ASX Limited 2008 Annual Report

ASX Limited (ASX) was created by the merger of the Australian Stock Exchange and SFE Corporation, holding company for the Sydney Futures Exchange, in July 2006.

ASX operates under the brand name Australian Securities Exchange and is one of the world's top-10 listed exchange groups measured by market capitalisation.

ASX spans the primary markets for corporate control and capital formation, and the secondary markets for capital allocation, price discovery and risk transfer. It functions as a market operator, supervisor, central counterparty clearer and payments system facilitator. It promotes good corporate governance among Australia's listed companies and helps educate retail investors.

The diverse domestic and international customer base of ASX includes issuers of a variety of listed securities (such as corporations and trusts), investment and trading banks, fund managers, hedge funds, commodity trading advisers, proprietary and retail traders, and retail investors.

Underpinning ASX's activities as a market operator is the quality of its supervision. This is critical to market confidence and the maintenance of fair, orderly and transparent markets. ASX's commitment to market integrity is deeper than the fulfilment of a licence obligation – it is integral to ASX's commercial success too. The long-term sustainability of ASX as a market operator is inextricably linked to operating markets of maximum integrity.

Confidence in the integrity of ASX markets and clearing and settlement facilities is reinforced by the supervisory activities of its wholly-owned subsidiary, ASX Markets Supervision (ASXMS), and by the regulatory oversight of the Australian Securities and Investments Commission (ASIC) and the Reserve Bank of Australia (RBA). ASIC also supervises ASX's own compliance as a public company with the ASX listing rules.

More information on ASX – the Australian Securities Exchange – can be found at: www.asx.com.au

Who We Are

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This is my last shareholder report after a decade as Chairman of the listed ASX. I would like to thank you for the extraordinary privilege of serving as the chair of this leading global exchange group. I have been fortunate during my tenure to have been supported by strong and collegiate boards, and by three talented chief executives. Each brought a style and experience to match the challenges of the times, taking the company to new and important milestones. Above all, reporting to all three CEOs has been a team of professional and dedicated people who have risen to every occasion and never shirked difficult assignments or circumstances.

It has been an outstanding decade for Australian capital markets, and for ASX, aided by mainly healthy economic conditions and significant government reforms to corporate law and administrative arrangements. Financial year 2008 (FY08) was another good year for ASX, despite the difficult global market environment.

In FY08 we were presented with issues arising from the knock-on effects of the sub-prime mortgage crisis in the United States and from the public consultation on the potential introduction of competitors for the trading of ASX-listed securities. These events have been used by some to question whether ASX has been adequately discharging its supervisory responsibilities to operate fair, orderly and transparent markets, and whether we ought to continue to be a supervisor at all if alternative market operators start. Others have alleged that ASX does not adequately manage conflicts of interest by tolerating unacceptable market behaviour to increase short-term revenues. These are claims that fail to stand-up to even a cursory examination of the facts, as evidenced by ASIC's formal assessments of ASX's licence compliance.

It should be remembered that the sharp decline in asset prices during FY08 was a global phenomenon following a long bull market. It was driven by a sudden and unprecedented repricing of risk in response to a specific mortgage market issue in the US. The unpredictable shock exposed some Australian businesses with significant leverage, including a small number of our market Participants.

As later sections of this Report show, resources devoted to supervision have increased substantially and all day-to-day supervisory decision-making is made independently of ASX's commercial operation. ASX has led the way among exchanges on managing the perceived conflict between its commercial operation and supervisory responsibilities, with the establishment of ASX Supervisory Review (in 2000) and then ASXMS (in July 2006), now chaired by a former ASIC Chairman, Alan Cameron.

ASX has continued to play a leading role in addressing gaps in Australia's regulatory framework by working closely with government, ASIC and the market on topics like short selling, director margin loans and corporate governance reporting. Moreover, ASX's commitment to market integrity via the reliability of its operations and its role as a supervisor is intrinsically tied to its commercial viability. We won't experience the latter without also ensuring the former.

ASX already engages with competition on a daily basis, competing with the over-the-counter (OTC) markets for trading and with foreign exchanges for listings. It makes us a stronger organisation. It is not anti-competitive to stress that the possible granting of licences for alternate trading platforms raises significant public policy issues. In the larger US and European markets there is increasing concern that the reduction in (already low) exchange fees, brought by competition, has been offset by the costs associated with the fragmentation of liquidity. New entrants in Australia should not be allowed to selectively compete in some areas and free-ride on ASX in others. The benefit to end users is opaque and policy deliberation needs to take account of agency costs and systemic risks.

Australia's equity markets are globally competitive now. Transaction cost analysis from international authorities, such as Elkins-McSherry and GCSC Information Services, shows that Australia rates highly on a range of cited measures. ASX markets also compare very well on the level of capital raising, growth in trading activity and depth of market liquidity. This is not least because of ASX's integrated model which provides operating efficiencies that are shared between users and shareholders. We believe we have a superior structure that will continue to generate growth opportunities and benefits for our shareholders, customers and other stakeholders.

FY08 saw a decline in the ASX share price, in common with most of the global financial sector, after we outperformed many of our global exchange peers and local financial sector stocks in FY07. The underlying performance of the company has remained strong, however, despite the profound shift in equity and credit market confidence.

I look forward to expanding on some of these issues and saying farewell more formally at the AGM in September. At that time I will also pass the chair of ASX to David Gonski. Given David's demonstrated leadership qualities, I am confident that ASX will continue to prosper well into the future.

Maurice L Newman AC *Chairman*

ASX recorded strong financial performance for the year ending 30 June 2008 (FY08). Net profit after tax of $365.9 million was up 16.9% on a pro-forma basis over the prior comparable period. Maintaining a 90% payout ratio, dividends rose to 192.4 cents per share, 17.5% up on the ordinary dividends paid for the previous financial year (FY07). Notwithstanding this level of financial performance, FY08 was a demanding year for ASX's supervisory, operational and risk management functions, given the turbulent overseas and domestic financial market conditions.

Profit growth slowed during the second half of FY08, in keeping with a volatile period for global financial markets endeavouring to adjust to tighter liquidity conditions as a consequence of credit market dislocation. These pressures were mirrored in a nervous Australian equity market and a more short-dated time horizon in the Australian money and fixed income markets, as access to capital became a higher priority than the cost of funds; although funding conditions improved in the fourth quarter of FY08.

Superannuation and discretionary managed funds posted the first performance losses since FY03. Domestic inflation emerged as a key policy challenge for the Government and the RBA during the early months of the second half of FY08. This was reflected in expenditure control and 'surplus as a percentage of GDP' settings in the May (2008) Federal Budget. Inflationary forces were fuelled by very high commodity prices for oil and food, and by skills shortages associated with a 33-year low in unemployment in an economy continuing to benefit from an ongoing resources boom and strong terms of trade, albeit one experiencing a significant slowing in many other sectors.

Regulatory framework matters were brought into focus early in the second half of FY08 by the prevalence of margin lending arrangements (including some entered into by a number of company directors) across a wide range of single stock positions. These were exposed by sharply lower equity market values from January 2008 onwards. This was particularly the case for a wide range of global and domestic financial sector stocks (including exchanges), which were heavily sold off internationally in response to capital write-downs from some major foreign banks and ratings downgrades for a number of monoline insurers.

Initial listing activity reduced sharply during the second half, consistent with tighter domestic credit conditions and a substantial lowering in business confidence index levels. The substantial fall in initial public offerings mirrored the trend in many other well-developed exchange markets around the world. Trade execution volumes continued to grow in the cash equities market, while the value of traded turnover was up a modest 2% during the second half, consistent with an 16.9% decline in the value of the All Ordinaries between December 2007 and the end of June 2008. Accordingly, average value per trade fell, as did 'crossing' turnover, highlighting the efficiency of the central market and the enhancement of its value proposition to market users in terms of trade growth absorption capacity.

Futures market volumes were up a modest 3% over FY07, despite strong growth in the SPI 200® index futures contract. An absence of domestic medium-term debt issuance and the broader de-leveraging process impacted on the use of interest rate futures contracts for hedging purposes. 'Local' (proprietary) trading volume declines in market share precipitated by higher underlying interest rate market volatility in contract expiry quarters, also contributed to the modest growth in the futures market.

Fixed income depository holdings grew healthily year-on-year but with a different instrument mix than prior years. This was attributable to a virtual drying up of medium-term fixed income and mortgage-backed securities issuance, as a consequence of the spillover effect of the US sub-prime crisis on the Australian asset securitisation market.

The Chief Financial Officer's (CFO) Report from page 8 provides detailed insight into the group's financial performance for FY08.

While market sentiment for FY08 was very difficult by comparison with earlier periods, it should not be overlooked that two years on from the creation of the integrated Australian Securities Exchange, revenues have risen a healthy 36% and cash operating expenses are 19% lower (as the following table shows). Importantly, the expense reduction is net of an increase in resources for ASX's supervision activities over the two-year period, which will continue to grow in FY09.

	JUNE 06 $M	JUNE 08 $M
Operating Revenues	450.4	614.7
Operating Expenses	168.8	136.7
EBITDA	**281.6**	**478.0**
Depreciation and Amortisation	14.5	15.9
EBIT	**267.1**	**462.1**
Net Interest and Dividend Income	38.1	57.1
Profit Before Tax	**305.2**	**519.2**
Tax	(90.2)	(153.3)
Profit After Tax	**215.0**	**365.9**

As importantly, trade execution fee rebates are higher over the two-year period, thereby lowering average (equity) trade execution fees, and annual listing fees have not increased despite an almost 30% uplift in human resources for our market supervision activities since the merger. These are noteworthy financial achievements but they do not do justice to the importance of the ASX/SFE merger from a national interest perspective, given the Government's policy aspirations to develop Australia's regional status as a financial services hub and centre of excellence.

Integration of the operational and technology environments of both exchanges was completed during the second half of FY08, with no material disruption to user service levels. Availability and performance of core applications across the company announcements, trade execution, risk management, clearing and settlement systems were not impacted by these integration processes, despite record trade execution, risk transfer and corporate actions associated with volatile market conditions.

High profile domestic market events involving a small number of financially distressed ASX (and non-ASX) Participant firms during the third quarter of FY08 required intensive investigation, monitoring and supervisory coordination with various regulatory agencies and with government. Notwithstanding that their distress emanated from OTC stock and margin lending activities outside of ASX's supervisory ambit, there were disruptive downstream consequences for ASX's supervisory, operational and risk management functions. Pressures on ASX supervisory and operational staff, in particular, to maintain service levels, respond to market events and regulators, and manage a growing project workload were substantial during FY08. Despite some poorly informed commentary in the media to the contrary, ASX's staff have performed extremely well and their effort and professionalism is to be commended.

ASX's commitment to supervision, via the ASXMS subsidiary, has continued to match changing market conditions. Over the last 12 months the full-time equivalent headcount in ASXMS has risen from 84 staff (at 30 June 2007) to more than 100 by the end of June 2008. We have also invested heavily in technology, with new systems or upgrades in the areas of surveillance, compliance monitoring and data analysis, all of which will improve our supervisory speed and effectiveness. Where regulatory gaps have appeared, we've sought to assist in closing them, whether by identifying the definitional ambiguity in the Corporations Law around short selling, or by providing extra guidance to the market about the disclosure requirements of margin loans held by company directors. As market volatility increased we asked Participants to provide more frequent capital adequacy statements, and as more resources companies listed we stepped up our nationwide program of raising awareness of the Joint Ore Reserves Committee (JORC) Code. Referrals to ASIC for detailed investigation of potential market misconduct were at record levels during the second half of FY08, albeit there will be a customary lag before any enforcement actions gain visibility. Further detail on ASX's supervisory role and efforts are contained on pages 24 to 30 of this Annual Report.

In April 2008 ASX implemented a capacity upgrade to its equities trading platform to stay ahead of the anticipated trade execution growth curve. A further, more substantial capacity upgrade to the equities platform is scheduled for the second half of FY09. This project will also deliver additional trade matching functionality, to follow on from the introduction (in November 2008) of a co-location hosting initiative aimed at further reducing order execution latency to accommodate high frequency trading activity. Migration to the next generation of ASX's futures platform is currently at a planning and specification stage, with a view to implementation in FY10. In the meantime, a network and host capacity upgrade for the current platform is scheduled for the second quarter of FY09. As referenced earlier, ASX continues to invest in upgrades to its supervisory and surveillance systems to keep pace with market growth and volatility.

These technology and business initiatives, coinciding with the substantive refurbishment of ASX's Exchange Centre premises in Sydney, will lift the group's capital expenditure over the next two years. ASX is continuing to invest in its infrastructure and people to meet market needs, deliver its projects and better serve the demands of Australia's financial economy.

Over the next 12 months, in addition to expanding its offshore customer acquisition activities, ASX expects to deliver additional exchange-traded funds listings, as well as coal, natural gas, New Zealand electricity, renewable energy derivatives and (in FY10) emission permit futures contract listings to supplement an existing suite of electricity futures and options contracts in the energy space. We are also planning on listing a second generation of contracts-for-difference (CFD) products to augment the ASX-listed CFD platform introduced last November. The new listing initiative targeted at attracting unlisted funds and structured products onto the exchange's platforms is awaiting regulatory approval from ASIC and the relevant Minister. We anticipate a launch in the first half of FY09.

ASX plans to extend its support for the mid-cap sector through a program of investor events in the US, Europe and Asia, supplemented by the introduction (in conjunction with S&P) of a new benchmark mid-cap index. ASX also expects to enhance its attractiveness as a secondary listing venue for foreign exempt companies (which are primary listed on a major exchange within a developed market) via Australian index eligibility with effect from September 2008.

In March 2008 ASX published a policy roadmap for access arrangements to its equity clearing and settlement infrastructure. In the same month, futures market clearing guarantee funds were nearly doubled to $400 million, commensurate with the adoption of a more contemporised stress test regime for the benchmark SPI 200® index futures contract. Minimum capital requirements for equity market clearing Participants are also being increased to support growing cash and equity derivative market trade volumes and risk profiles. The new intermediate holding company for ASX's central counterparty subsidiaries (ASX Clearing Corporation) is preparing to approach the US private placement market and the Australian market for debt. This is partly aimed at further strengthening the capital and liquidity resources of the group's central counterparty subsidiaries.

The mooted 'mutual recognition' of securities regulation arrangements by Australia and the US, which emerged from the Prime Minister's visit to Washington in April 2008, bodes well for stimulating already strong capital flows between the two countries. This initiative has the potential to further stimulate secondary market trading and add to liquidity in markets operated by ASX, particularly for small to medium-sized Australian listed companies, in much the same way as the Government's reduction in withholding tax rates, which took effect in July 2008, will boost Australia's regional competitiveness. In the same vein, Australia joining the ranks of Hong Kong, Singapore, Japan and the UK as jurisdictions which enjoy 'qualified domestic institutional investor' (QDII) status with the Chinese banking and securities regulatory commissions is also a noteworthy public policy achievement by the Government, as mainland Chinese investors look to diversify their asset allocation to foreign securities markets.

On the domestic regulatory front, proposed legislative amendment in the area of improving reporting transparency of short selling of equity securities and an RBA review of equities settlement practices were welcome initiatives. These were partly in response to intensive dialogue between ASX, ASIC, RBA and Treasury during the year, in the wake of the turbulent state of financial markets globally. The Government's May 2008 commitment to modest incremental issuance of Commonwealth Government Securities to support the operation of the treasury bond futures market, served as a timely reminder of the importance of that market to the efficiency of the transparent interest rate risk transfer mechanism operated by ASX, on which the banking system and funds management sector heavily rely.

Also in May 2008, ASX posted on its website clarification of its role and responsibilities as a market operator and clearing and settlement facility provider within Australia's overall market supervision and regulatory framework. This was a necessary reference point to better inform market and media commentary during the second half of FY08. Much of that commentary was predicated on the false belief that ASX's operating rules extend into the realm of OTC stock lending activity, or to requiring investors to report their covered short selling activity over which ASX has no enforcement authority, since it is not a party to contractual arrangements between brokers and their clients.

There has also been considerable commentary on the issue of whether or not the Government will grant new licences to aspiring operators of alternative execution platforms to trade ASX-listed securities. This, however, has lacked a focus on trying to understand the complexity of changes to the regulatory framework that would be needed to facilitate competition for market services. The commentary has underestimated the public policy significance of such changes, both in terms of the implications for market users of the costs of liquidity fragmentation, and the risks of supervisory and clearing and settlement complexities. At a time of ongoing turmoil in global financial markets, the Government's careful deliberation on these matters has been warranted.

Meanwhile, ASX continues to contribute to the committees of the World Federation of Exchanges and the International Organisation of Securities Commissions (IOSCO) via its regulatory policy unit, which benchmarks ASX's operating rules with other developed exchange markets. Having argued the case for legislative change to improve 'covered' short selling reporting, the regulatory policy unit is currently developing rule changes to enable the listing of non-voting shares (following a consultation process from December 2007 to February 2008) and measures to enhance the transparency of management agreements (following a consultation process in June and July 2007). These changes are subject to regulatory approval.

In April 2008 ASX assumed the chairmanship of CCP12, an association of the world's major clearing organisations dedicated to information sharing and harmonisation of risk management practices across those organisations. In September 2008 (in Sydney) ASX will host an international forum of senior regulators and market supervisors from around the world looking at governance, benchmarking and harmonisation practices, as well as other forms of cross border cooperation. Eric Mayne, ASX's Chief Supervision Officer, will chair that forum.

Looking beyond cooperation, the pace of consolidation in the exchange sector slowed a little during the second half of FY08 from its prior year trend. While exchange price/earnings ratios (P/E) generally fell sharply in keeping with the global sell-off in financial sector stocks, P/E relativities of the exchange groups themselves have not materially changed. It is therefore reasonable to expect that the forces driving consolidation in the sector will continue unabated, once a higher level of confidence is restored in the health of the global financial system. The long-term significance of Asian time zone financial economies is likely to continue to grow in the consciousness of the US and European capital markets (and their exchanges), as the geography of global savings and commodity trading shifts towards the Asian region.

ASX continues to evaluate those consolidation forces in addition to developing its organic growth options. It remains well positioned to leverage its scale and contribution in the interests of all its stakeholders as a multi-asset class exchange group, in an attractive financial market and real economy in the Asian time zone. Australia's national interest is inextricably linked to the health, efficiency and attractiveness of ASX relative to its regional and global peers, given ASX is the operator of the core trading, clearing and settlement infrastructure of the Australian financial system. This is particularly so if the Government's financial services aspirations for Australia are to be met.

Summary and Outlook

The August 08 and February 09 reporting seasons are likely to provide the first real insight into the extent to which inflationary pressures and the more difficult financial environment of the past 12 months, are impacting generally on corporate earnings and, specifically, on loan delinquency trends in the banking sector.

While ASX's performance for FY09 will be linked to the duration of ongoing instability in global credit markets and the outlook for domestic economic growth and interest rate volatility, two years on from the merger of Australia's equity and derivatives market infrastructure, the breadth and diversity of ASX's activities translate into a resilient business model and franchise, with a demonstrable track record. While global credit markets continue to search for renewed confidence and risk appetite, and several developed economies (including Australia's) adjust to inflationary pressures and slowing economic growth, the outlook for ASX's FY09 performance is one of cautious optimism.

This ought not to be interpreted with regard to the outlook for market sentiment over the next year, which could easily remain subdued and pessimistic. Such cautious optimism is based on the fact that ASX itself continues to invest, to innovate and maintain strong all-round performance – operationally, financially, as a supervisor, a central counterparty for risk transfer, and as a wholesale payments system provider.

The appointment of a former ASIC Chairman, Alan Cameron, to the chair of ASXMS in August 2008 and the ascendancy of David Gonski to the chair of the parent ASX Limited in September 2008, also signal ASX's commitment to its own governance arrangements, beyond its chairmanship of the ASX Corporate Governance Council. Both appointments will stand ASX and its stakeholders in good stead for many years to come.

Robert G Elstone *Managing Director and CEO*

CONSOLIDATED PRO-FORMA INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007	2006
	$'000	**$'000**	**$'000**
REVENUE			
Listings	120,211	117,553	84,796
Cash Market	188,800	155,838	119,905
Derivatives	166,859	154,727	138,464
Information Services	68,003	61,399	44,820
Technology Infrastructure	27,663	23,496	21,175
Austraclear Services	21,870	20,489	18,132
Other Revenue	21,305	19,200	23,095
Operating Revenue	**614,711**	**552,702**	**450,387**
EXPENSES			
Staff Expenses	77,914	75,205	92,855
Occupancy Expenses	12,682	16,048	19,901
Equipment Expenses	23,292	25,546	26,367
Administration Expenses	17,250	17,387	25,803
Variable Expenses	5,547	4,585	3,824
Cash Operating Expenses	**136,685**	**138,771**	**168,750**
EBITDA	478,026	413,931	281,637
Depreciation and Amortisation	15,913	14,990	14,586
EBIT	462,113	398,941	267,051
Interest Income	27,707	22,907	24,760
Net Interest on Participant Balances	24,561	17,658	10,716
Dividend Revenue	4,852	3,150	2,700
Interest and Dividend Income	**57,120**	**43,715**	**38,176**
Normal Profit Before Income Tax	**519,233**	**442,656**	**305,227**
Income Tax Expense	(153,284)	(129,510)	(90,199)
Normal Profit After Income Tax	**365,949**	**313,146**	**215,028**
Less Significant Items After Tax	–	(22,846)	(5,200)
Add SFE Net Loss (1 to 11 July 2006)	–	2,592	–
Less SFE Net Profit (12 months to 30 June 2006)	–	–	(74,325)
Statutory Net Profit After Tax as Reported	**365,949**	**292,892**	**135,503**

The consolidated pro-forma income statement on page 8 sets out the results for the ASX group for the past three years, to reflect the performance of the combined business in the year preceding the merger between ASX and SFE and the two subsequent years. The pro-forma income statement is based on results for ASX and SFE combined for the entire period. The ASX/SFE merger was effective from 11 July 2006. The pro-forma income statement is not audited, but is based upon underlying externally audited accounts. A reconciliation between the pro-forma and statutory income statements has been provided.

The following commentary is based on the pro-forma income statement and, unless otherwise stated, analysis of the year ending 30 June 2008 (FY08) is based on a comparison to the prior comparable period (pcp) being the year ended 30 June 2007 (FY07). Where results for the past five years are provided to highlight trends, the data has also been based on pro-forma combined ASX/SFE figures.

There have been no significant changes in the group's accounting policies during the year. There have been some minor changes to classifications within revenue items that are described in the detail of this report.

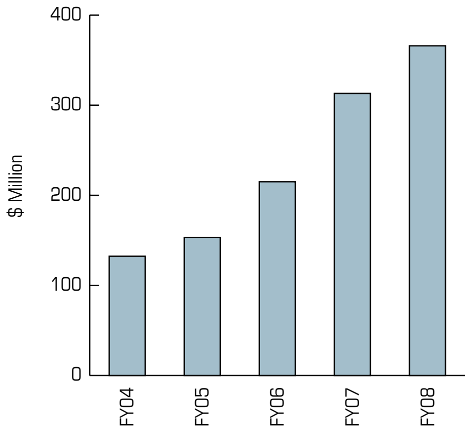
FY08 Results Highlights

During the year, the group's performance included the following highlights with all comparisons to the pcp:

- normal profit after tax of $365.9 million, up 16.9%
- normal earnings per share (EPS) of 214.0 cents per share (cps), up 14.0%
- operating revenue excluding interest and dividends of $614.7 million, up 11.2%
- cash operating expenses of $136.7 million, down 1.5%
- total dividends for FY08 of 192.4 cps, up 17.5%.

The chart below shows the group's Net Profit After Tax (NPAT) for the past five years on a pro-forma basis.

NPAT



Normal Profit – Up 16.9%

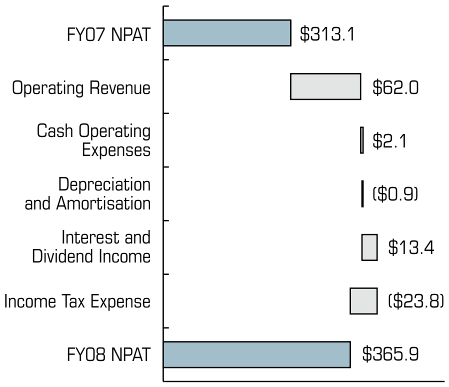
Group normal profit after tax for FY08 was $365.9 million ($313.1 million pcp).

FY08 was characterised by strong market activity in both equities and derivatives in the first half (1H08), and lower activity levels across most activity lines in the second half (2H08) of the year. Despite the marked slowdown in 2H08 the group achieved strong growth in annual earnings with all revenue lines increasing on the pcp and lower overall cash operating expenses.

The group's profitability in 2H08 of $178.5 million was 4.7% lower than in 1H08, due to a much reduced level of capital raising activity and more subdued trade execution values. Despite these trends, the profitability of 2H08 compared to the pcp (ie 2H07) was 2.7% higher, emphasising the resilience and diversity of the ASX business model.

The NPAT represents a 13.3% return on equity (ROE) (12.7% pcp) based on average capital in FY08. The graph below shows the growth in NPAT from FY07 to FY08 by major category.

NPAT Highlights FY08 ($Million)



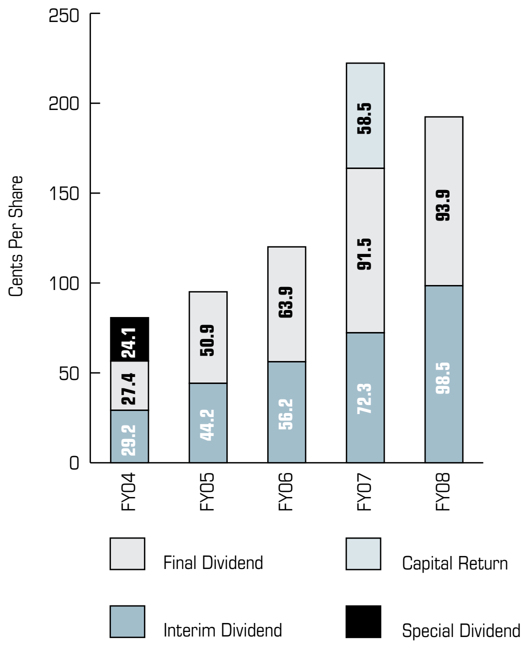
Normal Earnings Per Share – Up 14.0%

Normal earnings per share of 214.0 cps (187.7 cps pcp) was achieved in FY08 based on 170,998,984 weighted average ordinary shares on issue.

Final Dividend – Up 2.6%

A fully franked final dividend of 93.9 cps (91.5 cps pcp) has been declared, payable on 17 September 2008. This dividend represents payment of 90% of normal profit after tax in accordance with ASX's dividend policy. The annual growth rate in dividends, excluding a capital return and special dividend over the past five years, is 35.8%. Cash returns to shareholders over the same five-year period are shown in the following graph.

Cash Returns to Shareholders

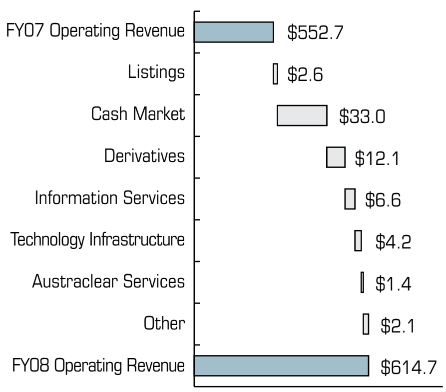


Operating Revenue – Up 11.2%

Total operating revenue (excluding interest and dividend revenue) in FY08 was $614.7 million ($552.7 million pcp). All revenue lines increased on pcp. Second half revenue of $300.0 million was up 2.4% on the pcp despite the significant slowdown in growth rates of all major revenue lines.

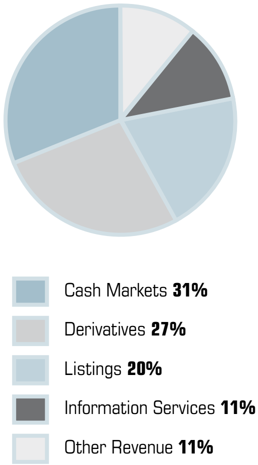
The information below depicts the revenue growth by major type from FY07 to FY08.

Revenue Highlights FY08 ($Million)

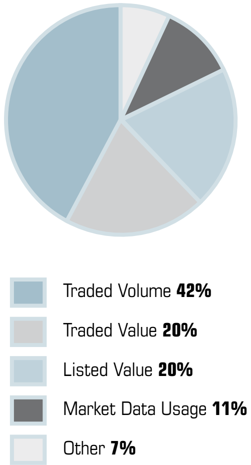


The following pie graphs provide a breakdown of operating revenue by category and key drivers for FY08. These breakdowns are very similar to the prior year.

Operating Revenue by Category



Operating Revenue by Business Driver

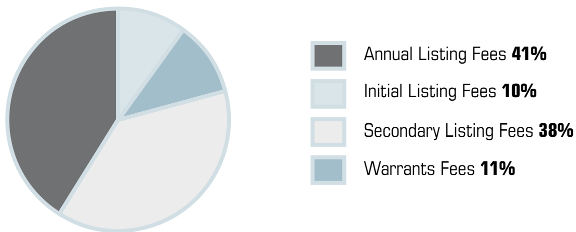


Detailed transaction statistics and key business drivers data are available on pages 21 to 23.

Listings – Up 2.3%

Total revenue from listings services in FY08 was $120.2 million ($117.6 million pcp). Listings revenue was impacted by the substantially lower number of new company listings during 2H08.

Listings Revenue FY08

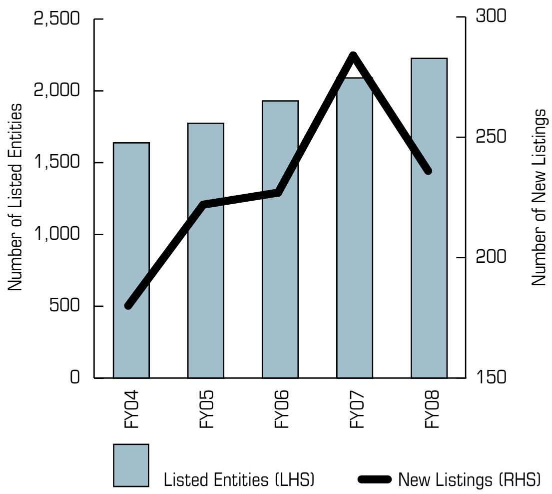


Annual listing fees of $49.3 million were earned in FY08 ($42.9 million pcp) accounting for 41.0% of listings revenue. During FY08, total domestic market capitalisation decreased from $1.6 trillion to $1.3 trillion at 30 June 2008. The number of listed entities at 30 June 2008 was 2,226, a 6.5% increase on the 2,090 at 30 June 2007. Annual listing fees for FY09 have already been billed based on end May 2008 market capitalisation and total $46.7 million, down 2.6% on the corresponding billing last year. In addition, new annual listing fees will be earned from new listings in FY09 on a pro-rata basis.

In FY08 $11.9 million was earned from initial listing fees ($19.8 million pcp). During FY08 there were 236 new listings compared to 284 in FY07. The amount of initial capital raised in FY08 was $11.2 billion, down 43.1% on the $19.7 billion raised in FY07. This decline is attributable to a significant slowdown in listings in 2H08 with only 59 new listings in the period compared to 137 in the pcp.

The chart below shows new listings and total listed entities over the past five years.

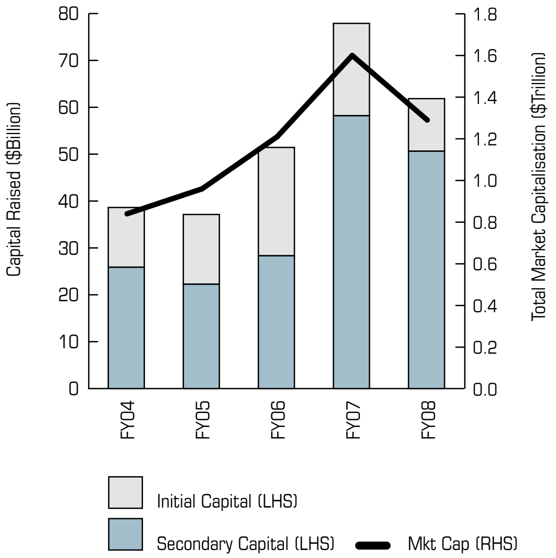
Listed Entities



Secondary listing fees (which include subsequent capital raisings and dividend re-investment plan [DRP] issues) were $46.1 million in FY08 ($45.1 million pcp). Secondary capital raised amounted to $50.6 billion in FY08, down 13.0% on the $58.2 billion raised in FY07. Overall capital raised masks significant geographic variation, with secondary capital raised in Western Australia, largely through the vibrant resource and energy sector, having risen by 69% over the pcp while all other states experienced declines.

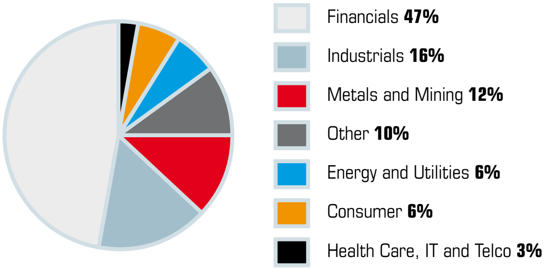
The chart below shows total capital raisings and market capitalisation over the past five years.

Capital Raising and Market Capitalisation

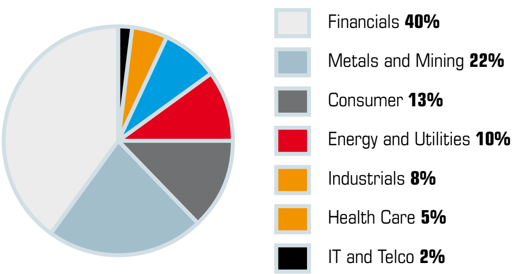


The value of initial and secondary capital raised in FY08 by industry sector is depicted as a percentage in the graphs below.

Initial Capital Raising by Industry Sector



Secondary Capital Raising by Industry Sector



The following table shows the quantum of initial and secondary capital raised by size of transaction in FY08.

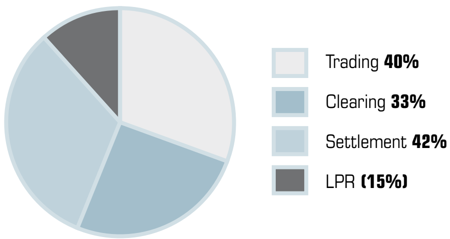
Value of Capital Raised	Initial Capital Raised FY08 $M	Secondary Capital Raised FY08 $M
Less than $10 million	570	5,300
$10 million to $50 million	1,412	8,592
$50 million to $100 million	1,099	6,462
$100 million to $500 million	4,817	14,173
Over $500 million	3,308	16,115
Total	**11,206**	**50,642**

Warrants and other fees of $12.9 million were earned in FY08 ($9.8 million pcp). During FY08, 7,177 new warrants were listed, up 22.2% on the 5,873 warrants listed in FY07. Warrants turnover value was $11.2 billion in FY08, a new record reflecting an increase of 14.0% on FY07.

