has been slow progress on employee engagement, a number of key people objectives were achieved during the year including: • Key appointments to the Executive Leadership Team; • Implementation of a global organisation operating model and structure; • Mapping of key talent and development planning, and development of succession plans for core roles; • Continued progress on Diversity & Inclusion; and • Launch of Link Wellness hub, a health and wellbeing portal, in Australia and New Zealand with international rollout planned in FY2020.

Table 2: FY2019 STI Outcomes

	GATEWAY NOT MET	STRATEGIC GOALS					
EXECUTIVE KMP	COMPANY FINANCIAL	DIVISIONAL FINANCIAL	BUSINESS DEVELOPMENT & INNOVATION	TRANSITION AND INTEGRATION	GOVERNANCE AND RISK	PEOPLE	TOTAL STI AWARDED
John McMurtrie	Largely Met	N/A	Partially Met	Largely Met	Largely Met	Largely Met	0
Andrew MacLachlan	Largely Met	N/A	Largely Met	Largely Met	Largely Met	Largely Met	0
Paul Gardiner	Largely Met	Largely Met	Largely Met	Partially Met	Largely Met	Partially Met	0
John Hawkins	Largely Met	N/A	Largely Met	Largely Met	Largely Met	Largely Met	0
Anthony O'Keeffe	Largely Met	Partially Met	Largely Met	Partially Met	Partially Met	Partially Met	0

Suzanne Holden ceased employment with Link Group effective 2 August 2018 and Dee McGrath commenced employment on 20 May 2019, therefore neither participated in the FY2019 performance and remuneration review process.

Table 3: STI amounts awarded

EXECUTIVE KMP	STI TARGET ($)	STI ACHIEVED (% OF TARGET)	STI FORFEITED (%)	STI STRETCH COMPONENT	STI TO BE PAID IN CASH ($)
John McMurtrie	$1,100,000	0	100%	N/A	0
Andrew MacLachlan	$450,000	0	100%	N/A	0
Paul Gardiner	$502,500	0	100%	N/A	0
John Hawkins	$540,000	0	100%	N/A	0
Anthony O'Keeffe	$545,960	0	100%	N/A	0

Anthony O'Keeffe is based in Jersey and accordingly is remunerated in GBP. His STI Target is £302,500 which has been converted to AUD using the prevailing GBP/AUD exchange rates that were used to prepare the financial statements for FY2019.

REMUNERATION REPORT (CONTINUED)

FY2017 LTI Grant Outcome

The Omnibus Equity Plan measures performance over a three-year period against operating EPS targets (75%) and relative TSR performance targets (25%).

FY2017 EPS Grant Outcome

EPS PSRs are subject to a compound annual growth rate in operating EPS of between a threshold target of 7% and a stretch target of 12%.

Table 4: FY2017 EPS Grant Outcome

		2019	2016	CAGR %
Operating NPATA	($000's)	**201,516** [12]	102,698 [13]	25.2%
Weighted average number of ordinary shares	(000's)	**531,780** [14]	359,798 [15]	13.9%
Operating EPS	(cents)	**37.89**	28.54	9.9%

Using the vesting scale outlined in section 3.1, 79% of the PSR's subject to the EPS hurdle vested in FY2019. The Board considered the impact of various transactions using the agreed transactions principles and, in regards to the major transactions during the performance period, decided not to make any adjustment to the FY2017 targets for the equity investment in PEXA, the LAS acquisition, the disposal of the CPCS business and equity raising activities during FY2018.

FY2017 TSR Grant Outcome

TSR takes into account the change in Link Group's share price over the relevant performance period, as well as the dividends paid (dividends are assumed to be reinvested in Link Group shares).

Over the performance period, Link Group was ranked in the 21st percentile within the peer group. Using the vesting scale outlined in section 3.1, no PSR's subject to the TSR hurdle vested in FY2019.

Table 5 outlines the financial performance of Link Group.

Table 5: Five-year performance of Link Group

		2019	2018	2017	2016	2015
EPS	(cents)	**59.98**	28.63	22.59	12.11	1.36
Operating EBITDA	($millions)	**356.1**	335.3	219.0	190.6	150.5
Net Profit (loss) after tax	($millions)	**320.2**	143.6	85.2	42.5	3.3
Change in share price to 30 June	($)	**(2.33)**	(0.57)	0.03	1.80	N/A [16]
Declared Dividends	(cps)	**20.5**	20.5	14.0	8.0	N/A [16]

12 Refer to Table 1 of the Operating and Financial Review, within this Directors' Report.
13 Refer to Table 5 of the Operating and Financial Review in Link Group's FY2016 Annual Financial Report.
14 Refer to Note 7(a) of Link Group's FY2019 financial statements.
15 Refer to Note 20 of Link Group's FY2016 Annual Financial Report.
16 Not applicable: Link Administration Holdings Limited listed on the ASX on 27 October 2015.

REMUNERATION REPORT (CONTINUED)

Table 6 shows the actual cash remuneration paid or payable to Executive KMP for services provided in FY2019 and FY2018 and deferred payments received. The information in Table 6 differs from the statutory information in Section 2.3 (which is based on the Australian Accounting Standards) as Table 6 includes the realised value of deferred STI (in FY2018, 25% of the FY2016 deferred STI was realised). The table below does not include the accounting value of equity that was expensed, but not realised, under the LTI.

Table 6: Actual remuneration received in FY2019 and FY2018

	YEAR	FIXED REMUNERATION ($)	STI AWARDED ($)	DEFERRED STI REALISED ($)	LTI REALISED ($)	TERMINATION BENEFITS ($)	TOTAL REMUNERATION ($)
Continuing Executive KMP							
John McMurtrie	**2019**	**1,035,217**	–	–	**N/A**	**N/A**	**1,035,217**
	2018	854,951	810,000	160,000	N/A	N/A	1,824,951
Andrew MacLachlan	**2019**	**297,162**	–	–	**N/A**	**N/A**	**297,162**
	2018	N/A	N/A	N/A	N/A	N/A	N/A
Paul Gardiner	**2019**	**662,315**	–	–	**N/A**	**N/A**	**662,315**
	2018	574,776	405,000	62,500	N/A	N/A	1,042,276
Dee McGrath	**2019**	**78,220**	–	**N/A**	**N/A**	**N/A**	**78,220**
	2018	N/A	N/A	N/A	N/A	N/A	N/A
Anthony O'Keeffe [17]	**2019**	**556,468**	**418,445** [18]	–	**N/A**	**30,718**	**1,005,631**
	2018	363,128	796,534	N/A	N/A	N/A	1,159,662
Executives that ceased to be KMP							
John Hawkins	**2019**	**341,727**	–	–	**N/A**	**N/A**	**341,727**
	2018	644,951	486,000	97,500	N/A	N/A	1,228,451
Suzanne Holden	**2019**	**178,796**	–	**N/A**	**N/A**	**594,867** [19]	**773,663**
	2018	579,951	N/A	75,000	N/A	N/A	654,951
David Geddes [20]	**2019**	–	–	–	**N/A**	**N/A**	–
	2018	93,834	N/A	62,500	N/A	N/A	156,334

17 Anthony O'Keeffe is based in Jersey and accordingly is remunerated in GBP. Mr O'Keeffe's remuneration received from Link Group in FY2019 has been translated into AUD throughout this Report, using the prevailing GBP/AUD exchange rates that were used to prepare the financial statements for FY2019.

18 Anthony O'Keeffe Cash STI includes £161,333 ($291,178) retention bonus paid in April 2019 and £70,515 ($127,268) of a £181,500 ($327,575) one-off payment in October 2018 as part of an agreement to align his STI percentage with other Executive KMP. 60% of this amount was accrued in FY2018 and the remaining 40% was expensed in FY2019.

19 Suzanne Holden ceased employment with Link Group effective 2 August 2018.

20 David Geddes retired on 31 August 2017. The Board determined to retain existing awards on-footing including the 2016 Deferred STI component.

REMUNERATION REPORT (CONTINUED)

2.3 Executive KMP statutory remuneration table

Table 7 presents the remuneration for Executive KMP for FY2019 and comparative information for FY2018. The information presented in Table 7 has been prepared in accordance with the Australian Accounting Standards and accordingly differs from the information presented in the actual remuneration received in Table 6 in Section 2.2.

Table 7: Executive KMP Statutory remuneration

		SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS		EQUITY BASED PAYMENTS			
NAME	YEAR	SALARY AND FEES $	STI[21] $	OTHER BENEFITS $	SUPERANNUATION BENEFITS $	LONG SERVICE LEAVE $	TERMINATION BENEFITS $	LTI $	TOTAL $	% OF REMUNERATION RELATED TO PERFORMANCE	VALUE OF PSRS AS A % OF REMUNERATION
Continuing Executive KMP											
John McMurtrie	**2019**	**1,035,217**	**–**	**12,529**	**25,000**	**–**	**N/A**	**265,823**	**1,338,569**	**0%**	**20%**
	2018	854,951	863,333	11,149	25,000	40,919	N/A	621,617	2,416,969	36%	26%
Andrew MacLachlan	**2019**	**297,162**	**–**	**6,396**	**13,617**	**8,574**	**N/A**	**(25,896)**	**299,853**	**0%**	**(9)%**
	2018	–	N/A	N/A	N/A	N/A	N/A	–	–	N/A	N/A
Paul Gardiner	**2019**	**662,315**	**–**	**12,298**	**20,531**	**33,127**	**N/A**	**84,595**	**812,866**	**0%**	**10%**
	2018	574,776	425,833	11,576	20,049	39,530	N/A	225,570	1,297,334	33%	17%
Dee McGrath	**2019**	**78,220**	**–**	**946**	**5,133**	**58**	**N/A**	**68,478[22]**	**152,835**	**0%**	**45%**
	2018	N/A	N/A	N/A	N/A	N/A	N/A	–	–	N/A	N/A
Anthony O'Keeffe[23]	**2019**	**556,468**	**405,505[24]**	**342,366[25]**	**76,434**	**–**	**30,718**	**39,783**	**1,451,274**	**0%**	**3%**
	2018	363,128	990,661	115,019	37,950	–	N/A	180,299	1,687,057	18%	11%
Total	**2019**	**2,629,382**	**405,505**	**374,535**	**140,715**	**41,759**	**30,718**	**432,783**	**4,055,397**	**0%**	**11%**
	2018	1,792,855	2,279,827	137,744	82,999	80,449	–	1,027,486	5,401,360	42%	19%

21 All STIs are subject to the Board approving payments in accordance with the STI Plan Rules. No Executive KMP received an STI in relation to FY2019. The 2018 STI described here also includes a deferral component from the FY2016 STI (with the exception of Anthony O'Keeffe).

22 The amount included in LTI for Dee McGrath includes restricted shares issued to on commencement. The shares were issued under a holding lock.

23 Anthony O'Keeffe is based in Jersey and accordingly is remunerated in GBP. Mr O'Keeffe's actual remuneration received from Link Group in FY2019 has been translated into AUD using the prevailing GBP/AUD exchange rates that were used to prepare the financial statements for FY2019.

24 Anthony O'Keeffe's STI amount includes an accrued cash retention bonus of £154,163 ($278,237). Mr O'Keeffe also received a one-off payment in October 2018 of £181,500 ($327,575) as part of an agreement to align his STI percentage with other Executive KMP. As this payment was conditional on Mr O'Keeffe remaining employed by Link Group for the period 1 January 2018 to 25 October 2018, 60% of the payment, being £110,985 ($196,356) was accrued in FY2018, with the remaining 40% of £70,515 ($127,268) expensed in FY2019.

25 Includes an accrual for tax equalisation arrangement that makes tax a neutral factor given Mr O'Keeffe is required to work part of the year in the UK. Refer to section 3.2.

REMUNERATION REPORT (CONTINUED)

2.4 Executive KMP statutory remuneration table

Table 7: Executive KMP Statutory remuneration

		SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS		EQUITY BASED PAY-MENTS			
NAME	YEAR	SALARY AND FEES $	STI [26] $	OTHER BENEFITS $	SUPER-ANNUATION BENEFITS $	LONG SERVICE LEAVE $	TERMI-NATION BENEFITS $	LTI $	TOTAL $	% OF REMUN-ERATION RELATED TO PERFORM-ANCE	VALUE OF PSRS AS A % OF REMUN-ERATION
Executives that ceased to be KMP											
John Hawkins	**2019**	**341,727**	**–**	**5,912**	**10,266**	**6,102**	**N/A**	**221,805**	**585,812**	**0%**	**38%**
	2018	644,951	518,500	11,566	20,049	18,848	N/A	299,016	1,512,930	34%	20%
Suzanne Holden [27]	**2019**	**99,179**	**–**	**1,005**	**23,660**	**79,617**	**594,867**	**(355,908)**	**442,420**	**0%**	**(80%)**
	2018	579,951	25,000	11,325	20,049	15,481	N/A	260,908	912,714	3%	29%
David Geddes [28]	**2019**	**–**	**–**	**–**	**–**	**–**	**N/A**	**–**	**–**	**0%**	**0%**
	2018	93,834	20,833	1,748	25,000	–	N/A	85,298	226,713	9%	38%
Total	**2019**	**440,906**	**–**	**6,917**	**33,926**	**85,719**	**594,867**	**(134,103)**	**1,028,232**	**0%**	**(13%)**
	2018	1,318,736	564,333	24,639	65,098	34,329	–	645,222	2,652,357	21%	24%

26 All STIs are subject to the Board approving payments in accordance with the STI Plan Rules. No Executive KMP received a STI in respect of 2019. The 2018 STI described here also includes a deferral component from the FY2016 STI (with the exception of Anthony O'Keeffe).

27 Suzanne Holden ceased employment with Link Group effective 2 August 2018 and all outstanding PSRs (being unvested PSRs) lapsed on this date in accordance with the terms of the Omnibus Equity Plan Rules. A termination payment was made upon cessation of employment.

28 David Geddes retired on 31 August 2017. The Board determined to retain existing awards on-foot including the 2016 Deferred STI component.

REMUNERATION REPORT (CONTINUED)

3. DETAILED REMUNERATION INFORMATION

3.1 Detail of Executive KMP remuneration framework

Table 8 outlines the detail of the FY2019 STI and LTI arrangements.

Table 8: FY2019 approach

STI	
Opportunity	The STI delivers a cash payment, subject to the achievement of annual targets. The target STI opportunity for Executive KMP represents an opportunity to earn around 31% of total target remuneration. Target STI ranges from 75% to 100% of fixed remuneration. The on-target STI may be increased if Link Group achieves at least 110% of the Operating EBITDA target. In addition, an individual must have achieved at least 80% on their individual strategic goals to receive any stretch STI. Executive KMP have the opportunity to earn up to 200% of their target STI where the Operating EBITDA is 150% of target. This represents the maximum STI. A sliding scale applies between 110% and 150% achievement. No additional payment is made between 100% and less than 110% achievement. The STI stretch opportunity was not available in FY2019 as the STI gateway target was not met.
Gateway	A minimum level of Operating EBITDA must be achieved before any STI is paid. This level is set by the Board annually once the Budget is approved. In FY2019, the STI Gateway Operating EBITDA target was $403 million.
Performance measures	Allocation of the STI is by achievement of a balanced scorecard of relevant corporate, business unit (where relevant) and individual measures aligned to our strategic objectives comprising a combination of Operating EBITDA, Operating NPATA and individual strategic goals. Goals vary by role and across financial years but broadly fall under the categories of company performance, strategic priorities, divisional financial performance, divisional objectives, governance and risk, transition and integration of new business acquisitions, business development and innovation and people. In providing a final assessment of performance against goals, the Board may in their discretion also take into consideration the Executive KMP's alignment to Link Group's core values and culture, behaviours, internal and external stakeholder relationship management, and prudent risk taking. The Board may in their discretion also take into consideration the impact of circumstances either positive or negative that arise through the reviewing period such as an acquisition or disposal event, fraud, information security or privacy breach, reputational damage, client wins or losses and other events. For FY2019, the weighting of financial versus pre-financial goals was 60% financial metrics (Operating EBITDA and Operating NPATA) and 40% individual strategic and operational goals, which are a mix of financial and non-financial metrics as outlined in Section 2.2.

REMUNERATION REPORT (CONTINUED)

STI	
Deferral	In FY2019, as was the case in FY2018 for Executive KMP, deferral of a portion of earned STI into equity is mandatory for Executive KMPs in cases where the minimum shareholding requirement has not yet been achieved. Deferral is into share rights which automatically convert to deferred shares soon after. The deferred amount is subject to a holding lock for a minimum period of two years after conversion.
Clawback	The Board has the discretion to determine that some portion or all of an employee's unvested or vested short-term incentive (STI) and long-term incentive (LTI) awards be forfeited if, in the Board's opinion, adverse circumstances affecting the performance, reputation or risk profile of Link Group have come to the Board's attention which circumstances, had they been known at the time when the STI or LTI was made, would have caused the Board to make a different award or no award. No Board discretion in relation to clawback was applied in FY2019.
Termination	The Board has the discretion to determine the treatment of deferred STI in the event an Executive KMP ceases employment during the vesting period.

LTI – OMNIBUS EQUITY PLAN	
Award vehicle	Awards are delivered in the form of PSRs. No dividends are paid during the performance period. Participants are entitled to receive dividends and to exercise voting rights attaching to those shares post-vesting while the shares are subject to the holding lock. A cash-settled alternative (through the issue of indeterminate rights) is included in the Omnibus Equity Plan.
Opportunity	The maximum grant value of LTI opportunities represents 30% to 42% of the total target remuneration package for Executive KMP, or 75% to 148% of fixed remuneration. The number of performance rights granted is determined based on the opportunity available to each participant divided by the five trading day volume weighted average market price (VWAMP) for Link Group shares from the date of announcement of Link Group's full year results.

REMUNERATION REPORT (CONTINUED)

LTI – OMNIBUS EQUITY PLAN

Performance measures

The following performance measures apply for FY2019 grants under the LTI:

Operating EPS (75%) – EPS is calculated by dividing Link Group's Operating NPATA by the undiluted weighted average number of shares on issue throughout the performance period. The Board has discretion to include or exclude items from the calculations. Franking credits are excluded from the calculations. Operating NPATA is a measure consistently used internally and by which both Management and the market tracks Link Group's performance. Operating NPATA reflects the underlying earnings of the business and excludes the impact of non-cash acquired amortisation as well as the after tax impact of one off significant items. While an internal measure, it receives assurance at each level within the business. The use of EPS as a performance measure reinforces Link's growth strategy which is underpinned by a disciplined approach to acquisitions as well as organic growth in our existing businesses. This strategy requires dealing effectively with the inherent complexity in managing an acquisitions pipeline and the need to integrate well and achieve synergies. PSRs are subject to a compound annual growth rate in EPS of between a threshold target of 7% and a stretch target of 12%. This target range provides appropriate stretch to executives, is competitive against the ranges set by industry peers and achievement should result in strong returns to shareholders.

Our key focus is on delivering earnings growth to our shareholders. The EPS measure strongly supports the aim of the LTI principles in supporting our growth strategy.

TSR (25%) – relative to the constituents of the S&P/ASX 100, excluding materials, utilities, industrials and energy companies. Our starting comparator group, before consideration of any corporate actions during the vesting period, is 62 companies for the FY2019 grant.

TSR takes into account the change in Link Group's share price over the relevant performance period, as well as the dividends paid (dividends are assumed to be reinvested in Link Group shares).

Link Group acknowledges that TSR performance relative to a basket of constituents is important to some investors. However, in the absence of a sizeable group of comparable industry peers, we also acknowledge that comparison to a broad S&P/ASX index constituents group can give arbitrary results that are not reflective of the Company's performance. The lower weighting on TSR is reflective of this.

