ASX

ASX Limited

Annual Report 2012

Who we are

ASX Group (ASX) is one of the world's leading exchange groups, ranked among the top 10 by market capitalisation.

- We operate a fully integrated exchange across multiple asset classes – equities, fixed income and derivatives
- We service a wide range of retail, institutional and corporate customers, directly and through intermediaries
- We offer a broad range of services that allow our customers to invest, trade and manage risk. This includes listings, trading, post-trade services, and technical and information services
- We operate infrastructure that supports the systemic stability of Australia's financial markets and which is critical for the efficient functioning of the nation's economy, economic growth and position in the Asia Pacific region

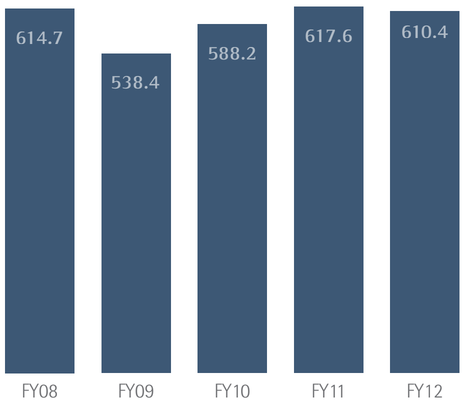
More information about ASX can be found at: www.asxgroup.com.au

Contents

The Annual General Meeting of ASX Limited will be held at the ASX Auditorium, lower ground floor, 18 Bridge Street, Sydney, Friday 5 October 2012 at 10am (Sydney time).

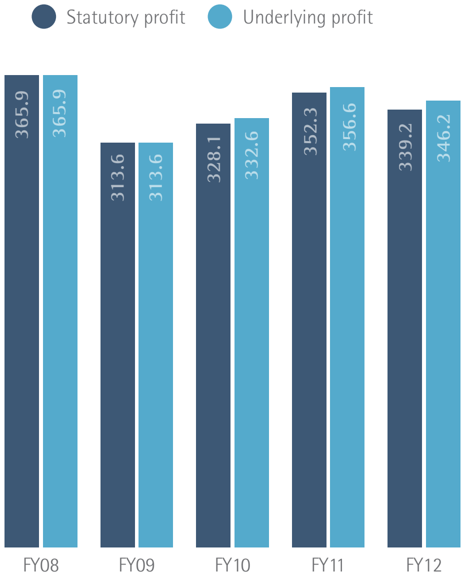
Financial highlights

Operating revenue $m



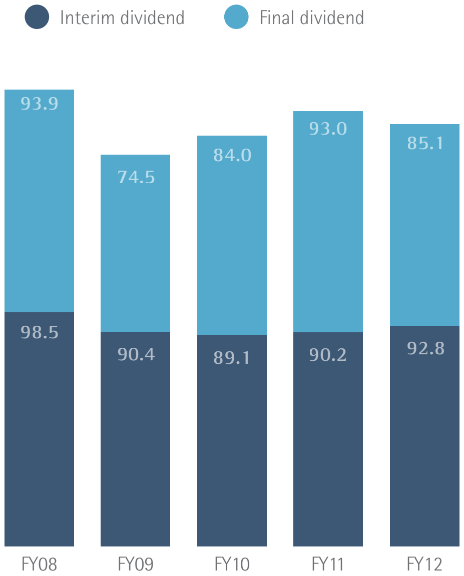
- Underlying operating revenue $610.4 million, down 1.2%
- Interest and dividend income $49.8 million, up 5.1%

Net profit after tax $m



- Statutory profit after tax $339.2 million, down 3.7%
- Underlying profit after tax (excluding significant items) $346.2 million, down 2.9%

Dividends – cents per share



- Final dividend of 85.1 cents per share fully franked, down 8.5%
- Total dividends in FY12 of 177.9 cents per share, down 2.9%, representing 90% of underlying profits

Chairman's letter

Rick Holliday-Smith

*As at 31 July 2012
Sources: ASX, Bloomberg and RBA

Dear shareholders,

On 28 March 2012 I was elected Chairman of ASX following the resignation of David Gonski. It is an honour to serve the company as Chairman and I would like to thank our more than 44,000 shareholders for their continued support.

ASX was created 25 years ago when Australia moved from state-based, open outcry exchanges to a national market and a new electronic trading platform. In 2006 ASX merged with the Sydney Futures Exchange to create a fully integrated exchange, able to service the needs of its clients across a wide range of financial instruments.