Cash Market – Up 21.2%

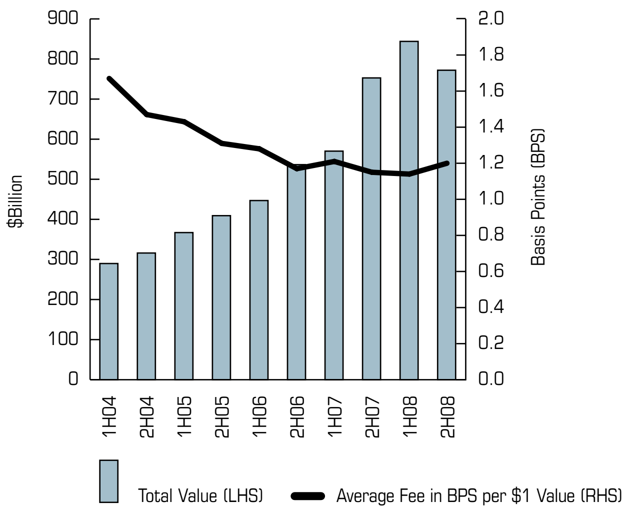
Total cash market revenue (net of rebates) for FY08 was $188.8 million ($155.8 million pcp). Cash market revenue includes revenue from the trading, clearing and settlement of equities, warrants and interest rate securities. Of the net cash market revenue, gross trading accounted for 40%, gross clearing 33% and gross settlement 42%, whilst 15% of revenue was rebated to Large Participant Rebate (LPR) qualifying Participants. Gross trading revenue (ie prior to LPR) from crossed trades was $8.9 million in FY08. Settlement revenue comprised 64% from trade settlement transactions payable by Participants and 36% from fees billed to listed entities relating to statements and other activity charges.

Cash Market Revenue

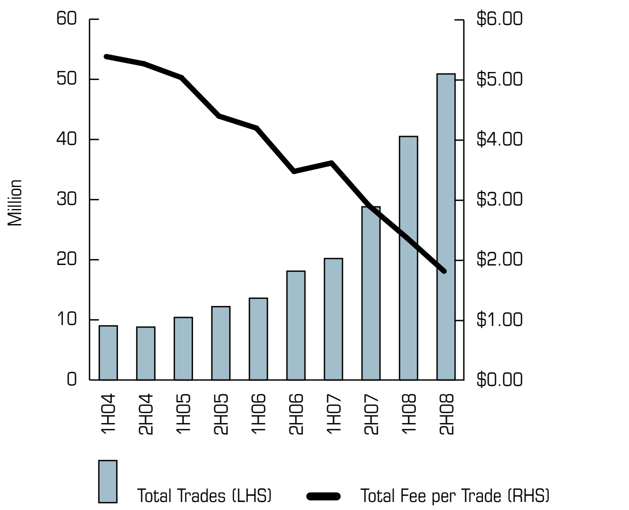


In FY08 the total value traded was $1,615.8 billion, up 22% on the $1,323.8 billion in FY07, and the daily average traded value was $6.39 billion, also up 22% on the $5.25 billion in FY07. The total number of trades in FY08 was 91.3 million, up 87% on the 48.9 million trades in FY07, and the daily average traded volume was 360,988, up 86% on the 194,198 in FY07. The higher growth in traded volume compared to the growth in traded value resulted in the average value of each trade in FY08 reducing to $17,692 compared to $27,050 in FY07, reflecting an increase in direct market access and algorithmic trading. The percentage of value traded transacted as crossings also declined from 32% to 27%. The graphs below show cash market value and volume traded, and average fees (trading, clearing and settlement) over the past five years.

Cash Market Value



Cash Market Trades



The above graphs show that the difference between volume and value traded growth was particularly marked in 2H08. Volumes grew at 77% over pcp (ie 2H07) while value traded grew by only 2%. The strength in volume growth continues to drive ASX investment in capacity (see Capital Expenditure on page 18), while lower traded value growth particularly impacts gross trading and clearing revenues, albeit the impact is cushioned through the operation of the rebate mechanism.

Record rebates of $28.2 million were paid in FY08 from the LPR scheme compared to $24.5 million paid in FY07. The average cost of trading, clearing and settlement on ASX's market reduced by 34.9% to $2.07 per trade ($3.18 pcp) and the average fee per dollar of turnover was 1.17 bps (1.18 bps pcp) – that is, for every $1,000 of value traded, the fee for each side was 5.8 cents (5.9 cents pcp).

The revenue growth qualification threshold for the LPR scheme in FY09 has been set at 10%. Gross revenue in FY08 grew at 20.4%. Additionally, the FY09 LPR scheme will be applied at an individual Participant level. Total revenue contributed by Participants eligible for the LPR in FY08 was 65% of total cash market gross revenue. On the basis that all Participants grow at the same rate, a 10% growth in gross cash market revenue in FY09 from $217.0 million to $238.7 million would result in rebates payable of $28.2 million (ie consistent with FY08 rebates). Based on this, ASX will commence paying rebates at 75:25 in favour of Participants when gross cash market revenues exceed $201.1 million. The actual rebates paid in FY09 will depend on the rate of gross revenue growth of each eligible Participant.

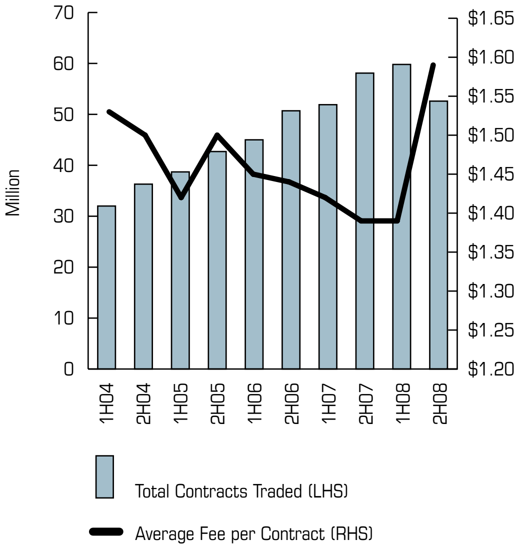
Derivatives – Up 7.8%

Total derivatives revenue for FY08 was $166.9 million ($154.7 million pcp). Derivatives volumes were subdued in 2H08 due to adverse market conditions flowing from the global credit crisis, particularly the fall in domestic debt capital market issuance and lower proprietary trading activity.

Equity derivatives (excluding SPI 200®) revenue of $34.1 million was earned in FY08 ($34.4 million pcp). Total volumes traded were 23.2 million in FY08, consistent with the 23.3 million in FY07. The average fee per trade in FY08 was $1.47 compared to $1.48 in FY07.

Revenue from futures and options on futures trading (including SPI 200® contracts) was $132.8 million in FY08 ($120.3 million pcp). This 10.3% revenue increase resulted from the 2.7% increase in contracts traded to a total of 89.1 million in FY08 compared to 86.7 million in FY07. Additionally, the effect of the Large Volume Rebate scheme (LVR) and the declining percentage of trades transacted by 'Local' Participants (down to 13.4% in FY08 from 18.5% in FY07) resulted in the average fee per trade increasing to $1.49 compared to $1.39 in FY07. Of the major futures contracts, SPI 200® volume was up 23.5%, 30 Day Interbank Cash Rate volume was up 14.8%, 90 Day Bank Bill volume was up 8.6%, 3 Year Bond volume was down 1.3% and 10 Year Bond volume was up 2.9% compared to pcp. The revenue increase in 2H08 resulted from a reduction in the LVR payable to qualifying Participants due to lower volumes. The chart below shows total volumes and average exchange fees over the past five years.

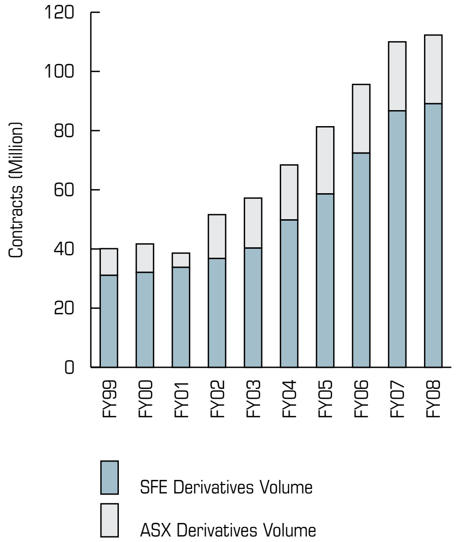
Derivatives Volume and Average Fee



Total rebates provided in FY08 were $25.1 million, $8.6 million for qualifying LVR Participants and $16.5 million for Local and Proprietary traders. The Local Participant class will be abolished from 1 September 2008. Accordingly, the Local rebate scheme will no longer operate, albeit full Proprietary Participants (where the number of Proprietary Participants is likely to increase as Local Participants convert) will remain eligible for volume-based rebates. The growth qualification threshold for the LVR has been retained at 8%, meaning rebates will begin to accrue at 75% of incremental revenue in favour of Participants if eligible volumes reach 86 million contracts in FY09.

The following graph shows the long-term trend of volume growth in derivatives. The growth over the past 10 years has averaged 12% with FY08 being the noteworthy flat year.

10 Years of ASX and SFE Derivatives Volumes

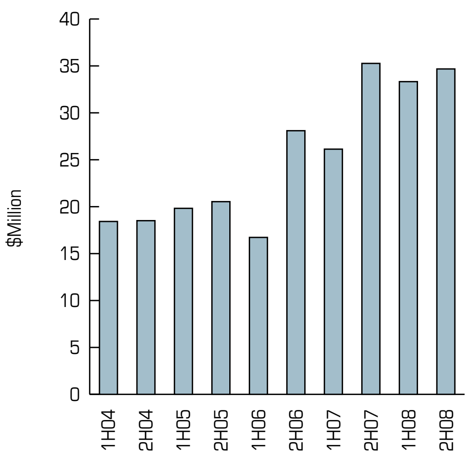


Information Services – Up 10.8%

Total revenue from information services in FY08 was $68.0 million ($61.4 million pcp).

The main source of information services revenue was the sale of market data terminal subscriptions for both cash and derivatives markets. Total market data terminal subscriptions at 30 June 2008 were 101,224 (84,079 pcp). Annual revenue from information services has grown on average 15.6% over the past five years and has benefited from the increased activity in both cash markets and derivatives markets. Minimal changes to market data pricing have been made in FY09 in order to align pricing following the ASX/SFE merger. The graph below shows total market data revenue for the past five years.

Information Services Revenue



Technology Infrastructure – Up 17.7%

Technology infrastructure revenue for FY08 was $27.7 million ($23.5 million pcp). This amount is inclusive of the 25% rebate for cash market Participants eligible for the LPR. Technology infrastructure fees are levied on both the cash and derivatives markets. The total number of devices at 30 June 2008 was 1,498 compared to 1,206 at 30 June 2007. Effective 1 July 2008, futures platform workstations were replaced by approved third-party interfaces. ASX expects a small decline in revenue from this cut-over, offset by increased connectivity efficiency and minor support cost savings.

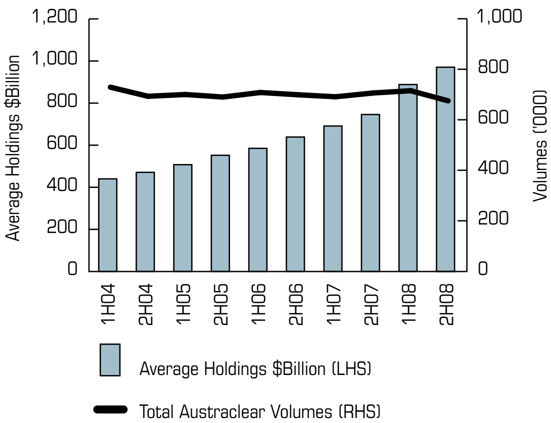
Austraclear Services – Up 6.7%

Total Austraclear services revenue for FY08 was $21.9 million ($20.5 million pcp). Austraclear services include Austraclear depository, settlement and registry activities.

Average depository holdings increased 29.4% to $929.5 billion ($718.4 billion pcp), and $983.9 billion of securities were held by Austraclear at 30 June 2008 ($777.1 billion at 30 June 2007).

The Austraclear depository and settlement average fee (transaction and holding) for FY08 was $10.37 per transaction ($10.13 pcp). The rise was due to substantially increased holdings balances whilst transaction volumes were flat on the pcp. The chart below shows Austraclear depository holdings and transaction volumes over the past five years.

Austraclear Holdings and Transaction Levels



Depository holdings balances continued to increase in FY08, with short-dated instruments growing and a slowdown in issuance of longer dated instruments due to credit market conditions. Revenue from registry services continued to increase in FY08 as holding balances increased.

Other – Up 11.0%

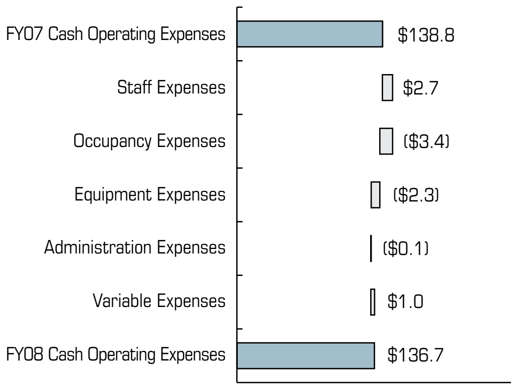
Total other revenue for FY08 was $21.3 million ($19.2 million pcp).

Other revenue includes participation fees, technology-related charges, delayed settlement charges, and other miscellaneous items.

Cash Operating Expenses – Down 1.5%

Total cash operating expenses for FY08 were $136.7 million ($138.8 million pcp). The reduction is largely attributable to the completion and full-year impact of post merger cost saving initiatives in equipment, occupancy and administration expenses. These reductions have more than offset staff costs that increased 3.6% compared to pcp, principally due to growth in headcount as vacancies were filled, growth in market supervision staff resources, and fixed and variable remuneration increases commensurate with maintaining remuneration competitiveness. Variable operating expenses have also increased due to the growth in trade volumes, particularly in the cash market. The chart below shows the movement in cash operating expenses from FY07 to FY08 by major category.

Cash Operating Expenses Highlights FY08 ($Million)



During FY08 no expenditure has been classified into significant items. However, the re-alignment of existing provisions, taken in prior periods, has resulted in differences between expense categories from the statutory to the pro-forma income statement.

ASX aims to contain cash operating expense increases to the growth in CPI in FY09, with the exclusion of directly variable costs which will, naturally, be dependent on activity levels.

Staff Expenses – Up 3.6%

Total staff expenses for FY08 were $77.9 million, up $2.7 million compared to $75.2 million in FY07. Staff expenses in 2H08 were up $1.9 million on the 1H08 total due to expensing of the December 2007 Long-Term Incentive (LTI) plan and slightly higher staff numbers as vacancies were filled.

The full-time equivalent (FTE) headcount increased by 22 staff to 542 during the year. A significant part of this increase was due to additional staff resources in ASXMS. Staff in this function increased by 19 from June 2007 to June 2008 to a total of 103. A further increase of up to eight supervision staff is planned in FY09. ASX expects to operate during FY09 with total headcount in the range of 550 to 560.

The average fixed remuneration increase in FY09 will be approximately 5%, slightly above the CPI, due to the continued tight labour market, particularly for specialist skills. Variable staff expense increases including Short-Term Incentive (STI) and LTI will be dependent on the performance of the company and individual employees. A full explanation of ASX's remuneration policy is set out in the Remuneration Report included in the Directors' Report on page 48.

Full-Time Equivalent Headcount

	30 June 2006	30 June 2007	30 June 2008
ASX (ex-Markets Supervision)	548	436	439
ASX Markets Supervision	80	84	103
Orient Capital	28	–	–
Total	656	520	542

Occupancy Expenses – Down 21.0%

Total occupancy expenses for FY08 were $12.7 million compared to $16.0 million pcp. Occupancy costs in 2H08 of $6.0 million were down $0.7 million on 1H08 reflecting a full six months of the savings from the re-negotiated premises lease in Sydney from 1 September 2007. The refurbishment of Exchange Centre in Sydney is well advanced and will be completed in FY09. As previously advised, the cost of all surplus lease space, including the former SFE premises, has been fully provided.

Equipment Expenses – Down 8.8%

Total equipment expenses for FY08 were $23.3 million, down from $25.5 million in FY07. This reduction reflects a full year of the merged entity's integrated technology cost base, including costs associated with operating the ITS (cash market and equity derivatives trading) and EXIGO (Austraclear) technology platforms which commenced late in 2006.

The re-insourcing of the SFE clearing and Austraclear platforms was completed on 1 April 2008 and all core applications are now managed by ASX. Facilities management expense savings from the re-insourcing will be partly offset by higher maintenance and licence costs, and some additional staff.

Administrative Expenses – Down 0.8%

Total administration expenses for FY08 were $17.3 million, down from $17.4 million pcp. Reduced expenditure was recorded against the prior period due to lower discretionary spending on travel, entertainment, and consulting, and savings generated from procurement contract and vendor negotiations. Insurance costs related to clearing default increased effective 1 March 2008, in line with additional cover of $90 million (to a total of $150 million) in SFE Clearing Corporation as part of the increase in futures market clearing guarantee fund arrangements. ASX has also incurred marketing costs this year to support the launch of its CFD initiative.

Variable Expenses – Up 21.0%

Total variable operating expenses for FY08 were $5.5 million, up 21.0% on the $4.6 million pcp. Variable expenses include costs associated with the production of CHESS holding statements and royalty payments to S&P linked to equity indices derivatives contract traded volumes. These expenses are tied to market activity levels, hence the increase reflects greater levels of cash market and SPI 200® derivatives trading activity during the year.

Depreciation and Amortisation – Up 6.2%

Total depreciation and amortisation for FY08 was $15.9 million ($15.0 million pcp).

Depreciation and amortisation of new technology applications and capital expenditure on hardware and premises refurbishments have been offset by the run-off of depreciation on other fixed assets. This trend is expected to continue into FY09, notwithstanding the increase in the rate of capital expenditure discussed later in this Report.

Interest and Dividend Income – Up 30.7%

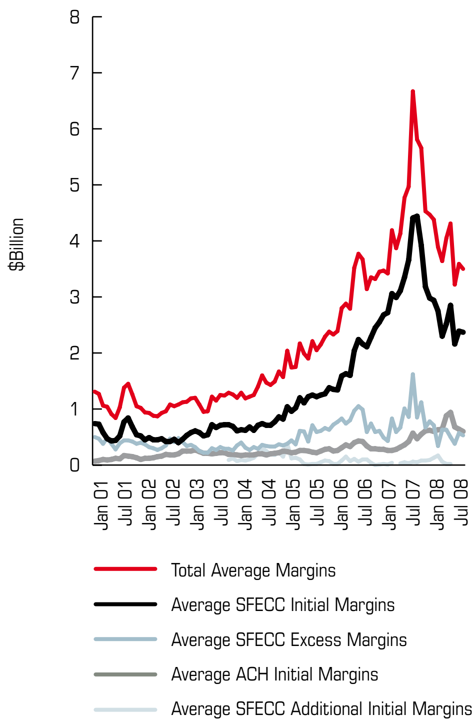
Total interest and dividend income for FY08 was $57.1 million ($43.7 million pcp). Total interest and dividend income comprises:

- interest earned on ASX's cash reserves – $27.7 million ($22.9 million pcp)
- net interest on funds deposited by Participants with ASX – $24.6 million ($17.7 million pcp), and
- dividends from ASX's investment in IRESS Market Technology – $4.9 million ($3.2 million pcp).

Interest earned on ASX's cash reserves increased due to higher average interest rates, following four increases in the official cash rate during the year, and a widening of credit spreads. The average earnings rate on this portfolio was 7.12% throughout FY08 compared to 6.26% in FY07. The average cash balance during FY08 was $381.8 million. At 30 June 2008, available cash reserves of the group amounted to $354.5 million, compared to $406.3 million at the end of June 2007. It should be noted that approximately $160.7 million will be utilised for the final dividend in September 2008. Net cash generated from operating activities during the year was $349.1 million ($313.7 million pcp).

Net interest income earned from balances deposited by Participants rose due to higher interest spreads earned on this portfolio, despite lower average balances in 2H08. Average cash balances held covering derivative positions during FY08 were $4.4 billion, or 7.3% higher than the $4.1 billion in FY07. Tighter liquidity conditions in the money market resulted in investments earning average spreads of 30 bps over the official cash rate compared to 11 bps in FY07. The following graph shows average monthly Participant balances held over the past five years. At 30 June 2008 total Participant balances held were $3.6 billion, down 42% on the 30 June 2007 balance of $6.2 billion, reflecting lower open derivative positions.

Average Monthly Margin Balances



On 29 November 2007, ASX purchased an additional block of 5.95 million IRESS shares to increase ASX's holding from 12.7% to 17.7%. The current level of ownership is 17.3% due to IRESS issuing further shares. This purchase enabled ASX to meet its objective of restoring dilution of its original (15%) holding in what has been a well performing investment. Accordingly, dividend income from IRESS in FY08 increased to $4.9 million.

Tax on Normal Profit

Tax on normal profit for FY08 was $153.3 million ($129.5 million pcp).

The average tax rate for the ASX consolidated group at 29.5% continues to approximate the 30% corporate tax rate. This includes certain tax benefits associated with research and development on major systems projects. There were no significant one-off tax items during the year.

Capital Expenditure

Capital expenditure for FY08 was $23.9 million, up 48.6% on the $16.1 million pcp which in turn was up 15.8% on the FY06 total of $13.9 million. The modest excess over prior guidance was caused by the early delivery of upgraded equity platform hardware purchases in late June 2008.

In FY08 capital expenditure was on a number of key system developments including ASX CFDs, several new market supervision initiatives, upgraded risk management systems, integration of corporate financial systems, a new company announcement platform and several capacity upgrade initiatives. Capital expenditure also included the refurbishment of the Exchange Centre premises in Sydney.

In FY09 and beyond, capital expenditure is expected to include further capacity management enhancements to both cash market and derivatives trading and downstream systems, enhanced collateral and treasury management systems, development of new business initiatives, development of improved market supervision surveillance, compliance and reporting tools, and premises refurbishments primarily in Sydney.

Given these strategies and priorities, ASX expects that total capital expenditure for the group will be within a range of $25.0 million to $30.0 million for FY09.

Issued Capital

At 30 June 2008, ASX had 171,148,524 ordinary shares on issue (170,845,040 at 30 June 2007).

During FY08, 169,484 new ordinary shares were issued as a result of ASX executives converting conditional entitlements and performance rights pursuant to ASX's LTI. A further 134,000 shares were issued to the Managing Director and CEO pursuant to his ASX employment contract by way of deferred consideration for SFE options that were terminated as a consequence of the ASX/SFE merger.

On 1 December 2007, ASX issued 136,400 entitlement shares to 93 executives, including 26,600 to the Managing Director and CEO, as approved by shareholders at the Annual General Meeting in October 2007. Subject to meeting certain performance hurdles, these shares will vest on 30 November 2010. The underlying shares were purchased by the registered holder ASX Operations Pty Limited, as trustee of the ASX Limited LTI Trust.

Equity Capital

Total ASX group equity capital at 30 June 2008 was $2,754.2 million. Equity capital net of goodwill ($2,262.8 million) is $491.4 million. The components of ASX's capital are:

- $2,361.8 million of issued capital ($99.1 million excluding goodwill)
- $274.4 million of retained earnings, with $160.7 million to be paid as the final dividend
- $71.5 million of restricted capital reserves
- $42.4 million of asset revaluation reserves primarily reflecting the revaluation of ASX's investment in IRESS, net of tax, and
- $4.1 million of equity compensation reserve arising from employee equity schemes.

Capital Management

A detailed explanation of ASX's approach to capital management was provided in the 2007 Annual Report.

At 30 June 2008, ASX attributes a risk-based capital requirement of $327.4 million against net tangible equity of $491.4 million, giving rise to an actual capital excess of $164.0 million.

ASX Group Equity

	30 June 2008 $Million	30 June 2007 $Million
Shareholders' Equity	2,754.2	2,756.4
Less Goodwill	(2,262.8)	(2,262.8)
Net Tangible Equity	491.4	493.6
Risk-Based Capital Attribution:		
ACH Clearing Default	150.0	151.5
SFECC Clearing Default	100.0	80.0
Sub-Total Clearing Default	250.0	231.5
Investment Counterparty Risk	21.0	23.0
Operational Risk	40.0	40.0
Fixed Asset/Investment Risk	16.4	16.6
Total Risk-Based Capital Allocation	327.4	311.1
Actual Capital Excess at 30 June	164.0	182.5
Less Final Dividend Payable in September	(160.7)	(156.3)
Capital Excess after Provision for Dividend	3.3	26.2

The prior analysis reflects an adequate surplus over risk-based requirements at year end. After further deduction for the dividend payable in September 2008, the surplus falls to $3.3 million. This will be boosted by a further two to three months of profit retention by the date of the final dividend payment.

As can be seen from the prior table, the predominant risk-based claim on ASX's capital is counterparty clearing default risk. Both of ASX's central counterparty clearing (CCP) subsidiaries novate on-market trades effected on ASX-operated markets. Settlement of these transactions is also provided by ASX through a separate (securities settlement facility) subsidiary. The CCP subsidiaries are required, as part of their licence obligations enshrined in the Financial Stability Standards, to maintain sufficient financial resources. These financial resources are generally referred to as the clearing guarantee funds. The level of these funds at 30 June 2008 for each CCP, in the order that they can be applied, is detailed below.

Source of Funds	Australian Clearing House (ACH) $Million	SFE Clearing Corporation (SFECC) $Million
Restricted Capital Reserve	71.5	–
Capital Contributed by ASX Group	3.5	30.0
Subordinated Debt Provided by ASX Group	75.0	70.0
Sub-Total Clearing Default	**150.0**	**100.0**
Clearing Participant Commitments	–	120.0
Third-Party Insurance	100.0	150.0
Clearing Participant Commitments	300.0	30.0
Total Clearing Guarantee Fund	**550.0**	**400.0**

In addition, the CCPs hold collateral by way of margins on open derivative positions which may be utilised in the event of a clearing Participant default prior to the utilisation of a clearing guarantee fund. At 30 June 2008, ACH held total collateral of $3.2 billion including cash of $0.5 billion, whilst SFECC held $3.1 billion including cash of $2.3 billion. The CCPs regularly stress test each Participant's exposure against the amount and liquidity of variable (margin) and fixed capital resources available in the event of a default to ensure their adequacy.

ASX Clearing Corporation (ASXCC), the intermediate holding company for the group's CCP subsidiaries, is actively engaged in efforts to raise debt to refinance the subordinated debt provided to the CCPs by the ASX group, as well as to procure further debt financing. This will allow the CCPs to wholly or partly replace their third-party insurance, thereby strengthening the depth and quality of the CCPs' capital resource and liquidity funds. Once completed, ASXCC will also become responsible for the external investment of CCP cash funds into the money market. This process is expected to be completed by the end of 2008, subject to satisfactory debt pricing, terms and conditions, and regulatory approvals.

ASX is also cognisant of the need to retain sufficient liquidity in order to meet any claims on the CCPs. Therefore, all funds, including ASX's own reserves and Participants margins, are invested in short-term, highly liquid money market instruments with highly rated banks. The weighted average maturity of the CCPs' cash margin investment portfolio is approximately 43 days.

Summary and Outlook

FY08 and, in particular, the second half of the year, have seen the fallout from the US sub-prime market negatively impact on the availability of both credit and liquidity in the domestic market and, correspondingly, lowered business confidence. These conditions have lowered the value of securities traded in both the cash and equities option markets and constrained capital raising activity. Despite these conditions, ASX has provided a 2H08 and FY08 result that both exceed comparative FY07 performance.

ASX has increased returns to shareholders while adding additional products and services to its offerings; maintained strong control over cash operating expenses; continued to share revenue benefits from trading volume growth with Participants; and invested heavily in capacity for the future. Investment programs will run at higher levels in the next two years as ASX enhances both technology capacity and clearing and settlement operations, deploys greater resources in market supervision, and continues to develop new products and services.

ASX's current debt raising initiatives will further strengthen the capital base of its clearing entities, and improve the financial risk position of the group, at the same time as it grows investment in its human and technology resources.

Alan J Bardwell *Chief Financial Officer*

Key Financial Ratios

	Notes	FY08	FY07	FY06
Basic earnings per share including significant items	1	214.0c	175.6c	131.9c
Diluted earnings per share	1	213.6c	175.0c	131.4c
Normal earnings per share	4,5	214.0c	187.7c	133.4c
Dividends per share – interim		98.5c	72.3c	56.2c
Dividends per share – final		93.9c	91.5c	63.9c
Return on equity	4,6	13.3%	12.7%	41.8%
EBITDA/operating revenue	3,4	77.8%	74.9%	62.5%
EBIT/operating revenue	3,4	75.2%	72.2%	59.3%
Total expenses/operating revenue	3,4	24.8%	27.8%	40.7%
Capital expenditure $'000	2	$23,878	$16,068	$13,881
Net tangible asset backing per share	2	$2.54	$2.60	$3.22
Net asset backing per share	2	$16.09	$16.13	$3.46
Shareholders' equity as a % of total assets (excluding Participants' balances)	2	87.8%	83.5%	80.4%
Shareholders' equity as a % of total assets (including Participants' balances)	2	40.6%	29.0%	43.8%
Share price at end of period		$31.40	$48.70	$32.03
Ordinary shares on issue at end of period	2	171,148,524	170,845,040	102,741,815
Weighted average number of ordinary shares	2	170,998,984	166,797,862	102,735,112
Market value of ordinary shares on issue at 30 June ($m)	2	$5,374	$8,320	$3,291
Full-time equivalent permanent staff:				
– number at period end	7	542	520	656
– average during the period	7	534	551	657

Notes

1 Based on statutory numbers and weighted average number of shares.

2 Based on statutory numbers.

3 Operating revenue excludes interest and dividend revenue (pro-forma).

4 Excluding significant items.

5 Normal earnings per share is basic earnings per share excluding significant items and weighted average number of shares on a pro-forma basis.

6 FY08 and FY07 based on pro-forma normal profit after tax and average capital. FY06 based on ASX stand-alone normal profit after tax and average capital.

7 Includes Orient Capital staff until 31 August 2006 and SFE staff for entire periods.

	FY08	FY07	FY06	% Change FY08-FY07
Cash Markets				
Trading days	253	252	253	
Total cash market trades ('000)	91,330	48,938	31,634	87%
Average daily cash market trades ('000)	361	194	125	86%
Total cash market value (including crossings) ($b)	$1,615.847	$1,323.777	$984.170	22%
Average daily cash market value (including crossings) ($b)	$6.387	$5.253	$3.890	22%
Total billable value ($b)	$1,559.565	$1,186.111	$983.427	31%
Percentage of turnover crossed	26.6%	31.9%	31.6%	(17%)
Percentage of turnover over $2.679m (where $75 cap applies)	3.5%	N/A	N/A	–
Average cash market trading, clearing and settlement fee	$2.07	$3.18	$3.79	(35%)
Average fee per value traded (bps)	1.17	1.18	1.22	(1%)
Listings and Capital Raisings				
Total domestic market capitalisation ($b)	$1,288	$1,598	$1,207	(19%)
Total number of listed entities (includes all stapled entities)	2,226	2,090	1,930	7%
Number of new listings	236	284	227	(17%)
Average annual listing fee	$22,561	$21,395	$18,194	5%
Average initial listing fee	$50,233	$69,817	$61,756	(28%)
Average fee per $m of secondary capital	$911	$775	$988	18%
Initial capital raised ($m)	$11,206	$19,694	$23,108	(43%)
Secondary capital raised ($m)	$50,642	$58,211	$28,327	(13%)
Total capital raised ($m)	$61,848	$77,905	$51,435	(21%)
Number of new warrant series	7,177	5,873	4,678	22%
Total warrant series	4,293	3,788	3,104	13%

	FY08	FY07	FY06	% Change FY08-FY07
Derivatives Markets				
Trading days (ASX)	253	252	253	
Equity derivatives (excluding SPI 200®)				
Total contracts ('000)	23,229	23,260	23,230	–
Average daily option/futures contracts ('000)	92	92	92	(1%)
Average fee per option/futures contract	$1.47	$1.48	$1.44	(1%)
Trading days (SFE)	256	255	256	
CFD markets (commenced 5 November 2007)				
Total trades	50,772	N/A	N/A	–
Notional value traded ($m)	$1,561.20	N/A	N/A	–
Total open interest value ($m)	$67.40	N/A	N/A	–
Total contracts ('000)	56,442	N/A	N/A	–
Futures and options on futures				
TOTAL CONTRACTS – FUTURES ('000)				
SPI 200®	9,075	7,345	5,917	24%
90 Day Bank Bills	23,168	21,328	18,133	9%
3 Year Bonds	31,751	32,178	28,735	(1%)
10 Year Bonds	17,553	17,060	12,777	3%
30 Day Interbank Cash Rate	3,377	2,942	1,494	15%
AUD Futures	N/A	<1	2	–
Other interest rate	1	1	1	(33%)
Agricultural	23	24	17	(4%)
Electricity	110	116	31	(5%)
Share Futures and other equity	6	24	48	(75%)
NZD – 90 Day Bank Bill	1,468	1,800	1,473	(18%)
Total Futures	**86,532**	**82,818**	**68,628**	**4%**
TOTAL CONTRACTS – OPTIONS ON FUTURES ('000)				
SPI 200®	491	544	703	(10%)
90 Day Bank Bills	323	722	212	(55%)
3 Year Bonds	492	571	784	(14%)
Overnight 3 Year Bonds	909	1,374	1,463	(34%)
Intra-Day 3 Year Bonds	334	588	498	(43%)
10 Year Bonds	10	50	49	(81%)
Overnight 10 Year Bonds	5	57	77	(92%)
Intra-Day 10 Year Bonds	<1	<1	<1	(74%)
Electricity	5	3	1	46%
Agricultural	<1	<1	<1	(67%)
NZ Share Options	5	4	<1	21%
NZD – 90 Day Bank Bill	4	12	14	(69%)
Total Options	**2,578**	**3,926**	**3,802**	**(34%)**
Total Contract Volumes ('000)	**89,110**	**86,744**	**72,430**	**3%**
Daily average contracts – futures and options ('000)	348	340	283	2%
Average fee per contract – futures and options	$1.49	$1.39	$1.45	7%

	FY08	FY07	FY06	% Change FY08-FY07
Austraclear Settlement and Depository				
Trading days	253	252	253	
Transactions ('000)				
Cash transfers	660	636	618	4%
Fixed interest securities	306	372	376	(18%)
Discount securities	374	334	342	12%
Foreign exchange	33	39	53	(15%)
Interest rate swaps	9	10	11	(10%)
Forward rate agreements	7	5	5	40%
Audit certificates	1	1	<1	–
Global securities	–	–	1	–
Total Transactions	**1,390**	**1,397**	**1,406**	**(1%)**
Average daily settlement volume	5.49	5.55	5.57	(1%)
Securities holdings (average $bn)	$929.5	$718.4	$612.0	29%
Average settlement and depository fee (including portfolio holdings)	$10.37	$10.13	$9.53	2%
Technology Infrastructure				
No. of CLICK XT/ITS workstations	938	754	N/A	24%
No. of ASX SEATS workstations	N/A	N/A	669	–
No. of ASX CLICK (pre-ITS) workstations	N/A	N/A	402	–
No. of SYCOM® workstations	206	233	238	(12%)
No. of SYCOM® interfaces	354	219	162	62
Information Services				
ASX market data – terminals	77,905	61,938	41,922	26%
SFE market data – terminals	23,319	22,141	18,393	5%
Systems Uptime (Period Average)				
CLICK-XT (ITS) (CLICK-only prior to FY07)	100.00%	100.00%	100.00%	–
SEATS	N/A	100.00%	99.90%	–
CHESS	99.99%	100.00%	100.00%	–
SYCOM®	99.96%	99.98%	99.81%	–
OMX SECUR	100.00%	100.00%	100.00%	–
EXIGO/FINTRACS	99.94%	99.40%	99.94%	1%

Clarifying ASX's supervisory responsibilities has become increasingly important, especially during the turbulent market conditions that prevailed in FY08. How well ASX's role in Australia's regulatory framework is understood can have a significant impact on ASX's reputation and on the reputation of Australia's financial system generally. It is a matter of public, as well as ASX shareholder, interest.