Vesting schedule

The vesting schedule for the EPS portion is as follows:

EPS PERFORMANCE OUTCOME	PERCENTAGE OF PERFORMANCE RIGHTS THAT WILL VEST
Compound annual growth rate of less than 7%	0%
Compound annual growth rate of 7%	50%
Compound annual growth rate between 7% and 12%	Pro-rata between 50% and 100%
Compound annual growth rate of 12% or more	100%

The vesting schedule for the TSR portion is as follows:

LINK GROUP'S RELATIVE TSR RANKING	PERCENTAGE OF PERFORMANCE RIGHTS THAT WILL VEST
Link Group ranks below the 50th percentile	0%
Link Group ranks at the 50th percentile	50%
Link Group ranks between the 50th and 75th percentile	Pro-rata between 50% (at 50th percentile) and 100% (at 75th percentile)
Link Group ranks at or above the 75th percentile	100%

REMUNERATION REPORT (CONTINUED)

LTI – OMNIBUS EQUITY PLAN

Transaction impact	As a framework for assessing the treatment of transactions, the Board uses a number of principles against which to assess the impact of a transaction on the LTI: 1. preserve the value of the awards held by employees; 2. reward for the success of the transaction; 3. maintain the level of stretch expected when the original targets were set; 4. be consistent with general market/shareholder expectations; and 5. maintain the integrity of each year's remuneration as awarded. Each transaction is assessed against these criteria on a case by case basis.
Performance period and holding lock	Performance is measured over a three-year period. Awards lapse at the end of three years to the extent performance measures are not met. There is no retesting of awards. One-half of any vested award is available to the participant at the end of the performance period. A holding lock applies to the remaining 50%; one-half of which is then available after a further one and two years respectively. Shares are delivered upon PSRs vesting and are held by a trustee while the holding lock applies.
Clawback	Under the Omnibus Equity Plan, the Board has the discretion to determine that some portion or all of an employee's unvested or vested short-term incentive (STI) and long-term incentive (LTI) awards be forfeited if, in the Board's opinion, adverse circumstances affecting the performance, reputation or risk profile of Link Group have come to the Board's attention which circumstances, had they been known at the time when the STI or LTI was made, would have caused the Board to make a different award or no award.
Termination	In the event of a cessation of employment for a "qualifying reason" (for example, death, serious injury, disability or illness, genuine retirement or retrenchment), equity will be retained 'on-foot' and will be tested against performance hurdles at the original vesting date alongside other participants, having regard to the portion of the performance period served, unless otherwise determined by the Board.
Change of control	The Board has the discretion to vest outstanding awards taking into account the portion of the vesting period and performance against hurdles at the time of the change of control and any replacement equity offered by third parties. There is no acceleration of awards in respect of a potential change of control.
Treatment of dividends	Participants are not eligible to receive dividends on PSRs until rights are vested and converted into shares. Dividends apply to shares subject to a holding lock.
Hedging policy	Executive KMP are not permitted to hedge unvested award nor awards subject to a holding lock.
Minimum Shareholding Requirement	Executive KMP are required to hold a minimum of one year's annual fixed remuneration within three years of the date that they became a participant in the Omnibus Equity Plan.

REMUNERATION REPORT (CONTINUED)

3.2 Key terms of employment contracts

The key employment terms for the Executive KMP are summarised in Table 9. All Executive KMP have continuing contracts.

Table 9: Employment terms

	ANNUAL LEAVE ENTITLEMENT	NOTICE PERIOD COMPANY AND EMPLOYEE
Continuing Executive KMP		
John McMurtrie	6 weeks	12 months
Andrew MacLachlan	4 weeks	12 months
Paul Gardiner	4 weeks	12 months
Dee McGrath	4 weeks	6 months
Anthony O'Keeffe	6 weeks	12 months
Executives that ceased to be KMP		
John Hawkins	5 weeks	12 months
Suzanne Holden	4 weeks	12 months

All employment contracts contain:

- total remuneration packages (including mandatory superannuation or pension contributions), plus car parking and any related FBT liability (where applicable) as a discretionary benefit that can be removed at any time;
- 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 for a maximum of 12 months.

In addition, Anthony O'Keeffe's employment contract contains:

- a car allowance;
- eligibility to participate in LAS' life insurance, private medical and permanent health insurance schemes; and
- a tax equalisation arrangement that is designed to make tax a neutral factor for certain employees who are required to work cross-border. The arrangement means that Mr O'Keeffe is no better or worse off for having worked part of the year in the UK.

Under the terms of all employment contracts, either party is entitled to terminate employment by giving written notice in accordance with the relevant contract notice period. Link Group may, at its election, make a payment in lieu of that notice based on the Executive KMP's base remuneration package.

Link Group may also terminate employment immediately and without further payment where the employee commits serious misconduct and on other similar grounds.

Any termination payments are paid within applicable legislative requirements.

3.3 Non-Executive Director fees and statutory remuneration table

Non-Executive Director fee policy

The pool for payment of Non-Executive Directors' (NED) fees is capped by the Company at $2 million per annum. NED fees are set with reference to relevant market data. The Board reviews fees annually and seeks benchmarking data using the same comparator groups used for the Executive KMP, being Australian-listed companies of similar size and/or industry. Consideration is given to S&P/ASX 200 entities with market capitalisation 50% to 200% of Link Group's 12-month average market capitalisation and specific peer companies. The Board also reviews NED remuneration with reference to the scale, complexity and geographical reach of Link Group.

NEDs receive an annual fee for Board membership and for service as the Chair or a Member of Board Committees. The Chair of the Board does not receive any fees for serving as a Member of Board Committees and NEDs do not receive fees for serving on the Nominations Committee. NEDs are eligible to receive a travel allowance for overseas board meetings. In FY2019, only Andy Green received a travel allowance for his return trips to Australia. NEDs do not participate in any variable or incentive plans and do not receive retirement benefits other than superannuation.

REMUNERATION REPORT (CONTINUED)

NED base and committee fees were increased in FY2019 by 2.5%. NED fees are set out in Table 10:

Table 10: Non-Executive Director fees [29]

	CHAIR FEE	MEMBER FEE
Base fees	$365,600 [30]	$168,100
Committee		
Risk and Audit Committee	$35,875	$17,938
Human Resources and Remuneration Committee	$28,700	$14,350
Technology and Innovation Committee	$28,700	$14,350
Nominations Committee	–	–

Fees paid to NEDs during FY2019 and FY2018 were:

Table 11: Statutory remuneration for Non-Executive Directors

NAME	YEAR	FEES $	SUPERANNUATION BENEFITS $	TOTAL $
Michael Carapiet	**2019**	**365,600**	**–**	**365,600**
	2018	354,525	–	354,525
Glen Boreham	**2019**	**211,150**	**–**	**211,150**
	2018	205,788	–	205,788
Andrew (Andy) Green [31]	**2019**	**289,755**	**–**	**289,755**
	2018	82,829	–	82,829
Peeyush Gupta	**2019**	**169,898**	**16,140**	**186,038**
	2018	165,140	15,688	180,828
Anne McDonald	**2019**	**169,898**	**16,140**	**186,038**
	2018	165,140	15,688	180,828
Sally Pitkin	**2019**	**214,738**	**–**	**214,738**
	2018	209,354	–	209,354
Fiona Trafford-Walker	**2019**	**218,325**	**–**	**218,325**
	2018	195,995	16,924	212,919
Total	**2019**	**1,639,364**	**32,280**	**1,671,644**
	2018	1,378,771	48,300	1,427,071

Minimum shareholding requirements

The Board has adopted a Minimum Shareholding Policy to assist in aligning the interests of all Directors with our shareholders. Each NED must hold a minimum number of shares, equivalent to one times the NED annual base fee (not including Committee membership or the higher fee for the Committee Chair). The minimum shareholding requirement must be met within three years after the date of their appointment.

At the time of publication of this Report, all NEDs with three or more years' service are in compliance with the minimum shareholding requirements.

29 Amounts are exclusive of GST and inclusive of any required superannuation payments (where applicable).

30 The Chair's fee is delivered as a single payment. The Chair receives no additional fees for any Committee work undertaken.

31 Andy Green is based in the UK and accordingly is remunerated in GBP. His annual fee for serving as a Director of the Company is £102,500. In addition, he receives a travel allowance of £3,000 for each return trip to Australia to attend Board meetings. Mr Green also receives a fee of £40,000 for serving as Chair of the Link Asset Services (LAS) Advisory Forum, which advises the Board on strategic, operational and risk matters in relation to the LAS business.

REMUNERATION REPORT (CONTINUED)

3.4 Remuneration governance

The Human Resources and Remuneration Committee (the Committee) assists the Board with oversight of Link Group's Human Resources and remuneration strategies and supporting policies and practices for our employees and NEDs and monitoring the implementation and effectiveness of the strategy, policies and practices; and

Figure 3 outlines the relationship between the Board, Committee, Management and external advisors. The Committee comprises independent NEDs appointed by the Board.

Figure 3

BOARD

- Oversees Non-Executive Director and Executive KMP remuneration and remuneration policies;
- With assistance of Human Resources and Remuneration Committee (HRRC):
  - Monitors Performance of the Managing Director and Senior Executives; and
  - Reviews alignment of remuneration polices with company's purpose, values, strategic objectives and risk appetite; and
- Reviews and approves recommendations from HRRC.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Is responsible for reviewing:

- Alignment of remuneration policies and practices with the human resources strategy, the company's purpose, values, strategic objectives and risk appetite;
- Attraction and retention of capable and committed employees and Directors; and
- Alignment of Executive KMP remuneration to sustainable shareholder returns, and Link Group's strategic and operational imperatives.

THE COMMITTEE:

- Makes recommendations to the Board on Link Group's remuneration strategy and framework;
- Makes recommendations on NED remuneration;
- Makes recommendations to the Board on Executive KMP KPIs, performance and remuneration;
- Reviews and recommends to the Board Executive KMPs' terms of employment; and
- Considers recommendations from Management.

EXTERNAL ADVISORS

- Provide independent advice to the Committee and / or Management on remuneration market data, market practice and other remuneration related matters; and
- Provide independent advice to the Committee on Management proposals.

RISK AND AUDIT COMMITTEE

- Confirm people and culture related risks are regularly monitored and controls are reviewed and integrated into the Company's Risk Management Framework; and
- Provide a risk related perspective on policies and frameworks for Executive KMP remuneration and awarding of Executive KMP incentives.

MANAGEMENT

Makes recommendations to the Committee on Link Group's remuneration strategy and framework.

REMUNERATION REPORT (CONTINUED)

During FY2019, Link Group received external advice from EY related to market remuneration insights around remuneration structures and assistance with the drafting of this Remuneration Report.

No remuneration recommendations were provided by any external advisors.

3.5 Additional required disclosures

Table 12 outlines the grant of PSRs for Executive KMP in FY2019.

Table 12: PSRs

	TOTAL NUMBER OF PSRS AS AT 1 JULY 2018	GRANT DATE	PSRS GRANTED IN FY2019	EXPIRY DATE FOR PSRS GRANTED IN FY2019	EXERCISE PRICE FOR PSRS GRANTED IN FY2019	FAIR VALUE OF PSRS GRANTED IN FY2019		TOTAL NUMBER OF PSRS FORFEITED/ LAPSED OR EXPIRED DURING THE YEAR	TOTAL NUMBER OF PSRS AS AT 30 JUNE 2019
						EPS	TSR		
Continuing Executive KMP									
John McMurtrie	285,712	19.11.2018	186,430	19.11.2025	Nil	6.67	4.75	–	472,142
Andrew MacLachlan	48,784	19.11.2018	44,665	19.11.2025	Nil	6.67	4.75	–	93,449
Paul Gardiner	97,324	19.11.2018	63,873	19.11.2025	Nil	6.67	4.75	–	161,197
Dee McGrath	–	–	–	–	–	–	–	–	–
Anthony O'Keeffe	101,363	14.01.2019	101,489	19.11.2025	Nil	5.92	3.53	–	202,852
Executives that ceased to be KMP									
John Hawkins	129,470	19.11.2018	68,640	19.11.2025	Nil	6.67	4.75	–	198,110
Suzanne Holden	113,141	N/A	–	N/A	–	–	–	(113,141)	–

All PSRs granted during FY2019 vest over a service period covering 1 July 2018 to 30 June 2021.

REMUNERATION REPORT (CONTINUED)

Movements in shareholdings

The movement during the reporting period in the number of ordinary shares in Link Administration Holdings Limited held, directly, indirectly or beneficially, by each KMP, including their related parties, is set out in Table 13.

Table 13: Shareholding movement

	BALANCE AT 1 JULY 2018	RECEIVED ON EXERCISE OF OPTIONS/ RIGHTS	PURCHASED/ ACQUIRED	DISPOSED	BALANCE AT 30 JUNE 2019
Continuing Executive KMP					
Michael Carapiet	1,447,160	–	200,000	–	1,647,160
Glen Boreham	98,200		2,789	–	100,989
Andrew (Andy) Green	–	–	26,030	–	26,030
Peeyush Gupta	43,645	–	1,240	–	44,885
Anne McDonald	31,862	–	405	–	32,267
Sally Pitkin	61,017	–	9,500	–	70,517
Fiona Trafford-Walker	29,116	–	828	–	29,944
John McMurtrie	13,731,830	–	150,000	–	13,881,830
Andrew MacLachlan	68,067	–	–	–	68,067
Paul Gardiner	409,845	–	53,693	–	463,538
Dee McGrath [32]	–	65,325	–	–	65,325
Anthony O'Keeffe	57,440	–	–	–	57,440
Executives that ceased to be KMP					
John Hawkins	3,392,271	–	5,756	150,000	3,248,027
Suzanne Holden	356,167	–	–	–	–

Suzanne Holden's shareholding balance at 30 June 2019 is not provided as her employment terminated on 2 August 2018.

Loans to Key Management Personnel and their related parties

There were no loans to KMP during the year.

Other transactions with Key Management Personnel

A number of Link Group's NEDs are directors of other entities, which will, from time to time, transact with Link Group. 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. Those transactions are the provision of Link Group services to companies of which some of the NEDs were directors, such as registry services.

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 clients and are engaged on an arm's length basis. These services relate to some NEDs being members of superannuation funds to which Link Group provides services.

32 On commencement Dee McGrath was granted 65,325 restricted shares which vest over four vesting dates. The first vesting date is 31 October 2019 for 25,453 restricted shares.

OTHER INFORMATION

Significant Changes in State of Affairs

Property Exchange Australia Limited (PEXA) / LMC BidCo Pty Ltd

On 16 January 2019, a consortium comprising Link Group, Commonwealth Bank of Australia and Morgan Stanley Infrastructure Inc. (LMC BidCo Pty Ltd, "LMC BidCo") acquired a 100% of the issued capital in Property Exchange Australia Limited (PEXA) via a trade sale. The transaction took Link Group's effective ownership of PEXA from 19.8% to 44.2%. The fair value of Link Group's investment in LMC BidCo following the transaction was $715.1 million, comprising a combination of $404.8 million cash paid on settlement and the fair value of Link Group's existing investment in PEXA, exchanged for shares in LMC BidCo. The cash paid on settlement was funded via a combination of cash on hand and $319.0 million drawdown from Link Group's existing undrawn non-amortising term loan facility. Link Group has assessed it has significant influence over LMC BidCo, and the investment has been equity-accounted from 16 January 2019 in accordance with AASB 128 *Investments in Associates and Joint Ventures*.

Sale of Corporate & Private Client Services

On 28 June 2019, Link Group completed the sale of the majority of its Corporate & Private Client Services business (CPCS), part of the Link Asset Services (LAS) reportable segment, to global fund administrator Apex Group Ltd (Apex) for a cash free, debt free consideration of £240.0 million ($433.6 million). On completion of the transaction, Link Group ceased to consolidate the results of the disposed CPCS businesses, derecognised related net assets and foreign currency translation reserves, and recognised a gain on sale before tax of $105.4 million.

Other changes in state of affairs

On 25 January 2019 the Syndicated Loan Agreement for Link Group was amended, extending the availability of:

- $275 million of the AUD non-amortising term loan facility to 25 January 2022;
- $275 million of the AUD non-amortising term loan facility to 25 January 2024; and
- the $30 million AUD working capital facility to 25 January 2024.

The availability of the GBP facilities remains to 2 November 2022, and all other terms and conditions of the amended facilities remain substantially the same.

In the opinion of the Directors, aside from the matters described above, there were no other significant changes in the state of the affairs of the Company or Link Group that occurred during the financial year ended 30 June 2019.

Events Subsequent to Reporting Date

On 21 August 2019, Link Group made an ASX announcement that it had entered into a new administration contract with Retail Employees Superannuation Pty Limited (Rest) for a period of 3 years and 8 months, commencing on 1 September 2019.

On 26 August 2019, Link Group repaid $194 million of its AUD non-amortising loan facility and on 27 August 2019, Link Group repaid £118 million of its GBP non-amortising loan facility.

On 29 August 2019, Link Group announced its intention to undertake an on-market buy-back of up to 53,395,062 shares (being approximately up to 10% of Link Group's issued ordinary shares). Link Group reserves the right to vary, suspend or terminate the buy-back at any time.

Other than the matters described above, in the opinion of the Directors, 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.

OTHER INFORMATION (CONTINUED)

Indemnification and Insurance

The Company has agreed to indemnify, to the extent permitted by the *Corporations Act 2001*, 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.

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 any premium in respect of a contract to insure the auditor of the Company or any of the auditor's related entities.

Corporate Governance

The Board implements high standards of corporate governance, taking into account the Company's size, structure and nature of its operations. Link Group's Corporate Governance Statement reports against the Third Edition of the ASX Corporate Governance Council's Principles and Recommendations. The Corporate Governance Statement is approved by the Board and the most current version is available on the Link Group website at http://linkgroup.com/about-us.html.

Rounding Off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that 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 $308,626 (2018: $247,715). 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 have been reviewed by the Risk and Audit Committee to ensure they do not impact the integrity and objectivity of the auditor;
- 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; and
- Details of the amounts paid to KPMG for audit and non-audit services provided during the year are disclosed in Note 30 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 87 and forms part of the Directors' Report for the financial year ended 30 June 2019.

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

Dated 29 August 2019 at Sydney.