Today, ASX the company is one of the top 10 exchanges in the world measured by market capitalisation. Its success has been supported by the continued growth of Australia's economy, superannuation system and funds management industry.

The strength of ASX's diversified business model – as a multi-asset class, vertically integrated exchange group – is evident during the current challenging economic conditions. The weakness of the United States economy and the continued political and economic uncertainty in the Eurozone has affected business and consumer confidence worldwide. In Australia, the All Ordinaries Index ended the financial year (FY12) on 4135.5 points, which was 11.3% below the close of the previous year.

> "ASX is responding well to the changing regulatory and competitive environment"

For ASX and many of its customers, this translated into significantly weaker equity markets and lower revenue from listings and equity trading. The decline in ASX's equity-related revenue was largely offset by revenue growth in several other businesses, including Derivatives and Technical Services.

Overall, the company's revenue declined 1.2% and underlying profit after tax declined 2.9%. Consistent with the company's policy to pay out 90% of its underlying earnings as dividend, the Board declared a final dividend of 85.1 cents per share. The full-year dividend was 177.9 cents, down 2.9% on the previous year.

During the year, the market structure for equities trading changed significantly with the introduction of exchange competition. ASX was well prepared for the change. The company lowered its trading fees in July 2010 and over the last 12 months introduced several new trading products and opened a new data and co-location centre for its customers. In addition, ASX launched a trade acceptance service, giving competitor exchanges open access to its clearing and settlement infrastructure. The net outcome of these changes has been positive for our company.

Less certain is whether the change in market structure has been positive for the market overall. Many brokers face significantly higher compliance and technology costs. In addition, fund managers are increasingly trading in 'dark pools', which are effectively unlicensed private exchanges, away from the well-regulated 'lit' public market.

ASX statistics show that dark execution has grown significantly in recent years. In the first six months of this calendar year dark execution averaged around 25% of total trading activity and was as high as 43%. There is clear evidence, both in Australia and overseas, that an increase in dark execution results in higher costs for investors and has a negative impact on price discovery.

Chairman's letter continued

ASX is encouraged by the attention that the Australian Securities and Investments Commission (ASIC) is giving the issues that arise as a result of the new, fragmented market structure. The public interest in the quality of our financial markets is more important than the interests of any single market participant or group of participants.

The experience of the new equity market structure raises an important question about whether market structures that are appropriate for large jurisdictions, such as the US or Europe, are relevant for markets the size of Australia?

> "ASX will continue to be an active participant in the debate about the future of Australia's financial markets"

ASX is of the view that Australia, and other similarly sized markets, should generally tread carefully in copying structures and regulations from markets that have fundamentally different economics. There is increasing academic research that supports this view. Smaller markets tend to benefit from maximum liquidity being channelled to a single central limit order book. The adverse impact on investors of fragmenting a market that is already of a modest overall size, is likely to outweigh the benefits of lower trading fees for a few participants. ASX's total equity trading fees in 2012 were less than $37 million, making the potential upside from fragmentation and a complex market structure rather limited.

Moreover, there is an economic case to look for guidance much closer to home - in the Asian region. ASX was a keen contributor to the White Paper review on 'Australia in the Asian Century' conducted by Dr Ken Henry on behalf of the Australian Government. ASX believes that deeper engagement and economic integration with Asia is vital to Australia's long-term success. In financial services, Australia is a large, well regulated and successful domestic market. Closer ties with our immediate neighbours will help further Australia's aspiration to be a financial centre that can successfully compete with the much larger markets of Europe and North America.

ASX will continue to be an active participant in the debate about the future of Australia's financial markets. We are a provider of critical infrastructure to them. At the same time, the company recognises that it needs to evolve its business to provide greater choice to its customers, and develop new products and services for the Australian market. During 2012, the company launched a number of new business initiatives that will deliver incremental growth in the coming years. More detail on these initiatives and ASX's performance throughout the year can be found in the report by our Managing Director and CEO (please see from page 4).

I would like to pay tribute to the two men who occupied these pages in last year's Annual Report. Robert Elstone retired as Managing Director and CEO in October 2011 and David Gonski resigned as Chairman of ASX to become Chairman of the Future Fund Board of Guardians in March 2012. Both men served ASX with great distinction and left our company in good shape.

One of David's key achievements during the past year was the smooth transition to our new Managing Director and CEO, Elmer Funke Kupper. Elmer joined ASX in October 2011 and has made a positive start. He brings a fresh approach to the company and has reached out to our many stakeholders, including our staff, customers, regulators and shareholders.