In FY08 ASX endured a period of sustained market and media commentary based on the false assumption that ASX had a responsibility to prudentially regulate brokers and to comprehensively regulate short selling, stock lending and a range of other activities, many of which take place off-exchange. In reality, ASX's powers and responsibilities are much narrower. ASX does not have the rule or legislative obligation to supervise OTC market conduct or the conduct of financial service providers who have no contractual relationship with ASX (ie are not ASX Participants). Furthermore, it cannot use its rule-making ability to override legislation or fill legislative 'gaps' where it has no enforcement authority.

Commentary about whether ASX should 'lose' its regulatory powers overlooks the fact that ASX does not actually have any regulatory powers conferred by legislation or regulators. Instead, it has supervisory obligations as a condition of being licensed to perform commercial activities. Those obligations include using powers conferred on it by ASX Participants (notably brokers) and listed entities to complement the work of regulatory agencies.

ASX: Regulated Entity

ASX is not a financial market regulator in the sense in which the term 'regulator' is commonly understood. Government regulators have extensive powers to enforce standards established by, or sourced from, legislation. ASX, on the other hand, has no such power and is itself subject to regulation. ASX is best described as a regulated commercial entity with certain supervisory functions.

ASX's obligations as a regulated entity are generally expressed in terms of the objectives to be achieved. Examples include ensuring that:

- execution of exchange trades occurs in a fair, orderly and transparent manner
- those ASX Participant activities characterised as activities 'on or in relation to the market' (ie having a significantly close connection with trade execution or other activities which ASX is licensed to conduct) are monitored, and
- sufficient resources are available to operate the market properly and provide the required supervisory arrangements.

The pursuit of principle-based objectives such as these may sometimes make it hard for external observers to distinguish between the 'monitoring' phase (conducted by ASX) and the 'enforcement' phase, especially when ASX looks after enforcement of its own rules and ASIC looks after enforcement of standards established in legislation. Few observers can be expected to know which standards are sourced from ASX rules and which are sourced from legislation.

Similarly, the pursuit of principle-based objectives to maintain a fair, orderly and transparent market sometimes makes it hard for external observers to distinguish between ASX's constrained standard-setting capacity (taking the form of rules binding on particular contractual counterparties) and Parliament's broader standard-setting capacity (generally taking the form of laws and regulations).

For the objectives of the regulatory framework to be achieved, there needs to be considerable coordination and cooperation between ASX, regulatory agencies and the government. This contributes to periodic misunderstanding amongst some stakeholders as to the separate roles undertaken by supervisors, regulators and legislators in these cooperative activities. Nevertheless, the role performed by ASX has traditionally been seen as an effective part of the overall regulatory framework that successfully leverages the multilateral contract structure underpinning listing, trade execution, clearing and settlement venues to achieve public interest goals. ASX's involvement also ensures that scarce market supervision skills reside in close proximity to market and clearing house operation.

CURRENT ACTIVITY – BROKER SUPERVISION

SOURCE OF STANDARDS

	Standard setting	Market monitoring	Enforcement	
			Initiating proceedings	Imposing sanctions
Legislation	Government	ASIC	ASIC	ASIC/DPP Criminal, civil and administrative sanctions
Market operator rules (Minimum standards and market infrastructure rules)	ASX	ASX Markets Supervision	ASX Markets Supervision	Independent Disciplinary Tribunal Administrative sanctions

ASX and ASIC do not have shared responsibilities to jointly supervise market Participants and listed entities across the range of their activities. The areas of overlapping responsibilities are small, but do exist:

- between the subject matter of some ASX rules and the areas in which governments may initiate legislation (minimum standards), and
- between the monitoring and enforcement activities of ASX and the monitoring and enforcement activities of ASIC.

Some of these are depicted in the diagram above. The overlap is confined to a narrow area of products (ASX-listed products) in respect of a narrow range of financial service providers (those having a direct contractual relationship with ASX).

Securities exchange rules pre-date legislation as a means of regulating equity and derivative markets. However, over time, governments in many developed countries have recognised the public policy benefits of market standard-setting rules and have incorporated these into law, resulting in a narrowing of the market operator's supervisory role. Governments have progressively assumed more of the responsibility for intermediary or broker regulation as:

- the activities of intermediaries have broadened beyond participating in the markets facilitated by exchanges, and
- limitations on the capacity of an exchange to regulate customers with whom it has no direct contractual relationship have been recognised.

This is not to suggest that the functions that remain with market operators are unimportant. The front-line or 'coalface' role of monitoring particular types of conduct by particular types of market users that have a trade execution and settlement focus remains fundamental to achieving market integrity. Without this there could be no enforcement action, whether taken by a market operator in relation to its rules or ASIC in relation to legislation.

ASX: Market Supervisor

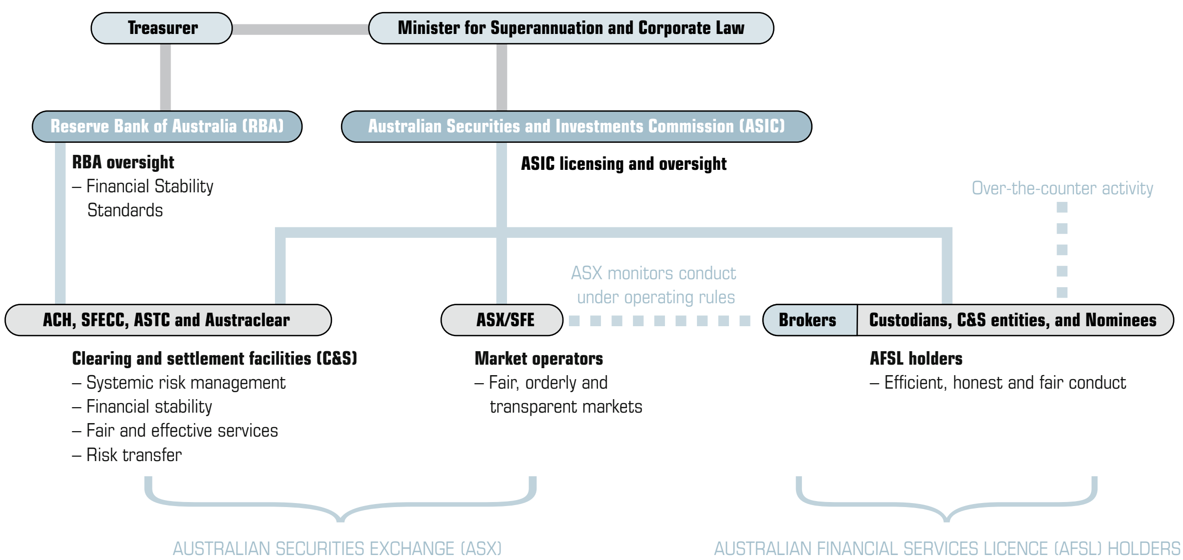
ASX sets rules that define the operation of its markets and establish minimum standards. The rules are multilateral contracts between ASX and its direct customers in the form of listing rules, market rules, and clearing and settlement rules. ASX's rules set out the terms on which ASX provides the systems and processes which, in conjunction with the contributions of market users, make up 'the market' (but only the market for financial products traded on-exchange). Market infrastructure rules are coupled with minimum standard-setting rules (see diagram above). The rules are one of the main tools that a market licensee uses to meet its obligations to ensure that the market for which it has responsibility (as distinct from the broader market in those financial products) is fair, orderly and transparent.

Because this contract structure provides the opportunity to shape the behaviour of a significant number of market Participants, the Corporations Act sets out minimum content requirements for the rules. The law also provides that these multilateral contracts cannot be changed without governmental oversight. The regulatory framework thus leverages the multilateral contract structure, including the flexibility and speed of rule changes, to achieve regulatory goals not easily addressed by legislation.

Importantly, ASX monitors only those activities that are directly connected with ASX's service offerings (eg an ASX broker's trade execution activities but not its securities borrowing or lending, equity swap or other off-market activities). On this basis ASX can be distinguished from ASIC and the Australian Prudential Regulation Authority (APRA) which are public agency regulators with powers conferred by government. The diagram below illustrates these distinctions. Thus, ASX does not form part of the Council of Financial Regulators, whereas Treasury, RBA, ASIC and APRA do.

The different sources of power are significant. Regulators have power sourced from legislation and market operators have power sourced from contractual relationships. It is possible to contrast the different obligations that together make up the regulatory framework. For example, ASX has no capacity to create a market-wide standard precluding investors (who are not contractually bound to observe ASX rules) from engaging in insider trading, market manipulation, or the spreading of false rumours. This is done by legislation.

Having established multilateral contracts with brokers and others, ASX has an ability to oversee specific conduct of these financial market Participants, but not all their conduct. Where ASX's monitoring of conduct by market Participants reveals a breach of standards established by ASX, rather than law, ASX has power to initiate disciplinary proceedings if the offending conduct was undertaken by an organisation (such as a broker) that had entered into a contract with ASX submitting to these standard-setting, monitoring and disciplinary arrangements.



Examples of what ASX does and does not do through its rules are set out below.

LISTING RULES

ASX does	ASX does not
✔ Establish rules for the admission, expulsion and ongoing quotation of securities by listed entities.	✘ Regulate the activity of listed entities generally, such as incorporation, directors' duties, takeovers or insolvency.
✔ Facilitate the release of information to the market, including material announcements, by companies, their directors or their substantial shareholders.	✘ Determine what specific information is material to a listed company, or anticipate when a shareholder or director has an obligation to lodge a notice.

MARKET RULES

ASX does	ASX does not
✔ Establish rules for the admission, expulsion and ongoing obligations of market Participants.	✘ Regulate related bodies-corporate, associated entities, or third-party contracts entered into by Participants.
✔ Monitor Participant conduct that directly impacts on the market, such as insider trading and compliance with ASX's client order priority rules and crossing rules.	✘ Regulate conduct by brokers, financial advisers, financial planners or any other AFSL holders in relation to OTC activities including margin lending, and securities lending/borrowing. ✘ Regulate or supervise the activities of non-ASX Participants in any way.

Market Integrity

Market operators have a strong business incentive to provide high quality markets. The central role exchanges perform in any economy also means there is a public interest objective in ensuring the efficient allocation of resources and the maintenance of market integrity. These parallel motivations and the mutual interest in market integrity are reflected in one of the core market operator licensing obligations: to do everything reasonably practicable to operate a market that is fair, orderly and transparent.

A market operator is likely to have satisfied its obligation to maintain an appropriate balance between fairness, orderliness and transparency if the infrastructure and rules which it provides, and the trading operations which it monitors, enable users to be confident that:

- Prices obtained on the market are a reflection of genuine supply and demand. **FAIR**
- The market operates by a common set of rules which appropriately balances the interests of all market users and does not unduly favour some market users over others. **FAIR**
- Market users with fiduciary responsibilities do not take improper advantage of persons to whom such fiduciary duties are owed (clients) in the conduct of market transactions. **FAIR**
- The information that is being reflected in the prices at which transactions occur is reliable. **FAIR and ORDERLY**
- Market users know with some degree of certainty whether, and at what prices, they can deal and can know the prices and volume of all individual transactions concluded. **TRANSPARENT**

The close alignment between ASX's commercial interests and these responsibilities, coupled with the leveraging of ASX's multilateral contract structure to assist in the achievement of these aligned objectives, is the basis for Australia's current co-regulatory arrangements.

FY08 marked the second full year of operation for ASX Markets Supervision (ASXMS), the separately managed and funded supervision subsidiary of the ASX group. ASXMS was established to enable ASX to perform its core supervisory functions independently from its commercial operation, and to provide greater accountability for and transparency of the group's supervisory activities.

Like other markets around the world, Australia's equity market retreated significantly in the second half of FY08 due to the tightening in the supply of credit stemming from the sub-prime crisis in the US. ASXMS responded to these events in a variety of ways, as discussed below, and also undertook a range of initiatives to reinforce its foundations of well-trained supervision personnel, efficient and effective processes, and fit-for-purpose technology. These helped ASXMS achieve its objectives in FY08, as well as position itself more strongly to deal with the supervisory challenges of the future.

Significant Supervisory Events

ASXMS identified two main sources of risk stemming from the change in market conditions in FY08: failure by listed entities to disclose the impact of the global dislocation in credit markets on their businesses; and failure by market and/or clearing Participants to meet their capital requirement obligations.

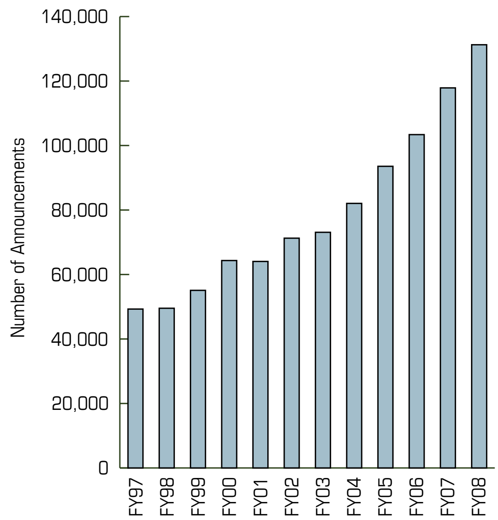
Reinforcing listed entity disclosure: In August 2007 ASXMS contacted all issuers of collateralised debt obligations (CDO) to remind them of their obligations to make disclosures as they became aware of any impacts on their debt positions from the sub-prime crisis. In addition, in mid-December 2007, either voluntarily or in response to formal ASXMS queries, many companies in the property sector disclosed their debt positions to the market as credit conditions worsened.

In February 2008 ASXMS reminded companies of their obligation to keep the market informed, including during a trading halt or suspension. This followed the granting of a number of high profile trading halts and voluntary suspensions to enable companies to restructure their financial positions. ASXMS also provided guidance on the information that companies should disclose to the market when requesting a trading halt or a voluntary suspension.

Selling pressure on the securities of some companies with directors with high personal leverage over concentrated stock holdings emerged as an issue in early 2008. In response, ASXMS provided guidance on director margin loans reminding companies that, in appropriate circumstances, continuous disclosure obligations under the listing rules require companies to disclose the key terms of such arrangements.

Given the greater market intervention by ASXMS, it is not surprising that the number of company announcements in FY08 increased by 11% compared to FY07, from 117,877 to 131,257, as seen in the graph below.

Total Market Announcements FY97 to FY08



Monitoring capital requirement obligations: In light of the tightening credit markets and the balance sheet stress generally experienced by a range of financial institutions, ASXMS requested ad-hoc capital liquidity returns from trading and clearing Participants on three separate occasions during FY08. Capital liquidity is used to measure a Participant's ability to meet its on-market settlement obligations. It is not a proxy for a Participant's overall solvency. All Participants normally have their capital liquidity ratios monitored at least once a month.

In addition, Participants were asked to provide signed assurances regarding asset valuations, financing arrangements and details of any potential claims not covered by insurance arrangements.

Notwithstanding that the capital to risk ratio for the industry as a whole was in excess of the minimum required under the relevant rules throughout FY08, ASXMS reminded Participants during the market's most volatile periods that their capital requirement obligations had to be maintained at all times.

In all, a total number of 406 queries were made of Participants in relation to monthly returns lodged. Industry wide requests for ad-hoc capital liquidity returns were made on three occasions during the reporting period – around 270 returns were processed. In addition to these, daily or weekly ad-hoc returns were requested from certain Participants due to falls in their capital ratio or due to other concerns with those Participants.

The Disciplinary Tribunal fined three Participants and censured one other for failing to comply with their capital requirements.

One Participant (Tricom) did have difficulty meeting its payment obligations in the settlement batch in late January 2008. A combined ASXMS/ASX Operations team was assembled and quickly isolated the issue – the settlement of off-market transactions in relation to securities lending. The decision was made to back-out these off-market transactions from the settlement batch, allowing settlement of the rest of the market to proceed after a delay. In that instance the Participant was able to settle the next day and has continued to settle each day since without disruption.

Key ASX Markets Supervision Achievements

The performance of ASXMS is assessed against a 'supervision scorecard' based on objectives to:

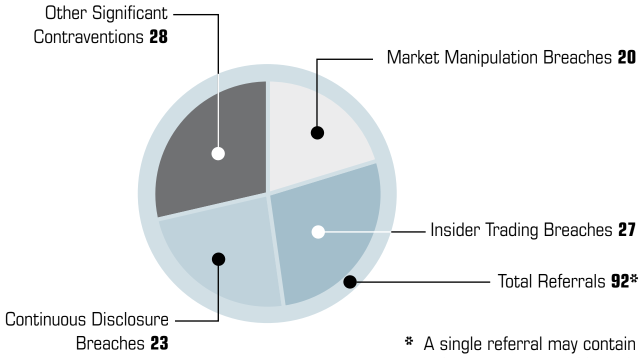
- maintain and strengthen market integrity
- address perceptions of conflict of interest
- minimise compliance costs and reduce the regulatory burden
- enhance its global reputation, and
- improve the overall quality of supervision.

ASX, via its ASXMS subsidiary, is obliged under its licence conditions to refer certain potential significant contraventions of its rules or the Corporations Act to ASIC, the market regulator. The level of referrals is indicative of ASXMS's supervisory rigour and diligence, and the volatile market conditions which characterised FY08.

In FY08 a total of 92 referrals were made to ASIC (77 in FY07) including:

- 20 potential breaches of market manipulation (up 82% on pcp)
- 23 potential breaches of continuous disclosure (up 28% on pcp), and
- 27 potential breaches of insider trading (down 21% on pcp).

ASX Referrals to ASIC FY08



* A single referral may contain more than one suspected breach

The number of matters finalised by the Disciplinary Tribunal – an independent peer review panel – also increased, with 28 in FY08 compared to 24 in FY07, generating $1,068,100 in fines imposed on Participants, 137% higher than FY07. In relation to the SFE rules, 19 matters were referred to the Business Conduct Committee (BCC) and 22 matters to the Market Practices Committee [MPC], both in line with pcp. A total of $281,500 in fines was imposed by both the BCC and MPC, 150% higher than last year.

In relation to listed entities, ASXMS issued 447 price queries in FY08, down 28% on FY07, and granted 1,108 trading halts, 11% higher than last year.

These statistics only reflect the publicly-disclosed ASXMS outcomes achieved at the conclusion of a well-defined monitoring, investigation and enforcement process. Intermediate enforcement actions are not publicised but contribute materially to the smooth operation of the market. It is worth noting that in FY08, the Compliance, Surveillance, and Futures Supervision and Risk units of ASXMS initiated over 730 enquiries into various potential breaches of the rules. Of those, 17% resulted in 'warning letters' where breaches were identified but not taken any further. However, the Participants were warned that further breaches would be escalated to Disciplinary Tribunal proceedings. Of matters initiated, 22% were formally investigated by the Investigations unit, and 40% of those investigations were referred for enforcement consideration.

Improvements in investigatory efficiency have seen the average time taken to complete an investigation decrease by 66%, to 105 days over the last two years, while simultaneously the volume of matters completed has increased by 91%.

The range of matters heard by the Disciplinary Tribunal in FY08 not only covered offences that attracted the two largest fines ever imposed ($175,000 for market manipulation and failure to maintain accurate order records, and $149,000 for unprofessional conduct and failure to maintain accurate order records) but many less significant contraventions too. This spread of outcomes sends important messages to the market: it identifies the most serious breaches and the severity of the financial penalties that follow, and it also highlights breaches that, while apparently minor, could potentially lead to systemic failure in the future if not properly and speedily addressed.

The integration into one of the previous six ASX and SFE disciplinary processes and tribunals, made possible by the ASX/SFE merger, was completed in April 2008. A single ASX Disciplinary Tribunal ensures consistency of outcomes across all ASX markets, and clearing and settlement facilities. Having one unified set of disciplinary rules and processes is also more efficient for both ASX and its Participants. Coinciding with the integration, the fining power of the Disciplinary Tribunal was aligned with global benchmarks and increased to a maximum penalty of $1 million for the most serious breaches of ASX market rules.

Perceptions about the level of market integrity are frequently linked to the intensity of public enforcement activity. However, this overlooks the importance of pre-emptive strategies that eliminate the need for enforcement action. Central to ASXMS's approach to supervision is a focus on education and awareness-building initiatives to create a culture of compliance among its listed entities and Participants.

In FY08 the ASXMS Education and Research Program was created. It is funded by the proceeds of fines and settlements (net of external costs) imposed by the Disciplinary Tribunal. The Program is dedicated to raising awareness of and promoting compliance with ASX's supervisory requirements. An education executive officer has been appointed and a range of activities is currently in production, including seminars for newly listed entities, and online courses for ASX Participants, listed entities and directors of listed entities.

The ASXMS Education and Research Program supplements ASXMS's existing and regular program of presentations, road shows, newsletters and tailored visits for listed entities and Participants.

Supervisory Resources

Having up-to-date technology plays an important role in ASXMS's supervisory effectiveness and ability to instil market confidence.

In FY08 an electronic link was established between the systems of ASXMS's insider trading unit and ASIC's Ascot/Ascertain database. The link improves the capability of searching for information, thereby speeding up the process of investigating possible insider trading activity.

There was also substantial progress on two other technology projects: the first, Compliance Monitor, an industry-wide online tool to facilitate ASXMS's Participant assessment program; and the second, a system to capture and analyse both supervisory and operational activities undertaken in relation to Issuers, the ASXMS department that works with listed entities. Both projects are expected to be completed in FY09.

A contract to upgrade the SMARTS surveillance system was also signed. When implemented in FY09, the upgrade will completely replace the existing hardware and software, providing greater capacity to deal with increasing trading volumes and more flexibility in the conduct of surveillance. The SMARTS Group is a leader in its field, providing market surveillance and related systems to over 30 exchanges and regulators around the world.

In FY08 a strategy of recruiting 'above headcount' was put in place. The aim was to minimise the time positions remained vacant – a critical issue for finance sector employers during a period when unemployment rates are at their lowest in years. It was even more critical for supervisory functions during the period of market turbulence. As at 30 June 2008, around 103 FTEs were employed in ASXMS, up 23% from the previous financial year end. Despite headcount savings generated in other parts of the ASX group, staffing levels within ASXMS have increased significantly since the ASX/SFE merger in July 2006.

In parallel, a comprehensive induction program for new starters within ASXMS was initiated. For existing staff, the setting of well-defined individual performance objectives with twice-yearly assessments, together with an emphasis on professional learning and development, continue to be key ingredients in establishing a performance-based supervision culture.

Today, the need for a robust, well-resourced supervision body that is close to the market and able to work in concert with market users and regulators has never been greater. ASXMS will continue to perform that role with diligence in FY09.

Eric S Mayne *Chief Supervision Officer*

ASX and its subsidiaries trade as the Australian Securities Exchange. ASX's trading, and clearing and settlement businesses are licensed under the Corporations Act and conducted through the following entities and wholly-owned subsidiaries:

ASX LIMITED

- Publicly listed parent entity
- Licensed operator of cash and derivatives markets
- Regulated by ASIC

SYDNEY FUTURES EXCHANGE LIMITED

- Licensed operator of derivatives markets
- Regulated by ASIC

AUSTRALIAN CLEARING HOUSE PTY LIMITED and SFE CLEARING CORPORATION PTY LIMITED

- Licensed clearing and settlement facilities – central counterparty clearing facility
- Regulated by ASIC (with respect to licence obligations)
- Regulated by RBA (with respect to compliance with Financial Stability Standards)

The immediate holding company of the two central counterparty clearing subsidiaries is ASX Clearing Corporation Limited (ASXCC) which is a wholly-owned subsidiary of ASX Limited.

ASX SETTLEMENT AND TRANSFER CORPORATION PTY LIMITED and AUSTRACLEAR LIMITED

- Licensed clearing and settlement facilities – securities settlement
- Regulated by ASIC (with respect to licence obligations)
- Regulated by RBA (with respect to compliance with Financial Stability Standards)

The subsidiary companies shown above are directed by boards that comprise:

- the Managing Director and CEO of ASX
- other relevantly experienced members of the ASX Board
- in the case of the clearing and settlement boards, a number of external, non-executive directors appointed for their industry expertise, and
- ASX executive management representatives.

The licensed clearing and settlement facility boards have the same directors, comprising:

Directors from the ASX Board	Robert Elstone (MD and CEO) Russell Aboud Rick Holliday-Smith Peter Warne
External directors	Phil Gray Ian McGaw
ASX management	Alan Bardwell (Chief Financial Officer) Peter Hiom (Group Executive Business Development) Colin Scully (Group Executive Operations)

Other members of the ASX Board that are not members of the clearing and settlement facility boards can and do periodically attend these subsidiary board meetings.

ASX Markets Supervision

Each licensed entity has appointed another (unlicensed) subsidiary, ASX Markets Supervision Pty Limited (ASXMS), as their agent to fulfil their supervisory licence obligations. ASXMS supervises markets and facilities operated by the licensees, and monitors the conduct of listed entities and Participants of those markets and facilities. ASXMS is a wholly-owned subsidiary of ASX. ASXMS was established to provide greater transparency of, and accountability for, ASX's supervisory operations, as well as to continue to address the perception of conflict between ASX's supervisory and commercial functions. The directors throughout FY08 comprised:

Directors from the ASX Board	Maurice Newman (Chairman) Jillian Segal Michael Sharpe
External directors, independent of ASX Board	Peter Jollie Thomas Parry

Since balance date ASX appointed Alan Cameron, a former Chairman of ASIC and its predecessor, the Australian Securities Commission, as Chairman of ASXMS. Mr Cameron succeeded Maurice Newman who stepped down from the board of ASXMS on 31 July 2008. Michael Shepherd, a former director of ASX, has also been appointed to the ASXMS board, replacing Michael Sharpe, who also stepped down at the end of July 2008.

The number of non-ASX Board directors on the ASXMS board is now four. Jillian Segal remains the sole director common to both boards.

Further details regarding the operation of ASXMS are contained on pages 28 to 30 of this Report.

ASX's role in Australia's financial regulatory environment is described on pages 24 to 27 of this Report.

Approach to Corporate Governance

ASX is committed to maintaining a high standard of corporate governance.

Each year the ASX Board reviews its corporate governance codes, policies and charters to ensure practices are in place to oversee the growth of shareholder value, while making certain that ASX's market activities are properly managed and supervised.

The principal features of ASX's corporate governance regime are set out in this section. Further details on corporate governance matters are available on ASX's website and in the notes to the financial statements. If a shareholder does not have access to the internet, they may contact ASX Company Secretariat.

ASX has 'early adopted' the ASX Corporate Governance Council's revised *Corporate Governance Principles and Recommendations* (Revised Principles) that took effect for firms with financial years commencing on or after 1 January 2008. ASX believes that throughout the reporting period its governance arrangements have been consistent with the Revised Principles.

Board of Directors

The Board is accountable to shareholders for the performance of ASX. Board members also have a responsibility to ensure that the affairs of the group are conducted consistently with licence obligations, as well as with the overarching public policy objective of financial market and payments system integrity.

Role and Functions of the Board and Senior Management

(ASX Corporate Governance Principles and Recommendations: 1.1, 2.3)

The roles of Chairman, and Managing Director and CEO are not exercised by the same individual. Further, Board policy is that the Managing Director and CEO may not go on to become Chairman.

The Managing Director and CEO is prohibited from sitting on the board of, or having a material commercial association with, an entity listed on ASX or a Participant in ASX's markets.

The Managing Director and CEO's responsibilities include the overall operational, business management and financial performance of ASX, while also managing the organisation in accordance with the strategy, plans and policies approved by the Board to achieve agreed financial and reputational goals.

The Board has adopted a charter that sets out the functions and responsibilities of the Board within the governance structure of ASX and its wholly-owned subsidiaries. The conduct of the Board is also governed by the Constitution of ASX.

The primary responsibilities of the Board are to:

- review and approve corporate strategies, the annual budget and financial plans
- oversee and monitor organisational performance and the achievement of the group's strategic goals and objectives
- monitor financial performance and liaise with the group's external auditor
- appoint and assess the performance of the Managing Director and CEO, and oversee succession plans for the senior executive team
- oversee the effectiveness of the management processes in place, and approve major corporate initiatives
- enhance and protect the reputation of the ASX group
- oversee the processes for identifying the significant risks facing the group, and that appropriate and adequate control, monitoring and reporting mechanisms are in place, and
- report to, and communicate with, shareholders.

Senior executives reporting to the Managing Director and CEO have their roles and responsibilities defined in position descriptions.

ASX Board Charter and Constitution are available on ASX's website.

Board Composition and Size

(ASX Corporate Governance Principles and Recommendations: 2.1, 2.2)

During FY08, the ASX Board comprised the following directors:

Name	Position	First Appointed
Maurice Newman	Chairman, Independent Non-Executive Director	1990
Robert Elstone	Managing Director and CEO, Executive Director	2006
Russell Aboud	Independent Non-Executive Director	2005
Shane Finemore	Independent Non-Executive Director	2007
David Gonski	Independent Non-Executive Director	2007
Rick Holliday-Smith	Independent Non-Executive Director	2006
Trevor Rowe	Independent Non-Executive Director	2002
Jillian Segal	Independent Non-Executive Director	2003
Michael Sharpe	Independent Non-Executive Director	1995
Peter Warne	Independent Non-Executive Director	2006
Michael Shepherd	Vice-Chairman, Independent Non-Executive Director – retired 30 October 2007	1988

The directors determine the size of the Board, with reference to the Constitution and ASX Board Charter, which provides there will be a minimum of seven directors and maximum of 15 directors. Mr Shepherd retired at the 2007 AGM and Mr Newman will retire after the 2008 AGM. The appointment of Messrs Gonski and Finemore was made on 1 June 2007.

The Board considers that individually and collectively the directors bring a level of skill, knowledge and experience that enables the Board to discharge its responsibilities effectively. All directors have an understanding of financial markets. The extensive financial markets experience among the Board members spans involvement in a diverse range of trading, asset management, financing, corporate advisory and public policy activities.

For information on the skills, experience and expertise of the directors, please refer to pages 39 to 40 of the Report.

Details of the number of board meetings and the attendance of the directors can be found on page 41 of the Report.

Director Independence

(ASX Corporate Governance Principles and Recommendations: 2.1)

A majority of ASX directors, including the Chairman, are independent.

ASX values the experience and perspective brought to the Board by directors who are involved with stakeholders of ASX, including listed companies and Participants on its markets. Such involvement is not perceived to diminish a director's ability to act as an independent director of ASX.

In giving effect to its policy that the majority of directors must be independent, the Board conducts an annual formal assessment of the independence of each director using agreed criteria. As part of the FY08 assessment, the Board considered its non-executive directors' previous and current relationships with ASX customers, suppliers, consultants and professional advisers. It determined that none of these relationships could reasonably be perceived to materially interfere with or compromise their independent judgement.

In forming this view, the Board employed accounting standard AASB 1031 – Materiality, to determine levels of materiality. Accordingly, a relationship is presumed immaterial when it generates less than 5%, and presumed material when it generates more than 10% of group revenue during a 12-month period in the absence of evidence or convincing argument to the contrary. In considering such evidence, the Board takes into account the strategic value and other aspects, including non-quantitative aspects, of the relationship in question. For the purpose of assessing the materiality of relationships between a non-executive director and ASX (other than as a director), the threshold is set according to the significance of that relationship to the director in the context of their activities as a whole. No director has a relationship significant enough to compromise their independence on the Board.

The Board has not set any tests as to the number of terms or years on the Board that would be regarded as undermining independent judgement.

On the basis of the Board's assessment, the Board confirms that all the currently serving non-executive directors are independent. The only director not considered independent is Mr Elstone. Mr Elstone is not considered independent by virtue of his executive office as Managing Director and CEO.

Board Renewal and Succession Planning

Mr Newman will retire after the 2008 AGM and will not offer himself for re-election. Messrs Aboud and Rowe are due to retire by rotation at the 2008 AGM and will stand for re-election. Mr Shepherd retired at the AGM in 2007.

The Board has determined that Mr Gonski will become Chairman following the retirement of Mr Newman. Board succession planning is an important part of the governance process. The Board continually evaluates and reviews its succession planning process. The Board has adopted a succession plan to ensure the progressive and orderly renewal of its Board membership.

The Board considers that longstanding directors bring a level of expertise, judgement, dedication and breadth of perspective to the performance of their responsibilities that is of great value to the Board, management and shareholders. Prior to the merger of ASX and SFE in July 2006, Mr Warne had served as a director of SFE for two separate periods totalling 16 years. Mr Sharpe has been a director of ASX since 1995. In 2007 the Board increased its size by appointing two additional directors (Messrs Gonski and Finemore) in anticipation of the retirements of Mr Shepherd (who retired at the 2007 AGM) and Mr Newman. The Board's succession plan included a reduction in the number of non-executive directors as Messrs Shepherd and Newman retired. The appointment of directors is governed by the ASX Constitution and the Appointment and Selection of Non-Executive Directors Policy. An election of directors is held each year. Any director who has been appointed during the year must stand for election at the next AGM. Directors are generally appointed for a term of three years. Retiring directors are not automatically re-appointed.

ASX's Appointment and Selection of Non-Executive Directors Policy is available on ASX's website.

The appointment of the Company Secretary is a matter for the Board. Information on the skills, experience and qualifications of the Company Secretaries can be found in the Directors' Report on page 46.

Access to Information

Directors are encouraged to access members of senior management at any time to request relevant information in their role as an ASX director.

Directors are also entitled, with the approval of the Chairman, to seek independent professional advice at the company's expense on matters relating to their role as an ASX director.

Remuneration and Performance

Board Remuneration and Performance Review

(ASX Corporate Governance Principles and Recommendations: 2.5)

The Board reviews its performance annually to ensure that individual directors and the Board as a whole work efficiently and effectively in achieving their functions set out in the Charter. The Chairman meets annually with each non-executive director separately to discuss individual performance and ideas for improvement. The Board as a whole discusses and analyses its own performance during the year.

The Board receives the minutes and an update from the Committee Chairman of each of the Board's Committees on an ongoing basis, setting out the Committee's achievements based on their duties. The Board reviews and approves the charters of each of the Committees.

The maximum aggregate amount of fees that may be paid to all ASX non-executive directors each year is capped at $2.5 million, which was approved by shareholders at the 2007 AGM. The ASX Board has always maintained a fee buffer to give it sufficient flexibility to plan its structure in advance of specific needs arising. With the assistance of an independent remuneration consultant, the Board in 2007 underwent a review of fees paid to ASX's non-executive directors. The total fees paid to non-executive directors during the reporting period was $2,345,711 (excluding accrued retirement benefits and fees paid to non-executive directors of ASX in their capacity as directors of the Securities Exchanges Guarantee Corporation Limited).

The Board from time to time uses the assistance of an external board performance consultant to review and analyse its performance when required. This was last done in 2007.

The Board decided on 26 August 2003 to terminate the directors' retirement scheme. The accrued entitlements, which were calculated based on years of service as a director, have been frozen at that date and will be paid to entitled non-executive directors at the time of their retirement. The total accrued retirement benefits for non-executive directors other than superannuation, and further details on ASX directors' remuneration, are disclosed in the Remuneration Report on pages 48 to 61.

Executive Remuneration and Performance Review

(ASX Corporate Governance Principles and Recommendations: 1.2)

Each year the Board, with the assistance of the Managing Director and CEO, and the Nomination and Remuneration Committee, undertakes a formal process of reviewing the performance of senior executives using a scorecard approach. The measures generally relate to the performance of ASX, the performance of the executive's division or group, and the performance of the executive individually. The Managing Director and CEO is not present at the Board or Nomination and Remuneration Committee meetings when his own remuneration and performance is being considered.

A summary of ASX's Performance Evaluation process is available on ASX's website.