Michael Carapiet
Chair

John McMurtrie
Managing Director

LEAD AUDITOR'S INDEPENDENCE DECLARATION

KPMG

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 of Link Administration Holdings Limited for the financial year ended 30 June 2019 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

29 August 2019

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the financial year ended 30 June 2019

	NOTE	2019 $'000	2018[33] $'000
Revenue – contracts with clients	5	**1,403,465**	1,198,416
Expenses:			
Employee expenses		**(692,438)**	(580,208)
Occupancy expenses		**(60,964)**	(49,655)
IT costs		**(108,880)**	(89,267)
Administrative and general expenses	6	**(225,340)**	(172,089)
Acquisition and capital management related expenses		**(18,466)**	(16,875)
		(1,106,088)	(908,094)
Depreciation expense	14	**(20,076)**	(16,399)
Intangibles amortisation expense	15	**(99,164)**	(73,265)
Contract fulfilment cost amortisation expenses		**(5,281)**	–
		(124,521)	(89,664)
Gain on financial assets held at fair value through profit and loss		**177,981**	7,322
Share of loss of equity-accounted investees, net of tax	27	**(12,457)**	–
Profit on disposal of subsidiaries	26	**105,392**	–
Finance income		**753**	4,626
Finance costs	18	**(27,038)**	(21,105)
Net finance costs		**(26,285)**	(16,479)
Profit before tax		**417,487**	191,501
Tax expense	8(a)	**(97,263)**	(47,929)
Profit for the year		**320,224**	143,572
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit re-measurement		**(164)**	(25)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations, net of tax		**20,847**	23,117
Other comprehensive income, net of tax		**20,683**	23,092
Total comprehensive income for the year		**340,907**	166,664

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

33 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the financial year ended 30 June 2019 (continued)

	NOTE	2019 $'000	2018[34] $'000
Profit attributable to:			
Owners of the Company		**318,976**	142,006
Non-controlling interest		**1,248**	1,566
Profit for the year		**320,224**	143,572
Total comprehensive income attributable to:			
Owners of the Company		**339,623**	165,137
Non-controlling interest		**1,284**	1,527
Total comprehensive income for the year		**340,907**	166,664

EARNINGS PER SHARE		CENTS PER SHARE	CENTS PER SHARE
Basic earnings per share	7	**59.98**	28.63
Diluted-earnings per share	7	**59.69**	28.55

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

34 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

	NOTE	30 JUNE 2019 $'000	30 JUNE 2018[35] $'000
Current assets			
Cash and cash equivalents		**560,176**	265,512
Trade and other receivables	9	**244,830**	302,348
Other assets		**37,318**	36,112
Current tax assets		**234**	5,850
Fund assets	11	**985,900**	576,016
Total current assets		**1,828,458**	1,185,838
Non-current assets			
Investments	20	**51,349**	144,230
Equity-accounted investments	27	**702,613**	–
Plant and equipment	14	**74,819**	91,734
Intangible assets	15	**2,188,936**	2,457,074
Deferred tax assets	8(d)	**48,037**	58,703
Other assets		**21,611**	251
Total non-current assets		**3,087,365**	2,751,992
Total assets		**4,915,823**	3,937,830
Current liabilities			
Trade and other payables	10	**267,937**	284,364
Interest bearing loans and borrowings	17	**23**	530
Provisions	12	**14,765**	18,835
Employee benefits	13	**44,670**	47,551
Current tax liabilities		**7,773**	31,630
Fund liabilities	11	**985,633**	589,312
Total current liabilities		**1,320,801**	972,222
Non-current liabilities			
Trade and other payables	10	**82,299**	73,268
Interest-bearing loans and borrowings	17	**1,153,536**	821,907
Provisions	12	**42,768**	49,758
Employee benefits	13	**5,286**	5,761
Deferred tax liabilities	8(d)	**150,350**	114,559
Total non-current liabilities		**1,434,239**	1,065,253
Total liabilities		**2,755,040**	2,037,475
Net assets		**2,160,783**	1,900,355
Equity			
Contributed equity	21	**1,909,140**	1,875,538
Reserves	22	**15,366**	17,434
Retained earnings	23	**233,054**	5,345
Total equity attributable to equity holders of the parent		**2,157,560**	1,898,317
Non-controlling interest		**3,223**	2,038
Total equity		**2,160,783**	1,900,355

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

35 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at 30 June 2019

	SHARE CAPITAL $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT $'000	NON-CONTROLLING INTEREST $'000	TOTAL EQUITY $'000
Balance at 30 June 2018[36]	1,875,538	17,434	5,345	1,898,317	2,038	1,900,355
Cumulative adjustment on transition to AASB 15	–	–	5,094	5,094	–	5,094
Restated balance at 1 July 2018	1,875,538	17,434	10,439	1,903,411	2,038	1,905,449
Net profit	–	–	318,976	318,976	1,248	320,224
Defined benefit re-measurement	–	(164)	–	(164)	–	(164)
Foreign currency translation differences, net of tax	–	20,811	–	20,811	36	20,847
Total other comprehensive income, net of income tax	–	20,647	–	20,647	36	20,683
Total comprehensive income for the year	–	20,647	318,976	339,623	1,284	340,907
Transfer from retained earnings to reserves	–	96,462	(96,462)	–	–	–
Transactions with shareholders						
Dividends declared during the year	–	(114,063)	–	(114,063)	(759)	(114,822)
Equity settled share based payments	–	2,333	101	2,434	–	2,434
Treasury shares acquired	–	(3,467)	–	(3,467)	–	(3,467)
Non-controlling interest on acquisition of subsidiaries	–	(3,980)	–	(3,980)	660	(3,320)
Issue of share capital, net of costs of raising capital and tax	33,602	–	–	33,602	–	33,602
Total contributions by and distributions to owners	33,602	(119,177)	101	(85,474)	(99)	(85,573)
Balance at 30 June 2019	1,909,140	15,366	233,054	2,157,560	3,223	2,160,783

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

36 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at 30 June 2019 (continued)

	SHARE CAPITAL $'000	RESERVES[37] $'000	RETAINED EARNINGS[37] $'000	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT[37] $'000	NON-CONTROLLING INTEREST $'000	TOTAL EQUITY[37] $'000
Balance at 1 July 2017	689,372	(77,772)	4,999	616,599	752	617,351
Net profit	–	–	142,006	142,006	1,566	143,572
Defined benefit re-measurement	–	(25)	–	(25)	–	(25)
Foreign currency translation differences, net of tax	–	23,156	–	23,156	(39)	23,117
Total other comprehensive income, net of income tax	–	23,131	–	23,131	(39)	23,092
Total comprehensive income for the year	–	23,131	142,006	165,137	1,527	166,664
Transfer from retained earnings to Reserves	–	141,660	(141,660)	–	–	–
Transactions with shareholders						
Dividends declared during the year	–	(73,729)	–	(73,729)	(241)	(73,970)
Equity settled share based payments	–	4,144	–	4,144	–	4,144
Issue of share capital, net of costs of raising capital and tax	1,186,166	–	–	1,186,166	–	1,186,166
Total contributions by and distributions to owners	1,186,166	(69,585)	–	1,116,581	(241)	1,116,340
Balance at 30 June 2018	1,875,538	17,434	5,345	1,898,317	2,038	1,900,355

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

37 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the financial year ended 30 June 2019

	NOTE	2019 $'000	2018 $'000
Cash flows from operating activities			
Cash receipts in the course of operations		1,587,788	1,324,924
Cash payments in the course of operations		(1,248,758)	(1,004,628)
		339,030	320,296
Business combination/acquisition costs paid		(13,011)	(25,008)
Integration costs paid		(32,893)	(16,877)
Client migration costs paid		(3,475)	(16,835)
Interest received		2,149	4,239
Dividends received		368	369
Borrowing costs paid		(26,333)	(17,559)
Income taxes paid		(69,229)	(40,497)
Net cash provided by operating activities	16(a)	196,606	208,128
Cash flows from investing activities			
Payments for plant and equipment		(6,195)	(15,420)
Payments for software		(74,468)	(50,902)
Proceeds from disposal of subsidiaries, net of cash disposed		413,092	–
Acquisition of subsidiary, net of cash acquired		(22,649)	(1,475,689)
Acquisition of equity-accounted investments		(404,802)	–
Proceeds from settlement of derivatives		–	9,847
Payments for investments		(38,308)	(5,077)
Net cash used in investing activities		(133,330)	(1,537,241)
Cash flows from financing activities			
Proceeds from borrowings		333,000	1,048,282
Repayment of borrowings		(16,262)	(561,272)
Payment of borrowing transaction costs		(1,609)	(4,649)
Proceeds from the issue of shares		–	1,184,327
Payment of costs related to the issue of equity		–	(26,613)
Payment for purchase of treasury shares		(3,467)	–
Dividends paid to owners of the Company		(80,494)	(46,668)
Dividends paid to non-controlling interest		(759)	(241)
Net cash provided by financing activities		230,409	1,593,166
Net increase in cash and cash equivalents		293,685	264,053
Cash and cash equivalents at the beginning of the financial year		265,512	18,162
Effect of exchange rate fluctuations on cash held		979	(16,703)
Cash and cash equivalents at the end of the financial year		560,176	265,512

The consolidated statement of cash flows is to be read in conjunction with the 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 2019 comprise the Company and its subsidiaries and Link Group's interest in associates. Link Group is a for-profit entity. Link Group is a market leading provider of technology-enabled administration solutions. Link Group's principal activities during the course of the year was the provision of technology-enabled administration, securities registration and asset services, for listed and unlisted corporate entities as well as pension and superannuation funds across the globe. This is complemented by the provision of ancillary, value-added services in the areas of digital communication, data integration and insights, as well as stakeholder 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 the Company 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.

The consolidated financial statements were approved by the Board of Directors on 29 August 2019.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments designated at fair value through profit or loss, which 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. Link Group's accounting policies applied in translating the results and financial position of subsidiaries which have a functional currency other than Australian Dollars into the presentation currency are described in Note 2(e).

(d) Use of estimates and judgements

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 8(e)** Utilisation of tax losses
- **Note 12** Provisions
- **Note 15** Key assumptions in impairment testing for cash generating units (CGU) containing goodwill
- **Note 20** Fair value of level 3 financial instruments
- **Note 24** Share-based payments; and
- **Note 25** Business combinations

PREPARATION OF THIS REPORT (CONTINUED)

(e) Foreign currency

Foreign currency transactions

Transactions, assets and liabilities in foreign currencies are translated to the respective functional currencies of Link Group entities using the following applicable exchange rate:

FOREIGN CURRENCY AMOUNT	APPLICABLE EXCHANGE RATE
Transactions	Date of transaction
Monetary assets and liability	Reporting date
Non-monetary assets and liability measured at fair value	Date fair value is determined

Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at the following applicable exchange rates:

FOREIGN CURRENCY AMOUNT	APPLICABLE EXCHANGE RATE
Asset and liabilities	Reporting date
Income and expenses	Date of transaction

On consolidation, foreign exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income and presented in equity in the Foreign Currency Translation Reserve. 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.

(f) Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that Instrument all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by Link Group are consistent with those of the previous financial year except for the adoption of new and amended accounting standards on 1 July 2018 as set out below.

This note explains the impact of the adoption of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* on Link Group's consolidated financial statements and discloses any changes in accounting policies that have been applied from 1 July 2018 where they are different to those applied in prior periods.

(a) AASB 9 *Financial Instruments*

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.

Nature of revised accounting policies

Classification and measurement

The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Under AASB 9, on initial recognition, a financial asset is classified and measured at:

- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss.

PREPARATION OF THIS REPORT (CONTINUED)

Impairment

AASB 9 establishes a new model for recognition and measurement of impairments in loans and receivables that are measured at amortised cost, replacing the 'incurred loss' under AASB 139 with an 'expected credit loss' model.

The expected credit loss model requires Link Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Effect of revised accounting policies

Whilst Link Group adopted AASB 9 retrospectively, there was no impact on initial application of the standard or material change to Link Group's accounting policies. Accordingly, there is no change to information presented for comparative periods.

Classification and measurement

On 1 July 2019, management assessed which business models apply to the financial assets held by the Link Group and classified its financial instruments into the appropriate AASB 9 categories. The adoption of AASB 9 did not have any impact on the classification of Link Group's financial assets and financial liabilities.

Impairment

The adoption of AASB 9 did not have any impact on the carrying values of Link Group's financial assets.

(b) AASB 15 *Revenue from Contracts with Customers*

AASB 15 *Revenue from Contracts with Customers* replaces existing revenue recognition guidance under Australian Accounting Standards. The core principle of AASB 15 is to recognise revenues when control of goods or services is transferred to customers (clients) in an amount that reflects the consideration that is expected to be received for those goods or services.

Nature of revised accounting policies

TYPE OF TRANSACTION	ACCOUNTING POLICY
Revenue recognised over time	The majority of Link Group's revenue arises from service contracts where Link Group's performance obligations are satisfied over time. Clients obtain control of services as they are delivered, and revenue is recognised over time as those services are provided, in accordance with series guidance. Invoices are generally issued on a monthly basis and are payable within 7 to 30 days. As such, there is not considered to be any significant financing component within each contract. Where Link Group has a right to consideration from a client in an amount that corresponds directly with the value of performance completed to date (for example, a service contract billed for a fixed amount for each hour of service provided), Link Group recognises revenue in the amount to which it has a right to invoice to client.
Revenue recognised at a point in time	Link Group may also recognise revenue derived at a point in time, generally when Link Group's performance obligation is linked to a specific deliverable. Revenue is recognised when Link Group transfers control of the deliverable.
Contract fulfilment costs	Link Group recognises assets from migration and other costs incurred to fulfil a contract where: (a) the costs relate directly to a contract; (b) the costs generate or enhance resources that Link Group will use in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) the costs are expected to be recovered. The asset is then amortised on a straight line basis over a period consistent with the transfer of the services to the client, i.e. over the contract term. Contract fulfilment costs asset is included in other assets in the statement of financial position.

PREPARATION OF THIS REPORT (CONTINUED)

TYPE OF TRANSACTION	ACCOUNTING POLICY
Contract assets	Where Link Group has satisfied a performance obligation but has no unconditional right to payment under the contract, Link Group presents a contract asset as part of trade and other receivables. A contract asset represents Link Group's right to consideration in respect of services Link Group has already transferred to a client.
Contract liabilities	Where a client pays or is obligated to pay consideration before Link Group has satisfied a performed obligation, Link Group presents a contract liability as part of trade and other payables. The contract liability represents Link Group's obligation to transfer services to a client in the future.

Effect of revised accounting policies

Link Group adopted AASB 15 using the cumulative effect method, with the impact of initial application of the standard recognised in retained earnings on the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for comparative periods has not been restated.

TYPE OF TRANSACTION	ACCOUNTING POLICY
Revenue recognised over time	Link Group's revenue recognition in respect of these items is unaffected upon application of AASB 15. Link Group's existing revenue recognition policy, to recognise revenue on an accruals basis in the period in which it is earned, to the extent it is probable that the economic benefits can be measured and will flow to Link Group, accurately reflects the transfer of services to clients throughout the term of the contract in accordance with AASB 15.
Revenue recognised at a point in time	Link Group's revenue recognition in respect of these items is unaffected upon application of AASB 15. Link Group's existing revenue recognition policy, to recognise revenue on an accruals basis in the period in which it is earned, to the extent it is probable that the economic benefits can be measured and will flow to Link Group, accurately reflects the satisfaction of performance obligations at a point in time in accordance with AASB 15.
Contract fulfilment costs	Link Group has recognised a transition adjustment on 1 July 2018 representing the unamortised portion of any contract fulfilment costs arising from contracts with clients active as at 1 July 2018, in accordance with the revised accounting policy outlined above. Any amounts received upfront from clients in respect of contract fulfilment costs are classified as contract liabilities and amortised over the same period where they do not relate to a separate performance obligation.
Contract assets	Work completed but not billed and work-in-progress not yet billable which were previously classified as accrued revenue within trade and other receivables will now be classified as a contract asset. There is no impact on retained earnings on initial application of AASB 15.
Contract liabilities	Amounts received in advance from clients which were previously classified as unearned income within other creditor and accruals will now be classified as contract liabilities. There is no impact on retained earnings on initial application of AASB 15.

The following table summarises the impact, net of income tax, of the transition to AASB 15 on Link Group's retained earnings at 1 July 2018:

	1 JULY 2018 $'000
Recognition of contract fulfilment costs assets	16,652
Recognition of deferred tax assets	366
Recognition of contract liabilities	(8,717)
Recognition of deferred tax liabilities	(3,207)
Transitional adjustment to retained earnings at 1 July 2018	**5,094**

PREPARATION OF THIS REPORT (CONTINUED)

The following tables summarise the impact of the transition to AASB 15 on the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year period ended 30 June 2019 and the Consolidated Statement of Financial Position as at 30 June 2019:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2019	WITHOUT APPLICATION OF AASB 15 $'000	AASB 15 ADJUSTMENTS $'000	AS REPORTED UNDER AASB 15 $'000
Revenue – contracts with clients	1,403,810	(345)	1,403,465
Expenses:			
Employee expenses	(696,642)	4,204	(692,438)
Administrative and general expenses	(227,789)	2,449	(225,340)
Contract fulfilment costs amortisation expense	–	(5,281)	(5,281)
Profit before tax	416,460	1,027	417,487
Tax expense	(97,345)	82	(97,263)
Profit for the year	319,115	1,109	320,224

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019	WITHOUT APPLICATION OF AASB 15 $'000	AASB 15 ADJUSTMENTS $'000	AS REPORTED UNDER AASB 15 $'000
Total current assets	1,828,458	–	1,828,458
Deferred tax assets	46,599	1,438	48,037
Other assets	3,587	18,024	21,611
Total non-current assets	3,067,903	19,462	3,087,365
Total assets	4,896,361	19,462	4,915,823
Total current liabilities	1,320,801	–	1,320,801
Trade and other payables	73,237	9,062	82,299
Deferred tax liabilities	146,153	4,197	150,350
Total non-current liabilities	1,420,980	13,259	1,434,239
Total liabilities	2,741,781	13,259	2,755,040
Net assets	2,154,580	6,203	2,160,783
Retained earnings	226,851	6,203	233,054
Total equity attributable to equity holders of the parent	2,151,357	6,203	2,157,560
Total equity	2,154,580	6,203	2,160,783

OPERATING RESULTS

4. OPERATING SEGMENTS

(a) Reportable segments

Link Group has four 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 ("FA")** – provides core member and employer administration services, combined with a full range of value-added services including an integrated clearing house, financial planning and advice, direct investment options and trustee services.
- **Corporate Markets ("CM")** – provides a uniquely integrated range of corporate markets capabilities including shareholder management and analytics, stakeholder engagement, share and unit registry, employee share plans, company secretarial support, as well as various specialist offerings such as insolvency solutions.
- **Technology & Innovation ("T&I")** – 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. T&I supports the FA and CM segments, as well as a number of external clients.
- **Link Asset Services ("LAS")** – provides a broad range of financial and administrative services in the UK and Europe across the following businesses:
  - Link Market Services – share registration, share plan services and treasury solutions to corporate clients.
  - Link Fund Solutions – authorised fund manager / management company, third-party administration and transfer agency services to asset managers and a variety of investment funds.
  - Corporate & Private Client Services – finance and accounting, company secretarial, entity management, trust and company services, including inter-generational transfers. The majority of this business was sold on 28 June 2019, refer Note 26.
  - Banking & Credit Management – loan origination and servicing, debt work-out, compliance and regulatory oversight.

Revenues from external clients, revenues from transactions with other segments, measure of profit or loss (Operating EBITDA) and total assets are presented below for each reportable segment.

FOR THE YEAR ENDED 30 JUNE 2019	FA $'000	CM $'000	T&I $'000	LAS $'000	TOTAL REPORTABLE SEGMENTS $'000	HEAD OFFICE $'000	TOTAL LINK GROUP $'000
Segment revenue	550,793	223,857	258,799	607,604	1,641,053	–	1,641,053
Inter-segment eliminations	–	(5,920)	(231,668)	–	(237,588)	–	(237,588)
Revenues from external clients	550,793	217,937	27,131	607,604	1,403,465	–	1,403,465
Operating EBITDA	107,690	49,244	79,431	131,442	367,807	(11,718)	356,089
Total assets at 30 June 2019	448,193	414,066	218,383	2,538,876	3,619,518	1,296,305	4,915,823
FOR THE YEAR ENDED 30 JUNE 2018							
Segment revenue	559,975	214,774	230,655	404,946	1,410,350	–	1,410,350
Inter-segment eliminations	–	(4,527)	(207,407)	–	(211,934)	–	(211,934)
Revenues from external clients	559,975	210,247	23,248	404,946	1,198,416	–	1,198,416
Operating EBITDA	123,084	54,897	72,889	93,799	344,669	(9,327)	335,342
Total assets at 30 June 2018 [38]	466,666	403,331	209,711	2,496,748	3,576,456	361,374	3,937,830

38 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

OPERATING RESULTS (CONTINUED)

A reconciliation of information provided on reportable segment measures of profit or loss to the consolidated net profit after tax is provided below.