Leadership renewal is critical for any organisation, particularly in dynamic and fast evolving industries like ours. The Board has commenced a process to recruit new directors to ASX. I look forward to introducing them to you as these appointments are announced.

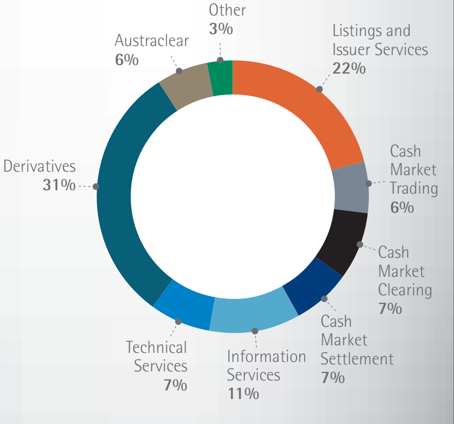
On behalf of the Board, I would like to thank all employees of ASX for their dedication and hard work throughout the year. There is much to be done and a great deal of confidence about ASX's long-term prospects.

Rick Holliday-Smith
Chairman
16 August 2012

Managing Director and CEO's report

Elmer Funke Kupper

ASX's diversified revenue mix $610.4m



Dear shareholders,

This is my first ASX Annual Report to you. In my first year with ASX I have developed a positive view of the company and its people – it is a successful business and is well run. This provides a good foundation to tackle head-on the many challenges and opportunities we face.

2012 was a difficult year for investors as global economic uncertainty persisted. It was also a testing time for many of our customers and we thank them for their continued support and business.

ASX's statutory profit after tax was $339.2 million, down 3.7% on the previous year. The statutory profit includes several significant items that relate to a decision to close two interstate offices and the migration to the company's new data centre. Underlying profit after tax, which excludes significant items, was $346.2 million, down 2.9%.

Operating revenue declined 1.2%. Revenue fell in the three businesses that are most directly linked to equity markets and investor sentiment. They are Listings and Issuer Services, Cash Market and Information Services. The decline in these businesses was largely offset by revenue growth in ASX's other business lines, including Derivatives, Technical Services and Austraclear.

Interest and dividend income was $49.8 million, up 5.1%. Interest income grew strongly in the first half as collateral balances increased and margins improved. In the second half interest rates declined, leading to a marginal decrease in interest income.

Expenses were well controlled. Cash operating expenses were up 4.1%, driven by increases in staff remuneration, a rise in occupancy and equipment costs associated with ASX's new data centre, and a higher ASIC supervision levy. Administration and other variable expenses were down.

Capital expenditure for the year was $39.1 million. In February 2012 the company opened its new data and co-location centre. This investment is important to provide a competitive, low latency trading environment for ASX customers. It also creates new revenue opportunities in Technical Services, a growing part of our business. As a result of the higher capital expenditure in recent years, depreciation and amortisation charges were up 18.5%.

The reduction in earnings translated to the dividend declared by the Board under its policy to pay out 90% of underlying net profit. The 2012 dividend was 177.9 cents per share fully franked.

Our businesses

Below, I briefly discuss the revenue performance for each of the main business lines. The results show the strength of ASX's diversified business model, which helped to cushion the impact of the weaker equity market environment. More detail about each of our main businesses can be found on pages 7 to 11.

Listings and Issuer Services revenue was $133.4 million, down 11.2%. There was a significant reduction in new listings and secondary capital raisings. The total amount of capital raised, including scrip-for-scrip, was $50.6 billion, down 42.6% on the previous year. The reduction in secondary capital raised follows a period of significant deleveraging during the initial stages of the Global Financial Crisis in 2008 and 2009.

> "There is real strength in ASX's diversified business model"

ASX continues to expand the number of products listed on the exchange and in 2012 implemented rule changes that allowed for the listing of fixed income exchange traded funds (ETFs). ASX has announced further initiatives to grow its Listings franchise over the coming years, including providing retail access to Commonwealth Government Securities, the quoting of international securities, and a new managed funds settlement service that will improve the efficiency and distribution of managed funds.

In addition, ASX has proposed several changes to improve the efficiency and global

Managing Director and CEO's report continued

competitiveness of the Australian capital market. They include a reduction in the timetable for completing rights issues, greater flexibility in the capital raising process for small and mid-cap companies, a new equity research scheme, and improved disclosure of reserves and resources in the mining, and oil and gas industries.