Further details on the assessment criteria for the Managing Director and CEO, and senior executive remuneration (including equity-based share plans) are disclosed in the Remuneration Report on pages 48 to 61.

Securities Trading Policy

(ASX Corporate Governance Principles and Recommendations: 3.2)

ASX's Dealing Rules govern when ASX employees, directors, contractors, consultants and secondees may deal in ASX securities and non-ASX securities of other listed entities, and the procedures that must be followed for such dealings.

Trading in ASX securities is permitted only during trading windows, which are open for a period of up to five weeks commencing the day after the announcement of the half-year financial results, full-year financial results and the AGM, unless advised to the contrary by the Chairman or Managing Director and CEO.

The rules specifically prohibit certain employees from trading in non-ASX securities who may be aware of price sensitive information that is not public. Employees in ASXMS are prohibited from dealing in ASX shares, except in limited circumstances.

ASX has instituted prohibitions on employees from using derivatives or entering into transactions that operate or are intended to operate to limit the economic risk of security holdings over unvested ASX shares.

All staff are required to seek approval before trading in ASX securities during the trading windows. The Managing Director and CEO must not hold, deal or have any interest in the securities of any listed entity other than ASX. The Chief Supervision Officer (CSO) must not hold, deal or have any interest in the securities of any listed enitity, including ASX. Both the Managing Director and CEO and the CSO are prohibited from holding these interests, except where they arise by reason of the securities being a component of an investment in a listed investment, managed fund or index product, other than in restricted circumstances.

ASX will publicly disclose all derivatives and hedging positions over vested ASX shares taken out by Key Management Personnel of ASX.

A summary of ASX's Dealing Rules is available on ASX's website.

Board Committees

The Board is supported by a Nomination and Remuneration Committee and an Audit and Risk Committee.

Committee	Nomination and Remuneration Committee	Audit and Risk Committee
Chair	Maurice Newman	Michael Sharpe
Members	David Gonski	Rick Holliday-Smith
	Rick Holliday-Smith	Jillian Segal
	Trevor Rowe	Peter Warne
	Peter Warne	

Mr Gonski will replace Mr Newman as chair of the Nomination and Remuneration Committee when Mr Newman retires from the ASX Board, and Ms Segal will join the Committee in early FY09.

Nomination and Remuneration Committee

(ASX Corporate Governance Principles and Recommendations: 2.4, 8.1)

The Nomination and Remuneration Committee consists of five members, a majority of which are independent non-executive directors, and is chaired by an independent non-executive director. Other directors who are not members of the Committee are invited to attend meetings.

The Nomination and Remuneration Committee's charter sets out its role, responsibilities and membership requirements. Its primary responsibilities are to:

- assess the necessary and desirable competencies of Board members
- review Board succession plans for appropriate skills, experience and expertise of Board members
- evaluate the Board's performance
- review the remuneration of ASX group directors
- make recommendations for the appointment and selection of directors to the Board
- review policies on staff remuneration, recruitment, retention and termination
- make recommendations to the Board concerning remuneration packages and incentive schemes for the Managing Director and CEO, and senior management
- periodically review performance and succession planning for senior executives and other key staff members
- periodically review performance and succession planning for the Managing Director and CEO, and
- review company superannuation arrangements.

The Nomination and Remuneration Committee charter is available on ASX's website.

For information on the skills, experience and expertise of the Nomination and Remuneration Committee members, please refer to pages 39 and 40 of this Report.

Details of the number of meetings and the attendance of members at the Nomination and Remuneration Committee meetings can be found on page 41 of this Report.

Audit and Risk Committee

(ASX Corporate Governance Principles and Recommendations: 4.1, 4.2, 4.3)

The Audit and Risk Committee consists of four members, a majority of which are independent non-executive directors, and is chaired by an independent non-executive director. Other directors that are not members of the Committee, the external auditor and other senior executives attend meetings by invitation.

The Audit and Risk Committee's charter sets out its role, responsibilities and membership requirements. Its primary responsibilities are:

- financial reporting – to review and monitor the financial integrity of the ASX group's financial reports and statements
- corporate control – to review the adequacy and integrity of the ASX group's enterprise risk management framework and system of internal control, and the monitoring of the control process through internal auditing
- compliance – to review whether the ASX group is in compliance with relevant laws, regulations and licence obligations, and
- review and approve the internal and external audit work plans, and the review of significant accounting/reporting issues and financial statements.

The Audit and Risk Committee charter is available on ASX's website.

Details of the number of meetings and the attendance of members at the Audit and Risk Committee meetings can be found on page 41 of this Report.

Consistent with its charter, the Audit and Risk Committee reviews the external auditor's terms of engagement and audit plan, and assesses the independence of the external auditor. The Audit and Risk Committee meets with the external auditor without management in attendance as necessary and at least annually. It satisfies itself that the level of any non-audit work carried out by the external auditor is compatible with maintaining audit independence, taking into account the guidelines which it has set. The current practice, subject to amendment in the event of legislative change, is for the rotation of the engagement partner to occur every five years, with the most recent rotation having taken place in August 2006.

KPMG has acted as auditor of ASX since prior to demutualisation in 1998, and has conducted the audit in an effective and competent manner. ASX conducted an audit tender process during the second half of FY08. Following an intensive review of major accounting firms with the capabilities of undertaking ASX's audit, the ASX Board agreed to recommend to the 2008 AGM the appointment of PricewaterhouseCoopers as auditor, with effect from the FY09 statutory audit.

Mr Sharpe, an ASX non-executive director and Chairman of the Audit and Risk Committee, was excluded from every aspect of the tender and decision-making process given his past association with PricewaterhouseCoopers, notwithstanding that he no longer maintains any association with PricewaterhouseCoopers.

No director has any association, past or present, with KPMG.

For information on the skills, experience and expertise of the Audit and Risk Committee members, please refer to pages 39 and 40 of this Report.

Other Board committees may be appointed from time-to-time to deal with issues associated with the conduct of ASX's various activities.

Recognise and Manage Risk

(ASX Corporate Governance Principles and Recommendations: 7.1, 7.2, 7.3)

ASX views effective risk management as key to achieving and maintaining its operational and strategic objectives.

The ASX Board is responsible for approving and reviewing the ASX group risk management strategy and policy. The active identification of risks and implementation of mitigation measures is the responsibility of management.

ASX's Enterprise Risk Management framework is based on the Australian/New Zealand Standard (AS/NZS 4360:2004) for risk management. Management has established the Enterprise Risk Management Committee and other dedicated risk forums to approve risk policies, monitor framework execution and coordinate general risk matters.

Within the framework, and in addition to the daily management of business activities, each business unit is required to formally profile its risk environment every six months, including the identification of key risks, assessment of control design and operation, and evaluation of key risk indicators. The outcomes of each risk profile are aggregated for reporting to the executive Enterprise Risk Management Committee and the Audit and Risk Committee.

When considering the Audit and Risk Committee's review of financial reports, the Board receives a written statement, signed by the Managing Director and CEO, and the CFO, that the company's financial reports give a true and fair view, in all material respects, of the company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the company's financial reports are founded on a sound system of risk management and internal control, and that the system is operating effectively in relation to financial reporting risks. Similarly, in reviewing risk management reports, in a separate written statement the Managing Director and CEO and the Chief Risk Officer also confirm to the Board that the company's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

These internal control systems and procedures are reviewed by an Internal Auditor, who reports administratively to the Chief Risk Officer and on functional audit matters to the Audit and Risk Committee, and Managing Director and CEO. The Audit and Risk Committee monitors management's response to these reviews.

The internal audit function is independent of the external audit, has full and free access to the Audit and Risk Committee, and also has full and free access to ASX employees and ASX records.

ASX has placed a summary of ASX's policies on risk oversight and management of material business risks on its website.

Continuous Disclosure

(ASX Corporate Governance Principles and Recommendations: 5.1)

ASX's Listing Rule 3.1 Compliance Policy and Rules deals with the key obligations for all levels of staff in relation to continuous disclosure. The Policy sets out ASX's obligations under the listing rules and the Corporations Act, and the type of information that requires disclosure. The Policy also provides procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements and for monitoring compliance.

In addition, the Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual directors are required to make such a consideration when they become aware of information in the course of their duties as a director of ASX, or of any company in the ASX group.

Communication with Shareholders

(ASX Corporate Governance Principles and Recommendations: 6.1)

ASX aims to communicate clearly and transparently with shareholders and prospective shareholders. At the core of the Board's approach to reporting to shareholders is a commitment to disclosing as much relevant information as possible, particularly in the Annual Report, monthly market activity announcements and daily trading volume data.

The ASX shareholder communication framework includes the following elements designed to ensure provision of equal access to material information:

- all discussions with analysts are to be conducted by (or, with the prior sanction of) the Managing Director and CEO, or the CFO, and are to be limited to explanation of previously published material and general discussion of non-price sensitive information
- where information likely to be price sensitive is to be released for the first time on the day that an analyst briefing is scheduled, a market announcement should be made no later than the start of the briefing
- where it is not anticipated that the material to be distributed is price sensitive, a market announcement should be made of any material distributed (eg at formal presentations to analysts) by the end of the day on which the presentation is conducted, and
- as a general rule, meetings with analysts will not be held within a four-week 'blackout' period in advance of the annual or half-year results announcements.

Extensive information is set out in the Annual Report, including in the Directors' Report and Financial Report, enabling shareholders to understand the costs and benefits of various company policies, such as the linkage in remuneration policies between reward and performance. ASX's Shareholder Communications Statement is available on the ASX website.

During the year shareholders were invited to review their options in receiving the Annual Report and dividend statements in hard copy or electronically. ASX received an overwhelming response, with 90% of shareholders opting to receive the Annual Report and other communications electronically.

ASX's website is also a source of information for ASX's shareholders and prospective shareholders. ASX places all company announcements (including analyst briefing material and media releases) on the website immediately following confirmation of their release to the market. ASX also displays Annual Reports to shareholders, speeches and presentations given by the Chairman, Managing Director and CEO, and senior management, and a range of other information considered to be of interest to investors. Of particular note is the posting of monthly exchange-traded activity that provides investors with a useful guide to current period revenues. Exchange-traded activity is also published daily in major Australian newspapers.

ASX's Annual General Meeting

Shareholders are encouraged to attend the AGM at which the external auditor will be available to answer shareholder questions about the conduct of the audit, and the preparation and content of the Independent Audit Report.

The meeting is available via webcast or shareholders can attend in person or send a proxy as their representative. Unless indisposed, all ASX directors and key executives attend the meeting, along with the external auditor.

ASX's 2008 AGM will be held on 24 September 2008. Full details of the AGM will be available to shareholders shortly in the form of the Notice of Annual General Meeting. Information and details on ASX's upcoming AGM will be available on the ASX website.

Code of Ethics and Conduct

(ASX Corporate Governance Principles and Recommendations: 3.1)

ASX's Code of Ethics and Conduct promotes ethical and responsible decision-making by directors and employees. The Code requires high standards of honesty, integrity, fairness and equity in all aspects of employment with ASX.

Ethical and responsible decision-making at ASX is also promoted by the Whistleblowing Policy which is designed to support and protect employees who report non-compliant, suspicious or unethical conduct by other employees. The Policy formalises ASX's commitment to protect the confidentiality and position of employees wishing to raise serious matters that affect the integrity of ASX. ASX's Code of Ethics and Conduct is available on the ASX website.

Political Donations

ASX from time-to-time makes donations to political parties. It does so on a bi-partisan basis. In FY08, a Federal election year, ASX donated $25,000 to the Australian Labor Party and $25,000 to the Liberal Party of Australia.

Details of Directors as at 14 August 2008

MAURICE L NEWMAN AC, SFFin, FSDIA, FAICD

Chairman, independent non-executive director

Mr Newman will retire from the ASX Board following the 2008 AGM. Mr Newman was appointed Chairman of ASX in October 1994 and prior to this as a director in October 1990. He stepped down as Chairman of ASX Markets Supervision Pty Limited and of the Nomination and Remuneration Committee at the end of July 2008.

Mr Newman is a director of Queensland Investment Corporation Limited and Chairman of the Australian Broadcasting Corporation, Taronga Foundation and the Australian Father's Day Council. He is an adviser to the Marsh group of companies, an honorary life member and fellow of the Securities and Derivatives Industry Association (SDIA), and patron of the Committee for Economic Development of Australia (CEDA) and of the Royal Australian Navy Reserve (RANR) Professional Studies Programme.

RUSSELL A ABOUD, MBBS (Syd)

Independent non-executive director

Mr Aboud was appointed a director of ASX in July 2005. He is a director of Australian Clearing House Pty Limited, SFE Clearing Corporation Pty Limited, ASX Clearing Corporation Limited, Austraclear Limited, and ASX Settlement and Transfer Corporation Pty Limited.

Mr Aboud is Chairman of Manikay Partners LLC, the non-executive Chairman of Ord Minnett Limited and a consultant to JP Morgan Securities Australia Limited. He has extensive knowledge and experience in the international financial services and securities industries gained over 20 years. Past roles have included Global Head of European Equities and Head of Australasian Equities for the UBS group.

ROBERT G ELSTONE, BA (Hons), MA (Econ), MCom

Managing Director and CEO, executive director

Mr Elstone was appointed Managing Director and CEO of ASX in July 2006. Prior to this he was Managing Director and CEO of SFE Corporation Limited from May 2000. He is a director of Australian Clearing House Pty Limited, SFE Clearing Corporation Pty Limited, ASX Clearing Corporation Limited, Austraclear Limited, and ASX Settlement and Transfer Corporation Pty Limited.

Mr Elstone had previously held senior executive positions as Chief Financial Officer of two major Australasian companies – Pioneer International Limited and prior to that Air New Zealand Limited. Mr Elstone was also a non-executive director of the National Australia Bank Limited and an inaugural member of the Board of Guardians of the Future Fund of Australia until his appointment as Managing Director and CEO of ASX.

Mr Elstone is Chairman of the Financial Sector Advisory Council, a non-statutory advisory body to the Federal Treasurer, and is an Adjunct Professor in the Faculty of Economics and Business at the University of Sydney.

SHANE D FINEMORE, B.Comm (UNSW)

Independent non-executive director

Mr Finemore was appointed a director of ASX in June 2007.

Mr Finemore is currently Managing Partner of Manikay Partners LLC. He was formerly Managing Director at UBS Investment Bank, Head of the UBS US Fundamental Investment Group and a member of the UBS Investment Bank Board, the US Equities Operating Committee and co-chair of the US Equities Trading Committee. Mr Finemore is an internationally recognised authority on securities exchanges.

DAVID M GONSKI AC, LLB, B.Comm (UNSW), FAICD, FCPA

Independent non-executive director

Mr Gonski was appointed a director of ASX in June 2007. He is a member of the Nomination and Remuneration Committee, and following the retirement of Mr Newman, will be appointed Chairman of the ASX Board and the Nomination and Remuneration Committee.

Mr Gonski is Chairman of Coca-Cola Amatil Limited, Investec Bank Australia Limited and National E-Health Transition Authority (NEHTA), and is a director of Westfield Holdings Limited and Singapore Airlines Limited. He is Chancellor of the University of New South Wales and Senior Adviser to Morgan Stanley. Previously, Mr Gonski was a director of the Australia and New Zealand Banking Group Limited (ANZ), ING Australia Limited and John Fairfax Holdings Limited.

RICK HOLLIDAY-SMITH, BA (Hons), FAICD

Independent non-executive director

Mr Holliday-Smith was appointed a director of ASX in July 2006. Prior to this he was Chairman of SFE Corporation Limited from 1998. He is currently Chairman of ASX Clearing Corporation Limited, Austraclear Limited and SFE Clearing Corporation Pty Limited, and a director of Australian Clearing House Pty Limited and ASX Settlement and Transfer Corporation Pty Limited. He is also a member of the Audit and Risk Committee, and the Nomination and Remuneration Committee.

Mr Holliday-Smith is a specialist in capital markets, derivatives and venture capital activities. He is a director of St George Bank Limited, Servcorp Limited and Cochlear Limited, and Chairman of Snowy Hydro Limited. Prior to 1998 Mr Holliday-Smith spent 11 years in Chicago, firstly as CEO of Chicago Research and Trading (CRT), and then as President of NationsBanc-CRT. During the 1980s he was an executive director with Wardley Australia Limited and Managing Director of Hong Kong Bank Limited, London.

TREVOR C ROWE AM, FCIS, FAICD, ACPA

Independent non-executive director

Mr Rowe was appointed a director of ASX in 2002. He is a member of the Nomination and Remuneration Committee.

Mr Rowe is executive Chairman of Rothschild Australia Limited and Chairman of Queensland Investment Corporation Limited, Gotalk Limited, Queensland BioCapital Fund, United Group Limited, Enhance Management Limited, BrisConnections Management Company Limited, Bond Foundation Limited and RSPCA Building Fund (Queensland). He is Chairman and Chancellor of Bond University, a member of the Foreign Affairs Council and Board of Guardians of the Future Fund of Australia, and founding member of the Friends of the Royal Flying Doctor Service (South Eastern Section).

JILLIAN S SEGAL AM, BA LLB (UNSW), LLM (Harv), FAICD

Independent non-executive director

Ms Segal was appointed a director of ASX in 2003. She is a director of ASX Markets Supervision Pty Limited and a member of the Audit and Risk Committee, and will become a member of the Nomination and Remuneration Committee in FY09.

Ms Segal is a director of National Australia Bank Limited and the Major Performing Arts Board of the Australia Council. She is also President of the Administrative Review Council and a member of the Council of the University of New South Wales. Previously, she was Chairman of the Banking and Financial Services Ombudsman, a Member of the Audit Standards Oversight Board for PricewaterhouseCoopers, and Commissioner and Deputy Chair of the Australian Securities and Investments Commission (ASIC). Prior to joining ASIC, Ms Segal was a corporate lawyer specialising in corporate and environmental law, having been a partner at Allen Allen and Hemsley (now Allens Arthur Robinson).

MICHAEL J SHARPE AO, BEc, Hon D.Sc Econ (Syd), FCA, FAICD

Independent non-executive director

Mr Sharpe was appointed a director of ASX in 1995. He is the Chairman of the Audit and Risk Committee and was a director of ASX Markets Supervision Pty Limited until he stepped down from that board at the end of July 2008.

Mr Sharpe is a director of Securities Exchanges Guarantee Corporation Limited, Babcock and Brown Limited, and National Australia Trustees Limited. He is also in the position of trusteeship for the International Valuation Council. Mr Sharpe's 40-year career in the accounting profession culminated in his retirement as a partner of Coopers and Lybrand (now PricewaterhouseCoopers) in 1998. He has served as Chairman of the International Accounting Standards Committee, President of the Institute of Chartered Accountants in Australia, independent auditor of the Australian National Audit Office and as a member of the Takeovers Panel.

PETER H WARNE, BA

Independent non-executive director

Mr Warne was appointed a director of ASX in July 2006. Prior to this he was a director of SFE Corporation Limited from 2000. He is a director of Australian Clearing House Pty Limited, SFE Clearing Corporation Pty Limited, ASX Clearing Corporation Limited, Austraclear Limited, and ASX Settlement and Transfer Corporation Pty Limited. He is a member of the Audit and Risk Committee and the Nomination and Remuneration Committee.

Mr Warne is Chairman of Next Financial Limited and Australian Leisure and Entertainment Property Management Limited, and Deputy Chairman of Capital Markets CRC Limited. He is a director of Securities Exchanges Guarantee Corporation Limited, WHK Group Limited, Securities Industry Research Centre of Asia Pacific (SIRCA), Global Approach Limited, Macquarie Group Limited and Macquarie Bank Limited. He is also a member of the advisory board of the Australian Office of Financial Management.

Previously, Mr Warne was a director of Macquarie Capital Alliance group and a former Executive Vice-President of Bankers Trust Australia Limited.

BOARD AND COMMITTEE MEETINGS ATTENDED BY ASX LIMITED DIRECTORS DURING FY08

Board Meetings

	ASX Limited Board		ASX Markets Supervision Pty Limited		Australian Clearing House Pty Limited		SFE Clearing Corporation Pty Limited		ASX Settlement and Transfer Corporation Pty Limited		Austraclear Limited	
	Entitled to Attend	**Attended**	Entitled to Attend	**Attended**	Entitled to Attend	**Attended**	Entitled to Attend	**Attended**	Entitled to Attend	**Attended**	Entitled to Attend	**Attended**
ML Newman	7	7	7	7								
RG Elstone	7	7			7	7	7	7	7	7	7	7
RA Aboud	7	7			7	7	7	7	7	7	7	7
SD Finemore	7	7										
DM Gonski	7	7										
R Holliday-Smith	7	7			7	7	7	7	7	7	7	7
TC Rowe	7	7										
JS Segal	7	7	7	7								
MJ Sharpe	7	7	7	7								
PH Warne	7	7			7	7	7	7	7	7	7	7
MH Shepherd*	2	2			2	2	2	2	2	2	2	2

Committee Meetings

	Nomination and Remuneration Committee		Audit and Risk Committee	
	Entitled to Attend	**Attended**	Entitled to Attend	**Attended**
ML Newman	4	4		
DM Gonski	4	4		
R Holliday-Smith	4	4	4	3
TC Rowe	4	4		
JS Segal			4	4
MJ Sharpe			4	4
PH Warne	4	4	4	3
MH Shepherd*	2	2		

* Mr MH Shepherd resigned as a director on 30 October 2007.

Being at the centre of Australia's capital markets provides ASX with many and varied opportunities to participate in community, charitable and other non-commercial activities. This includes encouraging and assisting ASX employees to become active supporters of worthwhile causes. As a market operator, ASX believes it has a responsibility to help build the knowledge and confidence of retail investors, and promote good corporate governance among Australia's listed companies. We are also increasingly mindful of the impact our activities have on the environment. In FY08 we set-up a working group to better understand our 'carbon footprint' and environmental risk profile.

Investor Education

ASX is a strong supporter of the drive for financial literacy in the community. We provide this support through a range of information and education services.

Understanding the sharemarket and the principles of investing are increasingly important with almost half the adult population of Australia – or around 7.3 million people – owning shares either directly or through a managed fund or via their self-managed super fund.

ASX's website – www.asx.com.au – continues to be Australia's most popular financial news and information website according to Nielsen/NetRatings Market Intelligence. On average, over one million unique browsers visited asx.com.au each month in FY08. The site provides a vast array of information for investors, including share prices, dividends, the latest company announcements and market statistics.

People wanting to learn more about the sharemarket can access any of the more than a dozen online education courses through www.asx.com.au. During FY08 ASX added new courses in a less text-heavy format, more suited to the internet and more appealing to younger investors.

ASX conducts monthly seminars for members of the public in mainland state capitals. These seminars are held in association with the Australian Shareholders' Association and an industry representative body, the Securities and Derivatives Industry Association. We thank both bodies for their support as well as the speakers who volunteer their services free of charge.

A total of 55 ASX Investor Hour seminars were conducted in FY08 with an average attendance of 1,160 per month. ASX has extended the reach of these seminars by making selected seminars available via a podcast that can be listened to on a computer or downloaded to a portable media device such as an iPod. This format continues to prove very popular, with ASX Investor Hour seminars regularly listed as the top finance download in the Australian itunes library.

ASX sharemarket games have been a mainstay of ASX investor education for many years and these too have benefited from technological advance. From paper-based origins, participants now place orders into a market that uses real-time prices. Today's games provide a realistic simulation of the experience participants encounter when they enter the 'real market'.

ASX offers two sharemarket games each year for the general public and two for secondary school students across Australia. Each allows participants to become familiar with the mechanics of share trading and to develop an appreciation of the risks and benefits associated with investing in the sharemarket. Players are given a hypothetical amount of money and have access to educational tools such as newsletters, company announcements and watch-lists to assist them in making informed decisions about stock selection. ASX has been conducting the schools game for more than 25 years with around 650,000 secondary students participating since the game went electronic in 1998.

Corporate Governance

ASX has chaired the ASX Corporate Governance Council since its inception in August 2002. The Council brings together 21 business, investment and shareholder groups to develop a principles-based framework for corporate governance that provides a practical guide for listed companies, their investors and the wider Australian community.

A revised set of Principles and Recommendations took effect on 1 January 2008 following extensive public consultation throughout 2007. The revised principles continue to provide a flexible, practical and non-prescriptive framework for the Australian market.

Overall corporate governance reporting levels – the aggregate of adoption of recommended practices and of 'if not, why not' reporting – have risen in each of the four years that ASX has reviewed the governance disclosures of listed entities. Market disclosure remains the cornerstone: the more transparent listed companies are about their corporate governance practices, the better placed investors will be to make informed investment decisions.

Corporate governance is an evolving debate and ASX will endeavour to ensure that the Principles remain relevant to the Australian business and investment communities.

More details about the ASX Corporate Governance Council can be found at:
www.asx.com.au/supervision/governance

ASX in the Community

ASX's community programs allow employees to support causes and charities of their choice, selected from a broad list determined by a staff community committee. The committee comprises 12 members representing each of ASX's major functions and state offices.

Workplace Giving

ASX employees support 35 charities through ASX's National Workplace Giving Program. ASX matches employee donations on a dollar-for-dollar basis. In FY08 total giving reached $141,000 with 12% of ASX's eligible workforce participating.

Emergency Donations

In addition to the formal Workplace Giving Program, ASX provides emergency donations. In May 2008, in response to staff requests, ASX donated $20,000 to the victims of Cyclone Nargis in Burma through its emergency partner, the Australian Committee for the United Nations Refugee Agency (UNHCR).

Volunteering

ASX's Volunteering Policy (introduced in 2006) provides one-day's paid leave for all employees to volunteer their services and skills to charities. In FY08, 100 employees, or around 20% of all staff, volunteered.

The activities included donating blood to the Australian Red Cross Blood Bank, planting trees with Landcare, and supporting the Good Start Breakfast Club at Alexandria Public School, a school with 50% indigenous student population. In addition, 30 employees donated their time at the ASX/Reuters Charity Foundation Golf Tournament, assisting the Foundation to raise $1.3 million.

Members of ASX's Risk function also carried out a pro-bono operational risk assessment for the Inspire Youth Foundation. Inspire uses internet-based technology to help prevent youth suicide and depression through empowerment.

Key Partnerships

In FY08 ASX continued to support animal and environmental conservation through its sponsorship of the Australian Marine Mammal Research Centre at Taronga Zoo. And we completed the second year of our two-year partnership with Research Australia, a not-for-profit alliance of organisations and companies seeking to make health and medical research a higher national priority. We also increased our engagement with the Inspire Youth Foundation by allocating $60,000 on behalf of the ASX/Reuters Charity Foundation to improve Inspire's financial reporting and customer management systems.

ShareGift

ASX has been a supporter of ShareGift Australia since it began operations in 2007. ShareGift Australia is a not-for-profit organisation that allows shareholders to sell parcels of shares free of brokerage costs and donate the proceeds to charity. ASX reimburses to brokers all exchange fees on ShareGift Australia transactions. Thus far (to the end of June 2008), ShareGift Australia has donated more than $30,000 to Australian charities thanks to the generosity of shareholders.

In 2008 ASX hosted the Sydney launch of ShareGift Australia to help raise corporate and broker awareness of and support for this charitable initiative. More information on ShareGift Australia can be found at:
www.sharegiftaustralia.org.au

Environment

ASX recognises the importance of minimising its environmental impact and improving the reporting of corporate sustainability performance, despite having a small carbon footprint as a provider of trading, clearing and settlement services for the financial markets.

In FY08 a working group was set-up to develop ASX's existing Environmental Risk Policy. The Policy establishes the principles and framework to ensure that ASX is able to appropriately identify, manage and report its environmental risks.

Aligned with this, ASX participated in the international Carbon Disclosure Project for the first time in FY08, and we continued to feature in two leading sustainability indices: the FTSE4Good and the Dow Jones Sustainability Investment Index.

ASX is also actively engaged with industry participants on the establishment and operation of an Australian Emissions Trading Scheme (ETS). Once sufficient detail of the ETS is known, ASX will be in a position to facilitate emissions trading at the earliest opportunity. ASX anticipates that it will be able to introduce a futures market for emissions prior to the issuance of emission permits in order to help industry participants manage risk.

FTSE4Good Index

ASX is included in the international FTSE4Good Index Series. The FTSE4Good Index Series was launched in 2001 by the UK-headquartered FTSE Group and is a series of benchmark and tradable indices for socially responsible investors. FTSE4Good inclusion criteria are developed using an extensive market consultation process and are approved by an independent committee of experts.

As a constituent within the FTSE4Good Index Series, ASX is demonstrating that it is working towards environmental sustainability, developing positive relationships with stakeholders, and upholding and supporting universal human rights. More details can be found at: www.ftse.com/ftse4good

FTSE4Good Index Series

Dow Jones Sustainability Index

The Dow Jones Sustainbility Index (DJSI) tracks the financial performance of the world's leading companies according to corporate sustainability measures. The DJSI assessment aims to create value for companies by providing a benchmarking tool to measure progress against sustainability best practice. Shares of DJSI members are potential investments for DJSI and other sustainability-driven portfolios. The DJSI family currently comprises a set of global benchmarks that include the 'best-in-class' companies on a global scale. ASX was first admitted to the DJSI in 2007. For more information please visit: www.sustainability-indexes.com/

Dow Jones Sustainability Indexes
Member 2007/08

People and Development

In FY08 ASX's People and Development function, which manages the group's human resources, achieved two milestones: first, recognition that ASX is an Employer of Choice for Women; and second, the launch of ASX's Workplace Diversity Policy.

Both of these initiatives underpin ASX's status as an equal opportunity employer.

Employer of Choice for Women

On 5 March 2008 ASX was named an 'Employer of Choice' for women. This citation was awarded by the Federal Government's Equal Opportunity for Women in the Workplace Agency (EOWA). It recognises that ASX's organisational culture, policies and practices are supportive of women. In 2008, 99 Australian businesses were recognised in this way. Almost half (47%) of ASX's workforce are women and a significant number hold senior management positions.

ASX Workplace Diversity Policy

ASX's workforce comprises many individuals with unique skills, experiences, backgrounds and needs. ASX values diversity and the benefits that it brings, and has encapsulated this belief in its Workplace Diversity Policy. To attract and retain a diverse workforce ASX strives to create an environment where all employees are treated with fairness and respect, and have equal access to opportunities. Recognising and embracing diversity makes sense for our business: it enables ASX to become a better employer and, with a workforce reflective of the richness of Australia's population, more attuned to the needs of our various stakeholders.

FINANCIAL REPORT – ASX Limited and its Controlled Entities
ABN 98 008 624 691

The directors present their Report together with the Financial Report of ASX Limited (ASXL) and of the Group (ASX), being ASXL and its controlled entities, for the year ended 30 June 2008 (FY08), and the Auditor's Report thereon. The Financial Report has been reviewed and approved by the directors on the recommendation of the Audit and Risk Committee of ASX.

The consolidated net profit after tax for the year attributable to the members of ASXL was $365,949,000 (2007: $292,892,000).

1 Directors

The directors of ASXL in office during the entire financial year and until the date of this Report were as follows:

Mr M L Newman AC (Chairman)
Director since 1990

Mr R G Elstone (Managing Director and CEO)
Appointed 25 July 2006

Mr R A Aboud
Director since 2005

Mr S D Finemore
Appointed 1 June 2007

Mr D M Gonski AC
Appointed 1 June 2007

Mr R Holliday-Smith
Appointed 25 July 2006

Mr T C Rowe AM
Director since 2002

Ms J S Segal AM
Director since 2003

Mr M J Sharpe AO
Director since 1995

Mr P H Warne
Appointed 25 July 2006

Mr M H Shepherd was a director since 1988 and retired on 30 October 2007

Directors' meetings and their attendance at those meetings for the FY08 (including meetings of committees of directors) are disclosed on page 41 of the Annual Report.

2 Company Secretaries

Amanda Harkness, General Counsel and Company Secretary, BEc LLB (Hons) (ANU), MA (Macquarie), FCIS, FAIM

Ms Harkness was appointed General Counsel and Company Secretary in September 2007. She has held senior adviser roles as a corporate partner at the Australian law firm Freehills and at the consulting firm McKinsey & Co. Ms Harkness has held executive management roles in Telstra and a start-up joint venture funded by British Telecom. She has worked in businesses in Australia, New Zealand, Malaysia, Korea, Hong Kong and Japan. Previously she has served on a range of Federal Government advisory boards focused on innovation and technology development. Ms Harkness has a first-class honours degree in Law, is a Fellow of Chartered Secretaries Australia and of the Australian Institute of Management.

Kristy Chambers, Deputy Company Secretary, GradDip Corp Gov, GradDip HRM

Ms Chambers joined ASX as Deputy Company Secretary in November 2006. Ms Chambers has experience working as a corporate governance professional in financial institutions and private equity firms in both Australia and the UK. She has a Graduate Diploma in Applied Corporate Governance with the Chartered Secretaries Australia and a Graduate Diploma in Human Resources Management. She has also recently completed a Master of Business Administration from Deakin University.

Anthony D'Arcy was Company Secretary until 5 September 2007.

3 Report on the Business

3.1 Principal Activity

During the year the principal continuing activities of the Group consisted of:

- provision of securities exchange and ancillary services
- provision of derivatives exchange and ancillary services
- provision of counterparty clearing services, and
- provision of settlement and clearing of financial products.

3.2 Review of Operations

In accordance with ASIC Class Order 98/2395, this information is contained in the Managing Director and CEO's Report (page 4) and the Chief Financial Officer's Report (page 8).

3.3 Dividends

Type	Cents per share	Total amount ($'000)	Date of payment	Tax rate for franking credit
In respect of the prior financial year				
Interim	72.3	123,508	16 March 2007	30%
Final	91.5	156,323	18 September 2007	30%
Total	**163.8**	**279,831**		
In respect of the current financial year				
Interim	98.5	168,581	20 March 2008	30%
Final	93.9	160,708	17 September 2008	30%
Total	**192.4**	**329,289**		

The table above includes information relating to dividends in respect of the prior and current financial years, including dividends paid or declared by the company since the end of the previous financial year.

All dividends in respect of the prior and current financial years including dividends paid or declared by the company since the end of the previous financial year, were 100% franked.

3.4 Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year.

3.5 Events Subsequent to Balance Date

Since the end of the reporting period, the Board resolved to pay a final dividend of 93.9 cents per share.

3.6 Likely Developments

Further information about likely developments in the operations of the Group and the expected results from those operations in future financial years has not been included because disclosures of the information would be prejudicial to the Group.

4 Environmental Regulation

The operations of the Group are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

5 Indemnification and Insurance of Officers and Auditors

The Group has paid insurance premiums in respect of directors' and officers' liability for current and former directors and officers of ASXL, its controlled entities and a related body corporate.

The officers of ASXL covered by the insurance include the current directors, executives, the company secretaries and former directors. The insurance policies prohibit disclosure of the nature of the liability insured against and the amount of the premiums.

The Constitution of ASXL provides that the officers of ASXL, as detailed above, and the auditors of ASXL, KPMG, are indemnified out of the property of ASXL against any liability incurred in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in their favour or in which they are acquitted, or in connection with any application in relation to any such proceedings in which relief is granted under the Corporations Act 2001.

The officers are also indemnified out of the property of ASXL against any liability incurred in that capacity after 15 April 1994 (other than to ASXL, a related entity or a related body corporate) provided that liability does not arise out of conduct involving a lack of good faith.

6 Share Information

Performance rights to unissued shares

At the date of this report, ASXL has on issue 193,700 performance rights over unissued ordinary shares. A further 133,700 performance rights over issued shares are outstanding with the ordinary shares held in trust. For further details on the performance rights, refer to the Remuneration Report (page 48).

Shares issued as a result of the exercise of conditional entitlements

During FY08, 169,484 ordinary shares were issued from the conversion of conditional entitlements.