	2019 $'000	2018[39] $'000
Operating EBITDA	**356,089**	335,342
Significant items:		
– Business combination/acquisition costs	**(18,341)**	(16,877)
– Integration costs	**(5,637)**	(2,161)
– Client migration costs	**(788)**	(15,104)
– LAS integration costs	**(33,946)**	(10,878)
Total significant items	**(58,712)**	(45,020)
Depreciation expense	**(20,076)**	(16,399)
Intangibles amortisation expense – non-acquisition related	**(44,750)**	(30,800)
Intangibles amortisation expense – acquisition related	**(54,414)**	(42,465)
Contract fulfilment costs amortisation expense	**(5,281)**	–
Gain on financial assets held at fair value through profit and loss	**177,981**	7,322
Share of profit of equity-accounted investees (excluding acquired amortisation), net of tax	**787**	–
Share of acquired amortisation of equity-accounted investees, net of tax	**(13,244)**	–
Profit on disposal of subsidiaries	**105,392**	–
Finance income	**753**	4,626
Finance expense	**(27,038)**	(21,105)
Profit before tax	**417,487**	191,501
Income tax expense	**(97,263)**	(47,929)
Net profit after tax	**320,224**	143,572

(b) Geographic information

Link Group had total revenue and non-current assets attributed to the following geographic locations.

	REVENUE		NON-CURRENT ASSETS	
	2019 $'000	2018 $'000	2019 $'000	2018[39] $'000
Australia and New Zealand	**717,718**	723,824	**1,599,455**	885,334
United Kingdom and Channel Islands	**409,538**	277,491	**1,306,009**	1,539,412
Ireland	**160,865**	104,031	**29,019**	27,251
Other countries	**115,344**	93,070	**53,496**	97,062
	1,403,465	1,198,416	**2,987,979**	2,549,059

In presenting the geographic information, revenue and non-current assets are allocated based on the country in which the legal entity is domiciled. Non-current assets allocated by country include plant and equipment, intangible assets, equity-accounted investments and other assets.

(c) Major clients

Link Group had one (2018: one) major client in the Fund Administration division, which generated revenues of $146.8 million (2018: $140.6 million).

Segment reporting

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.

39 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

OPERATING RESULTS (CONTINUED)

5. REVENUE

Revenue

Revenue is recognised as performance obligations are satisfied over time. Clients obtain control of services as they are delivered, and revenue is recognised over time as those services are provided. Invoices are generally issued on a monthly basis and are payable within 7 to 30 days. As such, there is not considered to be any significant financing component within each contract.

Where Link Group has a right to consideration from a client in an amount that corresponds directly with the value of performance completed to date (for example, a service contract billed for a fixed amount for each hour of service provided), Link Group recognises revenue in the amount to which it has a right to invoice to client.

Link Group may also recognise revenue derived at a point in time, generally when Link Group's performance obligation is linked to a particular event. Revenue is recognised when Link Group has an unconditional right to payment under the terms of the contract.

Contract fulfilment costs

Costs directly related to a contract that generate or enhance Link Group's resources to satisfy performance obligations in the future, and that are expected to be recovered, are recognised as an asset. Contract fulfilment costs are amortised on a straight line basis over the expected life of the contract.

Any recoveries of those contract fulfilment costs from client are classified as contract liabilities and amortised over the same period where they do not relate to a separate performance obligation.

(a) Disaggregation of revenue

Revenue has been disaggregated by primary geographic location. The tables below also include a reconciliation of the disaggregated revenue with Link Group's reportable segments.

FOR THE YEAR ENDED 30 JUNE 2019	FA $'000	CM $'000	T&I $'000	LAS $'000	TOTAL REPORTABLE SEGMENTS $'000	INTER-SEGMENT ELIMINATIONS $'000	TOTAL LINK GROUP $'000
Geographic location							
Australia and New Zealand	**550,793**	**144,265**	**258,799**	**–**	**953,857**	**(236,139)**	**717,718**
United Kingdom and Channel Islands	**–**	**22,224**	**–**	**387,948**	**410,172**	**(634)**	**409,538**
Ireland	**–**	**–**	**–**	**160,865**	**160,865**	**–**	**160,865**
Other countries	**–**	**57,368**	**–**	**58,791**	**116,159**	**(815)**	**115,344**
Revenues from contracts with clients	**550,793**	**223,857**	**258,799**	**607,604**	**1,641,053**	**(237,588)**	**1,403,465**

FOR THE YEAR ENDED 30 JUNE 2018	FA $'000	CM $'000	T&I $'000	LAS $'000	TOTAL REPORTABLE SEGMENTS $'000	INTER-SEGMENT ELIMINATIONS $'000	TOTAL LINK GROUP $'000
Geographic location							
Australia and New Zealand	559,975	142,608	230,655	–	933,238	(209,414)	723,824
United Kingdom and Channel Islands	–	19,132	–	259,183	278,315	(824)	277,491
Ireland	–	–	–	104,031	104,031	–	104,031
Other countries	–	53,034	–	41,732	94,766	(1,696)	93,070
Revenues from contracts with clients	559,975	214,774	230,655	404,946	1,410,350	(211,934)	1,198,416

OPERATING RESULTS (CONTINUED)

(b) Contract balances

The following table provides information about contract assets and contract liabilities from contracts with clients.

	2019 $'000	2018 $'000
Contract assets (included in trade and other receivables)	–	–
Contract liabilities – current (included in trade and other payables)	(15,861)	–
Contract liabilities – non-current (included in trade and other payables)	(9,062)	–
	(24,923)	–

Contract assets primarily relate to Link Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to trade receivables when Link Group's contractual entitlement to the consideration becomes unconditional. This usually occurs when Link Group has a contractual right to issue an invoice to the client.

Contract liabilities primarily relate to consideration received in advance from client for services for which revenue is recognised over time.

(c) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from client contracts.

	2019 $'000
Aggregate amount of revenue allocated to client contracts that are partially or fully unsatisfied as at 30 June 2019, which will be recognised between 1 July 2019 and 30 June 2024 on a straight line basis consistent with the length of each client contract.	1,332,516

Link Group expects that approximately 34% of revenue allocated to the unsatisfied contracts as at 30 June 2019 will be recognised during the next financial year commencing 1 July 2019. The remaining 66% will be recognised as revenue between 1 July 2020 and 30 June 2024.

As permitted under AASB 15, revenue allocated to unsatisfied performance obligations is not disclosed for contracts that are for periods of one year or less. Unsatisfied performance obligations also excludes client contracts entered into subsequent to 30 June 2019 or any contract renewals that may occur between 1 July 2019 and 30 June 2024.

6. ADMINISTRATIVE AND GENERAL EXPENSES

	2019 $'000	2018 $'000
Costs recharged to clients	(88,004)	(75,981)
Professional & consulting expenses	(49,153)	(31,028)
Office expenses	(14,650)	(11,458)
Insurance costs	(17,279)	(10,024)
Travel expense	(12,832)	(10,709)
Other expenses	(43,422)	(32,889)
	(225,340)	(172,089)

OPERATING RESULTS (CONTINUED)

7. EARNINGS PER SHARE

(a) Basic earnings per share

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. Ordinary shares on issue have been adjusted for the bonus element of new shares issued at a discount to market value during the year.

	2019 $'000	2018[40] $'000
Profit for the year attributable to owners of the Company	**318,976**	142,006

	NUMBER OF SHARES[41] '000	NUMBER OF SHARES[41] '000
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at the beginning of the financial year	**529,543**	359,797
Effect of allotment and issuances	**2,299**	135,073
Effect of treasury shares acquired	**(66)**	–
Effect of bonus entitlement offer on ordinary shares	**4**	1,142
Weighted average number of ordinary shares (basic)	**531,780**	496,012

(b) Diluted earnings per share

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 Performance Share Rights (PSRs) granted to employees. Dilutive securities have been adjusted for the bonus element of new shares issued at a discount to market value during the year.

	2019 $'000	2018[40] $'000
Profit for the year attributable to owners of the Company	**318,976**	142,006

	NUMBER OF SHARES[41] '000	NUMBER OF SHARES[41] '000
Weighted average number of ordinary shares (diluted)		
Basic weighted average number of ordinary shares	**531,780**	496,012
Effect of dilutive PSRs	**2,622**	1,436
Effect of bonus entitlement offer on dilutive PSRs	**–**	3
Weighted average number of ordinary shares (diluted)	**534,402**	497,451
Basic earnings per share (cents)	**59.98**	28.63
Diluted earnings per share (cents)	**59.69**	28.55

40 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

41 The weighted average number of ordinary shares used in the Basic and Diluted earnings per share calculation for the current and comparative year were adjusted retrospectively in accordance with AASB 133 *Earnings per Share* following the issue of new shares at a discount to market value during the year. When new shares are issued at a discount to market value ("bonus element"), there is a resulting theoretical dilution of existing ordinary shares on issue, leading to a decrease in basic and diluted earnings per share.

OPERATING RESULTS (CONTINUED)

8. TAXATION

(a) Income tax expense

	2019 $'000	2018[42] $'000
Current tax expense		
Current year	(59,730)	(55,439)
Adjustment for prior years	1,942	(352)
	(57,788)	(55,791)
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	(37,988)	7,526
Adjustment for prior years	(1,487)	336
	(39,475)	7,862
Tax expense from continuing operations	(97,263)	(47,929)
Profit before income tax	417,487	191,501
Prima facie income tax expense calculated at 30% on operating profit from ordinary activities:	(125,246)	(57,450)
Effect of tax rates in foreign jurisdictions	13,691	5,872
Non-deductible expenses	(14,455)	(5,885)
Non-assessable income	26,091	5,224
Recognition/(de-recognition) of previously unrecognised/(recognised) tax losses	2,200	4,327
Over provision of tax in respect of prior years	456	(17)
Income tax expense	(97,263)	(47,929)
Movement in temporary differences	37,988	(7,526)
Utilisation of recognised tax losses	6,827	8,889
Income tax payable on current year profits	(52,448)	(46,566)

(b) Effective tax rates for Australian and overseas operations

	2019			2018[42]		
	PROFIT BEFORE TAX $'000	INCOME TAX EXPENSE $'000	EFFECTIVE TAX RATE	PROFIT BEFORE TAX $'000	INCOME TAX EXPENSE $'000	EFFECTIVE TAX RATE
Australian operations	271,353	(85,869)	31.64%	120,058	(36,138)	30.10%
Overseas operations	146,134	(11,394)	7.80%	71,443	(11,791)	16.50%
Total	417,487	(97,263)	23.30%	191,501	(47,929)	25.03%

(c) Tax recognised in other comprehensive income and equity

	2019			2018[42]		
	BEFORE TAX $'000	TAX EXPENSE $'000	NET OF TAX $'000	BEFORE TAX $'000	TAX BENEFIT $'000	NET OF TAX $'000
Foreign Currency Translation Reserve	23,361	(2,514)	20,847	26,287	(3,170)	23,117
	23,361	(2,514)	20,847	26,287	(3,170)	23,117

42 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

OPERATING RESULTS (CONTINUED)

(d) Deferred tax assets/(liabilities)

	2019 $'000	2018[43] $'000
Deferred tax asset:		
Provisions & accruals	**31,041**	33,416
Other	**11,540**	13,754
Tax losses	**5,456**	11,533
	48,037	58,703
Deferred tax liability:		
Intangible assets	**(74,193)**	(89,515)
Plant, equipment & software	**(11,504)**	(17,836)
Other	**(64,653)**	(7,208)
	(150,350)	(114,559)

	BALANCE AT 1 JULY 2018 $'000	AASB 15 TRANSITION ADJUSTMENT $'000	ACQUIRED IN BUSINESS COMBINATION $'000	RECOGNISED IN PROFIT OR LOSS $'000	RECOGNISED IN OCI $'000	SOLD ON DISPOSAL OF SUBSIDIARIES $'000	BALANCE AT 30 JUNE 2019 $'000
Deferred tax asset:							
Provisions & Accruals	**33,416**	**–**	**–**	**(1,846)**	**126**	**(655)**	**31,041**
Other	**13,754**	**366**	**250**	**(2,878)**	**48**	**–**	**11,540**
Tax losses	**11,533**	**–**	**–**	**(6,290)**	**213**	**–**	**5,456**
	58,703	**366**	**250**	**(11,014)**	**387**	**(655)**	**48,037**
Deferred tax liability:							
Intangible assets	**(89,515)**	**–**	**–**	**11,091**	**(2,836)**	**7,067**	**(74,193)**
Plant, equipment & software	**(17,836)**	**–**	**–**	**5,986**	**–**	**346**	**(11,504)**
Other	**(7,208)**	**(3,207)**	**(1,620)**	**(52,365)**	**(65)**	**(188)**	**(64,653)**
	(114,559)	**(3,207)**	**(1,620)**	**(35,288)**	**(2,901)**	**7,225**	**(150,350)**

	BALANCE AT 1 JULY 2017 $'000	ACQUIRED IN BUSINESS COMBINATION[43] $'000	RECOGNISED IN PROFIT OR LOSS[43] $'000	RECOGNISED IN OCI $'000	RECOGNISED DIRECTLY IN EQUITY $'000	BALANCE AT 30 JUNE 2018[43] $'000
Deferred tax asset:						
Provisions & Accruals	31,792	888	441	295	–	33,416
Other	10,106	5,897	(3,988)	349	1,390	13,754
Tax losses	539	20,277	(8,809)	(474)	–	11,533
	42,437	27,062	(12,356)	170	1,390	58,703
Deferred tax liability:						
Intangible assets	(36,590)	(56,835)	7,151	(3,241)	–	(89,515)
Plant, equipment & software	(12,226)	(8,469)	2,958	(99)	–	(17,836)
Other	(7,563)	–	355	–	–	(7,208)
	(56,379)	(65,304)	10,464	(3,340)	–	(114,559)

43 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

OPERATING RESULTS (CONTINUED)

(e) Unrecognised tax losses

As at 30 June 2019 Link Group had carried forward tax losses unrecognised for deferred tax purposes, available to offset against taxable income in future years, in the following jurisdictions:

- Australian tax losses of $198.8 million (2018: $212.1 million);
- UK tax losses of $Nil (2018: $13.3 million); and
- Other jurisdiction tax losses of $2.1 million (2018: $0.2 million).

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 conditions will permit their utilisation in the foreseeable future.

Significant accounting estimate and judgement

Judgement is required in determining whether it is probable future conditions will permit utilisation of carried forward tax losses. Deferred tax assets in respect of Link Group's carried forward tax losses have not been recognised to the extent it is not probable that conditions will permit their utilisation in the foreseeable future.

(f) Franking credits

	2019 $'000	2018 $'000
Amount of franking credits available to shareholders for subsequent financial years	**11,759**	4,420

The ability to use the franking credits is dependent on the ability to declare dividends. The Company seeks to maintain a surplus franking credit balance at 30 June each year by considering the amount of current year income tax related payments when determining the franking of dividends.

Current tax

Current tax is the expected tax payable on the taxable income for the current 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

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 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. 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.

The United Kingdom corporation tax rate will decrease to 17% from 1 April 2020. Deferred tax balances in respect to the Link Group's United Kingdom subsidiaries have been adjusted to reflect the tax rate expected to be applicable when the temporary difference is reversed.

OPERATING RESULTS (CONTINUED)

Offsetting deferred tax balances

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.

Tax consolidation or grouping

Australia

The Company and its wholly-owned Australian subsidiaries 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. Members of the Australian tax-consolidated group have 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 the Company for their portion of Link Group's current tax liability and recognise this payment as an inter-entity payable/receivable in their financial statements. The Company reimburses the subsidiaries for any deferred tax asset arising from unused tax losses and/or tax credits.

Overseas

The Company also has wholly-owned subsidiaries in the following foreign jurisdictions which have made the following elections with the relevant local taxation authority:

- **United Kingdom and Jersey** subsidiaries have elected to apply tax grouping rules to share tax losses and/or tax payments in the United Kingdom and Jersey; and
- **Other countries** subsidiaries have elected to form a tax group (or adopt fiscal unity) in relevant European countries.

OPERATING ASSETS AND LIABILITIES

9. TRADE AND OTHER RECEIVABLES

	2019 $'000	2018[44] $'000
Trade receivables	170,622	222,653
Less: Expected credit losses	(2,736)	(4,292)
	167,886	218,361
Investment management debtors	67,922	65,392
Contract assets	–	–
Other debtors	9,022	18,595
	244,830	302,348

Trade 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 7 to 30 days.

Link Group reviews the collectability and recoverability of trade receivables. A provision for credit losses has been made for the expected non recoverable trade receivable amounts arising from services provided.

Investment management debtors consist of amounts due from authorised funds, receivable by Link Fund Solutions Limited (the Authorised Corporate Director) in respect of managing these authorised funds.

10. TRADE AND OTHER PAYABLES

	2019 $'000	2018[44] $'000
Current		
Trade creditors	30,458	18,720
Investment management creditors	88,392	88,008
Deferred consideration	3,571	9
Accrued operational expenses	59,263	66,113
Contract liabilities	15,861	–
IT related creditors	16,656	14,973
Leases incentive liabilities	5,707	7,122
Other creditors and accruals	48,029	89,419
	267,937	284,364
Non-current		
Deferred consideration	4,504	444
Indemnified payables	15,678	16,542
Contract liabilities	9,062	–
Lease incentive liabilities	53,055	56,282
	82,299	73,268

Trade and other payables

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

Investment management creditors consist of amounts due to authorised funds, payable by Link Fund Solutions Limited (the Authorised Corporate Director) in respect of managing these authorised funds.

44 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

OPERATING ASSETS AND LIABILITIES (CONTINUED)

11. FUND ASSETS AND LIABILITIES

	2019 $'000	2018 $'000
Fund assets		
Fund receivables	985,900	576,016
	985,900	576,016
Fund liabilities		
Fund payables	(985,633)	(589,312)
	(985,633)	(589,312)

Fund assets and liabilities

These balances relate to investors' purchase or redemption of units in authorised funds of which Link Fund Solutions Limited (Link Asset Services' collective investment scheme administration business) is the Authorised Corporate Director. Link Fund Solutions Limited acts in the role of principal in the transactions, and the balances are due to and from the investors and investment funds. As at 30 June 2019, $0.3 million ($985.9 million assets net of $985.6 million liabilities) of net cash was due from investors and investment funds. The net receivable position arose because Link Fund Solutions Limited was yet to receive settlement from some investors and/or funds. The majority of funds need to be settled within a 4-day settlement period.

12. PROVISIONS

	2019 $'000	2018[45] $'000
Current		
Provisions	14,765	18,835
Non-current		
Provisions	42,768	49,758

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

	CLAIMS $'000	INTEGRATION $'000	ONEROUS CONTRACTS $'000	OTHER $'000	TOTAL $'000
Balance at 1 July 2018[45]	52,164	1,549	5,597	9,283	68,593
Incurred/acquired through business combinations	–	867	–	–	867
Provisions sold on disposal of subsidiaries	(3,761)	–	(575)	(1,509)	(5,845)
Provisions made during the year	8,094	3,689	573	223	12,579
Provisions used during the year	(4,963)	(1,404)	(1,133)	(2,077)	(9,577)
Provisions reversed during the year	(8,988)	(698)	–	(362)	(10,048)
Foreign exchange translation difference	639	46	100	179	964
Balance at 30 June 2019	43,185	4,049	4,562	5,737	57,533
Current	11,006	2,148	1,556	55	14,765
Non-current	32,179	1,901	3,006	5,682	42,768

45 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

OPERATING ASSETS AND LIABILITIES (CONTINUED)

Significant accounting estimate and judgement

Judgement is required in determining the expected outflow of economic benefits required to settle provisions. Provisions are based on expected obligations at reporting date under current legal and contractual requirements and using estimates based on past experience.