Cash Market revenue was $124.5 million, down 7.0%. Cash Market revenue consists of three components: trading, clearing and settlement. The three components were all impacted by equity market activity levels.

Cash Market revenue grew strongly in the first quarter of the financial year when global volatility increased. This was followed by a significant fall in investor confidence and activity levels, particularly in the retail sector. As a result, revenue fell in the next three quarters.

While the Asian region continues to grow and the US economy is showing signs of improvement, investor confidence depends critically on the ability of the Eurozone to solve its debt crisis. This is likely to take some time.

In October 2011 the market structure for quoted securities changed and Chi-X launched an alternative venue for trading the top 200 ASX-quoted securities and some ETFs. The change in market structure relates to ASX's Cash Market trading revenue, which in 2012 was $36.4 million or approximately 6.0% of Group revenue.

ASX has responded well to the new market structure. In 2012 the company introduced new order types and execution services, and completed a state-of-the-art data centre capable of providing a low latency trading environment.

Information Services revenue was $66.9 million, down 5.6%. The reduction in Information Services revenue was driven by the fall in equity market activity in the retail sector. Data usage from professional participants was broadly stable.

Technical Services revenue was $45.3 million, up 12.1%. ASX expanded its Technical Services business to provide smart order routing, low latency data products, and data centre services to its clients and other market operators. The growth in Technical Services is part of ASX's strategy to adapt the ASX business model to a changing market structure and customer needs. In 2012 the revenue from Technical Services was larger than the revenue from Cash Market trading.

Derivatives revenue was $188.7 million, up 9.6%. Derivatives is ASX largest business, accounting for 30.9% of Group revenue in 2012.

Volumes increased 18.5% in ASX Derivatives (exchange traded options and index options) and 5.6% in ASX 24 Derivatives (futures and options on futures). Revenue growth was assisted by a significant reduction in the level of large volume rebates paid compared to the previous year.

ASX will target continued growth in its Derivatives business through the introduction of new products, including interest rate futures, energy futures and equity index derivatives.

Austraclear revenue was $36.0 million, up 6.5%. Revenue grew across all Austraclear service lines, including transactions, holdings and registry. Average balances in Austraclear grew 8.1% and reached $1.3 trillion in June 2012.

In April 2012 ASX confirmed that it would develop a collateral management service for the Australian market, allowing its clients to optimise the use of their available collateral for exchange-traded and over-the-counter transactions. The first phase of this service will be completed in 2013 and targets the fixed income collateral that is available in Austraclear. Equities will be added in a next phase by connecting the service to CHESS, ASX's equity sub-register.

Looking forward

In 2012 financial markets became more complex with the introduction of a new market structure for equities trading.

More change is coming our way as Australian authorities implement new international regulations in areas such as over-the-counter derivatives clearing, and as local policy makers turn their attention to the market for post-trade clearing and settlement services.

"ASX will step up investment in new products and services"

Managing Director and CEO's report continued

ASX plays a leadership role in shaping our financial markets. When we provide input to regulators and policy makers our eyes are firmly fixed on the competitive position of Australia in Asia and in the wider global market.

At the same time, ASX will continue to evolve its business model in line with changing regulations and the competitive environment, and step up its investment in new products and services that can provide new growth. Our customers expect this of us and it is in the long-term interest of the company. ASX has a strong earnings capacity and a conservative balance sheet. This means that we are well placed to make the necessary investments.

Our people

ASX's team of just over 500 staff has shown great commitment to the company and an ability to adapt quickly to a changing market. This is a real credit to them, the management team and my predecessor Robert Elstone.

It puts us in a good position to succeed and I thank them for the support they have given me in my first year with the company.

Elmer Funke Kupper
Managing Director and Chief Executive Officer
16 August 2012

Commitment to our customers

ASX has a large customer base. The Group services more than 2,200 listed companies and issuers, around 100 participants in cash equity markets, over 40 participants in derivatives markets, and four exchanges for clearing and settlement arrangements. ASX customers in turn service Australia's corporations, superannuation sector, funds management industry and millions of retail investors.

ASX has adopted a customer charter that sets out how the company intends to balance the interests of its customers, shareholders and the broader financial markets.