7 Proceedings on Behalf of the Company

No application under section 237 of the Corporations Act 2001 has been made in respect of the Group, and there are no proceedings that a person has brought or intervened in on behalf of the Group under that section.

8 Corporate Governance

ASX corporate governance matters are discussed on pages 31 to 41 of this Report.

9 Non-Audit Services

During the year KPMG, the company's auditor, has performed certain 'non-audit services' in addition to its statutory duties. Details of the amounts paid to KPMG and its related practices for audit and non-audit services provided during the year, are set out in note 30 to the Financial Statements.

10 Directors' Declaration of Satisfaction with Independence of Auditor

The Board of directors has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk 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:

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

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is included on page 64.

11 Remuneration Report – Audited

11.1 Introduction

This Report outlines ASX's overall reward strategy for FY08 and provides detailed information on the remuneration arrangements in this period for the directors of ASXL, including the Managing Director and CEO, Key Management Personnel and other employees of ASX.

The Report has been prepared in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by Accounting Standard AASB 124 Related Party Disclosures, which are permitted to be transferred to the Remuneration Report and are subject to audit.

ASX's remuneration policy may be amended from time to time and is reviewed at least once a year. This may result in changes being made to the policy for the year ending 30 June 2009.

11.2 ASX's Reward Policy

The objective of the Group's executive reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The performance and reward strategy for all staff has the following objectives:

- link between performance and pay
- link between business objectives and individual objectives
- transparent and consistent process for fixed and incentive-based pay
- competitiveness and reasonableness, and
- acceptability to shareholders.

As part of the overall reward strategy, ASX has in place a balanced scorecard approach to measure staff performance. The scorecard approach enables consistency for all levels of staff within the organisation and provides a link for staff in understanding how they contribute to each of the areas of the scorecard, and therefore to ASX's overall strategy and goals.

As part of the objective-setting process at the commencement of the performance review period, staff set objectives in each of the six areas of the corporate scorecard:

1. Supervision and reputation focus – integrity of our markets.
2. Business focus – shareholder return and value.
3. Customer focus (internal and external) – customer satisfaction.
4. People and teamwork focus – people engagement.
5. Systems and process focus – innovative and improved systems and processes.
6. Corporate responsibility focus – corporate and the broader investor community.

The scorecard formed a key part of the reward strategy when considering fixed remuneration increases, determining Short-Term Incentive (STI) payments and the performance measures adopted for the Long-Term Incentive (LTI) plans.

This Report provides detail on how ASX applied the reward strategy for the Managing Director and CEO, and other employees during the period.

Consequences of Performance on Shareholder Wealth

The overall level of remuneration takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior years. The table below shows the reported performance of the Group for the past five years, noting that the merger between ASX and SFE was effected on 11 July 2006

	ASX/SFE merged Group		ASX Group only		
	2008	**2007**	**2006**	**2005**	**2004**
Net profit after tax ($000)	365,949	292,892	135,503	165,469	82,691
Dividend paid (cents per share)	192.4	163.8	120.1	95.1	80.7
Earning per share (cents)	214.0	175.6	131.9	161.1	81.1
Return on equity	13.3%	12.7%	41.8%	47.5%	40.8%

The decline in return on equity from 2006 to 2007 was due to the issue of securities arising from the ASX/SFE merger. Net profit after tax is considered as one of the financial performance targets in setting the STI and LTI. The LTI performance hurdles include earning per share growth, as well as total shareholder return versus a comparator group.

Over the past five years, the net profit after tax from ordinary activities has grown by 45% per annum. Compensation to Key Management Personnel has reduced by approximately 8.5% pa during the same period. More importantly since the merger between ASX and SFE in July 2006, net profit after tax has grown 64% pa.

11.3 Governance of the ASX Reward Policy

Role of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee (the Committee) is a committee of the ASXL Board.

The Committee endeavours to ensure that the ASX remuneration outcomes strike an appropriate balance between the interests of ASXL shareholders and rewarding and motivating employees.

The Committee's charter sets out its role, responsibilities and membership requirements. A copy of the Committee's charter is available on ASX's website.

On remuneration matters the Committee operates independently of ASX senior management in its recommendations to the Board.

Membership and Meetings

During FY08, the Committee consisted of five ASX independent non-executive directors:

- Maurice Newman AC (Chairman)
- David Gonski AC
- Rick Holliday-Smith
- Trevor Rowe AM, and
- Peter Warne.

For information on the skills, experience and expertise of the Nomination and Remuneration Committee members, please refer to pages 39 to 40.

The number of meetings held by the Committee and the members' attendance at them are set out on page 41.

11.4 Delivering Business Strategy through Performance and Reward

The ASX performance and reward framework used the corporate scorecard to directly link the ASX's overall business strategy and wider objectives to reward. Both fixed remuneration and the STI are linked to the achievement of objectives set by ASX.

Additionally, the reward framework linked the remuneration of the Managing Director and CEO, and Group Executives, General Managers and other key staff (other than in ASX Markets Supervision) to ASX's long-term performance through the award of performance rights. A total of 50% of the performance rights have a comparative total shareholder return (TSR) as a performance measure. This measure ensures that the performance rights only become exercisable on achievement of at least median growth in TSR relative to a peer group. The remaining 50% have absolute earnings per share (EPS) as a performance measure. This measure ensures that key staff who are invited to participate in the plan are also aligned with long-term earnings growth.

11.5 Determining Total Reward at ASX – Managing Director and CEO, and other Employees

Components of Reward

At ASX there are two key elements of total reward:

1. Fixed remuneration component, and a
2. Variable or 'at risk' component that is subject to performance and contains a cash-based STI and an LTI. The LTI for eligible selected high-performing key employees consists of awards of performance rights. For staff in Markets Supervision the LTI is a cash-based plan.

The total reward approach produces a mix of fixed remuneration and variable remuneration (short and long-term incentive opportunities). The relative weighting of fixed and variable remuneration for target performance varies with the level of the role, complexity of the role and typical market practice. Consistent with market practice, Group Executives and General Managers have a greater proportion of their total reward 'at risk' – that is, their variable component is a larger portion of the overall reward compared to other employees.

For FY08 total remuneration was targeted towards the 75th percentile for key high-performing employees.

Fixed Remuneration

Fixed remuneration for all employees comprises cash salary, superannuation and, in some cases, non-monetary benefits provided on a 'salary sacrifice' basis, such as motor vehicles and superannuation.

A key part of the ASX reward strategy is to ensure alignment to the market. For all employees within ASX, the markets against which total remuneration comparisons are made varies by position but are typically drawn from the finance, legal, technology and other sectors relevant to ASX's functions or the broader general market. The Managing Director and CEO's fixed remuneration was reviewed by the Board in line with the terms of his contract.

Increases to fixed remuneration are not automatic and are normally made if there have been market movements to support an increase, if there has been acceptable performance against objectives and if the appropriate behaviours are exhibited that are consistent with ASX's cultural values.

Short-Term Incentive Arrangements

MANAGING DIRECTOR AND CEO

The STI arrangements for the Managing Director and CEO are detailed separately in Section 11.6.

EMPLOYEES

All employees are eligible to participate in the STI. The performance of each Group Executive and member of Group Executive Committee is assessed against group and individual performance targets. For FY08, factors that were considered in assessing overall performance was performance of ASX, the performance of the Group Executive's division or group, and the individual performance of the Group Executive.

For Group Executives in FY08, the policy was that incentive payments could range from 0% of fixed remuneration when performance expectations were not met, to 50% of fixed remuneration for exceptional performance. For General Managers the policy ranged from 0% to 40%. For all other employees the policy range was from 0% to 25%.

Long-Term Incentive Arrangements

There were four offers in operation for eligible employees during FY08:

- December 2003 grants under the legacy Executive Share Plan
- December 2005 grants under the ASX Long-Term Incentive Plan
- December 2006 grants under the ASX Long-Term Incentive Plan, and
- December 2007 grants under the ASX Long-Term Incentive Plan

ASX has instituted a policy that prohibits employees from entering into transactions that operate or are intended to operate to limit the economic risk or are designed or intended to hedge exposure to unvested ASX shares. This policy prohibits dealings in financial products over ASX shares and ASX entitlements including options, warrants and futures.

This policy is enforced by requiring all staff to acknowledge and sign a code of conduct. Periodic audits are also performed for adherence to the policy.

December 2003 Offer

The offer made to eligible employees in December 2003 was made under the Executive Share Plan. Under this offer, each conditional entitlement entitled the holder to one ordinary ASX share, subject to performance hurdles being attained and the employee remaining in employment with ASX for a specified period. The performance hurdles are established by the Committee and approved by the Board for each offer.

The conditional entitlements were issued on 15 December 2003.

PERFORMANCE CRITERIA

The performance period for this offer was four years, which commenced on 1 December 2003 and ended on 30 November 2007.

The awards vested were based on a TSR performance condition relative to a comparator group. The comparator group comprises the constituents of the S&P/ASX 100 and has been adjusted to exclude foreign companies, mineral companies and property trusts at 1 December 2003. See Appendix A (page 62) for companies that were included in the comparator group.

For the 2003 offer the conditional entitlements that vested were determined as follows:

ASX's growth in TSR relative to the comparator group	Percentage of conditional entitlements that vest
Less than 50th percentile	0%
50th percentile	60%
Between 50th percentile and 75th percentile	60% plus 1.6% for each percentile above 50th percentile
At or above 75th percentile	100%

The TSR performance condition was chosen as it is widely accepted as one of the better indicators of shareholder value creation.

TSR measurement for the purposes of calculating vesting was performed by a third-party, Standard & Poor's, (S&P). The results were circulated to the Board for its confirmation. A third-party was requested to provide these results to ensure independence of assessment. The Board had discretion to increase or decrease the amount of vested shares by up to 20%. This enabled the Board to account for individual performance over the performance period. The Board did not exercise this discretion when the conditional entitlements vested.

VALUATION OF GRANT

The base market price for the offer was calculated as the volume weighted average price during the period from 24 November 2003 to 28 November 2003 and was $15.50 per share. The fair value of conditional entitlements was calculated at the grant date of 15 December 2003 by an independent valuer at $9.82. This valuation was conducted in accordance with AASB 2 Share-Based Payment criteria.

The Monte Carlo simulation technique used was based on the following assumptions:

Share price at grant date	$16.55
Exercise price	Nil
Volatility	24% pa
Discount rate (risk-free rate)	5.7% pa
Dividend yield	3% pa

The Monte Carlo simulation technique is an extension of the binomial method and the Black-Scholes Merton formula. The Monte Carlo model incorporates features such as forfeiture and performance hurdles that the other models do not use, but does not include any allowance for executive turnover.

December 2005, December 2006 and December 2007 offers

The December 2005, December 2006 and December 2007 offers were made under the ASX LTI plan. The rules which govern this plan were approved by shareholders at the 2005 Annual General Meeting (AGM). A summary of the plan rules is available on www.asx.com.au. Under this offer, eligible participants received an award of performance rights, which are conditional entitlements to receive ASX shares for no consideration, subject to satisfaction of performance criteria. These awards are structured the same as the 2003 offer and the reference to 'performance rights' is a cosmetic change to reflect more common terminology in the market place. The performance rights were issued on 1 December 2005, 1 December 2006 and 1 December 2007.

In line with the appropriate remuneration policy for the eligible participant, the number of performance rights granted was calculated as a percentage of the eligible participant's annual fixed remuneration, divided by the value of performance rights on the date of award. The valuation was based on the methodology prescribed by accounting standard AASB 2 for valuing share-based payments without any performance conditions.

For the December 2005 and December 2006 grants the performance rights do not entitle the holders to dividends during their terms. For the December 2007 grant the performance right entitles the holders to dividends during their term. The shares relating to the December 2007 grant were purchased on market at the time of grant and are held in a special purpose trust until they vest.

PERFORMANCE CRITERIA

The performance period for these offers is three years each, which commenced on 1 December 2005 and ends on 30 November 2008 for the 2005 plan, and which commenced on 1 December 2006 and ends on 30 November 2009 for the 2006 plan, and which commenced on 1 December 2007 and ends on 30 November 2010 for the 2007 plan.

For the 2005, 2006 and 2007 grants the award of 50% of the performance rights will be subject to an EPS performance condition and the award of the other 50% will be subject to a performance condition related to ASX's TSR.

The TSR performance condition was chosen as it is widely accepted as one of the better indicators of shareholder value creation. The TSR performance condition is complemented by the EPS condition that ensures a focus on improved earnings.

EPS AWARD

For the purposes of the plans, EPS is calculated by dividing the net profit after tax attributable to members of ASX for the relevant reporting period (adjusted for the after-tax effect of any significant items) by the weighted average number of ordinary shares of the company.

EPS performance will be measured over a three-year period using the most recent financial year-end prior to award as the base year, and the final financial year in the three-year performance period as the end year.

ASX's EPS growth will be measured relative to a target of 8% per annum compound growth.

The proportion of the EPS award that vests will be determined as follows:

ASX's compound EPS growth	Proportion of EPS award vesting
8% pa or less	0%
Between 8.1% and 9.9%	5% of the EPS award for each 0.1% of compound EPS growth above 8%
10% or more pa	100%

In line with the Committee's charter, at the end of the performance period, the Committee is provided with the EPS growth data and will review and recommend to the ASX Board as to what extent the EPS performance condition has been met.

TSR AWARD

The comparator group for the total shareholder return hurdle for the December 2005 grant and the December 2006 grant was the S&P/ASX 50 to150 companies, less property trusts and minerals companies, plus selected international exchange services as at the date of offer. For the 2007 grant the comparator group was the S&P/ASX100 excluding mineral companies and property trusts, and including international exchange services. Under all offers the international exchange services have been defined as Hong Kong Exchange and Clearing Limited, Singapore Exchange Limited and Deutsche Bourse.

See Appendix A (page 62) for companies included in the comparator group for each LTI offer.

The proportion of the TSR award that vests will be determined based on ASX's ranking as follows:

TSR rank	Proportion of TSR award vesting
Less than 50th percentile	0%
50th percentile	50%
Between 50th percentile and 75th percentile	50% plus an additional 2% of this award for each additional percentile ranking above 50th percentile
At or above 75th percentile	100%

TSR measurement for the purposes of calculating vesting is performed by a third-party, S&P. These results are confirmed by the Board. The Board has discretion to increase or decrease the amount of vested shares by up to 20%, taking into account the executive's individual performance.

VALUATION OF GRANTS

2005 PLAN

For accounting purposes, the fair value of the performance rights for the EPS award at the grant date was calculated using the share price of $30.49 at market close on 1 December 2005, less the present value of the expected dividends over the three-year performance period. This fair value of each performance right was calculated to be $26.48.

The fair value of performance rights for the TSR award was calculated at grant date by an independent valuer at $18.14. This valuation has been conducted in accordance with AASB 2 Share-Based Payment criteria.

The Monte Carlo simulation technique has been used based on the following assumptions:

Share price at grant date	$30.49
Exercise price	Nil
Volatility	18.5% pa
Discount rate (risk-free rate)	5.3% pa
Dividend yield	4.7% pa

2006 PLAN

For accounting purposes, the fair value of the performance rights for the EPS award at the grant date was calculated using the share price of $36.13 at market close on 1 December 2006, less the present value of the expected dividends over the three-year performance period. This fair value of each performance right was calculated to be $32.04.

The fair value of performance rights for the TSR award was calculated at grant date by an independent valuer at $19.25. This valuation has been conducted in accordance with AASB 2 Share-Based Payment criteria. The Monte Carlo simulation technique has been used based on the following assumptions:

Share price at grant date	$36.13
Exercise price	Nil
Volatility	21.0% pa
Discount rate (risk-free rate)	5.8% pa
Dividend yield	4.0% pa

2007 PLAN

For accounting purposes, the fair value of the performance rights for the EPS award at the grant date was calculated using the share price of $56.40 at market close on 30 November 2007 (as 1 December 2007 was not a trading day). The fair value of each performance right was therefore $56.40.

The fair value of performance rights for the TSR award was calculated at grant date by an independent valuer at $41.13. This valuation has been conducted in accordance with AASB 2 Share-Based Payment criteria. The Monte Carlo simulation technique has been used based on the following assumptions:

Share price at grant date	$56.40
Exercise price	Nil
Volatility	25% pa
Discount rate (risk-free rate)	6.46% pa
Dividend yield	4.0% pa

Refer to December 2003 offer for details of the Monte Carlo simulation technique.

Long-Term Incentive Arrangements – ASX Markets Supervision (ASXMS)

ASX has implemented a separate LTI plan for ASXMS. The Nomination and Remuneration Committee is responsible for all ASX staff remuneration policies, including ASXMS staff. However, they will consult with the ASXMS Board and the Chief Supervision Officer (CSO) in so far as these policies relate to ASXMS staff.

Eligible employees in ASXMS do not have their LTI linked to ASX's share price and earnings per share. The ASXMS LTI plan delivers awards in cash only and is in no way linked to ASX's own financial performance or share price.

In line with eligible employees being made an offer under the ASX LTI, an offer was made to eligible employees under the ASXMS LTI in December 2005, December 2006 and December 2007. The only Key Management Personnel in the ASXMS LTI plan is the CSO, Eric Mayne.

At the end of each performance period for each LTI plan, the ASXMS Board and CSO will recommend to the Committee for approval whether and, if so, the extent to which the performance criteria applicable to that performance period have been met and the amount of cash payment, if any, to be paid to a participant.

DECEMBER 2005 OFFER – PERFORMANCE CRITERIA

The performance period for the 2005 offer commenced on 1 December 2005 and ends on 30 November 2008.

The amount of cash payment that an eligible participant may receive at the end of the performance period will be determined as follows:

(a) If cumulative threshold performance is achieved, a participant will be entitled to 55% of the maximum cash opportunity.

(b) For every year in the performance period that the yearly targets are met a participant will be entitled to an additional 15% of the maximum cash opportunity. Thus, if cumulative threshold performance is achieved and the yearly targets are met in each of the three years, a participant will be entitled to receive 100% of the maximum cash opportunity.

(c) If performance is above threshold but below target, a participant will be entitled to receive a percentage of the maximum cash opportunity as determined by the Managing Director and CEO in consultation with the Nomination and Remuneration Committee.

(d) If performance is below threshold, a participant is not entitled to receive any cash payment.

For the 2005 offer the performance of the eligible participants will be assessed on:

- international benchmarks (integrity of markets) for comparable exchanges
- ASIC and ASXMS assessments of ASX's supervision division
- customer satisfaction surveys (both internal and external) ranking service levels and integrity of ASX markets
- staff engagement, and
- process improvement.

DECEMBER 2006 OFFER – PERFORMANCE CRITERIA

For Key Management Personnel in ASXMS, the performance period for the 2006 offer commenced on 1 December 2006 and ends on 30 November 2008. For non-Key Management Personnel in ASXMS, the performance period for the 2006 offer commenced on 1 December 2006 and ends on 30 November 2009.

For the 2006 offer the performance of the eligible participant will be assessed on two criteria:

- ASIC assessment of ASXMS, and
- ASXMS Board assessment criteria.

Each of the performance criteria applies to one-half of the maximum cash opportunity being offered to the participant. 50% of the maximum cash opportunity will vest subject to ASIC assessment criteria and 50% will vest subject to ASXMS Board assessment criteria.

DECEMBER 2007 OFFER – PERFORMANCE CRITERIA

For Key Management Personnel in ASXMS, there are two performance periods for the 2007 offer that commenced on 1 December 2007. The first offer ends on 30 November 2009 and the second offer ends 30 November 2010. For non-Key Management Personnel in ASXMS, the performance period for the 2007 offer commenced on 1 December 2007 and ends on 30 November 2010.

For the 2007 offer the performance of the eligible participant will be assessed on two criteria:

- ASIC assessment of ASXMS, and
- ASXMS Board assessment criteria.

Each of the performance criteria applies to one-half of the maximum cash opportunity being offered to the participant. 50% of the maximum cash opportunity will vest subject to ASIC assessment criteria and 50% will vest subject to ASXMS Board assessment criteria.

Remuneration Details for Key Management Personnel

The following section of the Report details information on the remuneration paid to, and how remuneration was calculated, for Key Management Personnel.

In accordance with AASB 124 Related Party Transactions, Key Management Personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

11.6 Managing Director and CEO

Robert Elstone was appointed as Managing Director and CEO on 25 July 2006. The structure of the Managing Director and CEO's compensation is in accordance with his service contract. There are three components to the Managing Director and CEO's remuneration:

Fixed Remuneration

The fixed remuneration component applicable to FY08 was $1,500,000 per annum. This amount is inclusive of superannuation contributions. The Board has determined that the fixed remuneration component to apply to FY09 will remain at $1,500,000 per annum.

Short-Term Incentive Payments

The Managing Director and CEO was entitled to an annual STI payment of up to 75% of fixed remuneration for FY08. The actual STI awarded (if any) is determined at the discretion of the Board after assessing the performance of the ASX Group, the performance of Mr Elstone, and relevant market information against agreed performance targets and priorities.

Long-Term Incentive

The Managing Director and CEO participates in ASX's LTI plan, following shareholder approval obtained at the 2006 AGM held on 9 October 2006 and, as revised, at the 2007 AGM held on 30 October 2007.

Participation in the LTI plan is in accordance with the principles of the LTI plan.

Mr Elstone has participated in the LTI over two stages:

- Stage 1 – December 2006 offer, and
- Stage 2 – December 2007 offer.

The performance period for both Stage 1 and Stage 2 is three years.

On 1 December 2006 Mr Elstone was awarded 30,000 performance rights under the LTI plan.

On 1 December 2007 Mr Elstone was awarded 26,600 performance rights under the LTI plan.

PERFORMANCE CRITERIA

For both Stage 1 and Stage 2, the award of 50% of the performance rights will be subject to an EPS performance condition and the award of the other 50% will be subject to a performance condition related to the ASX's TSR.

Service Contract Term

The appointment of the Managing Director and CEO, Robert Elstone, is for three years in the first instance. It may however be extended for a further two years by mutual agreement. Under the termination provisions of the contract ASX may terminate Mr Elstone's contract by giving written notice of a period which is the lesser of:

(a) If termination takes place before 30 June 2009:

- 12 months, or
- if termination takes place in the final 12 months of the term, the balance of the period until expiry of the term, or

(b) If termination takes place after 30 June 2009:

- six months, or
- if termination takes place in the final six months of the term, the balance of the period until expiry of the term.

11.7 Executive Service Contracts

A controlled entity, ASX Operations Pty Limited, has service contracts with each of the Key Management Personnel (except Mr Elstone who is contracted with ASX Limited), identified for the purposes of satisfying AASB 124 Related Party Transactions. The agreements are effective 1 October 2006, except for Mr Bardwell and Mr Hiom, whose contracts are effective 4 December 2006 and 10 October 2006 respectively, and Mr Mayne whose contract is effective 1 July 2007. The details of benefits and notice periods covered by these contracts are indicated in the following table:

			Treatment of long-term incentives	
Type of termination	Notice period	Treatment of short-term incentives	Vested (unexercised awards)	Unvested awards
Termination by notice	12 months	Discretion of the MD and CEO	Released to the Executive	Board discretion
Termination for poor performance	6 months*	Not referred to in Employment Agreement	Released to the Executive	Board discretion
Termination for cause	Immediately	Not referred to in Employment Agreement	Shares subject to any restrictions forfeited	Awards will lapse
Termination for illness	Not referred to in Employment Agreement	Discretion of the MD and CEO	Released to the Executive	Awards vest pro-rated for the amount of the performance period served, based on performance criteria being met
Termination upon death	Not referred to in Employment Agreement	Not referred to in Employment Agreement	Released to the Executive	Awards vest pro-rated for the amount of the performance period served, based on performance criteria being met
Termination by the Executive	6 months	Discretion of the MD and CEO	Released to the Executive	Awards will lapse
Termination by redundancy	12 months or redundancy benefit calculated in accordance with ASX policy, whichever is greater	Not referred to in Employment Agreement	Released to the Executive	Awards vest pro-rated for the amount of the performance period served, based on performance criteria being met

* The service contracts for Mr Bardwell and Mr Hiom differ in that the notice period in case of termination for poor performance is three months notice with an initial written notice of one month.

Mr Mayne's revised service contract commenced on 1 July 2007 and differs in the following aspects:

- termination by ASX may only take place with the prior approval of the ASXMS Board, and
- in the case of termination, consideration will be given to what, if any, STI should be paid. Any LTI payable will be determined in accordance with the terms of the LTI rules applicable to ASXMS staff.

11.8 Remuneration Tables – Executives

11.8.1 Breakdown of Remuneration of the Executives

Details of the remuneration are set out in the table below:

$		SHORT-TERM Salary[3]	SHORT-TERM Short-term incentive[4]	SHORT-TERM Non-monetary[5]	SHORT-TERM Other	POST-EMPLOYMENT Superannuation	OTHER LONG-TERM	TERMINATION BENEFITS	SHARE-BASED PAYMENT Equity-settled[6]	**Total**	% Performance-related[7]	% CEs/PRs related[7]
AJ Bardwell[1,2] (com 4 Dec 06)	08	561,871	150,000	–	–	13,129	–	–	47,502	772,502	25.6	6.1
CFO	07	334,924	75,000	–	–	7,264	–	–	19,364	436,552	21.6	4.4
PD Hiom[1,2] (com 11 Jul 06) Group Executive	08	511,871	150,000	–	–	13,129	9,137	–	47,502	731,639	27.0	6.5
– Bus Development	07	380,901	125,000	–	–	12,338	6,139	–	19,364	543,742	26.6	3.6
ES Mayne[1,2]	08	711,871	250,000	–	3,048	13,129	–	–	–	978,048	25.6	–
CSO	07	606,768	200,000	2,141	4,426	12,686	–	–	–	826,021	24.2	–
JJ Olsson[1,2] Group Executive	08	400,590	150,000	12,683	–	13,129	6,865	–	103,667	686,934	36.9	15.1
– Technology	07	348,401	140,000	14,371	–	12,686	6,620	–	103,891	625,969	39.0	16.6
CR Scully[1,2] Group Executive	08	595,943	150,000	18,488	–	13,129	10,198	–	167,306	955,064	33.2	17.5
– Operations	07	612,888	150,000	25,681	–	12,686	10,651	–	212,216	1,024,122	35.4	20.7
Total	08	2,782,146	850,000	31,171	3,048	65,645	26,200	–	365,977	4,124,187	29.5	8.9
JM Hayes[2] (dep 31 Dec 06) former CFO	07	268,029	100,000	5,687	–	4,692	4,793	700,000	676,419[8]	1,759,620	44.1	38.4
Total	07	2,551,911	790,000	47,880	4,426	62,352	28,203	700,000	1,031,254	5,216,026	34.9	19.8

com = commenced CFO = Chief Financial Officer
dep = departed CSO = Chief Supervision Officer

Notes to the Executives' remuneration table:

1 Key Management Personnel other than directors of ASX.

2 Five officers receiving the highest remuneration within ASX other than Managing Director and CEO.

3 Salary includes salary and annual leave on an accruals basis.

4 Short-term incentives relate to performance bonuses for the current financial year, payable in the following financial year.

5 Non-monetary benefits relate to the provision of car parking and notional interest on employee share purchase plan loans. Refer to note 24(d) for further details of the share purchase plan.

6 The value of equity-settled share-based payments has been determined by an independent actuary, using the criteria set out in AASB 2 Share-Based Payments.

7 Percentage of remuneration that is related to Conditional Entitlements/Performance Rights.

8 $768,000 relates to cash-settled and the equity-settled proportion is negative $91,581 as this relates to reversal of AASB2 expenses previously charged.

Amounts disclosed for remuneration of directors and executives exclude insurance premiums paid by the consolidated entity in respect of directors' and officers' liability insurance contracts. This is not allocated to the individuals covered by the insurance policy as, based on all available information, the directors believe that no reasonable basis for such allocation exists.

11.8.2 Holdings of Performance Rights

The following table shows the movement during the reporting period in the fair value of performance-related performance rights over ordinary shares in ASXL held directly, indirectly or beneficially, by the Managing Director and CEO and Executives, including their personally-related entities:

	Granted in year[1]		Exercised in year	Lapsed in year[2]	No. of Shares vested
	No of shares	$	$	$	
RG Elstone	26,600	1,297,149	–	–	–
AJ Bardwell	1,500	73,148	–	–	–
PD Hiom	1,500	73,148	–	–	–
ES Mayne[3]	–	–	–	–	–
JJ Olsson	1,500	73,148	193,454	–	19,700
CR Scully	–	–	401,638	–	40,900

1 The value of performance rights granted in the year is the fair value of the performance rights calculated at grant date using the Monte Carlo simulation technique. The total value of the performance rights granted is included in the table above. This amount is allocated to remuneration over the vesting period.

2 No performance rights lapsed during the year.

3 Eric Mayne is subject to a cash-based LTI – see section 11.5 for further details.

The following table shows the minimum and maximum values of conditional entitlements and performance rights.

Grant date	15 Dec 03		1 Dec 05		1 Dec 06		1 Dec 07	
Vesting date	30 Nov 07		30 Nov 08		30 Nov 09		30 Nov 10	
	Min $	Max $	Min $	Max $	Min $	Max $	Min $	Max $
RG Elstone	–	–	–	–	–	769,350	–	1,297,149
AJ Bardwell	–	–	–	–	–	100,016	–	73,148
PD Hiom	–	–	–	–	–	100,016	–	73,148
ES Mayne	–	–	–	–	–	–	–	–
JJ Olsson	–	193,454	–	107,088	–	100,016	–	73,148
CR Scully	–	401,638	–	274,413	–	100,016	–	–

Since the conditional entitlements and performance rights are issued at zero exercise price, their minimum value is nil.

11.9 Remuneration for Non-Executive Directors

11.9.1 Remuneration Policy

Non-executive directors' individual fees are determined by the ASX Board within the aggregate amount approved by shareholders. The current maximum aggregate amount which may be paid to all non-executive directors is $2,500,000 per annum as approved by shareholders at the AGM on 30 October 2007. In FY08, the total amount paid to non-executive directors was $2,345,711 excluding retirement benefits paid. This amount includes superannuation and fees paid to non-executive directors of ASX in their capacity as members of the ASX Board, its committees, and as directors of subsidiary company boards. It does not include the fees paid to ASX non-executive directors in their capacity as members of the Securities Exchanges Guarantee Corporation Limited (SEGC).

The Board reviews its fees to ensure ASX non-executive directors are fairly remunerated for their services, recognising the level of skill and experience required to conduct the role, and to have in place a fee scale which enables ASX to attract and retain talented non-executive directors. In conducting a review the Board takes advice from an external independent remuneration consultant. The process involves benchmarking against a group of peer companies. Non-executive directors' fees are broadly aligned to the top quartile of the marketplace. The last fee review was conducted at the end of 2007.

11.9.2 Remuneration Structure

ASX non-executive directors receive a cash fee for service and have no entitlement to any performance-based remuneration or participation in any share-based incentive schemes. This policy reflects the differences in the role of the non-executive directors, which is to provide oversight and guide strategy, and of management, which is to operate the business and execute the company's strategy. ASX non-executive directors are not subject to a minimum shareholding requirement. However, they may hold shares in ASX subject to the ASX Dealing Rules for Employees and Directors.

11.9.3 Retirement Benefits

The Board decided on 26 August 2003 to terminate the retirement benefits scheme which had been approved by shareholders in 1998. The accrued entitlements have been frozen at that date and will be paid to entitled non-executive directors at the time of retirement. Non-executive directors who joined the Board in the three years before 26 August 2003 have no accrued entitlement to a retirement benefit as the minimum service period under the scheme to qualify for a benefit was three years. The remuneration table in Section 11.9.6 records the accrued retirement benefits to date.

A retirement benefit payment of $136,395 was made in FY08 to Mr Michael Shepherd following his retirement from the ASXL Board on 30 October 2007.

11.9.4 Holdings of Ordinary Shares

The table below summarises the movements in holdings of ordinary shares in ASXL held directly, indirectly or beneficially, by each ASX non-executive director and their personally-related entities.

	Holding at 1 Jul 07	Holding at 30 Jun 08	Holding at 14 Aug 08
Non-executive director			
ML Newman	60,000	50,000	50,000
RA Aboud	322,382	225,000	225,000
SD Finemore	–	–	–
DM Gonski	15,806	15,806	15,806
TC Rowe	4,300	4,300	4,300
R Holliday-Smith	3,825	3,825	3,825
JS Segal	2,000	2,000	2,000
MJ Sharpe	2,000	2,000	2,000
MH Shepherd*	20,000	Not required	Not required
PH Warne	5,610	5,610	5,610

* MH Shepherd retired from the ASXL board on 30 October 2007.

11.9.5 Conditional Entitlements and Performance Rights Granted

No conditional entitlements or performance rights have been granted to ASX non-executive directors.

11.9.6 Remuneration Tables for Directors (including Executive Director)

Details of the remuneration of the Directors of ASXL are set out in the table below:

$		SHORT-TERM Salary and fees[1]	SHORT-TERM Short-term incentives[2]	SHORT-TERM Non-monetary[3]	POST-EMPLOYMENT Superannuation	POST-EMPLOYMENT Other	OTHER LONG-TERM	TERMINATION BENEFITS	SHARE-BASED PAYMENT Equity-settled[4]	**Total**	Accrued retirement benefits*[5]
EXECUTIVE											
RG Elstone[6, 8]	08	1,486,871	1,020,000	11,281	13,129	–	20,465	–	507,613	3,059,359	–
MD and CEO	07	1,194,175	600,000	11,281	11,852	–	15,518	–	148,952	1,981,778	–
NON-EXECUTIVE											
ML Newman[7]	08	467,001	–	11,281	9,846	–	–	–	–	488,128	312,571
Chairman	07	428,719	–	11,281	12,472	–	–	–	–	452,472	312,571
RA Aboud	08	210,000	–	–	13,129	–	–	–	–	223,129	–
	07	145,409	–	–	12,686	–	–	–	–	158,095	–
SD Finemore[10]	08	139,895	–	–	12,500	–	–	–	–	152,395	–
	07	10,416	–	–	937	–	–	–	–	11,353	–
DM Gonski[10]	08	148,818	–	–	12,746	–	–	–	–	161,564	–
	07	10,416	–	–	937	–	–	–	–	11,353	–
R Holliday-Smith[10]	08	260,000	–	–	13,129	–	–	–	–	273,129	–
	07	167,692	–	–	11,852	–	–	–	–	179,544	–
TC Rowe	08	150,000	–	–	12,839	–	–	–	–	162,839	–
	07	133,000	–	–	11,970	–	–	–	–	144,970	–
JS Segal	08	235,000	–	–	–	–	–	–	–	235,000	–
	07	195,000	–	–	–	–	–	–	–	195,000	–
MJ Sharpe	08	265,606	–	–	2,999	–	–	–	–	268,605	113,662
	07	225,000	–	2,646	11,417	–	–	–	–	239,063	113,662
MH Shepherd[9]	08	80,315	–	–	6,045	136,395	–	–	–	222,755	–
	07	189,936	–	3,973	12,686	–	–	–	–	206,595	136,395
PH Warne[10]	08	282,500	–	–	12,062	–	–	–	–	294,562	–
	07	185,534	–	–	11,852	–	–	–	–	197,386	–
Total	08	3,726,006	1,020,000	22,562	108,424	136,395	20,465	–	507,613	5,541,465	426,233
AM D'Aloisio[11] former MD and CEO	07	379,199	180,844	2,000	4,283	–	–	7,779,159	–	8,345,485	–
JJ Kennedy[11]	07	37,468	–	1,151	–	113,662	–	–	–	152,281	–
CM Walter[11]	07	39,875	–	–	3,497	113,662	–	–	–	157,034	–
Total	07	3,341,839	780,844	32,332	106,441	227,324	15,518	7,779,159	148,952	12,432,409	562,628

Notes to the directors' remuneration table:

1 Salary and fees include Board and committee fees for ASX non-executive directors and salary and annual leave for the executive director. All amounts are included on an accruals basis.