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.

Claims: Link Group recognises a provision for claims arising from processing errors and other corporate events associated with the handling of administration activities for and on behalf of clients and investors. Provisions are measured at the cost that Link Group expects to incur in settling the claim. The provision also includes an estimate of claims that have been incurred but are not yet reported.

Integration: The integration provision includes restructuring costs. The restructuring provision is based on estimates of the future costs associated with redundancies. The provision calculation includes assumptions around the timing and costs of redundancies. 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 included in the provision.

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.

Other: Other provisions are for contractual make-good obligations. Make good provisions relate to Link Group's future obligation to remove fixtures and fittings or reinstate leaseholds back to original condition.

13. EMPLOYEE BENEFITS

	2019 $'000	2018 $'000
Current		
Employee entitlements	**44,670**	47,551
Non-current		
Employee entitlements	**5,286**	5,761

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.

Short-term employee 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 Link Group wholly expects to pay as at the reporting date including related on-costs, such as workers compensation insurance and payroll tax (where applicable).

OPERATING ASSETS AND LIABILITIES (CONTINUED)

14. PLANT AND EQUIPMENT

	PLANT & EQUIPMENT $'000	FIXTURES AND FITTINGS $'000	TOTAL $'000
Cost			
Balance at 1 July 2018	**79,004**	**76,432**	**155,436**
Acquisitions through business combinations	**179**	**156**	**335**
Additions	**4,336**	**1,624**	**5,960**
Effects of movements in exchange rates	**564**	**320**	**884**
Disposals/write offs	**(2,728)**	**(5,334)**	**(8,062)**
Balance at 30 June 2019	**81,355**	**73,198**	**154,553**
Depreciation and impairment losses			
Balance at 1 July 2018	**(38,888)**	**(24,814)**	**(63,702)**
Depreciation charge for the year	**(11,574)**	**(8,502)**	**(20,076)**
Effects of movements in exchange rates	**(160)**	**(71)**	**(231)**
Disposals/write offs	**1,999**	**2,276**	**4,275**
Balance at 30 June 2019	**(48,623)**	**(31,111)**	**(79,734)**
Carrying amount at 30 June 2019	**32,732**	**42,087**	**74,819**

	PLANT & EQUIPMENT $'000	FIXTURES AND FITTINGS $'000	TOTAL $'000
Cost			
Balance at 1 July 2017	55,734	56,996	112,730
Acquisitions through business combinations	8,290	12,523	20,813
Additions	14,491	5,956	20,447
Effects of movements in exchange rates	932	962	1,894
Disposals/write offs	(443)	(5)	(448)
Balance at 30 June 2018	79,004	76,432	155,436
Depreciation and impairment losses			
Balance at 1 July 2017	(28,327)	(18,380)	(46,707)
Depreciation charge for the year	(10,371)	(6,028)	(16,399)
Effects of movements in exchange rates	(562)	(411)	(973)
Disposals/write offs	372	5	377
Balance at 30 June 2018	(38,888)	(24,814)	(63,702)
Carrying amount at 30 June 2018	40,116	51,618	91,734

OPERATING ASSETS AND LIABILITIES (CONTINUED)

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.

The expected useful life and the depreciation methods are listed below:

ITEM	USEFUL LIFE	DEPRECIATION METHOD
Office equipment	3–8 years	Straight-line
Fixture and fitting	2–10 years	Straight-line
Leased plant and equipment	3–10 years	Straight-line

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

OPERATING ASSETS AND LIABILITIES (CONTINUED)

15. INTANGIBLE ASSETS

	GOODWILL $'000	CLIENT RELATIONSHIPS $'000	SOFTWARE $'000	BRAND NAMES $'000	TOTAL $'000
Cost					
Balance at 1 July 2018	1,783,496	544,024	538,662	4,466	2,870,648
Acquisitions through business combinations	19,796	5,797	1,887	–	27,480
Additions	–	–	76,631	–	76,631
Effects of movements in exchange rates	28,326	7,945	3,274	77	39,622
Disposals/Assets written off	(265,880)	(51,932)	(7,277)	–	(325,089)
Balance at 30 June 2019	1,565,738	505,834	613,177	4,543	2,689,292
Amortisation and impairment losses					
Balance at 1 July 2018	(2,512)	(132,295)	(276,410)	(2,357)	(413,574)
Amortisation charge	–	(44,611)	(54,219)	(334)	(99,164)
Effects of movements in exchange rates	–	(1,226)	(494)	(39)	(1,759)
Disposals/Assets written off	–	10,819	3,322	–	14,141
Balance at 30 June 2019	(2,512)	(167,313)	(327,801)	(2,730)	(500,356)
Carrying amount at 30 June 2019	1,563,226	338,521	285,376	1,813	2,188,936

	GOODWILL $'000	CLIENT RELATIONSHIPS $'000	SOFTWARE $'000	BRAND NAMES $'000	TOTAL $'000
Cost					
Balance at 1 July 2017	613,014	221,027	350,092	4,272	1,188,405
Acquisitions through business combinations [46]	1,122,415	309,088	125,987	–	1,557,490
Additions	–	–	55,813	–	55,813
Effects of movements in exchange rates [46]	48,067	13,909	6,770	194	68,940
Disposals/Assets written off	–	–	–	–	–
Balance at 30 June 2018 [46]	1,783,496	544,024	538,662	4,466	2,870,648
Amortisation and impairment losses					
Balance at 1 July 2017	(2,512)	(99,579)	(234,219)	(1,949)	(338,259)
Amortisation charge [46]	–	(32,184)	(40,760)	(321)	(73,265)
Effects of movements in exchange rates [46]	–	(532)	(1,431)	(87)	(2,050)
Disposals/Assets written off	–	–	–	–	–
Balance at 30 June 2018 [46]	(2,512)	(132,295)	(276,410)	(2,357)	(413,574)
Carrying amount at 30 June 2018 [46]	1,780,984	411,729	262,252	2,109	2,457,074

46 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

OPERATING ASSETS AND LIABILITIES (CONTINUED)

Goodwill

Goodwill arises on the acquisition of subsidiaries and 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.

Client relationships

Client relationships acquired in business combinations are recognised initially at fair value, and are subsequently amortised according to the expected useful life of these relationships.

Software

Link Group capitalises in-house developed software that meets business and client needs and enables operational efficiencies to be achieved.

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.

Brand Names

Brand names acquired in business combinations are recognised initially at fair value, and are subsequently amortised according to the expected useful life of the brand name.

Amortisation

Amortisation is charged on a straight-line basis over the estimated useful lives of intangible assets, except when another systematic basis measuring the pattern in which the economic benefits of a software asset are consumed can be reliably measured. In such cases, amortisation is charged on that systematic basis over the estimated useful life of that asset. The estimated useful lives for the current and comparative periods are as follows:

ITEM	USEFUL LIFE	AMORTISATION METHOD
Software	2–5 years	Straight-line
Client relationships	3–20 years	Straight-line
Brand Names	5–10 years	Straight-line

OPERATING ASSETS AND LIABILITIES (CONTINUED)

Impairment testing for CGUs 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:

	2019 $'000	2018[47] $'000
Fund Administration	**279,267**	279,212
Corporate Markets Australia and New Zealand	**252,318**	251,501
Corporate Markets Overseas	**54,289**	42,046
Technology & Innovation	**39,275**	39,275
Link Asset Services	**938,077**	1,168,950
Total goodwill	**1,563,226**	1,780,984

The carrying amounts of Link Group's goodwill and intangible assets are tested annually for impairment.

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 CGUs. The goodwill and any other intangible assets with indefinite lives acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised in profit and loss if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs 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.

The recoverable amounts of CGUs were determined through value in use calculations. The value in use calculations applied a post-tax discounted cash flow model, based on a five-year budget approved by the Board and an appropriate terminal value. Cash flows after the fifth year were projected at growth rates of:

	2019	2018
Fund Administration	**2.5%**	2.5%
Corporate Markets Australia and New Zealand	**2.5%**	2.5%
Corporate Markets Overseas	**3.1%**	2.8%
Technology & Innovation	**2.5%**	2.5%
Link Asset Services	**2.0%**	1.9%

The value in use calculations employed a range of pre-tax discount rates from 8.76% to 11.80% (2018: 9.38% to 11.34%). 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.

Significant accounting estimate and judgement

Judgement is required in estimating recoverable amounts of cash generating units (CGUs) to which intangible assets with an indefinite useful life (goodwill) are allocated. All key assumptions applied in value in use calculation were determined using the past experiences of Link Group and management. Where possible, assumptions were validated against external sources of information.

47 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

OPERATING ASSETS AND LIABILITIES (CONTINUED)

16. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2019 $'000	2018[48] $'000
Net profit after income tax	320,224	143,572
Add/(less) non-cash items		
Depreciation expense	20,076	16,399
Intangibles amortisation expense	99,164	73,265
Contract fulfilment costs amortisation expense	5,281	–
Gain on financial assets held at fair value through profit & loss	(177,981)	(7,322)
Share of loss of equity-accounted investees, net of tax	12,457	–
Profit on disposal of subsidiaries	(105,392)	–
Equity-settled share based payment expense	2,434	4,144
Unrealised foreign exchange loss	223	211
Unwinding discount on provisions and deferred consideration	30	114
Borrowing cost amortisation	1,501	1,230
Loss on disposal/write off of plant and equipment	10	71
Net cash inflow from operating activities before changes in assets and liabilities	178,027	231,684
Change in operating assets and liabilities		
Change in trade and other receivables	28,248	(34,930)
Change in other assets	(13,320)	(7,341)
Change in fund assets and fund liabilities	(12,704)	15,141
Change in trade and other payables	(2,899)	1,845
Change in employee benefits	(1,905)	4,005
Change in provisions	(6,875)	(9,709)
Change in current and deferred tax balances	28,034	7,433
Net cash inflow from operating activities	196,606	208,128

(b) Reconciliation of movement in liabilities to cash flows arising from financing activities

			NON-CASH		
	30 JUNE 2018 $'000	FINANCING CASH FLOWS $'000	BORROWING COST AMORTISATION $'000	FOREIGN EXCHANGE MOVEMENT $'000	30 JUNE 2019 $'000
Interest-bearing loans and borrowings – Current	530	(511)	–	4	23
Interest-bearing loans and borrowings – Non-current	821,907	315,359	1,501	14,769	1,153,536
Total liabilities from financing activities	822,437	314,848	1,501	14,773	1,153,559

48 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT

17. INTEREST BEARING LOANS AND BORROWINGS

	2019 $'000	2018 $'000
Current		
Finance lease	23	530
	23	530
Non-current		
Finance lease	–	22
Loans	1,153,536	821,885
	1,153,536	821,907

FINANCING ARRANGEMENTS	NOTIONAL CURRENCY	INTEREST RATE AT 30 JUNE 2019 (P.A.)	2019 $'000	2018 $'000
Total facilities available:				
Non amortising term loan facility	AUD	2.7%–3.3%	550,000	550,000
Working capital facility	AUD	1.5%–3.3%	30,000	30,000
Non amortising term loan facility	GBP	2.2%	840,116	825,346
Working capital facility	GBP	1.5%–2.2%	36,134	35,499
			1,456,250	1,440,845
Facilities utilised at reporting date:				
Non amortising term loan facility	AUD	2.7%–3.3%	317,000	–
Working capital facility	AUD	1.5%	13,194	13,030
Non amortising term loan facility	GBP	2.2%	840,116	825,346
Working capital facility	GBP	1.5%	190	185
			1,170,500	838,561
Facilities not utilised at reporting date				
Non amortising term loan facility	AUD	0.5%–0.6%	233,000	550,000
Working capital facility	AUD	0.6%	16,806	16,970
Non amortising term loan facility	GBP	0.6%	–	–
Working capital facility	GBP	0.6%	35,944	35,314
			285,750	602,284

Facilities utilised at reporting date includes $13.4 million (2018: $13.2 million) of guarantees provided to external parties, which have not been drawn down. Refer to Note 19.

On 25 January 2019 the Syndicated Loan Agreement for Link Group was amended, extending the availability of:

- $275 million of the AUD non-amortising term loan facility to 25 January 2022;
- $275 million of the AUD non-amortising term loan facility to 25 January 2024; and
- the $30 million AUD working capital facility to 25 January 2024.

The availability of the GBP facilities remains to 2 November 2022, and all other terms and conditions of the amended facilities remain substantially the same.

Link Group also has access to an uncommitted facility of $250.0 million under the 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.

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

18. FINANCE COSTS

	2019 $'000	2018 $'000
Loan interest expense	**(24,618)**	(19,744)
Amortisation of capitalised borrowing costs	**(1,501)**	(1,230)
Foreign exchange (gain)/loss	**(801)**	17
Other	**(118)**	(148)
	(27,038)	(21,105)

19. CONTINGENT LIABILITIES

Link Group has granted bank guarantees, letters of credit and performance guarantees in the favour of:

TYPE/COUNTERPARTY	BENEFICIARY	REASON	2019 $'000	2018 $'000
Bank guarantee – Westpac	Pacific Custodians Pty Limited	Regulatory financial licence	**10,000**	10,000
Letter of credit – Westpac	STRATE Limited	Regulatory financial licence	**878**	887
Letter of credit – Westpac	Railway Pension Nominees Limited	Property lease	**795**	623
Bank guarantee – Westpac	ASX Settlement & Transfer Corp	Contractual obligation	**500**	500
Bank guarantee – Westpac	GESB Superannuation	Contractual obligation	**1,000**	1,000
Letter of credit – Westpac	Australian Securities & Investments Commission	Contractual obligation	**20**	20
Bank guarantee – HSBC	Kryalos Societa di Gestione del Risparmio S.p.A	Property lease	**190**	185
Bank guarantee – CBA	GormanKelly	Property lease	**–**	287
Performance guarantee	CHAMA S.A.	Property lease	**–**	932
Performance guarantee	Primost S.A.	Property lease	**–**	567

Australian Financial Services Licence (AFSL) Performance Bond

A Guarantee for $10 million (2018: $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).

Other Contingent Liabilities

From time to time, Link Fund Solutions (LFS) receives enquiries, complaints or claims from investors or third parties in relation to the funds for which it acts, or has acted, as authorised corporate director (ACD) (in relation to authorised funds) or operator (in relation to unregulated funds). As disclosed on 18 June 2019, the Financial Conduct Authority (FCA) has notified LFS that it is commencing an investigation into LFS as ACD to the LF Woodford Equity Income Fund (Woodford Fund). As the FCA investigation is a confidential process, Link Group cannot speculate or make any further comment on it. As at the date of these financial statements there has been no enquiry, complaint or claim received by LFS regarding its role in relation to any funds, including the Woodford Fund, which should be recognised as a contingent liability. LFS continues to act in the best interests of investors in the Woodford Fund as the situation regarding the suspension of dealings progresses.

There are 3 outstanding claims that have been made upon Link Market Services (South Africa) Pty Limited relating to the issuance/non-issuance of replacement share certificates. The maximum amount of these claims is the equivalent of approximately $2.7 million, however Link Group is defending these matters and believes, based on its legal advice, that it has a solid basis for such defence and any liability is both uncertain and not possible to quantify.

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

20. INVESTMENT AND FINANCIAL RISK MANAGEMENT

(a) Investments

	2019 $'000	2018 $'000
Listed equity securities – at fair value through profit or loss	**3,150**	3,157
Unlisted investments – at fair value through profit or loss	**48,199**	141,073
	51,349	144,230

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.

On 16 January 2019, a consortium comprising Link Group, Commonwealth Bank of Australia and Morgan Stanley Infrastructure Inc. (LMC BidCo Pty Ltd, "LMC BidCo") acquired 100% of the issued capital of Property Exchange Australia Limited (PEXA). The fair value of Link Group's existing investment in PEXA was revalued to $310.3 million (30 June 2018: $132.3 million) based on the implied equity valuation from the transaction. As a result of the transaction, Link Group's effective ownership in PEXA (via LMC BidCo) increased from 19.8% to 44.2%. The investment was reclassified and is carried under equity-accounted investments (refer Note 27) from the date of completion in accordance with AASB 128 *Investments in Associates and Joint Ventures*.

During the year Link Group made an investment of €25.0 million ($39.4 million) in Leveris Limited (Leveris). Link Group's total ownership of Leveris is 13.1%. The investment in Leveris is carried within unlisted investments at a fair value with gains or losses recognised through profit or loss given Link Group does not have significant influence over Leveris. As at 30 June 2019, the investment had a fair value of $39.7 million after accounting for foreign exchange fluctuations.

(b) Financial Risk Management Overview

Link Group has exposure to the following risks arising from 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 client or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets less any provisions for impairment represents Link Group's maximum credit exposure.

Link Group's exposure to credit risk arises predominantly through its cash and cash equivalents, trade and other receivables, and fund assets.

- 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 clients is assessed by taking into account their financial position, past experience and other relevant factors. Based on the above process, Link Group considers that all unimpaired trade and other receivables are collectible in full.
- Fund assets relate to investors' purchase or redemption of units in investment funds of which Link Fund Solutions Limited (Link Asset Services' collective investment scheme administration business) is an Authorised Corporate Director. Link Group has a limited exposure to credit risk as fund assets and fund liabilities are usually settled within four business days. Link Group has rights regarding net settlement, enabling uncollectable balances to be recovered, refer to Note 11.

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

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

	2019 $'000	2018[49] $'000
Neither past due nor impaired	**224,254**	269,296
Past due 1–30 days	**10,588**	15,059
Past due 31–60 days	**4,536**	9,476
Past due over 61 days	**5,452**	8,517
	244,830	302,348

Movements in the allowance for impairment in respect of trade and other receivables during the year are disclosed in Note 9.

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 continuous monitoring of actual and forecast cash flows on a short, medium and long term basis. See Note 17 for details of Link Group's unused facilities at year end.

Remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments were as follows. The amounts include both interest and principal cash flows undiscounted and based on contractual maturity (without reference to the repricing schedule) 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 2019						
Non-derivative liabilities						
Non-interest bearing						
Trade and other payables	**350,236**	**350,236**	**267,937**	**32,200**	**25,065**	**25,034**
Fund liabilities	**985,633**	**985,633**	**985,633**	**–**	**–**	**–**
Interest bearing						
Loans and borrowings	**1,153,559**	**1,243,285**	**27,075**	**27,304**	**1,188,906**	**–**
Total non-derivative liabilities	**2,489,428**	**2,579,154**	**1,280,645**	**59,504**	**1,213,971**	**25,034**
30 June 2018						
Non-derivative liabilities						
Non-interest bearing						
Trade and other payables[50]	357,632	357,632	284,364	23,667	20,172	29,429
Fund liabilities	589,312	589,312	589,312	–	–	–
Interest bearing						
Loans and borrowings	822,437	914,783	22,524	21,716	870,543	–
Total non-derivative liabilities	1,769,381	1,861,727	896,200	45,383	890,715	29,429

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

49 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.
50 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

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

Foreign currency risk is the risk that the carrying value or future cash flows associate with a financial instrument will fluctuate because of changes in foreign exchange rates.

(a) Specific foreign currency items

On 2 November 2017, Link Group drew down £465 million from a term loan facility (refer Note 17), which was used to acquire Link Asset Services. Link Group designated the term loan facility as a hedge of the net investment in the UK subsidiary. The fair value and carrying amount of the term loan facility at 30 June 2019 was $840.1 million (2018: $825.3 million). An unrealised foreign exchange loss of $14.8 million (2018: $24.9 million) on translation of the term loan facility to AUD at the end of the financial year is recognised in other comprehensive income and accumulated in the foreign currency translation reserve on consolidation. The hedge was considered 100% effective throughout the year.