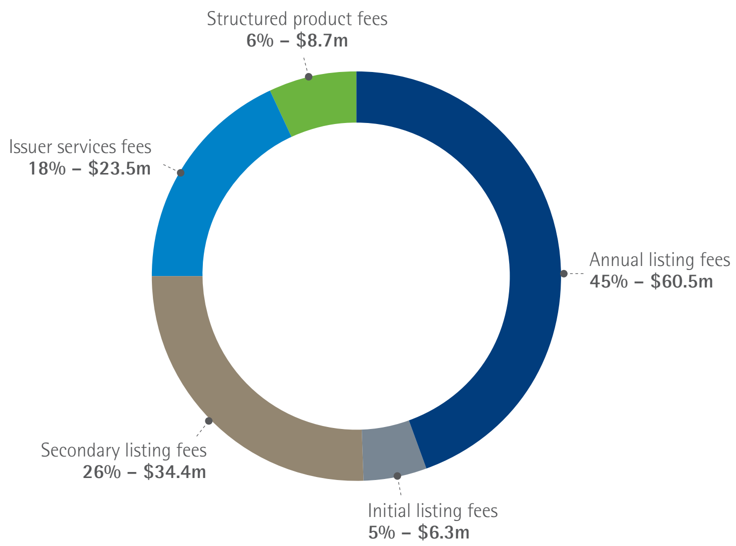
The charter does not mean that we will always agree with our customers and other stakeholders. We may adopt different positions when it comes to the best way to secure the future of Australia's financial markets. It is because these differences do arise that we need to put additional effort into the engagement with our stakeholders. In 2012 ASX joined three important stakeholder organisations: the Australian Financial Markets Association (AFMA), Business Council of Australia (BCA) and Financial Services Council (FSC).

The ASX customer charter makes the following commitments:

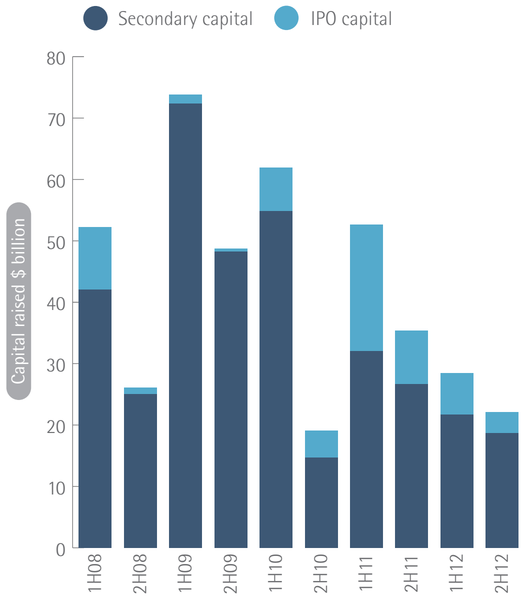
- ASX works with its customers to deliver products and services that meet their needs and provide them with choice
- ASX supports Australia's aspiration to be globally competitive and become one of the leading financial centres in the Asia Pacific region
- ASX makes its products and services available on a non-discriminatory basis and on reasonable commercial terms
- ASX manages its businesses and operations on a commercial basis to benefit its customers and provide appropriate returns to ASX shareholders
- ASX recognises its role as a provider of critical financial infrastructure to the Australian financial markets, and makes the necessary investments to ensure it can fulfil this role and provide confidence to market participants, investors and regulators
- ASX runs its operations in compliance with all legal and regulatory obligations
- ASX has conflict handling arrangements in place that provide assurance and transparency about the way ASX conducts its business.

Listings and Issuer Services

Listings and Issuer Services revenue $133.4m



Capital raisings



Services

- Venue for raising capital for over 2,200 listed companies and other issuers, with internationally recognised rules
  - Initial public offerings
  - Secondary capital raisings through a range of mechanisms
  - Equity, debt, structured products and funds quoting services
- Corporate issuer services including provision of holding statements and investor relations services