2 Short-term incentives relate to performance bonuses for the current financial year. 100% of the short-term incentive is payable in cash.

3 Non-monetary benefits relate to the provision of car parking (FY08 and FY07) and payment of medical insurance (FY07).

4 The value of equity-settled share-based payments has been determined by an independent actuary, using the criteria set out in AASB 2 Share-Based Payments.

5 Retirement benefits for non-executive directors were frozen on 26 August 2003. The Managing Director and CEO is not entitled to any retirement benefits other than superannuation. The total accrued retirement benefits have been disclosed in accordance with the ASX Corporate Governance Council revised *Corporate Governance Principles and Recommendations*.

6 Mr Elstone commenced office on 25 July 2006.

7 Mr Newman is provided with office and secretarial support to assist him in carrying out his ASX Board duties. No cost is included as part of his remuneration above.

8 Percentage of remuneration that is related to performance rights was 16.6% in FY08 and 7.5% in FY07. Percentage of remuneration which was related to performance is 49.9% in FY08 and 37.8% in FY07.

9 Mr Shepherd retired 30 October 2007.

10 Mr Finemore and Mr Gonski commenced 1 June 2007. Mr Holliday-Smith and Mr Warne commenced 25 July 2006.

11 Mr D'Aloisio resigned 25 July 2006. Ms Walter and Mr Kennedy retired on 9 October 2006.

The directors were in office for the entire period, unless otherwise stated.

Amounts disclosed for remuneration of directors and executives exclude insurance premiums paid by the consolidated entity in respect of directors' and officers' liability insurance contracts. This is not allocated to the individuals covered by the insurance policy as, based on all available information, the directors believe that no reasonable basis for such allocation exists.

Directors' fees paid for SEGC directorships are not included in the above figures, since SEGC is not a controlled entity. During the financial year, $51,350 was paid to the directors of ASXL who were also directors of SEGC.

12 Rounding of Amounts to Nearest Thousand Dollars

ASXL is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998, as varied by Class Order 05/641 dated 28 July 2005 and Class Order 06/51 dated 31 January 2006. In accordance with those Class orders, amounts in the Financial Report and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors:

Maurice L Newman AC *Chairman*

Robert G Elstone *Managing Director and CEO*

Sydney, 14th day of August 2008

Appendix A*

December 2003 Offer – Comparator Group

ASX Limited; Alinta Limited; Amcor Limited; AMP Limited; Ansell Limited; APN News and Media Limited; Aristocrat Leisure Limited; Australia and New Zealand Banking Group Limited; Australian Gas Light Company (The); AWB Limited; AXA Asia Pacific Holdings Limited; Billabong International Limited; Boral Limited; Brambles Industries Limited; Challenger Financial Services Group Limited; Coca-Cola Amatil Limited; Cochlear Limited; Coles Myer Limited; Commonwealth Bank of Australia; Computershare Limited; CSL Limited; CSR Limited; Fairfax (John) Holdings Limited; Foodland Associated Limited; Foster's Group Limited; Futuris Corporation Limited; Gunns Limited; Harvey Norman Holdings Limited; Insurance Australia Group Limited; James Hardie Industries N.V.; Leighton Holdings Limited; Lend Lease Corporation Limited; Lion Nathan Limited; Macquarie Airports; Macquarie Bank Limited; Macquarie Infrastructure Group; Mayne Group Limited; National Australia Bank Limited; National Foods Limited; News Corporation Limited (The); Orica Limited; Paperlinx Limited; Patrick Corporation Limited; Perpetual Trustees Australia Limited; Promina Group Limited; Publishing and Broadcasting Limited; Qantas Airways Limited; QBE Insurance Group Limited; Rinker Group Limited; Seven Network Limited; Sigma Company Limited; Sonic Healthcare Limited; Southcorp Limited; St George Bank Limited; Suncorp-Metway Limited; Tab Limited; Telstra Corporation Limited; Ten Network Holdings Limited; Toll Holdings Limited; Transurban Group; Wesfarmers Limited; West Australian Newspapers Holdings Limited; Westfield Holdings Limited; Westpac Banking Corporation; Woolworths Limited.

December 2005 Offer – Comparator Group

ASX Limited; HK Exchange and Clearing Limited; Singapore Exchange Limited; Deutsche Bourse; Adelaide Brighton Limited; ABC Learning Centres Limited; Adelaide Bank Limited; Australian Infrastructure; Alinta Limited; Alesco Corporation; Australand Property; Ansell Limited; APN News and Media Limited; AWB Limited; Billabong International Limited; Babcock and Brown Infrastructure Group; Baycorp Advantage Limited; Bendigo Bank Limited; Babcock and Brown Limited; Bank Of Queensland Limited; Burns Philp and Company; Coca-Cola Amatil Limited; ConnectEast Group; Challenger Financial Services Group; Coates Hire Limited; Cochlear Limited; Computershare Limited; Crane Group Limited; CSR Limited; Corporate Express Australia; David Jones Limited; Downer EDI Limited; Diversified Utility; DCA Group Limited; Envestra Limited; Futuris Corporation Limited; FKP Property Group; Fairfax (John) Holdings; Gunns Limited; Great Southern Plantations Limited; Henderson Group PLC; Hills Industries Limited; Healthscope Limited; Harvey Norman Holdings Limited; James Hardie Industries N.V.; Just Group Limited; Leighton Holdings Limited; Lion Nathan Limited; Macquarie Communications Infrastructure Group; Metcash Limited; Mayne Pharma Limited; Nufarm Limited; Pacific Brands Limited; Perpetual Trustees Australia; Paperlinx Limited; Record Investments Limited; Ramsay Health Care Limited; Southern Cross Broadcasting Limited; Seven Network Limited; SFE Corporation Limited; Sigma Company Limited; Spotless Group Limited; Symbion Health Limited; Ten Network Holdings Limited; Timbercorp Limited; Toll Holdings Limited; Transfield Services; Tower Limited; United Group Limited; UniTAB Limited; West Australian Newspaper Holdings Limited.

December 2006 Offer – Comparator Group

ASX Limited; HK Exchange and Clearing Limited; Singapore Exchange Limited; Deutsche Bourse; ABC Learning Centres Limited; Adelaide Bank Limited; Adelaide Brighton Limited; Allco Finance Group Limited; Australian Infrastructure; APN News and Media Limited; Australia Wealth Management; AWB Limited; Billabong International Limited; Babcock and Brown Infrastructure Group; Babcock and Brown Limited; Babcock and Brown Capital Limited; Bank Of Queensland Limited; Bendigo Bank Limited; Boral Limited; Coca-Cola Amatil Limited; ConnectEast Group; Challenger Financial Services Group; Coates Hire Limited; Cochlear Limited; Computershare Limited; Crane Group Limited; CSR Limited; David Jones Limited; Downer EDI Limited; Diversified Utility; Dyno Nobel Limited; Futuris Corporation Limited; Flight Centre Limited; Goodman Fielder Limited; Gunns Limited; Henderson Group PLC; Healthscope Limited; Harvey Norman Holdings Limited; Incitec Pivot Limited; James Hardie Industries N.V.; Leighton Holdings Limited; Lion Nathan Limited; Macquarie Communications Infrastructure Group; Metcash Limited; Nufarm Limited; Pacific Brands Limited; Perpetual Trustees Australia; Paperlinx Limited; Ramsay Health Care Limited; ResMed Inc: Seek Limited; Southern Cross Broadcasting Limited; Seven Network Limited; Sigma Company Limited; Sonic Healthcare Limited; Sp Ausnet; Spark Infrastructure Group; Symbion Health Limited; Telecom Corporation of New Zealand Limited; Ten Network Holdings Limited; Transfield Services; Transpacific Industries; United Group Limited; West Australian Newspaper Holdings Limited.

December 2007 Offer – Comparator Group

ABC Learning Centres Limited; Allco Finance Group Limited; AGL Energy Limited; Asciano Group; Aristocrat Leisure Limited; Amcor Limited; AMP Limited; Australia and New Zealand Banking Group Limited; ASX Limited; AXA Asia Pacific Holdings Limited; Billabong International Limited; Babcock and Brown Infrastructure Group; Bendigo Bank Limited; Boral Limited; Boart Longyear Limited; Babcock and Brown Limited; Brambles Limited; Commonwealth Bank of Australia; Coca-Cola Amatil Limited; ConnectEast Group; Challenger Financial Services Group Limited; Cochlear Limited; Computershare Limited; CSL Limited; CSR Limited; Crown Limited; David Jones Limited; Downer EDI Limited; Dyno Nobel Limited; Futuris Corporation Limited; Foster's Group Limited; Fairfax Media Limited; Goodman Fielder Limited; Harvey Norman Holdings Limited; Insurance Australia Group Limited; Incitec Pivot Limited; James Hardie Industries N.V.; Leighton Holdings Limited; Lend Lease Corporation Limited; Lion Nathan Limited; Macquarie Airports; Macquarie Communications Infrastructure Group; Macquarie Infrastructure Group; Macquarie Group Limited; Metcash Limited; National Australia Bank Limited; News Corporation; Orica Limited; Consolidated Media Holdings Limited; Perpetual Limited; PaperlinX Limited; Qantas Airways Limited; QBE Insurance Group Limited; St George Bank Limited; Sonic Healthcare Limited; Sigma Pharmaceuticals Limited; Suncorp-Metway Limited, Symbion Health Limited; Tabcorp Holdings Limited; Transurban Group; Telecom Corporation of New Zealand Limited; Telstra Corporation Limited; Toll Holdings Limited; Tatts Group Limited; United Group Limited; West Australian Newspapers Holdings Limited; Westpac Banking Corporation; Wesfarmers Limited; Woolworths Limited; HK Exchange and Clearing Limited; Singapore Exchange Limited; Deutsche Bourse.

* This information is not audited.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of ASX Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

JF Teer *Partner*

Sydney, 14th day of August 2008

ASX Limited and its Controlled Entities

For the year ended 30 June 2008	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	The Company 2008 $'000	The Company 2007 $'000
Revenues					
Listings		**120,211**	117,553	**–**	–
Cash market		**188,800**	155,838	**–**	–
Derivatives		**171,681**	152,135	**–**	–
Information services		**68,003**	61,135	**–**	–
Technology infrastructure		**27,663**	23,275	**–**	–
Austraclear services		**21,870**	19,984	**–**	–
Dividends		**4,852**	3,150	**348,852**	457,150
Other		**21,305**	19,083	**–**	–
	4	**624,385**	552,153	**348,852**	457,150
Expenses					
Staff expenses		**79,160**	84,389	**–**	–
Occupancy expenses		**7,458**	35,066	**–**	–
Equipment expenses		**25,086**	29,680	**–**	–
Administration expenses		**26,800**	21,555	**29**	904
Depreciation and amortisation		**18,916**	14,879	**–**	–
	5	**157,420**	185,569	**29**	904
Interest income		**298,385**	290,144	**957**	2,020
Interest paid to Participants		**(246,117)**	(250,375)	**–**	–
Net interest income		**52,268**	39,769	**957**	2,020
Net gain on sale of subsidiary		**–**	7,081	**–**	6,679
Profit before income tax expense		**519,233**	413,434	**349,780**	464,945
Income tax expense	7	**(153,284)**	(120,542)	**(279)**	(2,913)
Net profit for the period attributable to equity holders of the parent		**365,949**	292,892	**349,501**	462,032
Basic earnings per share (cents per share)	9	**214.0**	175.6	**–**	–
Diluted earnings per share (cents per share)	9	**213.6**	175.0	**–**	–

The Income Statements should be read in conjunction with the Notes to the Financial Statements.

ASX Limited and its Controlled Entities

As at 30 June 2008	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	The Company 2008 $'000	The Company 2007 $'000
Current assets					
Cash	10(a)	**414,412**	118,677	**302**	9,912
Available-for-sale financial assets	10(b)	**3,593,413**	6,504,104	**–**	–
Receivables	11	**307,771**	417,249	**89,283**	147,053
Other assets	12	**8,174**	7,312	**–**	–
Total current assets		**4,323,770**	7,047,342	**89,585**	156,965
Non-current assets					
Investments	13	**131,148**	138,600	**2,588,248**	2,562,189
Property, plant and equipment	14	**17,797**	19,025	**–**	–
Receivables	11	**314**	557	**75,314**	75,557
Intangible assets – software	15	**56,097**	50,180	**–**	–
Intangible assets – goodwill	16	**2,262,759**	2,262,759	**–**	–
Total non-current assets		**2,468,115**	2,471,121	**2,663,562**	2,637,746
Total assets		**6,791,885**	9,518,463	**2,753,147**	2,794,711
Current liabilities					
Payables	17	**300,601**	438,406	**–**	–
Amounts owing to Participants	18	**3,576,635**	6,175,968	**–**	–
Current tax liabilities	7	**28,817**	35,805	**29,921**	35,520
Provisions	19	**11,874**	14,506	**–**	–
Other current liabilities	20	**11,832**	12,754	**–**	–
Total current liabilities		**3,929,759**	6,677,439	**29,921**	35,520
Non-current liabilities					
Amounts owing to Participants	18	**76,720**	40,550	**–**	–
Net deferred tax liabilities	7	**12,753**	23,832	**17,680**	34,695
Provisions	19	**14,589**	20,258	**–**	–
Other non-current liabilities	20	**3,818**	–	**–**	–
Total non-current liabilities		**107,880**	84,640	**17,680**	34,695
Total liabilities		**4,037,639**	6,762,079	**47,601**	70,215
Net assets		**2,754,246**	2,756,384	**2,705,546**	2,724,496
Equity					
Issued capital	22	**2,361,820**	2,361,820	**2,361,820**	2,361,820
Retained earnings		**274,394**	233,349	**297,603**	273,006
Restricted capital reserve	23	**71,489**	71,489	**–**	–
Asset revaluation reserve	23	**42,456**	81,045	**42,002**	80,955
Equity compensation reserve	23	**4,087**	8,681	**4,121**	8,715
Total equity		**2,754,246**	2,756,384	**2,705,546**	2,724,496

The Balance Sheets should be read in conjunction with the Notes to the Financial Statements.

ASX Limited and its Controlled Entities

For the year ended 30 June 2008	Issued capital $'000	Retained earnings $'000	Restricted capital reserve $'000	Asset revaluation reserve $'000	Equity compensation reserve $'000	Total equity $'000
Opening balance at 1 July 2007	**2,361,820**	**233,349**	**71,489**	**81,045**	**8,681**	**2,756,384**
Net profit for the period	**–**	**365,949**	**–**	**–**	**–**	**365,949**
Share-based payment	**–**	**–**	**–**	**–**	**2,952**	**2,952**
Purchase of treasury shares	**–**	**–**	**–**	**–**	**(7,546)**	**(7,546)**
Change in fair value of available-for-sale financial assets (net of tax)	**–**	**–**	**–**	**(38,589)**	**–**	**(38,589)**
Dividends paid (not previously provided)	**–**	**(324,904)**	**–**	**–**	**–**	**(324,904)**
Closing balance at 30 June 2008	**2,361,820**	**274,394**	**71,489**	**42,456**	**4,087**	**2,754,246**
Income and expense recognised directly in equity	**–**	**–**	**–**	**–**	**2,952**	**2,952**
Total recognised income and expense for the period	**–**	**365,949**	**–**	**–**	**2,952**	**368,901**
For the year ended 30 June 2007						
Opening balance at 1 July 2006	106,282	129,617	71,489	44,835	3,684	355,907
Net profit for the period	–	292,892	–	–	–	292,892
Shares issued to staff	439	–	–	–	–	439
Share-based payment	–	–	–	–	547	547
Capital return	(99,908)	–	–	–	–	(99,908)
SFE merger	2,355,007	–	–	–	4,450	2,359,457
Change in fair value of available-for-sale financial assets (net of tax)	–	–	–	36,210	–	36,210
Dividends paid (not previously provided)	–	(189,160)	–	–	–	(189,160)
Closing balance at 30 June 2007	2,361,820	233,349	71,489	81,045	8,681	2,756,384
Income and expense recognised directly in equity	439	–	–	–	547	986
Total recognised income and expense for the period	439	292,892	–	–	547	293,878

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

ASX Limited and its Controlled Entities

For the year ended 30 June 2008	Issued capital $'000	Retained earnings $'000	Asset revaluation reserve $'000	Equity compensation reserve $'000	Total equity $'000
Opening balance at 1 July 2007	**2,361,820**	**273,006**	**80,955**	**8,715**	**2,724,496**
Net profit for the period	**–**	**349,501**	**–**	**–**	**349,501**
Shared-based payment	**–**	**–**	**–**	**2,952**	**2,952**
Purchase of treasury shares	**–**	**–**	**–**	**(7,546)**	**(7,546)**
Change in fair value of available-for-sale financial assets (net of tax)	**–**	**–**	**(38,953)**	**–**	**(38,953)**
Dividends paid (not previously provided)	**–**	**(324,904)**	**–**	**–**	**(324,904)**
Closing balance at 30 June 2008	**2,361,820**	**297,603**	**42,002**	**4,121**	**2,705,546**
Income and expense recognised directly in equity	**–**	**–**	**–**	**2,952**	**2,952**
Total recognised income and expense for the period	**–**	**349,501**	**–**	**2,952**	**352,453**
For the year ended 30 June 2007					
Opening balance at 1 July 2006	106,282	134	44,835	3,684	154,935
Net profit for the period	–	462,032	–	–	462,032
Shares issued to staff	439	–	–	–	439
Share-based payment	–	–	–	581	581
Capital return	(99,908)	–	–	–	(99,908)
SFE merger	2,355,007	–	–	4,450	2,359,457
Change in fair value of available-for-sale financial assets (net of tax)	–	–	36,120	–	36,120
Dividends paid (not previously provided)	–	(189,160)	–	–	(189,160)
Closing balance at 30 June 2007	2,361,820	273,006	80,955	8,715	2,724,496
Income and expense recognised directly in equity	439	–	–	581	1,020
Total recognised income and expense for the period	439	462,032	–	581	463,052

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

ASX Limited and its Controlled Entities

		Consolidated		The Company	
		2008	2007	**2008**	2007
For the year ended 30 June 2008	Note	**$'000**	$'000	**$'000**	$'000
Cash flows from operating activities					
Cash receipts from the course of operation		**683,458**	555,342	**–**	–
Cash payments in the course of operation		**(236,979)**	(173,890)	**(29)**	(904)
Cash generated from operations		**446,479**	381,452	**(29)**	(904)
Interest received		**298,385**	290,144	**957**	2,020
Interest paid		**(246,117)**	(250,375)	**–**	–
Dividends received		**4,852**	3,150	**348,852**	457,150
Income taxes paid		**(154,490)**	(110,718)	**(153,856)**	(100,091)
Net cash provided by operating activities	**25(a)**	**349,109**	313,653	**195,924**	358,175
Cash flows from investing activities					
Acquisition of SFE, net of cash acquired		**–**	(57,738)	**–**	(57,738)
Proceeds on sale of subsidiary		**–**	14,722	**–**	14,722
(Decrease)/increase in Participants' margins and commitments		**(2,563,163)**	2,800,472	**–**	–
Payments for non-current assets		**(20,551)**	(15,350)	**–**	–
Receipts from/(payments to) subsidiary entities		**–**	–	**175,188**	(89,522)
Proceeds on sale of plant and equipment		**7**	23	**–**	–
Purchase of listed shares		**(48,195)**	–	**(48,195)**	–
Purchase of treasury shares		**(7,866)**	–	**(7,866)**	–
Net cash (used in)/provided by investing activities		**(2,639,768)**	2,742,129	**119,127**	(132,538)
Cash flows from financing activities					
Dividends paid by ASX Limited		**(324,904)**	(189,160)	**(324,904)**	(189,160)
Dividend paid by SFE Corporation Limited		**–**	(44,128)	**–**	–
Capital return		**–**	(99,908)	**–**	(99,908)
Receipts from employee share plan loans		**243**	567	**243**	567
Net cash (used in) financing activities		**(324,661)**	(332,629)	**(324,661)**	(288,501)
Net (decrease)/increase in cash and cash equivalents		**(2,615,320)**	2,723,153	**(9,610)**	(62,864)
Fair value increase of available-for-sale financial assets		**364**	57	**–**	–
Cash and cash equivalents at the beginning of the financial period		**6,622,781**	646,922	**9,912**	72,776
Cash and cash equivalents on acquisition of SFE		**–**	3,252,649	**–**	–
Cash and cash equivalents at the end of the financial period	10(a)	**4,007,825**	6,622,781	**302**	9,912
Classification of cash balances:					
ASX own funds		**282,981**	334,774	**302**	9,912
Restricted capital reserve	23(b)	**71,489**	71,489	**–**	–
Participants' margins and commitments		**3,653,355**	6,216,518	**–**	–
Total cash and cash equivalents		**4,007,825**	6,622,781	**302**	9,912

The Cash Flow Statements should be read in conjunction with the Notes to the Financial Statements.

1 Statement of Significant Accounting Policies

ASX Limited (the 'Company' or 'ASXL') is a company domiciled in Australia. The consolidated Financial Report of the Company as at and for the year ended 30 June 2008 comprises the Company and its subsidiaries (together referred to as the 'Group').

The consolidated Financial Report was authorised for issuance by the Board of Directors on 14 August 2008.

(a) Basis of Preparation

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Standards Board (AASB) pronouncements including Australian Interpretations, and the Corporations Act 2001. The consolidated Financial Report of the Group and the Financial Report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The Financial Report has been prepared in Australian dollars on the historical cost basis except for available-for-sale financial assets which have been recognised at fair value. The functional currency of the Group is also Australian dollars.

The accounting policies have been applied to all periods presented in these Financial Statements and have been applied consistently by all Group entities.

The following standards, amendments to standards and interpretations applicable to ASX were available for early adoption but have not been applied by the Group and the Company in these financial statements:

- revised AASB 3 Business Combinations changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. This would not have affected the ASX Group in the current financial year.
- AASB 8 Operating Segments replaces the presentation requirements of segment reporting in AASB 114 Segment Reporting. Also, AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 must be adopted in conjunction with AASB 8.

  Both AASB 8 and AASB 2007-3 are applicable to the ASX Group for the annual reporting period beginning 1 July 2009 and is expected to only impact disclosures within the Financial Report.
- revised AASB 101 Presentation of Financial Statements introduces a 'statement of comprehensive income'. It is applicable to the ASX Group for the Group's 30 June 2010 Financial Statements and is expected to impact disclosures within the Financial Report.
- revised AASB 123 Borrowing Costs become applicable for 30 June 2010 Financial Statements. This would not have affected the ASX Group in the current financial year.
- revised AASB 127 Consolidated and Separate Financial Statements will be mandatory for 30 June 2010 Financial Statements. The Group has not yet determined the potential effect of the revised standard on the Group's Financial Report.
- AASB 2008-1 Amendments to Australian Accounting Standard – Share-Based Payment: Vesting Conditions and Cancellations changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the Group's 30 June 2010 Financial Statements. The Group has not yet determined the potential effect of the revised standard on the Group's Financial Report.
- improvements to International Reporting Standards – cost of an investment in subsidiary, jointly controlled entity or associate.The Group has not yet determined the potential impact of the revised standard on the Group's Financial Report.

(b) Basis of Consolidation

Subsidiaries are consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(c) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

(d) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

Listings revenue

Listings revenue include revenue from annual listing fees, initial listing fees and subsequent capital raisings. Initial and subsequent listing fees are recognised when the listing or subsequent event has taken place. Annual listing fees are recognised evenly over the year.

Cash market

Cash market revenue includes revenue from trading, clearing and settlement of equities, warrants and interest rate market. ASX has elected under AASB 139 Financial Instruments: Recognition and Measurement to account for revenue from cash market trading, clearing and settlement at settlement date. The normal market convention is that this occurs three days after initial trade date.

Derivatives

Derivatives revenue includes revenue from trading, clearing and settlement of futures and options. Derivatives fees are recognised at trade date.

Information services

Revenue from provision of information services is recognised at the time the service is performed.

Technology infrastructure

Revenue from Technology infrastructure is recognised in the period the service is supplied.

Austraclear services

Revenue from Austraclear depository and settlement fees is recognised in the period of service. Revenue from Austraclear registry fees is recognised in the period earned and spread over the period of service in relation to registry activities.

(e) Leases

Finance leases

Leases of plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Operating leases

Payments made under operating leases are recognised in the Income Statement on a straight-line basis over the term of the lease. Where operating leases have fixed increases the payments are recognised over the term of the lease on a straight-line basis.

Lease incentive

Lease incentives are included in several of the operating leases negotiated by the Group, and include rent-free periods and free fit-out of leased areas. The estimated value of the lease incentives has been apportioned over the life of the lease. The net lease costs are recognised in the Income Statement over the lease. Where the original lease term has been extended, these incentives will continue to be recognised over the original lease term.

(f) Foreign Currency Translation

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated Financial Statements are presented in Australian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet, and
- income and expenses for each Income Statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions).

(g) Interest

Interest income comprises interest earned on ASX own funds and restricted capital reserves, plus interest earned on Participant funds. Interest income on available-for-sale financial assets is recognised over the asset's term to maturity. Interest paid to Participants is recognised in the period incurred.

(h) Dividends

A liability is made for the amount of any dividend declared on or before the end of the financial year but not distributed at Balance Sheet date. Typically, the final dividend in respect of a financial year is declared after year-end, and is therefore not provided for until declared.

(i) Income Tax

Income tax in the Income Statement for the periods presented comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet liability 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 certain temporary differences – eg the initial recognition of goodwill. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only 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 reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

ASXL elected to form a tax consolidated group for income tax purposes with effect from 1 July 2002. As a result of the merger with the SFE, the SFE tax consolidated group elected to join with the ASXL tax consolidated group on 12 July 2006. ASXL has remained as the head entity for the purposes of the tax consolidation legislation and is therefore liable for the income tax liabilities of the ASXL tax consolidated group.

In accordance with UIG 1052 Tax Consolidation Accounting, the consolidated current and deferred tax amounts arising from temporary differences of the members of the tax consolidated group are recognised in the separate Financial Statements of the members of the tax consolidated group using 'separate taxpayer within Group' approach.

Tax funding agreement

ASXL has entered into a tax funding agreement with the following subsidiaries:

- ASX Operations Pty Limited
- Australian Clearing House Pty Limited
- ASX Settlement and Transfer Corporation Pty Limited
- ASX Markets Supervision Pty Limited
- Australian Stock Exchange Pty Limited
- SFE Corporation Limited
- Sydney Futures Exchange Limited
- SFE Clearing Corporation Pty Limited
- Austraclear Limited
- Austraclear Services Limited
- Equityclear Pty Limited
- Australian Clearing Corporation Limited
- Chess Depository Nominees Pty Limited
- ASX Futures Exchange Pty Limited
- ASX Clearing Corporation Limited (formerly ASX 234 Pty Limited)
- ASX 345 Pty Limited
- Options Clearing House Pty Limited
- SECH Nominees Pty Limited, and
- TNS Clearing Pty Limited.

The agreement has the objective of achieving an appropriate allocation of the Group's income tax expense to the main operating subsidiaries within the ASX Group. The tax funding agreement also has the objective of allocating the deferred tax asset relating to tax losses only, and current tax liability of the main operating subsidiaries to ASXL. The subsidiaries will reimburse ASXL for their portion of the Group's current tax liability and will recognise this payment as an inter-entity payable/receivable in their Financial Statements for that financial year. ASXL will reimburse the subsidiaries for the deferred tax asset from any unused tax losses/credits and ASXL will compensate the subsidiaries by making a payment equal to the carrying value of the deferred tax asset (that arose from the unused tax losses/credits).

(j) Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dillutive potential ordinary shares, which comprise conditional entitlements and performance rights granted to employees.

(k) Goods and Services Tax (GST)

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(l) Business Combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer note 1 (r)).

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used in the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(m) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

(n) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash balances and available-for-sale investments that are readily convertible to cash.

(o) Receivables

Trade receivables

Trade receivables, which generally have terms of 30 days, are recognised and carried at original invoice amount. The collectibility of debts is assessed at each reporting date and an impairment loss is recognised for any doubtful debts. Doubtful debts are written off when it is clear that the receivable is not able to be collected.

Margins receivable

Margins receivable from Participants, which are due for settlement on the next business day (refer note 11 - Receivables), include the fair value of derivative positions and are recognised on trade-date, the date on which the derivative contracts are registered.

Receivables from related parties

Inter-company trading balances are recognised at amortised cost.

Loans to related parties are recognised at amortised cost.

(p) Investments and Other Financial Assets

All investments are initially recognised at fair value, being the fair value of the consideration given and the costs of acquiring the investment.

Available-for-sale financial assets

Available-for-sale financial assets comprise money market investments readily convertible to cash.

After initial recognition, available-for-sale financial assets are measured at fair value. Apart from impairment losses, gains or losses on available-for-sale financial assets are recognised directly in an asset revaluation reserve in equity until the asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss. When the asset is considered to be impaired, any gain or loss that had been recognised directly in equity is removed from equity and recognised in profit or loss.

Investments

Investments classified as available-for-sale include shares held in listed entities. For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the Balance Sheet date.

Unlisted shares in subsidiaries

Unlisted shares in subsidiaries are held at cost.

(q) Property, Plant and Equipment

All classes of property, plant and equipment are measured at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(m)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

Depreciation and amortisation

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Depreciation is provided on a straight-line basis on all plant and equipment, over their estimated useful lives.

The depreciation periods for each class of asset, for the current and previous years, are as follows:

Leasehold improvements	the lease term
Plant and equipment	3-7 years
Computer equipment	3-5 years

The cost of improvements to leasehold property is capitalised and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(r) Intangible Assets

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised, but it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense.

Computer software

Computer system development projects, which are expected to provide future benefits, are capitalised at cost and amortised on a straight-line basis over their expected useful life. Capitalised project costs are amortised from the time the project assets are in use. Certain staff costs are capitalised when they can be specifically attributed to major software development projects.

The estimated useful lives for the Group's computer software, for the current and previous years, are as follows:

ASX market trading system	7 years
SFE market trading system	minimum term of vendor support
ASX market clearing system	7 years
SFE market clearing system	10 years
SFE settlement and depository system	10 years

(s) Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. The amounts, which are stated at amortised cost, are unsecured and are usually paid within 30 days of recognition.

(t) Provisions

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable the obligation will be settled. If the effect is material, 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 when appropriate, the risks specific to the liability.

Surplus lease space

A provision is required to be made for surplus space in leased premises when it is determined that no substantive future benefit will be obtained by the Group from its occupancy. This arises where premises are currently leased under non-cancellable operating leases and the Group either:

- currently does not occupy the premises and does not expect to occupy it in the future
- sub-lets the premises for lower rentals than it is presently obliged to pay under the original lease, or
- currently occupies the premises, but the premises have been assessed to be of no substantive benefit beyond a known future date and there is a committed plan to vacate.

Make good provision

The Group has operating leases for office space that require the premises to be returned to the lessor in their original condition. The operating lease payments do not include the 'make good' payment at the end of the lease term. A provision is recognised when an obligation to make good exists, which can be reliably estimated.

(u) Employee Benefits

Wages, salaries, annual leave and non-monetary benefits

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

Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' cumulative services provided to the reporting date. The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms to maturity of the related liabilities.

Retirement benefit obligations

Obligations for contributions to defined contribution plans are recognised as an expense in the Income Statement as incurred.

Share-based payment transactions

The Group provides conditional entitlements and performance rights to ordinary shares of the Company to executives and certain staff members as part of the Long-Term Incentive Plan. The fair value of the conditional entitlements and performance rights granted is recognised as an expense with a corresponding increase in equity compensation reserve. The fair value is measured at grant date and is expensed over the performance period. The fair value is determined by an external valuer using the Monte Carlo simulation method, taking into account the terms and conditions upon which the conditional entitlements and performance rights were granted. The amount recognised as an expense is adjusted to reflect the actual number of conditional entitlements and performance rights expected to vest, with a corresponding adjustment to the equity compensation reserve. Where the conditional entitlements and performance rights did not subsequently vest due to a market condition (eg 'Total Shareholder Return') not being attained, the expense is not reversed.

The Group also has share plans where staff may be granted shares with a fair value of $1,000. These shares are expensed on the date they are issued to staff based on the ASX share price on the date of issue, with a corresponding increase in equity.

Bonus plans

The Group recognises a liability and an expense for bonuses taking into consideration the performance of the company and staff. A provision is recognised where there is contractual obligation or where there is past practice that gives clear evidence of the amount of the obligation.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

(v) Issued Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Novation of Trades

The Group fully owns two subsidiaries providing central counterparty clearing:

- Australian Clearing House Pty Limited (ACH), which provides novation of cash market securities and derivatives, and
- SFE Clearing Corporation Pty Limited (SFECC), which provides novation of derivatives.

Novation

Transactions between two Participant organisations are replaced by novation. The novation replaces the original contract between the two Participant organisations with a contract between the selling Participant organisation and ACH or SFECC, and a contract between ACH or SFECC and the buying Participant organisation. Through the novation process, all positions are matched.

Cash market securities (comprises equities and managed investments)

Cash market securities are recognised at settlement date which means that trades occurring in the last three trading days before balance date are not recognised as a financial asset or liability. As a consequence, revenue on cash market securities in the last three trading days before balance date is not recognised in the period the trade occurs.

Derivatives (comprises exchange-traded options, futures and warrants)

Derivatives are recognised at fair value at trade date, which is zero. Participants are required to lodge an amount (initial margins) which varies from contract to contract and is based on risk parameters attached to the underlying product at trade date. Movements in the fair value of derivatives after trade date are paid or received on a daily basis via cash settlement (variation margins).

Initial margins which are settled by cash and debt securities which are held by ACH and SFECC are recognised on Balance Sheet at fair value. Initial margins which are settled by bank guarantees and equity securities are not recognised on balance sheet in accordance with AASB 139 Financial Instruments: Recognition and Measurement, as ACH is not party to the contractual provisions of the instruments. Initial margins recognised on Balance Sheet are classified in 'cash and cash equivalents' and 'amounts owing to Participants'.

Variation margins are cash settled on a daily basis. Variation margins receivable or payable are recognised on Balance Sheet at fair value in accordance with AASB 139 Financial Instruments: Recognition and Measurement.

(x) Treasury Shares

Treasury shares are shares in the parent entity held in a special purpose trust, until vesting up to a maximum of 10 years, for the benefit of employees under the ASX Long-Term Incentive Plan as described in the Remuneration Report in the Directors' Report. Treasury shares, net of any tax effect, are included in the equity compensation reserve and are deducted from equity (refer to section 11 of the Remuneration Report in the Directors' Report).

2 Financial Risk Management

Overview

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by a central risk department and a Group treasury function under policies approved by the Board of Directors. The central risk department manages clearing default credit risk with counterparties and the Group treasury function manages investment credit, market liquidity and cash flow interest rate risks within limits approved by the Board of Directors and monitored by Risk Management.

(a) Market Risk

Market risk is the risk of loss arising from movements in observable market variables such as foreign exchange rates, interest rates and other market prices.

For the Group, market risk on contracts traded on the Australian Securities Exchange, including Sydney Futures Exchange, is negligible as the novation process ensures that the Group is not exposed to any price movements on the contracts (refer to note 1(w)).

(i) Interest rate risk

The Group has significant interest bearing assets and liabilities. Interest rate risk on the assets is managed by policies that enable the Group to pay a variable rate on its interest bearing liabilities.

The Group's market risk on investments of its cash resources (Participant monies and own funds) are subject to the risk of losses arising from the movement in interest rate. The interest rate risk is minimised as the Group's objective is to hold investments until maturity noting that they are available to sell for liquidity purposes, and they are invested with maturities no longer than 12 months. The Board has set limits with respect to weighted average maturity in order to limit this risk.