(b) Other foreign currency items

In addition to the specific items mentioned above, entities within Link Group typically enter into transactions and recognise assets and liabilities that are denominated in their functional currency. Whilst a number of entities within Link Group hold financial instruments in a currency which is not their local functional currency, these balances are not considered material and do not expose Link Group to significant foreign currency risk.

Link Group is exposed to foreign currency risk when net investments in foreign subsidiaries are translated to Link Group's reporting currency, the Australian Dollar (AUD). The effects of any exchange rate movements in respect of the net investment in foreign subsidiaries are recognised in the foreign currency translation reserve on consolidation.

Sensitivity testing was performed by flexing the value of the AUD against foreign currencies to which Link Group is exposed by 10% (2018: 10%). The assumed 10% change was chosen based on historical and reasonably possible movements of official exchange rates.

	PROFIT/(LOSS) AFTER TAX		NET ASSETS	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
AUD +10%/GBP	**(12,841)**	(2,736)	**(60,544)**	(36,405)
AUD -10%/GBP	**12,841**	2,737	**60,179**	36,410
AUD +10%/EUR	**207**	160	**(36,036)**	(42,963)
AUD -10%/EUR	**(207)**	(160)	**35,941**	42,962
AUD +10%/Other currencies	**(756)**	(741)	**(5,806)**	(4,506)
AUD -10%/Other currencies	**756**	741	**5,805**	4,508

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 variable interest rates include cash and cash equivalents. Link Group's primary financial liabilities impacted by interest rate movements include interest bearing loans and borrowings.

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 0.5% (2018: 0.5%) as at reporting date which would result in a favourable impact on Link Group's profit before tax of $3.3 million (2018: favourable impact of $2.6 million). A decrease of 0.5% (2018: 0.5%) would have an adverse impact on Link Group's profit before tax of $1.5 million (2018: adverse impact of $0.5 million). The assumed 0.5% (2018: 0.5%) change was chosen based on historical and reasonably possible movements of official interest rates. The method of calculation has not changed from the prior period.

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Link Group's exposure to price risk arises primarily from the listed and unlisted equity securities it holds, which have been designated at fair value through profit or loss.

A 5% increase/(decrease) (2018: 5%) in the fair value of Link Group's listed and unlisted investments would increase/(decrease) Link Group's profit before tax by $2.6 million (2018: $7.2 million). The assumed 5% change was chosen based on historical and reasonably possible movements in equity markets.

(c) 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 cash flow hedges, dividend reserves and other reserves.

Link Group monitors the ratio of net financial indebtedness to operating earnings before interest, tax, depreciation and amortisation, (Operating EBITDA). Net debt is calculated as interest bearing liabilities less cash and cash equivalents. Link Group also monitors the interest cover ratio, which is calculated by dividing Operating EBITDA by interest expense.

(d) 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: quoted 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 2019				
Assets				
Listed investments designated at fair value through profit and loss	3,150	–	–	3,150
Unlisted equity securities designated at fair value through profit and loss	–	3,023	45,176	48,199
	3,150	3,023	45,176	51,349
30 June 2018				
Assets				
Listed investments designated at fair value through profit and loss	3,157	–	–	3,157
Unlisted equity securities designated at fair value through profit and loss	–	4,451	136,622	141,073
	3,157	4,451	136,622	144,230

There have been no assets transferred between levels during the year (2018: none).

Level 1 investments consist of financial instruments traded in active markets, and are valued based on quoted market prices at the end of the reporting period.

Level 2 investments consist of unlisted managed investment schemes and derivative financial instruments. Unlisted managed investment schemes are valued based on daily quoted unit redemption prices derived using observable market data. Derivative financial instruments are valued using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

Level 3 investments include unlisted investments held by Link Group, the valuation for which is deemed to have one or more significant inputs which are not based on observable market data.

Significant increases or decreases in future cash flows would increase or decrease, respectively, the fair value of the investments.

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

	2019 $'000	2018 $'000
Reconciliation of movements in level 3 investments		
Opening level 3 investments at the beginning of the financial year	**136,622**	131,340
Acquisitions	**40,299**	5,282
Fair value gain recognised in profit or loss	**177,998**	–
Investments reclassified to equity-accounted investments	**(310,268)**	–
Foreign currency retranslation	**525**	–
Closing level 3 investments at the end of the financial year	**45,176**	136,622

Significant accounting estimate and judgement

Judgement is required in measuring level 3 investments at fair value. All key assumptions applied in fair value measurements were determined using the past experiences of Link Group and management. Where possible, assumptions were validated against external sources of information.

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

	2019		2018[51]	
FAIR VALUE VS CARRYING AMOUNTS	FAIR VALUE $'000	CARRYING AMOUNT $'000	FAIR VALUE $'000	CARRYING AMOUNT $'000
Assets				
Financial assets measured at fair value through profit and loss				
Investments	**51,349**	**51,349**	144,230	144,230
Financial assets measured at amortised cost				
Cash and cash equivalents	**560,176**	**560,176**	265,512	265,512
Trade and other receivables	**244,830**	**244,830**	302,348	302,348
Fund assets	**985,900**	**985,900**	576,016	576,016
	1,842,255	**1,842,255**	1,288,106	1,288,106
Liabilities				
Financial liabilities measured at amortised cost				
Trade and other payables	**350,236**	**350,236**	357,632	357,632
Interest bearing loans and borrowings	**1,153,559**	**1,153,559**	822,437	822,437
Fund liabilities	**985,633**	**985,633**	589,312	589,312
	2,489,428	**2,489,428**	1,769,381	1,769,381

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.

Financial instruments – Recognition/derecognition

A financial instrument is recognised when 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 the 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.

51 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

Measurement

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

Financial assets measured at fair value through profit or loss

Financial instruments at fair value through profit or loss are measured at fair value, with changes recognised in the statement of comprehensive income under "gains or losses on financial assets held at fair value through profit and loss".

Financial assets measured at amortised cost

Other 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 financial assets. Cash and cash equivalents comprise cash balances and call deposits.

Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Any impairment losses are recognised in profit or loss.

21. CONTRIBUTED EQUITY

	2019 $'000	2018 $'000
Issued and paid-up capital		
Balance at the beginning of the year	**1,875,538**	689,372
Equity issued for cash	–	1,184,327
Equity issued under dividend reinvestment plan	**33,569**	27,061
Equity raising costs, net of tax	**33**	(25,222)
Balance at the end of the year	**1,909,140**	1,875,538

	2019 '000	2018 '000
Number of shares issued:		
Balance at the beginning of the year	**529,543**	359,797
Equity issued for cash	–	166,270
Equity issued under dividend reinvestment plan	**4,408**	3,476
Balance at the end of the year	**533,951**	529,543

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.

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.

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

22. RESERVES

CONSOLIDATED	SHARE COMPEN-SATION RESERVE $'000	TREASURY SHARE RESERVE $'000	DISTRI-BUTABLE PROFITS RESERVE $'000	FOREIGN CURREN-CY TRANS-LATION RESERVE $'000	ACQUISI-TION RESERVE $'000	DEFINED BENEFIT RESERVE $'000	PRE-ACQUISI-TION PROFITS PAID RESERVE $'000	TOTAL $'000
Balance at 1 July 2018	8,458	–	132,088	16,370	(8,572)	(1,177)	(129,733)	17,434
Other comprehensive income	–	–	–	20,811	–	(164)	–	20,647
Total comprehensive income for the year	–	–	–	20,811	–	(164)	–	20,647
Transfer from retained earnings to reserves	–	–	96,462	–	–	–	–	96,462
Transactions with shareholders								
Dividends declared from distributable profits reserve	–	–	(114,063)	–	–	–	–	(114,063)
Equity settled share based payments	1,564	769	–	–	–	–	–	2,333
Treasury shares acquired	–	(3,467)	–	–	–	–	–	(3,467)
Non-controlling interest on acquisition of subsidiaries	–	–	–	–	(3,980)	–	–	(3,980)
Balance at 30 June 2019	10,022	(2,698)	114,487	37,181	(12,552)	(1,341)	(129,733)	15,366

CONSOLIDATED	SHARE COMPEN-SATION RESERVE $'000	DISTRI-BUTABLE PROFITS RESERVE $'000	FOREIGN CURREN-CY TRANS-LATION RESERVE [52] $'000	ACQUISI-TION RESERVE $'000	DEFINED BENEFIT RESERVE $'000	PRE-ACQUISI-TION PROFITS PAID RESERVE $'000	TOTAL [52] $'000
Balance at 1 July 2017	4,314	64,157	(6,786)	(8,572)	(1,152)	(129,733)	(77,772)
Other comprehensive income	–	–	23,156	–	(25)	–	23,131
Total comprehensive income for the year	–	–	23,156	–	(25)	–	23,131
Transfer from retained earnings to reserves	–	141,660	–	–	–	–	141,660
Transactions with shareholders							
Dividends declared from distributable profits reserve	–	(73,729)	–	–	–	–	(73,729)
Equity settled share based payments	4,144	–	–	–	–	–	4,144
Balance at 30 June 2018	8,458	132,088	16,370	(8,572)	(1,177)	(129,733)	17,434

52 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

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.

Treasury share reserve

The treasury share reserve comprises the cost of the Company's shares held by Link Group. Treasury shares are carried at cost and held for the purposes of the settling share-based payment arrangements at a future date, refer Note 24. At 30 June 2019, Link Group held 375,000 (2018: Nil) of the Company's shares.

Distributable profits reserve

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

Foreign currency translation reserve

The foreign currency 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 Link Group. Where Link Group hedges foreign currency risk on net investments in foreign subsidiaries, foreign exchange gains/losses on translation of the hedging instrument are recognised in other comprehensive income and accumulated in the foreign currency translation reserve on consolidation.

Acquisition reserve

The acquisition reserve 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 re-measurement 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.

Dividends

	2019 INTERIM	2018 FINAL	2018 INTERIM	2017 FINAL
Dividend cents per share	**8.0**	**13.5**	7.0	8.0
Franking percentage	**100%**	**100%**	100%	100%
Total dividend ($'000)	**42,575**	**71,488**	34,478	39,251
Record date	**25.02.2019**	**23.08.2018**	28.03.2018	21.09.2017
Payment date	**09.04.2019**	**10.10.2018**	30.04.2018	18.10.2017

Dividends are recognised as a liability in the period in which they are declared. The final 2019 dividend has not been declared at the reporting date and therefore is not reflected in the consolidated financial statements.

On 29 August 2019, the Directors declared a final dividend of $66,743,828, which equates to 12.5 cents per share, franked at 100% in respect of the financial year ended 30 June 2019. The record date for determining entitlements to the dividend is 5 September 2019. Payment of the dividend will occur on 10 October 2019.

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

23. RETAINED EARNINGS

	2019 $'000	2018[53] $'000
Retained earnings at the beginning of the financial year	**5,345**	4,999
Cumulative adjustment on transition to AASB 15	**5,094**	–
Restated retained earnings at the beginning of the financial year	**10,439**	4,999
Net profit attributable to equity holders	**318,976**	142,006
Transfer from retained earnings to distributable profits reserve	**(96,462)**	(141,660)
Gain on settlement of equity settled share based payments recognised in retained earnings	**101**	–
Retained earnings at the end of the year	**233,054**	5,345

24. SHARE-BASED PAYMENT ARRANGEMENTS

The fair value of the share based payments is determined at grant/service commencement date and is recognised as an expense, with a corresponding increase in reserves, over the vesting period. The amount expensed is adjusted based on the related service and non-market performance conditions which are expected to be met, resulting in the amount recognised being based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The impact of any changes to the estimates of non-market vesting conditions are adjusted each reporting period to reflect the most current expectation of vesting.

(a) Description of share-based payment arrangements

At 30 June 2019, Link Group had the following shared-based payment arrangements.

Omnibus equity plan

The Omnibus equity plan (OEP) entitles Executive KMPs, Senior Executives and Senior Leaders to receive Performance Share Rights (PSRs) which, subject to the satisfaction of service-based conditions and performance hurdles, will, if vested, allow participants to receive fully paid ordinary shares in the Company. During the financial year and in accordance with the OEP, LTI PSRs were granted to Executive KMPs, Senior Executives and Senior Leaders on 19 November 2018 and 14 January 2019. The PSRs are divided into 2 tranches of 75% and 25% and subject to testing against an operating earnings-per-share (EPS) target and relative total shareholder return (relative TSR) respectively.

Where participants in the OEP do not meet Link Group's minimum shareholding requirement, 50% of that participant's short-term incentive (STI) is mandatorily sacrificed into the OEP and used to acquire PSRs. The STI Deferral PSRs have no vesting conditions but are subject to holding locks and restriction periods whilst the participant continues not to meet the minimum shareholding requirement.

53 Prior period comparative information has been restated following amendments to and completion of provisional acquisition accounting. Refer to Note 25.

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

The terms and conditions of the PSRs granted during the financial year ended 30 June 2019 were as follows.

GRANT DATE/EMPLOYEES ENTITLED	NUMBER OF PSRS GRANTED	VESTING CONDITIONS	CONTRACTUAL LIFE OF PSRS
LTI issued to Executive KMPs, Senior Executives and Senior Leaders on 19 November 2018	843,569	75% against an EPS target and 25% against relative TSR for the three-year performance period commencing 1 July 2018.	Seven years, with last exercise occurring 9 September 2025 (unless the PSRs lapse earlier in accordance with the terms of the invitation).
STI Deferral issued to Senior Executives and Senior Leaders on 19 November 2018	100,604	N/A	N/A
LTI issued to Executive KMPs, Senior Executives and Senior Leaders on 14 January 2019	657,981	75% against an EPS target and 25% against relative TSR for the three-year performance period commencing 1 July 2018.	Seven years, with last exercise occurring 9 September 2025 (unless the PSRs lapse earlier in accordance with the terms of the invitation).
STI Deferral issued to Senior Executives and Senior Leaders on 14 January 2019	10,177	N/A	N/A

The number of PSRs issued to each participant was calculated with reference to the 5-day Volume Weighted Average Price (VWAP) following the release of the 2018 full year results and accounted for at fair value in accordance with accounting standards from grant date.

The expense recognised in the consolidated statement of profit or loss and other comprehensive income in relation to the LTI PSRs during the year ended 30 June 2019 was $1.5 million (2018: $4.1 million).

Broad-based employee share plan

All Australian based qualifying employees of Link Group are entitled to participate in the Tax Exempt Share Plan (Exempt Plan), which gives the employees the right to be issued up to $1,000 worth of fully paid ordinary shares for $nil financial consideration. The Exempt Plan enables qualified employees to receive ordinary shares free of income tax provided conditions in the current Australian tax legislation are satisfied. These shares cannot be sold until the earlier of three years after the date of issue or the time the employee ceases employment with Link Group. The plan operates at the discretion of the Board and is subject to Link Group performance.

The expense recognised in the consolidated statement of profit or loss and other comprehensive income in relation to the Exempt Plan during the year ended 30 June 2019 was $2.2 million (2018: $2.2 million).

CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT (CONTINUED)

(b) Measurement of grant date fair values

Significant accounting estimate and judgement

Judgement is required in determining the fair value of PSRs, which was determined at grant date based upon an independent valuation. The amount expensed is adjusted based on the related service and non-market performance conditions which are expected to be met.

The following inputs were used in the measurement of the fair values at grant date of the LTI PSRs issued during the year ended 30 June 2019:

	19 NOVEMBER 2018	14 JANUARY 2019
Fair value at grant date:		
(i) EPS tranche at grant date	**$6.67**	$5.92
(ii) TSR tranche fair value at grant date	**$4.75**	$3.53
Share price at grant date	**$7.55**	$6.77
Exercise price	**–**	–
Expected volatility (weighted average volatility)	**22.5%**	22.5%
PSR life (expected weighted average life)	**3 years**	3 years
Holding lock discount:		
(i) 1 year	**5%**	5%
(ii) 2 years	**7.5%**	7.5%
Expected dividends	**3.38%**	3.97%
Risk-free interest rate (based on government bonds)	**2.06%**	1.80%

The fair value of services received in return for LTI PSRs is based on the fair value of LTI PSRs granted, measured using a Monte Carlo valuation model. Expected volatility is estimated taking into account historic average share price volatility of the Company and certain other ASX listed companies.

The number of STI Deferral PSRs granted is based on is based on the fair value of the short-term incentive mandatorily sacrificed into the OEP, measured based on the 5-day VWAP following the release of the 2018 full year results.

(c) Reconciliation of performance share rights

The number of performance share rights on issue during the financial year ended 30 June 2018 was as follows:

	2019 NUMBER OF LTI PSRS '000	2018 NUMBER OF LTI PSRS '000	2019 NUMBER OF STI DEFERRAL PSRS '000	2018 NUMBER OF STI DEFERRAL PSRS '000
On issue at beginning of the year	**1,915**	679	**–**	–
Granted during the year	**1,501**	1,248	**111**	–
Lapsed during the year	**(300)**	(12)	**–**	–
Vested during the year	**–**	–	**(105)**	–
On issue at the end of the year	**3,116**	1,915	**6**	–

GROUP STRUCTURE

25. 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.

All business combinations are accounted for by applying the acquisition method. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

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.

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.

Significant accounting estimate and judgement

Judgement is required in measuring the fair value of identifiable assets acquired and liabilities assumed for each acquisition. All key assumptions applied in fair value measurements were determined using the past experiences of Link Group and management. Where possible, assumptions were validated against external sources of information.

Acquisitions

On 2 April 2019, Link Group acquired 100% of FlexFront B.V. and Nationaal Hypotheek Loket B.V., a Banking and Credit Management business based in the Netherlands. The acquisition worth up to €8.7 million ($13.7m), with the initial cash outlay of €6.4 million ($10.1 million) supplemented by a deferred consideration component of €2.3 million ($3.6 million) likely to be settled in October 2019.

On 31 May 2019, Link Group acquired 75% of TSR Darashaw Consultants Private Limited, a share registry business based in India for INR 619.2 million ($12.8 million) following SEBI and National Company Law Tribunal regulatory approvals being granted. The remaining 25% may be acquired by Link Group on 31 May 2021 by way of an option for a minimum price of INR 206.4 million ($4.0 million), adjusted for performance of the acquired business during the interim two-year period. The non-controlling interest has been recognised in equity and the arrangement has been accounted for using the "present access method" given the vendor is in substance entitled to the economic benefit of the 25% ownership interest during the interim two-year period.

Provisional acquisition accounting

The fair values of the following assets and liabilities have been recognised on a provisional basis as at 30 June 2019, whereby the accounting balances for the acquisition may be revised in accordance with AASB 3 *Business Combinations*:

- intangible assets (excluding goodwill), predominantly client relationships, have been determined provisionally pending completion of fair value calculations; and
- the fair value of net identifiable assets acquired may be impacted by the completion of the newly acquired subsidiaries 30 June 2019 financial statement audits and tax returns.

Where new information obtained within one year of the acquisition about the facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, the accounting for the acquisition will be revised.

GROUP STRUCTURE (CONTINUED)

The provisional acquisition accounting has been accounted for in the consolidated financial statements as follows:

	FLEXFRONT & NHL $'000	TSR DARASHAW $'000	TOTAL $'000
Consideration on settlement	10,094	12,825	22,919
Deferred consideration	3,635	–	3,635
Purchase consideration	13,729	12,825	26,554
Less: fair value of net identifiable assets acquired	(4,779)	(2,639)	(7,418)
Non-controlling interest recognised based on proportionate interest in fair value of net identifiable assets acquired	–	660	660
Goodwill	8,950	10,846	19,796
Identifiable assets acquired and liabilities assumed:			
Cash and cash equivalents	270	–	270
Trade and other receivables	995	807	1,802
Other assets	–	91	91
Fund assets	486	–	486
Plant and equipment	303	32	335
Client relationships	2,428	3,369	5,797
Software	1,687	200	1,887
Deferred tax assets	–	250	250
Trade and other payables	(674)	(196)	(870)
Provisions	–	(867)	(867)
Employee entitlements	–	(34)	(34)
Current tax liabilities	(109)	–	(109)
Deferred tax liabilities	(607)	(1,013)	(1,620)
Net assets	4,779	2,639	7,418

Amendment of prior year provisional acquisition accounting

During the year in accordance with AASB 3 *Business Combinations*, Link Group identified new information regarding facts and circumstances that existed at acquisition date that resulted in measurement period adjustments to the provisional acquisition accounting for Link Asset Services as disclosed in Note 23 of Link Group's 2018 Annual Report. Link Group obtained further information in respect of:

- valuation of intangible assets (software and client relationships) has been revised following finalisation of cash flow forecast assumptions and completion of fair value calculations;
- provisions have been revised following receipt of additional information regarding facts and circumstances that existed at the date of acquisition; and
- net identifiable assets acquired has been revised following completion of Link Asset Services subsidiaries' 31 December 2017 financial statement audits and tax returns.

GROUP STRUCTURE (CONTINUED)

Link Group notes that the measurement period for the Link Asset Services acquisition accounting is now complete.[1]

	LINK ASSET SERVICES $'000
Goodwill recognised under provisional acquisition accounting	1,117,275
Measurement period adjustments:	
Trade and other receivables	(44)
Current tax assets	664
Client relationships	(2,829)
Software	4,688
Deferred tax assets	(5,727)
Trade and other payables	211
Provisions	1,447
Deferred tax liabilities	3,955
Increase to goodwill	2,365
Goodwill restated following completion of measurement period	1,119,640

26. CONTROLLED ENTITIES

SUBSIDIARIES	COUNTRY OF INCORPORATION	% OWNERSHIP INTEREST CONSOLIDATED 2019	% OWNERSHIP INTEREST CONSOLIDATED 2018
Australia and New Zealand			
Link Administration Pty Limited	Australia	100	100
Link Digital Solutions Pty Limited	Australia	100	100
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 Plans Pty Limited	Australia	100	100
Orient Capital Pty Limited	Australia	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
Link Group Technology Pty Limited (formerly 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

GROUP STRUCTURE (CONTINUED)

SUBSIDIARIES	COUNTRY OF INCORPORATION	% OWNERSHIP INTEREST CONSOLIDATED 2019	% OWNERSHIP INTEREST CONSOLIDATED 2018
The Australian Superannuation Group (WA) Pty Ltd	Australia	**100**	100
Link DigiCom Pty Limited	Australia	**100**	100
Link Business Services Pty Ltd	Australia	**100**	100
Link Administration Services Pty Limited	Australia	**100**	100
Link Advice Pty Limited	Australia	**100**	100
Link Super Pty Limited	Australia	**100**	100
P.S.I 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 Holdings 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 Administration Support Services Pty Limited	Australia	**100**	100
Superpartners Pty Limited	Australia	**100**	100
Link Administration Resource Services Pty Limited	Australia	**100**	100
Link Fund Solutions Pty Limited	Australia	**100**	100
Adviser Network Pty Limited	Australia	**100**	100
Link Land Registry Services Pty Limited	Australia	**100**	100
Link Property Holdings Pty Limited (Previously Link Land Registries Holdings Pty Limited)	Australia	**100**	100
WO Nominees A/C Non Taxable Pty Limited	Australia	**100**	100
WO Nominees A/C Company Pty Limited	Australia	**100**	100
WO Nominees A/C Fund Pty Limited	Australia	**100**	100
Link Administration Holdings Employee Share Trust [54]	Australia	**–**	–
Link Market Services (New Zealand) Limited	New Zealand	**100**	100
Pacific Custodians (New Zealand) Limited	New Zealand	**100**	100
United Kingdom and Channel Islands			
Link Market Services (EMEA) Limited	United Kingdom	**100**	100
Link EMEA Service Company Limited (incorporated 15 March 2019)	United Kingdom	**100**	–
D.F. King Ltd	United Kingdom	**100**	100
Orient Capital Limited	United Kingdom	**100**	100
Link Group Corporate Director Limited	United Kingdom	**100**	100
Link Group Corporate Director 2 Limited (dissolved 25 September 2018)	United Kingdom	**–**	100
Link Group Corporate Secretary Limited	United Kingdom	**100**	100
Asset Checker Limited	United Kingdom	**50**	50

54 Link Group has determined it controls the employee share trust that administers its share based payment arrangements (refer Note 24), despite having no ownership interest in the entity.

GROUP STRUCTURE (CONTINUED)

SUBSIDIARIES	COUNTRY OF INCORPORATION	% OWNERSHIP INTEREST CONSOLIDATED 2019	% OWNERSHIP INTEREST CONSOLIDATED 2018
Crown Northcorp Limited	United Kingdom	**100**	100
Jessop Fund Managers Limited	United Kingdom	**100**	100
LFI (Nominees) Limited	United Kingdom	**100**	100
Link Alternative Fund Administrators Limited	United Kingdom	**100**	100
Link Asset Services (Holdings) Limited	United Kingdom	**100**	100
Link Asset Services (London) Limited	United Kingdom	**100**	100
Link Asset Services (UK) Limited	United Kingdom	**100**	100
Link Company Matters Limited	United Kingdom	**100**	100
Link Financial Group Limited	United Kingdom	**100**	100
Link Financial Investments Limited	United Kingdom	**100**	100
Link Fund Administrators Limited	United Kingdom	**100**	100
Link Fund Solutions Limited	United Kingdom	**100**	100
Link Market Services Limited	United Kingdom	**100**	100
Link Market Services Trustees (Nominees) Limited	United Kingdom	**100**	100
Link Market Services Trustees Limited	United Kingdom	**100**	100
Link Mortgage Services Limited	United Kingdom	**100**	100
Link Share Plan Services Limited	United Kingdom	**100**	100
Link Treasury Services Limited	United Kingdom	**100**	100
Northern Registrars Limited	United Kingdom	**100**	100
Personal Pension Management Ltd	United Kingdom	**100**	100
Rooftop Mortgages Limited	United Kingdom	**100**	100
Sinclair Henderson Fund Administration Limited	United Kingdom	**100**	100
Stentiford Close Registrars Limited	United Kingdom	**100**	100
Whale Rock Accounting Limited	United Kingdom	**100**	100
Whale Rock Company Secretariat Limited	United Kingdom	**100**	100
Whale Rock Directors Limited	United Kingdom	**100**	100
Whale Rock Secretaries Limited	United Kingdom	**100**	100
Financial Administrators (Guernsey) Limited	Guernsey	**100**	100
Link Market Services (Guernsey) Limited	Guernsey	**100**	100
Link Nominees 1 Limited	Guernsey	**100**	100
Link Nominees 2 Limited	Guernsey	**100**	100
Link Market Services (Jersey) Limited	Jersey	**100**	100
Europe			
Link Market Services GmbH	Germany	**100**	100
Link Market Services (Frankfurt) GmbH	Germany	**100**	100
Link Asset Services GmbH	Germany	**100**	100
Link ASI Limited	Ireland	**100**	100
Link CTI Limited	Ireland	**100**	100
Link Fund Administrators (Ireland) Ltd	Ireland	**100**	100

GROUP STRUCTURE (CONTINUED)

SUBSIDIARIES	COUNTRY OF INCORPORATION	% OWNERSHIP INTEREST CONSOLIDATED 2019	% OWNERSHIP INTEREST CONSOLIDATED 2018
Link Fund Manager Solutions (Ireland) Limited	Ireland	**100**	100
Link IRG (BC) Limited	Ireland	**100**	100
Link Registrars Limited	Ireland	**100**	100
Link Asset Services B.V.	Netherlands	**100**	100
Link Fund Solutions (Luxembourg) S.A. (incorporated 6 August 2018)	Luxembourg	**100**	–
Link Market Services (Isle of Man) Limited	Isle of Man	**100**	100
Link Asset Services (Netherlands) B.V (formerly Novalink B.V.)	Netherlands	**100**	100
FlexFront B.V. (acquired 2 April 2019)	Netherlands	**100**	–
Nationaal Hypotheek Loket B.V. (acquired 2 April 2019)	Netherlands	**100**	–
Other countries			
Link Investor Services Pty Limited	South Africa	**74.9**	74.9
Link Market Services South Africa (Pty) Limited	South Africa	**74.9**	74.9
Pacific Custodians (Nominees) (RF) Pty Limited	South Africa	**74.9**	74.9
Link Intime India Private Limited	India	**100**	100
Sharex Dynamic (India) Pvt Ltd	India	**100**	100
TSR Darashaw Consultants Private Limited (acquired 31 May 2019)	India	**75**	–
PNG Registries Pty Limited	Papua New Guinea	**100**	100
Link Market Services (Hong Kong) Pty Limited	Hong Kong	**100**	100
Link Asset Services Pte Limited (dissolved 6 May 2019)	Singapore	**–**	100
Disposed upon sale of Corporate & Private Client Services			
Link (LLRP) Trustee Limited	United Kingdom	**–**	100
Link ASOP Limited	United Kingdom	**–**	100
Link ATL Pension Trustees Limited	United Kingdom	**–**	100
Link Consortium Nominees No. 1 Limited	United Kingdom	**–**	100
Link Consortium Nominees No. 2 Limited	United Kingdom	**–**	100
Link Consortium Nominees No. 3 Limited	United Kingdom	**–**	100
Link Corporate Services Limited	United Kingdom	**–**	100
Link Corporate Trustees (UK) Limited	United Kingdom	**–**	100
Link KWS Limited	United Kingdom	**–**	100
Link Pension Secretariat Limited	United Kingdom	**–**	100
Link Pension Trustee Company (1997) Limited	United Kingdom	**–**	100
Link Pension Trustees Limited	United Kingdom	**–**	100
Link Trust Corporate Limited	United Kingdom	**–**	100
Link Trust Nominees No. 1 Limited	United Kingdom	**–**	100
Link Trust Nominees No. 2 Limited	United Kingdom	**–**	100
Link Trust Secretaries Limited	United Kingdom	**–**	100

GROUP STRUCTURE (CONTINUED)

SUBSIDIARIES	COUNTRY OF INCORPORATION	% OWNERSHIP INTEREST CONSOLIDATED 2019	% OWNERSHIP INTEREST CONSOLIDATED 2018
Pacific Quay Nominees No. 1 Limited	United Kingdom	–	100
Pacific Quay Trustees No. 1 Limited	United Kingdom	–	100
Royal Exchange Trust Company Limited	United Kingdom	–	100
Royal Exchange Trustee Nominees Limited	United Kingdom	–	100
Throgmorton Nominees LLP	United Kingdom	–	100
Throgmorton Secretaries LLP	United Kingdom	–	100
Throgmorton UK (No.2) Limited	United Kingdom	–	100
Throgmorton UK Limited	United Kingdom	–	100
White City Property Nominee Limited	United Kingdom	–	100
White City Property Trustees Limited	United Kingdom	–	100
Link Alternative Fund Services (Guernsey) Limited	Guernsey	–	100
Braltrust Limited	Jersey	–	100
Forbrit Corporate Director 1 Limited	Jersey	–	100
Forbrit Corporate Director 2 Limited	Jersey	–	100
Forbrit Corporate Director 3 Limited	Jersey	–	100
Forbrit Corporate Director 4 Limited	Jersey	–	100
Forbrit Trustees Limited	Jersey	–	100
Link Alternative Fund Services (Jersey) Limited	Jersey	–	100
Link Asset Services (Jersey) Limited	Jersey	–	100
Link Corporate Services (Jersey) Limited	Jersey	–	100
Link EP Limited	Jersey	–	100
Link Foundations Services Limited	Jersey	–	100
Link Nominee Services 2 Limited	Jersey	–	100
Link Nominee Services 3 Limited	Jersey	–	100
Link Nominee Services Limited	Jersey	–	100
Link Secretaries Limited	Jersey	–	100
Link Treasury Services (Jersey) Limited	Jersey	–	100
Link Trustee Services (Jersey) Limited	Jersey	–	100
Link Trustees (Jersey) Limited	Jersey	–	100
Seaton Trustee Services Ltd	Jersey	–	100
Seaton Trustees Limited	Jersey	–	100
Buri Leasing Limited	Jersey	–	100
Link IFS Limited	Ireland	–	100
Link TSI Limited	Ireland	–	100
Link Corporate Services (Schweiz) GmbH	Switzerland	–	100
Link Hungary Corporate Services LLC	Hungary	–	100
Immo Guillaume Schneider S.A.	Luxembourg	–	100
Link Corporate Services (Luxembourg) S.A.	Luxembourg	–	100
Link Corporate Services S.A.	Luxembourg	–	100
P.A.L. Management Services Sarl	Luxembourg	–	100
Link Administrative Services B.V.	Netherlands	–	100
Link Corporate Services B.V.	Netherlands	–	100
Link Corporate Services Group B.V.	Netherlands	–	100
NHS Corporate and Fiduciary Services B.V.	Netherlands	–	100
NHS Outsourcing B.V.	Netherlands	–	100

GROUP STRUCTURE (CONTINUED)

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.

Disposal of subsidiaries

On 28 June 2019, Link Group completed the sale of the majority of its Corporate & Private Client Services business (CPCS), part of the Link Asset Services (LAS) reportable segment, to global fund administrator Apex Group Ltd (Apex) for a cash free, debt free consideration of £240.0 million ($433.6 million). The list of subsidiaries over which Link Group lost control due to the transaction is included in the table above.

The results of the disposed businesses are included in Link Group's consolidated statement of profit or loss and other comprehensive income up until the date of loss of control, 28 June 2019. On the date of loss of control, Link Group derecognised the assets and liabilities of the disposed businesses and recognised a profit before tax on disposal of $105.4 million in accordance with AASB 10 *Consolidated Financial Statements*.

27. EQUITY-ACCOUNTED INVESTMENTS

Equity accounted investments are those over which Link Group has significant influence, but not control. Set out below are the equity-accounted investments of Link Group as at 30 June 2019.

EQUITY-ACCOUNTED INVESTMENTS	PLACE OF BUSINESS	% OWNERSHIP INTEREST 2019	% OWNERSHIP INTEREST 2018	2019 $'000	2018[55] $'000
LMC BidCo Pty Ltd (PEXA)	Australia	**44.2**	19.8	**702,613**	–

On 16 January 2019, a consortium comprising Link Group, Commonwealth Bank of Australia and Morgan Stanley Infrastructure Inc. (LMC BidCo Pty Ltd, "LMC BidCo") acquired 100% of the issued capital in Property Exchange Australia Limited (PEXA) via trade sale. The transaction took Link Group's total ownership of PEXA from 19.8% to 44.2%. The fair value of Link Group's equity-accounted investment following the transaction was $715.1 million, a combination of $404.8 million cash paid on settlement and the fair value of Link Group's existing investment in PEXA, exchanged for shares in LMC BidCo. Prior to the transaction, Link Group's investment in PEXA was measured at fair value through profit and loss, refer Note 20. Link Group has assessed it has significant influence over LMC BidCo, and the investment has been equity-accounted from 16 January 2019 in accordance with AASB 128 *Investments in Associates and Joint Ventures*.

55 As at 30 June 2018, the carrying value of Link Group's investment in PEXA was measured at fair value through profit and loss. Refer to Note 20.

GROUP STRUCTURE (CONTINUED)

Summarised financial information for equity-accounted investments

The following table summarises the financial information of LMC Bidco (PEXA's Parent) as included in its own consolidated financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of Link Group's interest in LMC Bidco. The information for 2019 includes the results of LMC Bidco only for the period from 16 January 2019 to 30 June 2019, the period for which LMC Bidco was classified as an associate of Link Group.

PEXA SUMMARY BALANCE SHEET AS AT 30 JUNE 2019	2019 $'000
Cash and cash equivalents	42,444
Other current assets	13,512
Non-current assets	1,693,177
Current liabilities	(29,949)
Non-current liabilities	(128,754)
Net Assets (100%)	1,590,430
Link Group's share of net assets (44.2%)	702,611
Elimination of unrealised downstream transactions	2
Carrying value of equity-accounted investment	702,613

PEXA SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 16 JANUARY 2019 TO 30 JUNE 2019	2019 $'000
Revenue	54,199
Depreciation expense	(280)
Intangibles amortisation expense – non-acquisition related	399
Intangibles amortisation expense –acquisition related	(25,568)
Finance income	1,373
Income tax benefit	(4,412)
Profit/(loss) for the period	(28,202)
Other comprehensive income for the period	–
Total comprehensive income for the period	(28,202)
Link Group's share of comprehensive income (44.2%)	(12,459)
Elimination of unrealised downstream transactions	2
Link Group's share of comprehensive income	(12,457)

Reconciliation of movements in carrying values

	2019 $'000
Opening value as 1 July 2018	–
Acquisition	715,070
Share of loss of equity-accounted investees, net of tax	(12,457)
Share of other comprehensive income	–
Less dividends/distributions received	–
Closing value as at 30 June 2019	702,613

GROUP STRUCTURE (CONTINUED)

28. PARENT ENTITY DISCLOSURES

In accordance with the *Corporations Act 2001*, these consolidated financial statements present the results of the consolidated entity only.

As at, and throughout, the financial year ended 30 June 2019 the ultimate parent entity of Link Group was Link Administration Holdings Limited.

	2019 $'000	2018 $'000
Result of parent entity		
Profit for the year	**96,462**	141,660
Other comprehensive income	**–**	–
Total comprehensive income for the year	**96,462**	141,660
Financial position of parent entity at year end		
Current assets	**4,013**	686
Total assets	**1,972,716**	1,975,789
Current liabilities	**7,962**	28,700
Total liabilities	**7,962**	28,700
Total equity of the parent entity comprising of:		
Contributed equity	**1,909,140**	1,875,538
Share compensation reserve	**10,022**	8,458
Distributable profits reserve	**114,487**	132,088
Accumulated losses	**(68,895)**	(68,995)
Total equity	**1,964,754**	1,947,089

The parent entity has a deficiency in net current assets of $3.9 million, primarily due to the $7.9 million provision for income tax it carries as head of the Link Administration Holdings tax consolidated group, the current tax liability is funded by other members of the tax consolidated group, shown as inter-company receivables in non-current assets. Link Group has $507.7 million net current assets and $560.2 million cash and cash equivalents as at 30 June 2019.

Other than those disclosed in Note 19, the parent entity has no contingent liabilities, contractual commitments or guarantees with third parties as at 30 June 2019 (2018: none).

OTHER DISCLOSURES

29. RELATED PARTIES

Key Management Personnel compensation

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

	2019 $	2018 $
Short term employee benefits	**5,496,608**	7,496,905
Post-employment benefits	**206,922**	196,397
Other long term benefits	**127,478**	114,778
Share based payments	**298,680**	1,672,708
Termination benefits	**625,585**	–
	6,755,273	9,480,788

30. AUDITOR'S REMUNERATION

	2019 $	2018 $
Audit of the financial statements		
Auditor of the Company – KPMG Australia	**1,028,536**	971,753
Other network firms – KPMG international	**1,319,995**	1,237,427
Audit related services		
Auditor of the Company – KPMG Australia	**576,606**	734,914
Other network firms – KPMG international	**292,443**	80,619
Other services		
Auditor of the Company – KPMG Australia	**256,385**	6,783
Other network firms – KPMG international	**52,241**	240,932
	3,526,206	3,272,428

"Other services" includes accounting and other services provided during the financial year.

Auditor's remuneration relating to entities acquired in a business combination during the financial year is disclosed only in respect of the period those entities were controlled by Link Group.