(ii) Foreign currency risk

Foreign exchange risk is the risk that the value of an asset, liability or highly probable forecast transaction denominated in foreign currency will fluctuate because of changes in foreign exchange rate. The Group has no significant exposure to foreign currency risk apart from net interest and exchange fees receivable denominated in non-AUD currencies. Such exposure is not considered significant.

(iii) Equity price risk

The Group has limited exposure to equity price risk as it only has exposure to a single equity. Management of this risk is by ongoing monitoring of the value with respect to any impairment.

(b) Credit Risk

The Group is exposed to credit risk, which represents the potential loss that may arise from the failure of a counterparty to meet its obligation or commitment to the Group. Due to the novation process, all trades on the ASX are matched thereby ASX is not exposed to direct price movements of the underlying equities. However, equity price movements may have an impact on the counterparties' ability to meet their obligations to ASX. Failure to meet these obligations exposes ASX to potential losses on settlement. These are managed by four layers of risk control:

- clearing Participant membership requirements and admission standards
- Participant surveillance
- daily counterparty credit risk control, including margining and collateral management, and
- financial resource adequacy, including fixed capital and stress testing.

Both ASX central counterparty clearing entities regularly stress-test clearing Participant exposures against the amount and liquidity of variable and fixed (clearing guarantee fund) capital resources available in the event of default to ensure their adequacy. ASX's ongoing monitoring of Participants' market positions and exposures, coupled with daily margining and collateral management, enables it to efficiently manage its central counterparty credit risk and meet its regulatory obligations.

The credit risk is further managed as described in notes 6 and 24. With respect to the financial assets of the Group the Board has implemented policies that limit that amount of credit exposure to any one financial institution.

Trade and other receivables mainly consist of various fees outstanding from market Participants, listing corporations, users of market data and other customers. These receivable amounts are aged by various periods outstanding on balance date for credit monitoring purposes.

Intercompany receivables consist of balances owing to the parent entity from wholly-owned subsidiaries. The parent considers the credit risk on this item to be low.

(c) Liquidity Risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due and it results from amounts and maturity mismatches of assets and liabilities. Prudent liquidity risk management implies maintaining sufficient cash reserves and marketable securities. The Board has implemented policies that specify maximum average maturity limits in order to manage the liquidity risk which is managed by the Group treasury function and monitored by Risk Management. The Group also maintains various credit facilities which are available to meet liquidity requirements (refer to note 25 for details of the credit facilities in place at the end of the financial year).

(d) Capital Management

The Board's policy is to maintain an appropriate level of capital with the objectives of:

- maintaining the Group's financial viability in order to continue to facilitate growth of its exchange-traded markets and provide appropriate risk-adjusted returns to shareholders
- supporting the Group's prudential stability and meeting its compliance obligations with respect to the Financial Stability Standards as required by the various licences held, and
- providing capital for the purpose of strengthening the Group's wider business, legal and operational risk management practices ensuring compliance with its overall licence obligations.

The Group currently does not hold any debt on its Balance Sheet and the Board evaluates the merits of financial leverage from time to time. In so doing the Board's objective is to maintain a positive net tangible equity at a Group level, cognisant of the fact that a significant allocation of capital supports the activities of the central counterparty clearing subsidiaries as discussed in note 24(a). The Board is currently examining proposals to utilise debt to support the capital requirements of the clearing subsidiaries.

The Group's target is to achieve a return on average shareholders' equity of between 12% and 15%. During the year ended 30 June 2008 the return was 13.3% (2007: 12.7%).

In accordance with the Group's objectives and policies, its capital is invested at an appropriate liquidity profile taking into consideration the risk-based claims on that equity that may arise from the Group's activities, predominantly the central counterparty clearing. The amount of the Group's capital that is committed to the Group's central counterparty clearing activities is disclosed in note 24.

The Board's current policy is to pay a dividend based on 90% of normalised net profit after tax. This policy is unchanged from the prior comparable period.

The licenced clearing and settlement facility subsidiaries are required to maintain sufficient resources to meet their licence obligations. In managing the capital base of these subsidiaries the Board ensures that each entity meets its obligations by ensuring the subsidiaries have sufficient capital reserves based on a risk-based capital adequacy calculation.

There were no changes to the Group's approach to capital management during the year.

3 Critical Accounting Estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated recoverable amount of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(m). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 16 for details of these assumptions and the potential impact of changes to the assumptions.

Estimated recoverable amount of intangibles

The Group tests annually whether intangibles (software assets) have suffered any impairment, in accordance with the accounting policy stated in note 1(m). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

4 Segment Reporting

Business Segments

The Group accounts internally for the following business segments:

Exchange-traded activities

These activities comprise the derivation of revenue from the operation of the licensed securities and derivatives exchanges (Australian Stock Exchange and Sydney Futures Exchange), and the licensed clearing and settlement operations conducted by Australian Clearing House Pty Limited, ASX Settlement and Transfer Corporation Pty Limited and SFE Clearing Corporation Pty Limited. This includes fees for trading, clearing and settlement of equity and derivative contracts, together with revenues from market data services, technology infrastructure, and net interest on Participant margin balances held.

Non-exchange traded activities

These include settlement, depository and registry services for debt securities, conducted by the licensed clearing entity, Austraclear Limited. This includes fees for transactions and holdings of debt securities as well as registry and issuer and paying agency fees.

Unallocated revenue and unallocated expenses

Unallocated revenue includes interest earned on Group cash reserves. Where applicable, costs that are directly attributable to specific business segments have been charged to those segments, and those costs remaining are unallocated expenses.

Business Segment Financial Statements

For the year ended 30 June 2008	Exchange traded 2008 $'000	Non-exchange traded 2008 $'000	Unallocated 2008 $'000	Consolidated 2008 $'000
Revenues				
Listings	120,211	–	–	120,211
Cash market	188,800	–	–	188,800
Derivatives	171,681	–	–	171,681
Information services	68,003	–	–	68,003
Technology infrastructure	26,244	1,419	–	27,663
Austraclear services	–	21,870	–	21,870
Dividends	–	–	4,852	4,852
Other revenue	14,702	2,622	3,981	21,305
	589,641	25,911	8,833	624,385
Net interest income				
Interest income	270,678	888	26,819	298,385
Interest expense	(246,117)	–	–	(246,117)
	24,561	888	26,819	52,268
	614,202	26,799	35,652	676,653
Operating expenses	(129,537)	(8,967)	–	(138,504)
Depreciation and amortisation	(10,476)	(1,912)	(6,528)	(18,916)
Profit before income tax expense	474,189	15,920	29,124	519,233
Income tax expense				(153,284)
Net profit				365,949
Segment assets	4,368,348	21,456	2,402,081	6,791,885
Segment liabilities	3,953,586	12,307	71,746	4,037,639
Acquisitions of plant and equipment and intangibles	14,958	427	8,493	23,878

Business Segment Financial Statements

For the year ended 30 June 2007	Exchange traded 2007 $'000	Non-exchange traded 2007 $'000	Unallocated 2007 $'000	Consolidated 2007 $'000
Revenues				
Listings	117,553	–	–	117,553
Cash market	155,838	–	–	155,838
Derivatives	152,135	–	–	152,135
Information services	61,135	–	–	61,135
Technology infrastructure	23,275	–	–	23,275
Austraclear services	–	19,984	–	19,984
Dividends	–	–	3,150	3,150
Other revenue	10,347	4,442	4,294	19,083
	520,283	24,426	7,444	552,153
Net interest income				
Interest income	267,600	730	21,814	290,144
Interest expense	(250,375)	–	–	(250,375)
	17,225	730	21,814	39,769
Net gain on sale of associate	–	–	7,081	7,081
	537,508	25,156	36,339	599,003
Operating expenses	(128,339)	(9,142)	(33,209)	(170,690)
Depreciation and amortisation	(10,923)	(1,713)	(2,243)	(14,879)
Profit before income tax expense	398,246	14,301	887	413,434
Income tax expense				(120,542)
Net profit				292,892
Segment assets	6,686,476	34,779	2,797,208	9,518,463
Segment liabilities	6,558,318	17,110	186,651	6,762,079
Acquisitions of plant and equipment and intangibles	12,980	822	2,266	16,068

Geographical segments

The Group operates predominantly in one geographic segment, Australia.

5 Expenses

	Consolidated		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Included in expenses are the following items:				
Net doubtful debts/(recoveries)	**43**	(425)	**–**	–
Net (profit)/loss on sale and write-downs of plant and equipment	**4,303**	6,049	**–**	–
Operating lease rental expense	**11,227**	13,668	**–**	–
Employer contribution to superannuation plan	**5,852**	4,498	**–**	–
Expense relating to share-based payments	**3,341**	2,189	**–**	–
Occupancy expense provisions (reversed)/made*	**(5,224)**	19,098	**–**	–

* Occupancy expenses were $7,458,000 in the current year, compared to $35,066,000 in 2007. The current year occupancy expense includes a reversal of provisions amounting to $5,224,000 (refer note 19) following the re-negotiation of the Sydney premises lease in September 2007, whilst the 2007 occupancy expense included provisions made of $19,089,000 primarily for surplus lease space.

6 Financial Instruments

Financial risks in the form of credit risk and market risks (primarily interest rate risk) are quantified using the 'value at risk' (VaR) concept. VaR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The VaR is calculated daily. At reporting date the five day VaR with 99% confidence level is $1,033,572 (2007: $400,768) of the total value of cash and cash equivalents.

Determination of fair values:

Fair values of the following financial assets have been determined on the following basis:

Financial Assets	**Fair value (FV) determination**
Cash	FV of cash equates to the book value. For foreign currency cash, fair value is measured based on market spot rates at reporting date
Available for sale (AFS) financial assets	FV of AFS financial assets is based on quoted bid price at reporting date
Receivables	FV of trade and other receivables is estimated as the expected realisable value, net of any provision for non-recoverable amounts
Investments in listed shares	FV of investments in listed shares is based on the quoted final trading price at reporting date
Loans to employees	FV of loans to employees is equal to the expected realisable value
Intercompany receivables	FV of intercompany receivables is based on the expected realisable value

(i) Interest rate risk

At reporting date, the interest rate profile, fair values and carrying amounts of the Group's and the Company's financial assets and liabilities are set out in the following tables:

Consolidated		Carrying amount				Fair value
		Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Total
2008	Note	2008 $'000	2008 $'000	2008 $'000	2008 $'000	2008 $'000
Financial assets						
Cash	10(a)	414,412	–	–	414,412	414,412
Available-for-sale financial assets	10(b)	450,073	3,143,340	–	3,593,413	3,593,413
Receivables	11	–	–	307,771	307,771	307,771
Investments in listed shares	13	–	–	131,148	131,148	131,148
Loans to employees	11	–	–	314	314	314
		864,485	3,143,340	439,233	4,447,058	4,447,058
Weighted average interest rate		7.68%	7.89%*			
Financial liabilities						
Payables	17	–	–	300,601	300,601	300,601
Amounts owing to Participants	18	3,653,355	–	–	3,653,355	3,653,355
Other liabilities	20	–	–	15,650	15,650	15,650
		3,653,355	–	316,251	3,969,606	3,969,606
Weighted average interest rate		6.46%				
Net financial assets/(liabilities)		**(2,778,870)**	**3,143,340**	**122,982**	**477,452**	**477,452**

2007		2007 $'000	2007 $'000	2007 $'000	2007 $'000	2007 $'000
Financial assets						
Cash	10(a)	118,677	–	–	118,677	118,677
Available-for-sale financial assets	10(b)		6,504,104	–	6,504,104	6,504,104
Receivables	11	–	–	417,249	417,249	417,249
Investments in listed shares	13	–	–	138,600	138,600	138,600
Loans to employees	11	–	–	557	557	557
		118,677	6,504,104	556,406	7,179,187	7,179,187
Weighted average interest rate		6.15%	6.43%*			
Financial liabilities						
Payables	17	–	–	438,406	438,406	438,406
Amounts owing to Participants	18	6,216,518	–	–	6,216,518	6,216,518
Other liabilities	20	–	–	12,754	12,754	12,754
		6,216,518	–	451,160	6,667,678	6,667,678
Weighted average interest rate		6.06%	–	–	–	–
Net financial assets/(liabilities)		**(6,097,841)**	**6,504,104**	**105,246**	**511,509**	**511,509**

* Excludes yield on government bonds lodged as collateral.

Company		Carrying amount				Fair value
		Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Total
		2008	2008	2008	2008	2008
2008	Note	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash	10(a)	302	–	–	302	302
Intercompany receivables	11	–	–	164,283	164,283	164,283
Investments in listed shares	13	–	–	131,148	131,148	131,148
Investment in subsidiaries	13	–	–	2,457,100	2,457,100	2,457,100
Loans to employees	11	–	–	314	314	314
Net financial assets/(liabilities)		**302**	**–**	**2,752,845**	**2,753,147**	**2,753,147**

		2007	2007	2007	2007	2007
2007		$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash	10(a)	9,912	–	–	9,912	9,912
Intercompany receivables	11	–	–	222,053	222,053	222,053
Investments in listed shares	13	–	–	138,600	138,600	138,600
Investments in subsidiaries	13	–	–	2,423,589	2,423,589	2,423,589
Loans to employees	11	–	–	557	557	557
Net financial assets/(liabilities)		**9,912**		**2,784,799**	**2,794,711**	**2,794,711**

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rate at the reporting date would not affect profit or loss until final disposal. An increase/decrease of 25 basis points in interest rate would have decreased/increased the Group's equity by $691,051 (2007: $837,763) and the Company's equity by $nil (2007:$nil).

Fair value sensitivity analysis for floating rate instruments:

An increase/decrease of 25 basis points in interest rate would have decreased/increased the Group's equity by $41,764 (2007: $nil) and the Company's equity by $nil (2007:$nil).

Cash flow sensitivity analysis for floating rate instruments:

An increase/decrease of 25 basis points in interest rates at the reporting date would have increased/decreased profit or loss by $62,000 (2007:$335,000). The analysis is performed on the same basis for 2007.

(ii) Foreign currency risk

Details of the financial assets and financial liabilities denominated in foreign currencies and the net open position of the foreign currency risks in AUD '000s:

	Consolidated									
	30 June 2008					30 June 2007				
	NZD	USD	EUR	GBP	JPY	NZD	USD	EUR	GBP	JPY
Financial assets										
Cash	30,243	1,386	252	107	123	13,594	283	–	–	–
Available-for-sale financial assets	74,658	–	–	–	–	212,029	–	–	–	–
Trade receivable	412	–	–	–	–	669	–	–	–	–
Financial liabilities										
Trade creditors	541	–	–	–	–	1,502	–	–	–	–
Amounts owing to Participants	104,839	1,279	252	107	123	224,052	244	–	–	–
Net exposure	(67)	107	–	–	–	738	39	–	–	–
Exchange rate for conversion	1.2655	0.9590	0.6093	0.4825	102.04	1.1023	0.8488	–	–	–

There are no foreign currency financial assets or liabilities in the Company.

Foreign exchange sensitivity analysis:

A 10% strengthening of the Australian dollar against the following currencies at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

	Consolidated profit or loss $'000
30 June 2008	
NZD	6
USD	(10)
30 June 2007	
NZD	(67)
USD	(4)

A 10% weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(iii) Equity price risk

Equity price risk sensitivity analysis:

A 10% change in the price of the single equity investment held by the Group at balance date would have increased/ (decreased) equity by $9,180,000 (2007: $9,702,000).

(iv) Credit risk

Exposure to credit risk:

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's and the Company's maximum exposure to credit risk as at 30 June was:

		Consolidated		The Company	
		2008	2007	**2008**	2007
	Note	**$'000**	$'000	**$'000**	$'000
Cash	10(a)	**414,412**	118,677	**302**	9,912
Available-for-sale financial assets	10(b)	**3,593,413**	6,504,104	**–**	–
Account receivables	11	**67,696**	66,786	**–**	–
Intercompany receivables	11	**–**	–	**164,283**	222,053
Margin receivable from clearing Participants	11	**231,218**	341,800	**–**	–
Investments	13	**131,148**	138,600	**131,148**	138,600
Loans to employees	11	**314**	557	**314**	557
Other debtors	11	**8,857**	8,663	**–**	–

With respect to cash and available-for-sale financial assets, the Group's single most significant exposure at the reporting date was $773,505,000 (2007: $611,670,000) to the Australian Federal Government rated AAA. The Group has policies limiting exposure and concentration of these investments with different counterparties.

2008 Consolidated Group	Counterparty risk ratings				Total
	AAA	A1+	A1	A2	
Cash	1,243	413,169	–	–	414,412
Bank Bills	1,137	363,308	72,667	–	437,112
Negotiable certificates of deposit	–	1,075,355	475,989	381,379	1,932,723
Floating rate notes	–	450,073	–	–	450,073
Government bonds	773,505	–	–	–	773,505
Total available-for-sale financial assets	774,642	1,888,736	548,656	381,379	3,593,413

With respect to the Company, all cash was invested with counterparties rated A1+.

2007 Consolidated Group	Counterparty risk ratings				Total
	AAA	A1+	A1	A2	
Cash	44	118,633	–	–	118,677
Bank bills	5,772	1,562,388	329,319	–	1,897,479
Negotiable certificates of deposit	–	2,744,893	762,360	487,702	3,994,955
Government bonds	611,670	–	–	–	611,670
Total available for sale financial assets	617,442	4,307,281	1,091,679	487,702	6,504,104

With respect to the Company, all cash was invested with counterparties rated A1+.

The Group's activities result in relationships with a large part of the financial sector as well as all listed companies, and a variety of institutional entities and trusts. As such there is no concentration of receivables to any one customer.

Financial assets that were past due but not impaired:

As at 30 June, the age analysis of the trade receivables of the Group that were past due but not determined to be impaired according to the period past due was as follows:

	Consolidated 2008 $'000	Consolidated 2007 $'000
Not past due	**57,063**	64,149
Past due 0-30 days	**5,775**	1,968
Past due 31-60 days	**1,271**	394
Past due 61-90 days	**1,243**	119
Past due 91 days and over	**2,344**	156
Total trade receivables not impaired	**67,696**	66,786
Trade receivables impaired	**297**	641
Total trade receivables	**67,993**	67,427

For clearing and settlement related risks, refer to novation and settlement risk note on 24(a).

(v) Liquidity risk

The following are the contractual maturities and cash flows of financial assets and liabilities with relevant maturity periods as at 30 June:

Consolidated	30 June 2008				
	Up to 1 mth $'000	>1 mth to 3 mths $'000	>3 mths To 1 year $'000	>1 Year $'000	Total $'000
Current assets:		–	–	–	
Cash	414,412	–	–	–	414,412
Available-for-sale financial assets	1,168,832	845,469	805,607	773,505*	3,593,413
Receivables	302,566	2,514	2,641	50	307,771
Non-current assets:					
Investment in listed shares	–	–	–	131,148	131,148
Receivables (loans to employees)	–	–	–	314	314
Total assets	**1,885,810**	**847,983**	**808,248**	**905,017**	**4,447,058**
Current liabilities:					
Amounts owing to Participants	3,576,635	–	–	–	3,576,635
Payables	270,910	29,691	–	–	300,601
Other current liabilities	–	–	961	–	961
Non-current liabilities:					
Amounts owing to Participants	–	–	–	76,720	76,720
Other non-current liabilities	–	–	–	3,818	3,818
Total liabilities	**3,847,545**	**29,691**	**961**	**80,538**	**3,958,735**

* Represents fair value of securities lodged as collateral.

Consolidated	30 June 2007				
	Up to 1 mth $'000	>1 mth to 3 mths $'000	>3 mths To 1 year $'000	>1 Year $'000	Total $'000
Current assets:					
Cash	118,677	–	–	–	118,677
Available-for-sale financial assets	4,314,763	1,577,671	–	611,670*	6,504,104
Receivables	416,722	175	302	50	417,249
Non-current assets:					
Investment in listed shares	–	–	–	138,600	138,600
Receivables (loans to employees)	–	–	–	557	557
Total assets	**4,850,162**	**1,577,846**	**302**	**750,877**	**7,179,187**
Current liabilities:					
Amounts owing to Participants	6,175,968	–	–	–	6,175,968
Payables	403,164	35,242	–	–	438,406
Other current liabilities	–	–	4,000	–	4,000
Non-current liabilities:					
Amounts owing to Participants	–	–	–	40,550	40,550
Total liabilities	**6,579,132**	**35,242**	**4,000**	**40,550**	**6,658,924**

* Represents fair value of securities lodged as collateral.

With respect to amounts owing to Participants, whilst the maturity period has been determined as up to one month, in reality the actual maturity will depend on a number of factors including new contracts opened and contracts closed by Participants.

There are no financial liabilities within the Company.

7 Taxation

	Consolidated		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
(a) Income tax (expense)				
Profit before income tax expense	**519,233**	413,434	**349,780**	464,945
Prima facie income tax (expense) calculated at 30% (2007: 30%) on the profit before tax	**(155,770)**	(124,030)	**(104,934)**	(139,483)
Movement in income tax (expense) due to:				
Non-tax deductible items	**(80)**	(159)	**–**	–
Adjustment arising from sale of subsidiary	**–**	(575)	**–**	(575)
Dividends from wholly-owned subsidiaries	**–**	–	**103,200**	136,200
Deductible capitalised merger costs	**–**	2,717	**–**	–
Non-deductible employee equity schemes	**(476)**	(203)	**–**	–
Net franking credit offset	**1,455**	945	**1,455**	945
Non-assessable income	**540**	714	**–**	–
Research and development concession	**–**	61	**–**	–
Over/(under) provision in prior year	**1,047**	(12)	**–**	–
Total income tax (expense)	**(153,284)**	**(120,542)**	**(279)**	**(2,913)**
(b) Major components of income tax expense				
Current tax expense	**(144,606)**	(111,892)	**(279)**	(3,060)
Movement in deferred tax liability	**(4,614)**	(861)	**–**	147
Movement in deferred tax asset	**(5,111)**	970	**–**	–
Reduction in deferred tax on sale of subsidiary	**–**	(38)	**–**	–
Reduction in deferred tax taken to goodwill	**–**	(8,709)	**–**	–
Over/(under) provision in prior year	**1,047**	(12)	**–**	–
Total income tax (expense)	**(153,284)**	**(120,542)**	**(279)**	**(2,913)**
(c) Deferred tax recognised directly in equity				
Relating to revaluation of available-for-sale asset	**(16,897)**	(15,480)	**(16,694)**	(15,480)
Relating to purchase of treasury shares	**321**	–	**321**	–
Total	**(16,576)**	**(15,480)**	**(16,373)**	**(15,480)**

	Consolidated 2008 $'000	Consolidated 2007 $'000	The Company 2008 $'000	The Company 2007 $'000
(d) Deferred tax asset/(liability)				
Deferred tax assets comprises the estimated future benefit at an income tax rate of 30% (2007: 30%) of the following items:				
Provisions for:				
– Doubtful debts	**73**	194	**–**	–
– Employee benefits	**6,848**	5,523	**–**	–
– Leased premises	**2,284**	4,381	**–**	–
– Superannuation	**12**	193	**–**	–
Accrued expenses	**1,553**	4,225	**–**	–
Straight-lining of leases	**2,031**	4,612	**–**	–
Merger costs	**60**	1,190	**–**	–
Revenue received in advance	**653**	665	**–**	–
Lease surrender	**1,254**	1,881	**–**	–
Deferred tax asset	**14,768**	22,864	**–**	–
Deferred tax liability comprises the estimated expense at an income tax rate of 30% (2007:30%) of the following items:				
Accrued interest	**5,228**	6,485	**–**	–
Fixed assets	**2,913**	5,327	**–**	–
Prepayments	**71**	160	**–**	–
Revaluation of available-for-sale asset	**18,001**	34,724	**17,680**	34,695
Long-Term Incentive Plan	**1,308**	–	**–**	–
Deferred tax liability	**27,521**	46,696	**17,680**	34,695
Net deferred tax asset/(liability)	**(12,753)**	**(23,832)**	**(17,680)**	**(34,695)**

8 Dividends

Dividends recognised in the current year by the Company are:

	Cents per share	Total amount $'000	Date of payment	Franked tax rate	Percentage franked
Final – 2007	91.5	156,323	18 September 2007	30%	100%
Interim – 2008	98.5	168,581	20 March 2008	30%	100%
Total amount	190.0	324,904			

Dividends recognised in the prior year by the Company are:

	Cents per share	Total amount $'000	Date of payment	Franked tax rate	Percentage franked
Final – 2006	63.9	65,652	9 August 2006	30%	100%
Interim – 2007	72.3	123,508	16 March 2007	30%	100%
Total amount	136.2	189,160			

Subsequent events

Since the end of the financial year, the directors declared the following dividend:

	Cents per share	Total amount $'000	Date of payment	Franked tax rate	Percentage franked
Final – 2008	93.9	160,708	17 September 2008	30%	100%
Total amount	93.9	160,708			

The final dividend has not been recognised in the Financial Statements for the year ended 30 June 2008, but will be recognised in subsequent financial reports.

Dividend franking account

	The Company	
	2008 $'000	2007 $'000
30% franking credits available to shareholders of ASXL for subsequent financial years	**84,403**	74,699

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for franking credits that will arise from the payment of the current income tax payable.

Following the payment of the final 2008 dividend declared, the franking balance would be $15,528,000 (2007: $7,703,000)

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. Fully franked dividends to the amount of $196,940,000 could potentially be paid to shareholders.

9 Earnings per Share

	Consolidated 2008	2007
Basic earnings per share (cents)	**214.0**	175.6
Diluted earnings per share (cents)	**213.6**	175.0

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

Weighted average number of ordinary shares used in calculating basic earnings per share	**170,998,984**	166,797,862
Number of contingently issuable shares	**348,967**	558,987
Weighted average number of ordinary shares used in calculating diluted earnings per share	**171,347,951**	167,356,849

Diluted earnings per share includes the potential effect of unexercised conditional entitlements/performance rights over ordinary shares, issued as part of the ASX Long-Term Incentive Plans.

The basic and diluted earnings per share amounts have been calculated on the basis of net profit after tax of $365,949,000 (2007: $292,892,000).

10 (a) Cash and Cash Equivalents

	Consolidated		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Cash and funds on deposit	**414,412**	118,677	**302**	9,912
Short-Term money market instruments held at fair value	**3,593,413**	6,504,104	**–**	–
Total cash and available-for-sale financial assets	**4,007,825**	6,622,781	**302**	9,912
Less: Participant balances	**(3,653,355)**	(6,216,518)	**–**	–
Less: Restricted cash	**(71,489)**	(71,489)	**–**	–
ASX own funds as per Cash Flow Statement	**282,981**	334,774	**302**	9,912

Clearing Participants are required to deposit cash or eligible securities to satisfy margin requirements on outstanding positions on Australian Securities Exchange including Sydney Futures Exchange. Cash deposited is adjusted daily, ensuring the minimum requirements are maintained. In the event of default by a clearing Participant on its obligations under contracts, ACH and SFECC have the authority to retain any balances deposited by the defaulting clearing Participant to satisfy its obligations.

10 (b) Available-for-Sale Financial Assets

Short-Term money market instruments – at amortised cost	**3,592,736**	6,503,988	**–**	–
Revaluation surplus transferred to equity	**677**	116	**–**	–
Short-Term money market instruments – at fair value	**3,593,413**	6,504,104	**–**	–

Unlisted securities

Unlisted securities, including bank bills, certificates of deposit, fixed and floating rate notes are traded in active markets. Refer to note 1(p) for the accounting policy on available-for-sale financial assets.

11 Receivables

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	The Company 2008 $'000	The Company 2007 $'000
Current					
Trade debtors		**67,993**	67,427	**–**	–
Less: impairment loss		**(297)**	(641)	**–**	–
		67,696	66,786	**–**	–
Margins receivable		**231,218**	341,800	**–**	–
Loans to controlled entities	28	**–**	–	**89,283**	147,053
Other debtors		**8,857**	8,663	**–**	–
Total		**307,771**	417,249	**89,283**	147,053
Non-current					
Loans to employees		**314**	557	**314**	557
Subordinated loan – controlled entities		**–**	–	**75,000**	75,000
Total		**314**	557	**75,314**	75,557

12 Other Assets

Prepayments		**8,174**	7,312	–	–

13 Investments

Non-current					
Controlled entities					
Unlisted shares at cost					
– Investment in subsidiaries	29	**–**	–	**2,457,100**	2,423,589
Other corporations					
Listed shares at fair value		**131,148**	138,600	**131,148**	138,600
Total		**131,148**	138,600	**2,588,248**	2,562,189

Listed shares at fair value

ASXL owns 17.3% (2007: 12.7%) of the share capital in IRESS Market Technology Limited, whose principal activity is the provision of equity and related market services to professional market participants. The original cost of the investment was $71,145,000.

The investment in IRESS is classified as an available-for-sale financial asset. Its fair value is determined by reference to quoted market bid prices at the close of business on the Balance Sheet date.

14 Property, Plant and Equipment

The movements in the consolidated property, plant and equipment balances are as follows:

2008 Cost	Leasehold improvements $'000	Plant and equipment $'000	Computer equipment $'000	Total $'000
Balance at 1 July 2007	26,654	22,853	45,784	95,291
Additions	1,318	778	6,516	8,612
Disposals and write-downs	(11,084)	(1,744)	(2,444)	(15,272)
Balance at 30 June 2008	16,888	21,887	49,856	88,631
Accumulated depreciation				
Balance at 1 July 2007	19,778	20,347	36,141	76,266
Depreciation expense	4,045	1,107	4,415	9,567
Disposals and write-downs	(11,084)	(1,744)	(2,171)	(14,999)
Balance at 30 June 2008	12,739	19,710	38,385	70,834
Net Book Value at 30 June 2008	**4,149**	**2,177**	**11,471**	**17,797**

2007 Cost	Leasehold improvements $'000	Plant and equipment $'000	Computer equipment $'000	Total $'000
Balance at 1 July 2006	23,543	19,185	33,125	75,853
Acquisition of SFE	12,070	3,629	9,106	24,805
Additions	2,266	548	3,911	6,725
Disposals and write-downs	(11,225)	(509)	(358)	(12,092)
Balance at 30 June 2007	26,654	22,853	45,784	95,291
Accumulated depreciation				
Balance at 1 July 2006	17,071	15,959	25,577	58,607
Acquisition of SFE	5,530	3,216	6,778	15,524
Depreciation expense	2,242	1,534	4,139	7,915
Disposals and write-downs	(5,065)	(362)	(353)	(5,780)
Balance at 30 June 2007	19,778	20,347	36,141	76,266
Net Book Value at 30 June 2007	**6,876**	**2,506**	**9,643**	**19,025**

The Company had $nil property, plant and equipment at 30 June 2008 (2007: $nil) and nil movements occurred during the year (2007: $nil).

15 Intangible Assets – Software

The movements in the consolidated intangible asset balances are as follows:

2008	Computer software $'000
Cost	
Balance at 1 July 2007	109,046
Additions	15,266
Balance at 30 June 2008	124,312
Accumulated amortisation	
Balance at 1 July 2007	58,866
Amortisation expense	9,349
Balance at 30 June 2008	68,215
Net Book Value at 30 June 2008	**56,097**

2007	Computer software $'000
Cost	
Balance at 1 July 2006	61,148
Acquisition of SFE	42,560
Additions	9,343
Disposals and write-downs	(4,005)
Balance at 30 June 2007	109,046
Accumulated amortisation	
Balance at 1 July 2006	40,964
Acquisition of SFE	13,169
Amortisation expense	6,964
Disposals and write-downs	(2,231)
Balance at 30 June 2007	58,866
Net Book Value at 30 June 2007	**50,180**

The Company had $nil intangible assets – software at 30 June 2008 (2007: $nil) and nil movements occurred during the year (2007: $nil).

16 Intangible Assets – Goodwill

	Consolidated	
	2008	2007
	$'000	$'000
Opening balance	**2,262,759**	5,034
Movements during the year		
– Disposal of Orient Capital Pty Limited	**–**	(5,034)
– Acquisition of SFE Corporation Limited	**–**	2,262,759
Closing balance	**2,262,759**	2,262,759

(a) Impairment Test for Goodwill and Intangibles

Goodwill is allocated to the Group's cash-generating-units (CGUs) identified according to business segment. Management determined the ASX Group to consist of two CGUs, namely Exchange-traded and Non-exchange traded.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial estimates reviewed by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The goodwill attributable to each CGU is as follows:

- Exchange-traded: $2,187,379,000, and
- Non-exchange traded: $75,380,000.

No impairment charge arose in the current year (2007: nil).

(b) Key Assumptions Used for Value-in-Use Calculations

Management determined budgeted gross margin based on past performance and the fees applicable from 1 July 2008, and its expectations for the future. The growth rates, used for revenue and expense projections are consistent with or lower than historical trends for the business segment.

The pre-tax discount rates used are 12.75% (2007: 11.75%) for both CGUs and reflects risk estimates for the business segment. The growth rate used to extrapolate cash flow projections beyond five years is 8% (2007: 8%) pa for the Exchange-traded CGU and 2% (2007: 1%) pa for the Non-exchange traded CGU.

17 Payables

	Consolidated		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Trade creditors	**6,449**	3,231	**–**	–
Margins payable	**231,218**	341,800	**–**	–
Interest payable	**20,851**	34,636	**–**	–
Rebates payable	**23,242**	32,011	**–**	–
Other creditors and accruals	**18,841**	26,728	**–**	–
Total	**300,601**	438,406	**–**	–

18 Amounts Owing to Participants

	Consolidated		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current	**3,576,635**	6,175,968	**–**	–
Non-current	**76,720**	40,550	**–**	–
Total	**3,653,355**	6,216,518	**–**	–

Amounts owing to Participants represent balances to cover margins on equity and derivative contracts, and are repayable to clearing Participants on settlement or closure of contracts (refer note 24(a)). These interest bearing balances are carried at the amounts deposited which represent fair value.

19 Provisions

Current				
Employee entitlements	**8,914**	8,814	**–**	–
Premises provisions	**2,960**	5,692	**–**	–
Total	**11,874**	14,506	**–**	–
Non-current				
Employee entitlements	**3,166**	4,013	**–**	–
Premises provisions	**11,423**	16,245	**–**	–
Total	**14,589**	20,258	**–**	–

The movement in the premises provision during the year consists of:

Consolidated	Premises $'000
Balance at 1 July 2007	**21,937**
Provisions used during the period	(2,330)
Provisions reversed during the period	(5,224)
Balance at 30 June 2008	**14,383**
Current	**2,960**
Non-current	**11,423**

The Company	
Balance at 1 July 2007	**–**
Balance at 30 June 2008	**–**

The provision for employee benefits relates mainly to annual and long service leave.

The leased premises provision comprises lease straight-lining adjustment, make good provisions, surplus lease space provisions, and lease incentives.

20 Other Liabilities

	Consolidated		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current				
Revenue received in advance	**10,871**	8,754	**–**	–
Other financial liabilities	**961**	4,000	**–**	–
Total	**11,832**	12,754	**–**	–
Non-current				
Other non-current liabilities	**3,818**	–	**–**	–
Total	**3,818**	–	**–**	–
Total other liabilities	**15,650**	12,754	**–**	–

21 Commitments

(a) Capital and Operating Commitments

Commitments contracted for but not yet incurred as at balance date are as follows:

	Consolidated		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Due:				
Not later than one year	**6,706**	9,012	**–**	–
Later than one year but not later than five years	**24,850**	20,635	**–**	–
Later than five years	**5,676**	15,392	**–**	–
Total	**37,232**	45,039		

(b) Non-Cancellable Operating Lease Rental Commitments

Future operating lease rental of premises not provided for in the Financial Statements:

Due:				
Not later than one year	**11,543**	13,337	**–**	–
Later than one year but not later than five years	**40,764**	48,938	**–**	–
Later than five years	**35,725**	–	**–**	–
Total	**88,032**	62,275		

The Group's major leases are in respect of premises from which it operates. These leases are all generally long-term with unexpired periods ranging from one to nine years. Future rentals are subject to indexation and periodical rent reviews. The above amounts represent committed gross payments and the Group has contracted to receive sub-lease income of $5,606,592 (2007: $1,235,612).