31. COMMITMENTS

	2019 $'000	2018 $'000
Non-cancellable operating lease commitments		
Operating lease rentals are payable as follows:		
Not later than one year	**42,338**	45,267
Later than one year but not later than five years	**157,378**	162,151
More than five years	**160,026**	145,195
	359,742	352,613

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.

OTHER DISCLOSURES (CONTINUED)

32. SUBSEQUENT EVENTS

On 21 August 2019, Link Group made an ASX announcement that it had entered into a new administration contract with Retail Employees Superannuation Pty Limited (Rest) for a period of 3 years and 8 months, commencing on 1 September 2019.

On 26 August 2019, Link Group repaid $194 million of its AUD non-amortising loan facility and on 27 August 2019, Link Group repaid £118 million of its GBP non-amortising loan facility.

On 29 August 2019, Link Group announced its intention to undertake an on-market buy-back of up to 53,395,062 shares (being approximately up to 10% of Link Group's issued ordinary shares). Link Group reserves the right to vary, suspend or terminate the buy-back at any time.

Other than the matters described above, in the opinion of the Directors, 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.

33. 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 2019 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 intend to adopt these standards early.

AASB 16 *Leases*

AASB 16 *Leases* removes the distinction between operating and finance leases for lessees and will require nearly all leases to be accounted for as both an asset and liability on the statement of financial position. There is also 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.

For contracts in which it is the lessee, Link Group will recognise right-of-use assets and lease liabilities for its operating leases of office premises (see Note 31). The nature of expenses related to those leases will also change, as Link Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, Link Group recognised operating lease expense on a straight-line basis over the term of the lease.

No significant impact is expected for Link Group's finance leases.

For contracts in which it is the lessor, Link Group will reassess the classification of sub-leases. Based on the information currently available, Link Group expects that it will reclassify one sub-lease as a finance lease, resulting in recognition of a lease receivable.

Link Group has applied AASB 16 initially on 1 July 2019, using the full retrospective approach. Assessment of the potential impact of the application of AASB 16 on Link Group's financial statements is well progressed, and Link Group expects to recognise the following balances on initial application on 1 July 2019:

- Right-of-use assets of approximately $155 million. These relate predominantly to premises leases;
- Lease liabilities of approximately $228 million. Link Group estimates $38 million lease liabilities will be classified as current;
- The significant difference between the right-of-use asset and lease liabilities on transition arises due to:
  - $37 million of lease fit-out incentives received by Link Group in the past, for which Link Group has already recognised an asset in plant and equipment (Note 14); and
  - $24 million of lease equalisation liabilities recognised during rent-free periods, generally at the beginning of Link Group's premises leases;
- The impact on opening retained earnings at 1 July 2019 is not expected to be significant.

04 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 88 to 141 and the Remuneration Report on pages 61 to 84 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 2019 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 been 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 2019.
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.

Michael Carapiet
Chair

John McMurtrie
Managing Director

Dated 29 August 2019 at Sydney.

KPMG

Independent Auditor's Report

To the shareholders of Link Administration Holdings Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Link Administration Holdings Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of ***Link Group's*** financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Link Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of Link Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of goodwill
- Revenue
- Profit on disposal of subsidiary
- Equity accounted investments

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill ($1,563.2m)

Refer to Note 15 to the Financial Report

The key audit matter	**How the matter was addressed in our audit**

Link Group's annual testing of goodwill for impairment is a Key Audit Matter due to:
• the size of the goodwill balance (being 32% of total assets); and
• the forward-looking assumptions Link Group applied in its value in use models, including:
    • forecast cash flows, growth rates and terminal growth rates which are impacted by duration, renewal and key terms of major client contracts and competitive market conditions. Estimating the projected cash flow forecast into the future is inherently subjective and susceptible to differences in outcome. Link Group also operates across different geographies with varying market pressures which increases the risk of inaccurate forecast; and
    • discount rates, which are subjective in nature and vary according to the specific conditions and environment of Cash Generating Units (CGUs).
The disposal of the Corporate & Private Clients Services (CPCS) business required us to consider the continuing validity of Link Group's determination of CGUs, based on the smallest group of assets to generate largely independent cash inflows.
	Our procedures included:
	• Considering the appropriateness of the value in use method applied by Link Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards;
	• Assessing the integrity of the value in use models used, including the accuracy of the underlying calculations;
	• Assessing Link Group's determination of its CGUs. We analysed how independent cash inflows of Link Group were generated, against the requirements of the accounting standards;
	• Analysing the significant disposal during the year and Link Group's internal reporting to assess the consistency of the allocation of goodwill to CGUs and business units within;
	• Assessing the historical accuracy of Link Group's forecasts by comparing to actual results, to use in our evaluation of forecasts incorporated in the value in use model;
	• Assessing the consistency of the forecast cash flows assumptions, including analysis of major client contracts incorporated into the forecasts, for alignment to Link Group's 2020 budget and our inquiries with Link Group;

KPMG

We also considered Link Group's allocation of goodwill to the CGUs to which they belong, including the value of goodwill allocated to CPCS and disposed of on 28th June 2019, based on Link Group's management and monitoring of the business. We involved valuation specialists to supplement our senior audit team members in assessing this Key Audit Matter.	• Performing sensitivity analysis of key assumptions, in particular discount rates, forecast growth rates and terminal growth rates, to identify those assumptions at a higher risk of bias or inconsistency in application; • Working with our valuation specialists we used our knowledge of Link Group and its industry to independently develop a discount rate range considered comparable using publicly available market data for comparable entities; and • Assessing the disclosures in the financial report using our understanding of the information obtained from our testing and against the requirements of the accounting standards.

Revenue ($1,403.5m)

Refer to Note 5 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Revenue is a Key Audit Matter due to: • its significance to Link Group's results; and • the significant audit effort required as a result of the various streams of revenue derived from diverse services and products offered to customers. This includes revenue earned in multiple geographical locations under the Link Asset Services CGU. Link Group generates revenue across its four business units from a variety of services and products offerings. Significant revenue streams include fees from the: • provision of administration services to superannuation funds; • provision of services to corporates; • loan origination, servicing and debt work-out services to lenders and investors; • provision of authorised fund management, administration and transfer agency services to asset managers and investment funds; and • services and products offered via Link Group's technology hub.	Our procedures included: • Obtaining an understanding of processes and testing key controls for significant revenue streams across the four business units. This included walking through the process with Link Group's respective business and finance teams to check our understanding of the procedures and related controls; • Testing of Link Group's controls for the review and manual approval of key calculations and invoices for significant revenue streams; • Developing an expectation for contract based revenue for the significant revenue streams and comparing this with the recorded contract revenue for the current year. We based this on prior year contract revenue and average fee changes sourced from a sample of signed customer contracts. We adjusted our expectation for changes in member numbers throughout the year, which were checked to customer invoices;

KPMG

	• Using statistical sampling for other revenue streams and checking Link Group's recorded revenue to customer invoices, signed customer contracts and bank statements; and • Selecting a sample of invoices across the various revenue streams raised prior, to and post, year end. We checked the timing of revenue recorded against the details of the service description on the invoice.
Profit on disposal of subsidiary ($105.4m)	
Refer to Note 26 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The gain on disposal of LAS's Corporate & Private Clients Services (CPCS) business unit is a key audit matter due to: • the significance of the gain on sale to Link Group's results; and • the significant audit effort required to test disposal accounting at 28 June 2019.	Our procedures included: • Assessing if the purchase consideration received by management has been recognised in accordance with the terms of the binding agreement; • Obtaining an understanding of the process for identifying net assets sold during the disposal. This included walking through the process with Link Group's respective business and finance teams to check our understanding of the approach and procedures adopted; • Evaluating management's approach to identifying the net asset value of the CPCS business. This involved checking the goodwill and identifiable intangible asset values to the finalised Link Asset Services acquisition accounting; and • Testing the integrity and accuracy of the profit on disposal calculation through recalculation.

KPMG

Equity accounted investments ($702.6m)	
Refer to Note 27 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The valuation of Link Group's equity accounted investment in LMC BidCo Pty Ltd (PEXA) is a key audit matter for Link Group due to: • the size of the equity accounted investments balance (being 14% of total assets); • the significance to the users of the gain on fair value recognised during the period; and • the complexities associated with transitioning from the measurement and recognition requirements of AASB 9 *Financial Instruments* to those of AASB 128 *Investments in Associates and Joint Ventures.* The process involved a change in classification from an investment held at fair value through profit or loss to equity accounted investments, requiring Link Group to determine: • the gain or loss associated with changes in fair value of unlisted equity investments at 31 December 2018, with consideration for the impending acquisition and transition to equity accounting; and • the fair value of equity accounted investments at 30 June 2019.	Our procedures included: • Reading the Share Purchase Agreement and related key acquisition transaction documents to understand key terms and conditions of the acquisition; • Evaluating the fair value gain recognised at the half year ended 31 December 2018 for consistency with the requirements of AASB 9 *Financial Instruments*; • Assessing the post-acquisition outcomes against the criteria of control and significant influence as defined within AASB 128 *Investments in Associates and Joint Ventures*; • Evaluating the purchase consideration against the accounting standards, including the de-recognition of the pre-existing investment held at fair value through profit or loss; • Reviewing the valuation report prepared by LMC BidCo Pty Ltd's management expert to check the key assumptions and methodology applied were appropriate; and • Engaging the external auditor of LMC BidCo to perform full scope audit procedures over the entity's consolidated trial balance as at and for the period 16 January 2019 to 30 June 2019.

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Other Information

Other Information is financial and non-financial information in Link Group's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing Link Group's and the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate Link Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Link Administration Holdings Limited for the year ended 30 June 2019, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included on pages 61 to 84 of the Directors' report for the year ended 30 June 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Andrew Yates
Partner

Brendan Twining
Partner

Sydney
29 August 2019

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 21 August 2019.

DISTRIBUTION OF SHAREHOLDERS

	ORDINARY SHARES	
RANGE	NO. OF HOLDERS	SECURITIES
100,001 and Over	118	430,383,951
10,001 to 100,000	1,932	44,088,885
5,001 to 10,000	3,264	24,295,335
1,001 to 5,000	11,862	31,321,589
1 to 1,000 [1]	6,983	3,860,860
Total	**24,159**	**533,950,620**

1 455 shareholders hold less than a marketable parcel of shares at a share price value of $4.88 (closing price on ASX on 21 August 2019).

There are no other classes of quoted equity securities on issue.

TOP TWENTY SHAREHOLDERS (UNGROUPED)

NAME	NUMBER OF ORDINARY SHARES	%
HSBC Custody Nominees (Australia) Limited	126,029,626	23.60
J P Morgan Nominees Australia Limited	112,535,498	21.08
National Nominees Limited	44,895,699	8.41
Citicorp Nominees Pty Limited	35,404,355	6.63
BNP Paribas Nominees Pty Ltd	14,227,488	2.66
BNP Paribas Noms Pty Ltd	9,321,680	1.75
Boston & Baxter Pty Limited	8,274,750	1.55
HSBC Custody Nominees (Australia) Limited	6,334,929	1.19
Custodial Services Limited	5,500,430	1.03
Citicorp Nominees Pty Limited	5,360,137	1.00
John Menzies McMurtrie	5,302,687	0.99
BNP Paribas Nominees Pty Ltd	3,731,547	0.70
Avanteos Investments Limited	3,439,243	0.64
Warbont Nominees Pty Ltd	3,268,235	0.61
Australian Foundation Investment Company Limited	3,200,000	0.60
William John Hawkins	3,039,643	0.57
UBS Nominees Pty Ltd	2,500,793	0.47
Netwealth Investments Limited	1,660,004	0.31
Australian United Investment Company Limited	1,500,000	0.28
Avanteos Investments Limited	1,486,494	0.28
Total	**397,013,238**	**74.35**
Balance of register	**136,937,382**	**25.65**
Grand total	**533,950,620**	**100.00**

Additional Shareholder Information

SUBSTANTIAL SHAREHOLDERS

NAME	NUMBER OF SHARES	% OF INTEREST	DATE OF LAST SUBSTANTIAL SHAREHOLDER NOTIFICATION
AustralianSuper Pty Ltd	38,676,899	7.27%	19 March 2019
The Vanguard Group Inc.	26,623,536	5.003%	5 April 2019

ON-MARKET BUY BACK

On 29 August 2019, Link Group announced its intention to undertake an on-market buy-back of up to 53,395,062 shares (being approximately up to 10% of Link Group's issued ordinary shares). Link Group reserves the right to vary, suspend or terminate the buy-back at any time.

VOTING RIGHTS

Each holder of ordinary shares is entitled to one vote per share (on a poll) or one vote (on a show of hands) at shareholder meetings.

UNQUOTED EQUITY SECURITIES

Link Administration Holdings Limited has 3,122,234 unquoted equity securities issued under an employee incentive scheme.

SECURITIES SUBJECT TO VOLUNTARY ESCROW

	NUMBER OF SECURITIES* SUBJECT TO ESCROW	PERIOD ESCROW ENDS
Management	600,000	29 June 2020

* The securities subject to voluntary escrow are ordinary shares.

SECURITIES PURCHASED ON-MARKET

During FY2019, a total of 763,763 ordinary shares were acquired on-market for the purposes of Link Group employee equity plans and the average price per share purchased was $7.25.

STOCK EXCHANGE LISTING

Link Administration Holdings Limited securities are only listed on the ASX under the symbol LNK.

ANNUAL GENERAL MEETING

Link Administration Holdings Limited 2019 Annual General Meeting will be held on Friday, 15 November 2019.

Three-Year Summary

FINANCIAL PERFORMANCE	FY2019	FY2018	FY2017
Revenue	**1,403.5**	1,198.4	780.0
Operating EBITDA	**356.1**	335.3	219.0
Operating EBITDA margins %	**25.4%**	28.0%	28.1%
Profit before tax ($m)	**417.5**	191.5	123.5
NPAT (statutory)	**320.2**	143.6	85.2
NPATA	**376.6**	176.1	101.7
Operating NPATA	**201.5**	206.7	123.8
Other Financial Performance Information			
Recurring Revenue %	**80%**	80%	90%
Revenue ANZ %	**51.1%**	60.4%	91.7%
Revenue Rest of World %	**48.9%**	39.6%	8.3%
% of Gross Revenue Fund Administration	**33.6%**	39.7%	57.6%
% of Gross Revenue Corporate Markets	**13.6%**	15.2%	20.3%
% of Gross Revenue Technology & Innovation	**15.8%**	16.4%	22.1%
% of Gross Revenue Link Asset Services	**37.0%**	28.7%	–
Financial position ($m)			
Assets	**4,915.8**	3,937.8	1,233.9
Liabilities	**2,755.0**	2,037.5	616.6
Net assets	**2,160.8**	1,900.4	617.4
Net (debt)/cash	**(593.4)**	(556.9)	(295.0)
Total Equity	**2,160.8**	1,900.4	617.4
Share information			
Market capitalisation ($m)	**2,670**	3,882	2,842
Ordinary shares at period end (million shares)	**534.0**	529.5	359.8
Dividends per share (cents per share)	**20.5**	20.5	14.0
– Interim	**8.0**	7.0	6.0
– Final	**12.5**	13.5	8.0
Total dividends ($m)	**109.3**	106.0	60.8
Dividend franking %	**100.0%**	100.0%	64.5%
Share price — 30 June closing price ($)	**5.00**	7.33	7.90
Ratios			
Dividend payout ratio (Dividends/NPATA)	**29.0%**	60.2%	59.8%
Net operating free cashflow conversion %	**75.2%**	75.7%	82.0%
Net debt/Operating EBITDA	**1.85**	1.52	1.35
Operational metrics			
Total FTE (period end)	**6,709**	7,506	4,133

Corporate Information

AUSTRALIAN COMPANY NUMBER

120 964 098

COMPANY SECRETARIES

Emma Lawler
Janine Rolfe

REGISTERED OFFICE AND PRINCIPAL ADMINISTRATIVE OFFICE (Link Group's register of securities is held at the Registered Office)

Address:

Level 12, 680 George Street Sydney NSW 2000
Australia

Telephone Number:

+61 2 8280 7100

Web:

www.linkgroup.com

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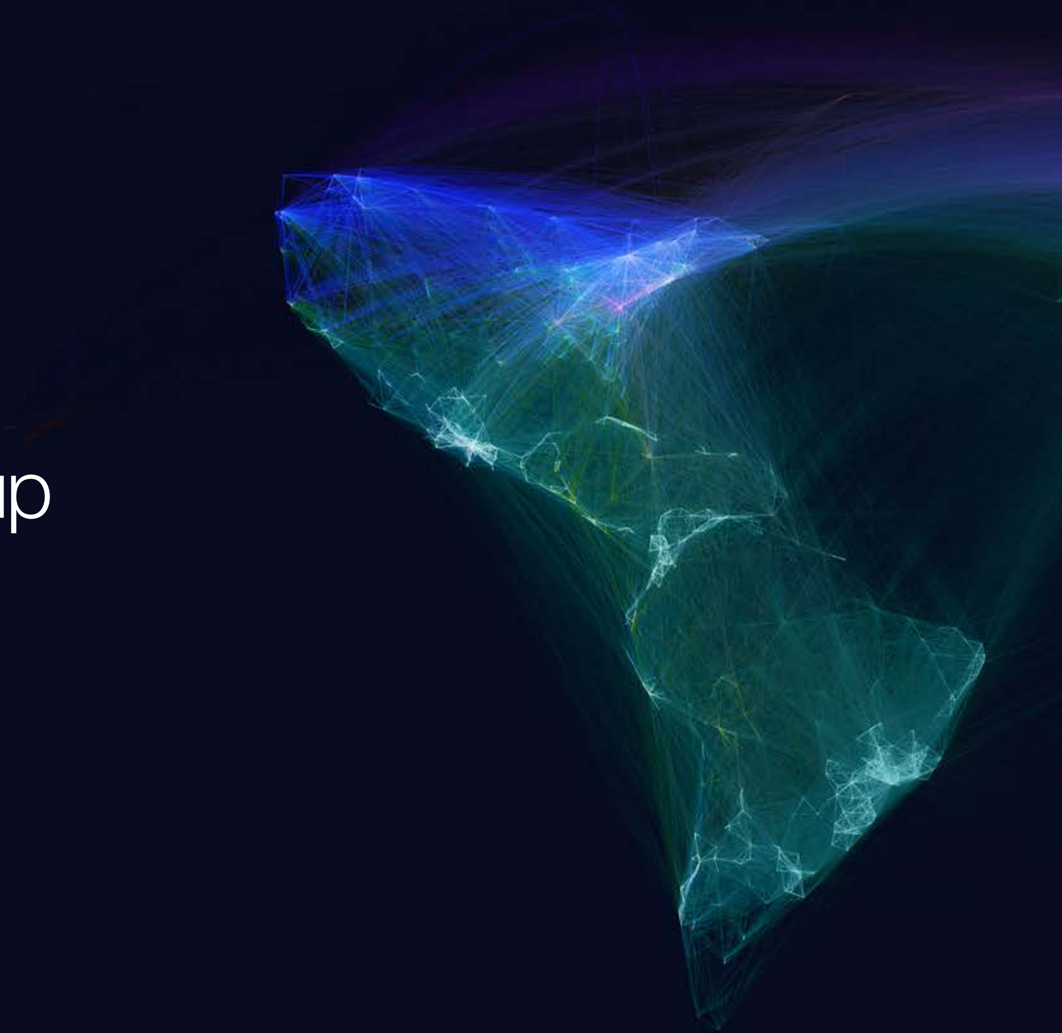

LINK Group

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Australia
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Link Administration Holdings Ltd
ABN 27 120 964 098