22 Issued Capital

	Consolidated		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Opening balance at 1 July	**2,361,820**	106,282	**2,361,820**	106,282
Merger with SFE	**–**	2,355,007	**–**	2,355,007
Capital return	**–**	(99,908)	**–**	(99,908)
Shares issued to staff	**–**	439	**–**	439
Closing balance at 30 June	**2,361,820**	2,361,820	**2,361,820**	2,361,820

Movements in ordinary shares during the year:	**2008**	2007
	No. of shares	No. of shares
Balance at beginning of year	**170,845,040**	102,741,815
Issued on merger with SFE	**–**	68,004,817
Issued as deferred consideration as a consequence of the merger with SFE	**134,000**	–
Shares issued under Long-Term Incentive Plans	**169,484**	89,483
Shares issued under employee share scheme	**–**	8,925
Total	**171,148,524**	170,845,040

Fully paid ordinary shares carry the right to participate in dividends. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of and amounts paid on the shares held. At 30 June 2008 all ordinary shares issued were fully paid. On a show of hands every holder of ordinary shares present in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

23 Reserves

(a) Movements in Reserves

Refer to Statement of Changes in Equity for movement in reserve balances.

(b) Nature and Purpose of Reserves

Restricted capital reserve

The restricted capital reserve was created when 'ring-fenced' funds were transferred from the National Guarantee Fund to ACH, part of the ASX Group. Under the terms of the transfer, ACH must not, without first obtaining the consent in writing of the Minister, take action to use these funds for a purpose other than clearing and settlement support.

Asset revaluation reserve

Changes in the fair value of financial assets (including investments) classified as available-for-sale are taken to the asset revaluation reserve as described in note 1(p). Amounts are recognised in the Income Statement when the associated assets are sold or impaired.

Equity compensation reserve

The equity compensation reserve is used to recognise the fair value of conditional entitlements/performance rights issued under the ASX Long-Term Incentive Plans. Treasury shares held on trust under Long-Term Incentive Plans are included in the equity compensation reserve net of tax.

24 Contingent Liabilities

(a) Novation

The Group fully owns two subsidiaries, Australian Clearing House Pty Limited (ACH) and SFE Clearing Corporation Pty Limited (SFECC), which provide novation of certain financial assets and liabilities.

Australian Clearing House Pty Limited

ACH, a controlled entity of ASX, provides contract guarantee support for clearing across all ASX markets which includes derivatives, comprising exchange-traded options, futures, and warrants; and cash market securities, comprising equities and managed investments. Transactions between two participating organisations are replaced by novation. The novation replaces the original contract between the two participating organisations with a contract between the selling participating organisation and ACH, and a contract between ACH and the buying participating organisation. Through the novation process, all positions are matched.

As at 30 June 2008 ACH had a right to receive from Participants payments of $1,922.0 million (2007: $1,473.3m) and a corresponding obligation to make payments of $1,922.0 million (2007: $1,473.3m) relating to cash market securities. Furthermore, total collateral required by ACH to cover Participants' derivatives exposures was $1,483.1 million (2007: $1,242.1m). This was made up of cash of $520.8 million (2007: $470.9m), bank guarantees of $152.0 million (2007: $112.1m) and the remainder of $810.3 million (2007: $659.1m) in equity securities. As at that date, Participants had lodged collateral with ACH in the form of equity securities with a market value of $3,587.9 million (2007: $3,109.9m).

At the date of this Financial Report, all net delivery and net payment obligations relating to cash market securities owing to or by Participants at 30 June 2008 were settled.

Support

Historically, if a Participant failed to meet its net delivery or net payment obligations to ACH, ACH had recourse to the National Guarantee Fund (NGF) maintained by the Securities Exchanges Guarantee Corporation Limited (SEGC) under the Corporations Act 2001 and could make a claim on the NGF to cover its loss. However, ACH's right to claim on the NGF in these circumstances ended on 31 March 2005 due to a restructuring of the NGF under section 891A of the Act. As a result of this restructure, ACH received a payment of $71.5 million from the NGF and the Corporations Regulations 2001 was amended to remove ACH's ability to make a claim on the NGF for clearing losses arising after 31 March 2005. Any losses incurred as a result of default by a Participant may have to be met from ACH's own financial resources including the restricted capital.

ACH has the following financial resources available to it to support its central counterparty clearing activities (over and above collateral deposited by Participants):

	30 Jun 2008 $'000	30 Jun 2007 $'000
ACH restricted equity	**71,489**	71,489
ACH equity and subordinated debt	**78,511**	80,000
External insurance	**100,000**	100,000
Emergency assessments	**300,000**	300,000
	550,000	551,489

In the event of a clearing default, the financial resources at 30 June 2008 available to ACH, to be applied in the following order, are:

1. Collateral or other margin or contributions lodged by the defaulting participant with ACH under the ACH clearing rules.
2. Restricted Capital Reserve of $71.5 million (the ex-NGF monies). In accordance with the terms of ACH's Australian Clearing and Settlement Facility Licence, unless the Minister agrees otherwise, these funds can only be used by ACH for clearing and settlement support.

3 ASX provided subordinated debt of $75 million and equity capital, through its wholly owned subsidiary ASX Clearing Corporation Limited, of $3.5 million. ASX has funded the difference between the Restricted Capital Reserve and the capital amount required to be held by ACH to meet the RBA Stability Standard for Central Counterparties from time to time (the 'Reserve Requirement'). Currently, ACH has determined the Reserve Requirement to be $150 million. As the Reserve Requirement may vary from time to time, ASX has an ongoing obligation to provide additional capital to ACH, if required, to cover the difference between the Reserve Requirement and the total of the ASX's existing capital in ACH and the Restricted Capital Reserve amount remaining at that time. Alternatively, ACH may decide to replace some of the capital contributed by ASX with contributions obtained from Participants under the ACH clearing rules, or by raising funds through debt, thereby reducing the amount of capital which ASX is obliged to provide to ACH.

   However, ASX is not obliged to contribute additional capital to recapitalise ACH following a clearing loss. ASX will continue to support the day to day operations of ACH (eg by the provision of staff, facilities and funds to meet expenses (other than a clearing loss)).

4 External insurance cover up to $100 million, with an insurer rated A by Standard & Poor's.

5 Contributions obtained from Participants under the ACH clearing rules (nil for years ending 30 June 2008 and 2007).

6 Emergency Assessments of $300 million may be levied on Participants under the ACH clearing rules (nil has been levied for years ending 30 June 2008 and 2007).

The order in which these resources may be applied is set out in detail in the ACH clearing rules 5.8.3 Application of Clearing Assets.

Fidelity risk levy to SEGC

As a result of the NGF restructure in March 2005, a minimum amount is retained in the NGF to cover fidelity claims made against market Participants. The amount of the NGF at 30 June 2008 was $101.5 million (2007: $99.7 million) If the amount of the NGF falls below the minimum amount, currently $76 million, determined by the Minister in accordance with the Act, SEGC may determine that ASX must pay a levy to SEGC. Where a levy becomes payable, ASX may determine that Participants in the market must pay a levy, provided that the total amounts payable under this levy do not exceed that amount payable by ASX to SEGC. However, the amount in the NGF has not fallen below the applicable minimum amount since the NGF was formed and SEGC has not imposed any levies. Failure by either ASX or a Participant in the market to pay a levy may give rise to a civil action, but does not constitute an offence under the Act.

SFE Clearing Corporation Pty Limited

SFECC provides clearing for Sydney Futures Exchange derivatives markets. Transactions between two participating organisations are replaced by novation. The novation replaces the original contract between the two participating organisations with a contract between the selling participating organisation and SFECC, and a contract between SFECC and the buying participating organisation. Through the novation process, all positions are matched.

SFECC is liable for the settlement of all futures and options contracts traded on the Sydney Futures Exchange between clearing Participants, and is supported by margins received from Participants and by specific financial commitments totalling $400 million referred to as the 'Clearing Guarantee Fund'.

In the event of Participant default, once available margins have been used the Clearing Guarantee Fund would normally be applied to meet a Participant default in the following priority:

	30 Jun 2008 $'000	30 Jun 2007 $'000
SFECC equity and subordinated debt	**100,000**	80,000
Participant financial backing	**120,000**	60,000
Emergency assessments	**30,000**	30,000
External insurance	**150,000**	60,000
	400,000	230,000

SFECC equity and subordinated debt is provided by SFE Corporation Limited, a related entity.

Participant financial backing comprises cash $76,720,000 (2007: $40,550,000) and non-cash commitments (letters of credit drawn on a major Australian licensed bank $43,280,000 (2007: $19,450,000)). The external insurance has been taken out with an insurer rated A by Standard & Poor's. In the event of a default in excess of the $400 million Clearing Guarantee Fund, the balance of SFECC's net assets would be at risk. At 30 June 2008 SFECC had total net assets of $40,276,000 (2007: $36,653,000).

(b) Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit, and lodgement of financial reports, and directors' reports.

It is a condition of the Class Order that the Company and each of the participating subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed, dated 1 June 1992 and amended 6 June 2008, is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act 2001, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

	30 Jun 2008 $'000	30 Jun 2007 $'000
ASX Operations Pty Limited (ABN: 42 004 523 782)	Included	Included
Options Clearing House Pty Limited (ABN: 29 003 435 014)	–	Included
SECH Nominees Pty Limited (ABN: 53 008 610 660)	–	Included
SFE Corporation Limited (ABN: 74 000 299 392)	Included	–
Sydney Futures Exchange Limited (ABN: 83 000 943 377)	Included	–
Australian Clearing Corporation Limited (ACN: 068 624 813)	Included	–

Consolidated Income Statement and Balance Sheet, comprising the Company and the subsidiaries that are party to the Deed, after eliminating all transactions between parties to the Deed, at 30 June 2008, are shown below:

Summarised Income Statement, Balance Sheet and retained earnings for parties to the Deed of Cross Guarantee	Consolidated 2008 $'000	Consolidated 2007 $'000
Income statement		
Profit before related income tax expense	**508,074**	445,750
Income tax (expense)	**(140,726)**	(77,859)
Profit after related income tax expense	**367,348**	367,891
Retained earnings at beginning of year *	**339,897**	128,008
Dividends recognised during year	**(324,904)**	(189,160)
Retained earnings at end of year	**382,341**	306,739
Balance sheet		
Current assets		
Cash	**53,821**	31,956
Available-for-sale financial assets	**14,958**	34,897
Receivables	**136,073**	190,323
Other assets	**5,386**	3,361
Total current assets	**210,238**	260,537
Non-current assets		
Investments – other	**2,652,933**	2,572,189
Deferred tax assets	**19,500**	14,196
Property, plant and equipment	**13,665**	15,864
Intangible assets	**54,028**	20,382
Receivables	**75,314**	75,557
Total non-current assets	**2,815,441**	2,698,188
Total assets	**3,025,678**	2,958,725
Current liabilities		
Payables	**38,452**	33,283
Current tax liabilities	**29,925**	35,520
Provisions	**20,028**	15,574
Other current liabilities	**9,995**	3,032
Total current liabilities	**98,400**	87,409
Non-current liabilities		
Deferred tax liabilities	**22,925**	35,251
Provisions	**14,591**	16,548
Loans – related parties	**98,169**	61,288
Total non-current liabilities	**135,685**	113,087
Total liabilities	**234,085**	200,496
Net assets	**2,791,593**	2,758,229
Equity		
Issued capital	**2,361,820**	2,361,820
Asset revaluation reserve	**42,004**	80,955
Equity compensation reserve	**5,428**	8,715
Retained earnings	**382,341**	306,739
Total equity	**2,791,593**	2,758,229

* The opening retained earnings of the current year differ from the closing balance of the prior year as three new entities are included in the Deed this year. The difference represents last year's closing retained earnings of these entities.

(c) Litigation

The Group is a defendant from time to time on legal proceedings. Where appropriate, the Group takes legal advice. The Group does not consider that the outcome of any current proceedings is likely to have a material effect on its operations or financial position.

(d) Employee Share Plans

In prior years employees were provided with non-recourse loans to acquire ordinary shares under an ASX employee share purchase plan. Under this plan, employees may elect not to repay the loan thereby forgoing ownership in the shares. Where this occurs, the shares are sold on the market with the net proceeds utilised to offset the outstanding loan balance. A contingent liability arises where the proceeds from sale are insufficient to meet any outstanding loan balance net of dividends. Details specific to offers made under this plan are outlined below (there is no outstanding loan against offer 1):

	Offer 2	Offer 3	Total
Issue price of shares	$13.85	$12.51	
Contingent liability will arise if ASXL share price falls to	$8.24	$7.59	
	$'000	$'000	$'000
Market value of shares	826	1,004	1,830
Loan balance outstanding	151	163	314
Contingent liability	–	–	–

The ASXL share price at 30 June 2008 was $31.40 (2007: $48.70). At 30 June 2008, there was no contingent liability relating to any of the above offers (2007: $nil).

25 Notes to the Cash Flow Statement

	Consolidated		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
(a) Reconciliation of the operating profit after income tax to the net cash flows from operating activities				
Net profit after tax	**365,949**	292,892	**349,501**	462,032
Add non-cash items:				
Depreciation and amortisation	**18,916**	14,879	**–**	–
Gain on sale of subsidiary	**–**	(7,081)	**–**	(6,679)
Net loss on sale and write-down of non-current assets	**–**	6,049	**–**	–
Share-based payment expense	**2,952**	1,146	**–**	–
Shares issued to staff	**–**	439	**–**	–
Changes in assets and liabilities:				
(Decease)/increase in tax balances	**(1,093)**	9,825	**(153,577)**	(97,178)
(Increase) in current receivables	**(230)**	(47,044)	**–**	–
(Increase)/decrease in other current assets	**(1,737)**	2,202	**–**	–
(Decrease)/increase in payables	**(24,660)**	34,532	**–**	–
Increase in other current liabilities	**2,896**	2,519	**–**	–
(Decrease) in current provisions	**(8,215)**	(2,087)	**–**	–
(Decrease)/increase in non-current provisions	**(5,669)**	12,697	**–**	–
(Decrease) in other non-current liabilities	**–**	(7,315)	**–**	–
Net cash provided by operating activities	**349,109**	313,653	**195,924**	358,175
(b) Financing facilities available				
At balance date, the following financing facilities had been negotiated and were available:				
Bank overdraft	**50,000**	50,000		
Standby line of credit	**150,000**	150,000	**–**	–

At balance date the entire balance of financing facilities was not utilised.

26 Share-Based Payments

The Group has long-term incentive plans in place entitling Key Management Personnel and other employees to conditional entitlement and performance rights. Grants have been made in December 2005, December 2006 and December 2007. The terms and conditions of these grants are as follows. All conditional entitlements and performance rights are to be settled by physical delivery of shares in ASX Limited subject to vesting hurdles being attained.

Grant date/employees entitled	Number of Instruments	Vesting conditions	Contractual life of shares
Shares granted to Key Management Personnel on 1 December 2005	17,100	3 years' service, 50% relative shareholder return and 50% growth in earning per share	3 years
Shares granted to other employees on 1 December 2005	22,900	3 years' service, 50% relative shareholder return and 50% growth in earning per share	3 years
Shares granted to Key Management Personnel on 1 December 2006	45,600	3 years' service, 50% relative shareholder return and 50% growth in earning per share	3 years
Shares granted to other employees on 1 December 2006	108,100	3 years' service, 50% relative shareholder return and 50% growth in earning per share	3 years
Shares granted to Key Management Personnel on 1 December 2007	31,100	3 years' service, 50% relative shareholder return and 50% growth in earning per share	3 years
Shares granted to other employees on 1 December 2007	102,600	3 years' service, 50% relative shareholder return and 50% growth in earning per share	3 years
Total Shares	327,400		

The fair value of shares granted was measured using the Monte Carlo simulation technique with the following inputs:

Fair value of shares and assumptions	Key Management Personnel 2008	Key Management Personnel 2007
Fair value at grant date	$48.77	$25.65
Share price	$56.40	$36.13
Expected dividends	4.0%	4.0%

Company disclosures are nil.

Employee expenses

	Consolidated 2008 $	Consolidated 2007 $
Conditional entitlements granted in 2003	**234,886**	1,047,013
Performance rights granted in 2005	**332,614**	237,483
Performance rights granted in 2006	**1,418,148**	905,125
Performance rights granted in 2007	**1,355,407**	–
Total expense recognised as employee costs	**3,341,055**	2,189,621

Company disclosures are nil.

27 Key Management Personnel Disclosures

(a) Key Management Personnel Compensation

The Key Management Personnel compensation is as follows:

	Consolidated 2008 $	Consolidated 2007 $
Short-term employee benefits	**8,434,933**	7,175,516
Post-employment benefits	**310,464**	391,426
Other long-term benefits	**46,665**	38,928
Termination benefits	**–**	7,779,159
Share-based payments	**873,590**	503,787
Total	**9,665,652**	15,888,816

Compensation for all Key Management Personnel is incurred through ASX Operations Pty Limited, therefore Company disclosures are nil balances.

(b) Loans to Key Management Personnel

No Key Management Personnel has entered into any loans with any company in the ASX Group except to participate in ASX share acquisition schemes.

In prior years, interest-free loans were offered to all ASX staff, excluding the Managing Director and CEO, as part of employee share purchase plans. These plans are no longer in use by ASXL and the balances relate to issues made in prior years. Executives were eligible to participate in employee share purchase plans, and consequently took out interest-free loans. ASX directors including the Managing Director and CEO, were not eligible to participate in the share purchase plans and therefore have no loan balances.

Details regarding the aggregate of loans made by any entity of the Group to Key Management Personnel, and the number of individuals who held a loan during the year are as follows:

	Opening balance $	Repayments $	Interest charged $	Closing balance $	Interest not charged* $	Number in the group
2008	46,921	(15,859)	–	31,062	3,961	2
2007	65,254	(18,333)	–	46,921	5,206	2

* Interest not charged represents a notional interest amount which would be payable if interest was charged on an arm's length basis. The assumed arm's length interest rate used was 10.35% (2007: 8.75%).

The disclosures above are in aggregate as no individual loan balance exceeded $100,000 at any time during the financial year.

(c) Conditional Entitlements and Performance Rights Granted as Compensation

The following shows the movement during the reporting period in the number of conditional entitlements and performance rights over ordinary shares in ASXL held directly, indirectly or beneficially, by each Key Management Personnel, including their related parties:

	Held at 1 July 2007	Granted as compensation	Vested and exercised during the year	Held at 30 June 2008
Directors				
RG Elstone	30,000	26,600	–	56,600
Executives				
AJ Bardwell	3,900	1,500	–	5,400
PD Hiom	3,900	1,500	–	5,400
ES Mayne	–	–	–	–
JJ Olsson	28,300	1,500	19,700	10,100
CR Scully	57,100	–	40,900	16,200

(d) Holdings of Ordinary Shares

The following table shows the movement during the reporting period in the number of ordinary shares in ASXL held directly, indirectly or beneficially, by each Key Management Personnel, including their related parties:

	Held at 1 July 2007	Received during the year as remuneration	Other changes*	Held at 30 June 2008
Directors				
RG Elstone	–	–	134,000	134,000
ML Newman	60,000	–	(10,000)	50,000
RA Aboud	322,382	–	(97,382)	225,000
SD Finemore	–	–	–	–
DM Gonski	15,806	–	–	15,806
TC Rowe	4,300	–	–	4,300
R Holliday-Smith	3,825	–	–	3,825
JS Segal	2,000	–	–	2,000
MJ Sharpe	2,000	–	–	2,000
MH Shepherd	20,000	–	Not required	Not required
PH Warne	5,610	–	–	5,610
Executives				
AJ Bardwell	21	–	–	21
PD Hiom	209,100	–	(82,500)	126,600
ES Mayne	–	–	–	–
JJ Olsson	46,673	19,700	–	66,373
CR Scully	4,402	40,900	–	45,302

* RG Elstone received 134,000 shares on 25 January 2008, in respect of SFE options held prior to the merger.

	Held at 1 July 2006	Shares acquired on SFE merger	Other changes	Held at 30 June 2007
Directors				
RG Elstone	–	–	–	–
AM D'Aloisio	3,000	–	–	Not required
ML Newman	60,000	–	–	60,000
RA Aboud	10,000	312,382	–	322,382
SD Finemore	Not required	–	–	–
DM Gonski	Not required	–	–	15,806
R Holliday-Smith	–	3,825	–	3,825
TC Rowe	4,300	–	–	4,300
JS Segal	2,000	–	–	2,000
MJ Sharpe	2,000	–	–	2,000
MH Shepherd	20,000	–	–	20,000
PH Warne	–	5,610	–	5,610
JJ Kennedy	1,000	–	–	Not required
CM Walter	8,000	–	–	Not required
Executives				
AJ Bardwell	–	–	21	21
PD Hiom	–	209,100	–	209,100
ES Mayne	–	–	–	–
JJ Olsson	24,400	–	22,273	46,673
CR Scully	53,200	–	(48,798)	4,402

28 Related Parties

(a) Parent Entity

The ultimate parent entity within the ASX Group is ASX Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 29.

ASX Operations Pty Limited (ASXO) acts as the operating entity for most of the transactions of the Group. Expenses paid, revenues collected and purchase of capital items on behalf of other entities within the Group are booked into inter-entity trading accounts. Interest is not charged on any inter-entity trading account.

ASXL has a subordinated loan agreement with ACH for $75,000,000 (2007: $75,000,000). Repayment obligations are subordinated, in the event of default, to all other creditors of ACH under an associated trust deed. No interest is charged in the loan. This loan has no fixed repayment date. This loan is held in liquid and cash securities by ACH to provide capital backing for ASX's clearing business and to meet the Reserve Bank of Australia's Financial Stability Standard for Central Counterparties.

Balances with entities within the wholly-owned group	Note	The Company 2008 $'000	 2007 $'000
The aggregate amount payable/receivable to wholly-owned controlled entities by the company at balance date is as follows:			
Current			
Loans to/(from controlled entities)	11	**89,283**	147,053
Non-current			
Subordinated loan to controlled entities	11	**75,000**	75,000
Interest is not paid on any inter-company loans.			
Dividends			
Dividends received or due and receivable by the Company from wholly-owned controlled entities		**344,000**	454,000

(c) Transactions with Directors and Director Related Entities

The Company, on a daily basis, enters into transactions under normal commercial terms and conditions with corporations that some of the directors are either related to or employed by.

The Group maintains two fidelity funds for Australian Securities Exchange against claims for the defalcation of monies in relation to equities, futures and options trading. ASX Limited acts as trustee for ASX Division 3 Compensation Fund and Sydney Futures Exchange Limited acts as trustee to the Sydney Futures Exchange Limited Fidelity Fund.

ASX Limited is the sole member of SEGC, which is responsible for administering the National Guarantee Fund, a compensation fund available to meet certain types of claims arising from dealings with Participants of ASX and, in limited circumstances, Participants of ACH.

29 Controlled Entities

Name of entity	Parent entity's investment[1] 2008 %	2007 %
Parent entity: ASX Limited		
Controlled entities of ASX Limited:		
ASX Operations Pty Limited[2]	**100**	100
ASX Markets Supervision Pty Limited	**100**	100
CHESS Depositary Nominees Pty Limited	**100**	100
SFE Corporation Limited[2]	**100**	100
Australian Stock Exchange Pty Limited	**100**	100
ASX Futures Exchange Pty Limited	**100**	100
ASX Clearing Corporation Limited (previously ASX 234 Pty Limited)[4]	**100**	–
Long-Term Incentive Plan Trust[3]	**100**	–
Controlled entities of ASX Operations Pty Limited:		
ASX Settlement and Transfer Corporation Pty Limited	**100**	100
Australian Clearing House Pty Limited[5]	**–**	100
ASX 345 Pty Limited	**100**	100
Options Clearing House Pty Limited	**100**	100
SECH Nominees Pty Limited	**100**	100
ASX Clearing Corporation Limited (previously ASX 234 Pty Limited)[4]	**–**	100
Equityclear Pty Limited[7]	**100**	–
Australian Clearing Corporation Limited[2,7]	**100**	–
Controlled entities of ASX Settlement and Transfer Corporation Pty Limited:		
TNS Clearing Pty Limited	**100**	100
Controlled entities of SFE Corporation Limited:		
Sydney Futures Exchange Limited[2]	**100**	100
SFE Clearing Corporation Pty Limited[6]	**–**	100
Austraclear Limited	**100**	100
New Zealand Futures and Options Exchange Limited	**100**	100
Controlled entities of Sydney Futures Exchange Limited:		
Australian Securities Exchange (US) Inc	**100**	100
Controlled entities of Austraclear Limited:		
Austraclear Services Limited	**100**	100
Equityclear Pty Limited[7]	**–**	100
Australian Clearing Corporation Limited[2,7]	**–**	100
Controlled entities of ASX Clearing Corporation Limited (previously ASX 234 Pty Limited)[4]:		
Australian Clearing House Pty Limited[5]	**100**	–
SFE Clearing Corporation Pty Limited[6]	**100**	–

ASX Limited and Sydney Future Exchange Limited are licensed to operate financial markets while Australian Clearing House Pty Limited, SFE Clearing Corporation Pty Limited, Austraclear Limited and ASX Settlement and Transfer Corporation Pty Limited are licensed to operate the clearing and settlement for these entities.

1 Parent entity refers to the immediate controlling entity of the entity in which the investment is shown.

2 These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC Class Order 98/1418. Refer note 24(b) for details of the Deed of Cross Guarantee.

3 Long-Term Incentive Plan Trust was set up on 7 November 2007 with ASX Operations Pty Limited being the trustee.

4 ASX Clearing Corporation Limited was transferred from ASX Operations Pty Limited to ASX Limited on 18 April 2008.

5 Australian Clearing House Pty Limited was transferred from ASX Operations Pty Limited to ASX Clearing Corporation Limited on 18 April 2008.

6 SFE Clearing Corporation Pty Limited was transferred from SFE Corporation Limited to ASX Clearing Corporation Limited on 18 April 2008.

7 Equityclear Pty Limited and Australian Clearing Corporation Limited were transferred from Austraclear Limited to ASX Operations Pty Limited on 2 June 2008.

Although ASXL owns 100% of Securities Exchanges Guarantee Corporation Limited (SEGC), SEGC has not been consolidated into the ASX Group Financial Statements. SEGC is governed by Corporations Act 2001 and ASXL is not able to control the entity so as to pursue ASX objectives nor is it entitled to the entity's assets.

All controlled entities were incorporated in Australia except for Australian Securities Exchange US Inc (incorporated in the US) and New Zealand Futures and Options Exchange Limited (incorporated in New Zealand).

30 Auditor's Remuneration

Audit fees paid by ASX Group for an on behalf of all ASX Group entities were:

	Consolidated	
	2008	2007
	$	$
Audit services:		
Audit and review of the Financial Reports and other audit work under Corporations Act 2001	**627,500**	758,215
Non-audit services:		
Tax compliance services	**99,460**	136,210
Other audit related services	**–**	99,500
Total auditor's remuneration	**726,960**	**993,925**

In addition to the above, the ASX Group paid total audit fees of $25,100 (2007: $23,400) in relation to the audits of SEGC, and ASX and SFE fidelity funds which are not consolidated as part of the ASX Group results.

31 Subsequent Events

No matter or circumstance has arisen since the end of the reporting period to the date of this report which has significantly affected the operations of the Group, the results of those operations or the state of affairs of the Group.

1 In the opinion of the directors of ASX Limited (the Company):

(a) the Financial Statements and notes that are contained in pages 65 to 110 and the Remuneration Report in the Directors' Report, set out on pages 48 to 61, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the financial year ended on that date, and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001,

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in note 1(a), and

(c) 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 There are reasonable grounds to believe that the Company and the Group entities identified in note 29 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Class Order 98/1418.

3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2008.

Signed in accordance with a resolution of the directors:

Maurice L Newman AC *Chairman*

Robert G Elstone *Managing Director and CEO*

Sydney, 14th day of August 2008

Independent Auditor's Report to the Members of ASX Limited

Report on the financial report

We have audited the accompanying Financial Report of ASX Limited (the Company), which comprises the Balance Sheets as at 30 June 2008, and the Income Statements, Statements of Changes in Equity and Cash Flow Statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 31 and the Directors' Declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the Financial Report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the Financial Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the Financial Report, comprising the Financial Statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the Financial Report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

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

Auditor's opinion

In our opinion:

(a) the Financial Report of ASX Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the year ended on that date, and

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

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 48 to 61 of the Directors' Report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of ASX Limited for the year ended 30 June 2008, complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG

JF Teer *Partner*

Sydney, 14th day of August 2008

The following additional information is provided in accordance with the listing rules.

Ordinary Shares

Voting power

ASX has ordinary shares on issue. At a general meeting, every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share held unless that share is a 'default share'. The Constitution classifies default shares as any shares held above the 15% voting power limit by one party and its associates as set by Parliament.

Distribution of Shareholdings

Number of shares held	Number of holders	Number of shares	% of issued capital
1 to 1,000	36,013	15,897,504	9.29
1,001 to 5,000	10,662	22,655,135	13.24
5,001 to 10,000	943	6,801,140	3.97
10,001 to 100,000	818	27,239,371	15.92
100,001 and over	161	98,555,374	57.58
Total	48,597	171,148,524	100.00

The number of security investors holding less than a marketable parcel of 15 securities ($34.60 on 31 July 2008) is 205 and they hold 1,582 securities.

Substantial Shareholders

The following organisation has disclosed a substantial shareholder notice to ASX.

Name	Date	Number of shares	% of voting power advised
Perpetual Limited and subsidiaries	3 July 2008	8,816,616	5.15%

Largest 20 Shareholders

The largest 20 shareholders in the company are:

	Name	Number of shares	% of issued capital
1	HSBC Custody Nominees (Australia) Limited	21,023,629	12.28
2	National Nominees Limited	15,459,278	9.03
3	J P Morgan Nominees Australia limited	12,943,202	7.56
4	Citicorp Nominees Pty Limited	8,421,251	4.92
5	RBC Dexia Investor Services Australia Nominees Pty Limited	5,691,530	3.33
6	ANZ Nominees Limited	4,756,548	2.78
7	UBS Nominees Pty Limited	4,342,810	2.54
8	Cogent Nominees Pty Limited	3,779,419	2.21
9	Bond Street Custodians Limited	2,440,222	1.43
10	UBS Wealth Management Australia Nominees Pty Limited	1,658,318	0.97
11	Invia Custodian Pty Limited	1,026,816	0.60
12	AMP Life Limited	664,184	0.39
13	Queensland Investment Corporation	632,477	0.37
14	Australian Reward Investment Alliance	378,203	0.22
15	Belike Nominees Pty Limited	375,113	0.22
16	Speedy Target Limited	339,313	0.20
17	Law Venture Pty Limited	282,580	0.17
18	Mr Robert John Connolly	245,000	0.14
19	Macquarie Bank Limited	212,122	0.12
20	Merrill Lynch (Australia) Nominees Pty Limited	201,309	0.12
	Total	84,873,324	49.60

On-market buy-back

There is no current on-market buy-back.

Shareholders' Calendar

FY08

Full-year financial results announcement	14 August 2008
Full-year final dividend	
Ex-dividend date	20 August 2008
Record date	26 August 2008
Payment date	17 September 2008
Annual General Meeting 2008	**24 September 2008**

FY09*

Half-year financial results announcement	17 February 2009
Half-year interim dividend	
Ex-dividend date	24 February 2009
Record date	2 March 2009
Payment date	27 March 2009
Full-year financial results announcement	20 August 2009
Full-year final dividend	
Ex-dividend date	27 August 2009
Record date	2 September 2009
Payment date	24 September 2009
Annual General Meeting 2009	**30 September 2009**

* Dates are subject to final ASX Limited Board approval and Listing Rule 3.1 disclosure.

Annual General Meeting 2008

The ASX Limited Annual General Meeting will be held at the ASX Auditorium, lower ground floor, Exchange Square, 20 Bridge Street, Sydney, New South Wales at 11.00am (AEST) on Wednesday, 24 September 2008.

The AGM will be webcast live on the internet at: www.asx.com.au/shareholder. An archive version of the webcast will be placed on the website to enable the AGM proceedings to be viewed at a later time.

Sources of Information for Shareholders

Recent amendments to the Corporations Act have changed the way ASX delivers the Annual Report to shareholders each year. We will send you a hard copy of the Annual Report (free of charge) only if you elect to receive it. Alternatively, we will provide details on how to access the Annual Report on our website when we send you the documentation for the AGM. We encourage shareholders to help the environment and reduce ASX costs by providing your email address and receiving all available shareholder communications electronically.

ASX reports to shareholders in the Annual Report and also twice a year in a letter from the Managing Director and CEO that accompanies the dividend statements.

Shareholders can elect to receive the following communications electronically:

- Annual Report
- dividend statements when paid by direct credit
- notice of meetings and proxy forms, and
- major company announcements.

Shareholders who wish to register their email addresses for electronic communication can do so by contacting ASX's share registrar, Link Market Services (details on page 116).

Australian Securities Exchange Listing

ASX Limited ordinary shares are listed on the Australian Securities Exchange under ASX code: ASX. Details of trading activity are published in most Australian daily newspapers.

Shareholder Enquires

Enquires and correspondence regarding shareholdings in ASX Limited should be directed to ASX's share registry:

Link Market Services
Level 12, 680 George Street
Sydney NSW 2008
Telephone 1300 724 911 or (61 2) 8280 7470
Email registrars@linkmarketservices.com.au
www.linkmarketservices.com.au

Questions from shareholders to the Chairman, Managing Director and CEO, or auditor may be sent via email to company.secretariat@asx.com.au or lodged with the registered office.

Investor Relations and Media Enquiries

Investor Relations enquiries can be sent to:

Investor Relations
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000
Telephone (61 2) 9227 0027
Email investor.relations@asx.com.au

Media enquiries can be sent to:

Corporate Relations
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000
Telephone (61 2) 9227 0410
Email media@asx.com.au

Directory

ASX around Australia

Sydney
Exchange Centre
20 Bridge Street
Sydney NSW 2000
Telephone (61 2) 9227 0000
Facsimile (61 2) 9227 0885

Adelaide
Level 25, 91 King William Street
Adelaide SA 5000
Telephone (61 8) 8216 5000
Facsimile (61 8) 8216 5098

Brisbane
Riverside Centre
Level 5, 123 Eagle Street
Brisbane QLD 4000
Telephone (61 7) 3835 4000
Facsimile (61 7) 3832 4114

Melbourne
Level 45, South Tower, Rialto
525 Collins Street
Melbourne VIC 3000
Telephone (61 3) 9617 8611
Facsimile (61 3) 9614 0303

Perth
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000
Telephone (61 8) 9224 0000
Facsimile (61 8) 9221 2020

Share registry
Link Market Services
Level 12, 680 George Street
Sydney NSW 2000
Telephone 1300 724 911 or (61 2) 8280 7470
Facsimile (61 2) 9287 0303
Email: registrars@linkmarketservices.com.au
www.linkmarketservices.com.au

Auditor
KPMG

ASX on the internet
www.asx.com.au
Email: info@asx.com.au

ASX by telephone
Customer Service
131 279 (for the cost of a local call from anywhere in Australia)
(61 2) 9338 0000 (from overseas)

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