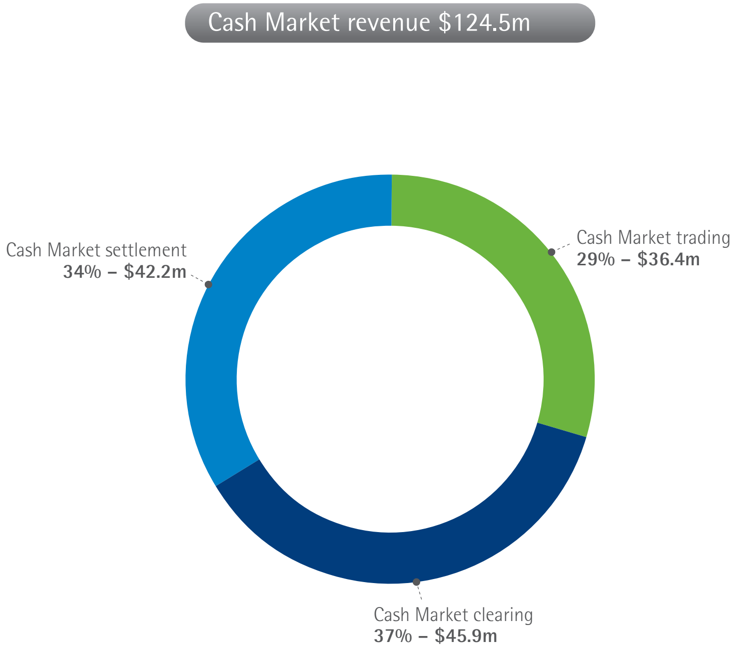
FY12 performance

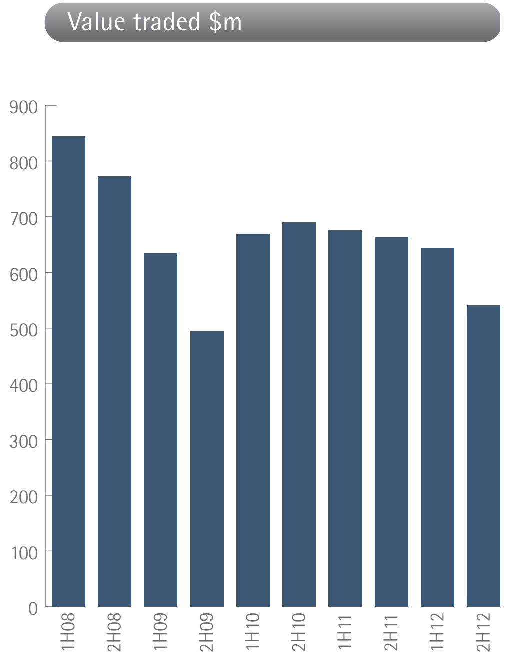
- Total revenue $133.4 million, down 11.2%, due to a reduction in IPO and secondary capital raisings activity
- Annual listing revenue up 4.7%
- Initial listing revenue down 51.9%, with 99 IPOs compared to 160 in the prior year
- Secondary capital raising revenue down 22.9%, with the amount of capital raised down 31.2% to $40.4 billion
- Structured product revenue up 31.8%, with 7,113 new warrants quoted compared to 2,822 in the prior year
- Issuer services revenue down 16.7% due to weaker retail activity

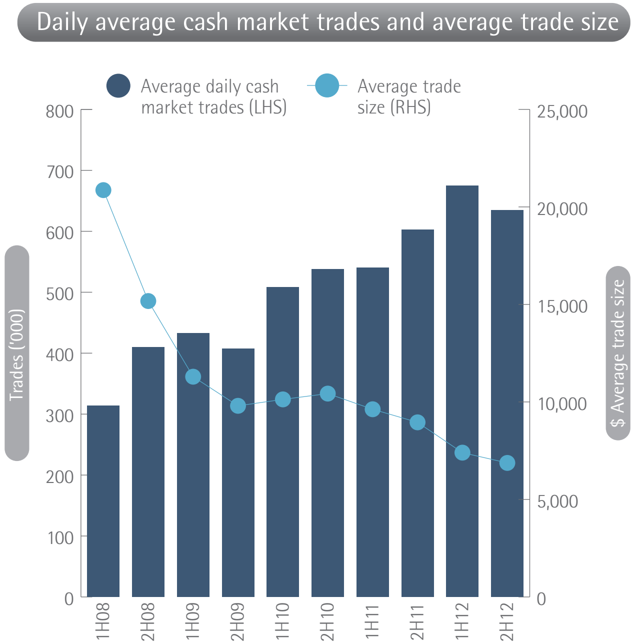
Areas of focus

- Improve the listing franchise
  - Greater flexibility to raise capital for small to mid-caps
  - Equity research scheme pilot for small to mid-caps
  - Enhanced disclosure of reserves and resources in the mining, and oil and gas industries
- Expand products available to investors
  - Listing fixed income exchange traded funds (ETFs)
  - Access to international equities
  - Listing of Commonwealth Government Securities
- Efficiency and distribution for customers
  - Operational efficiencies for unlisted funds administration through new managed funds service

Cash Market







Services

- Trading in ASX-quoted securities - equity, debt and ETFs
- Central counterparty clearing providing capital efficiency and risk management
- Delivery versus payment settlement for on-market and bi-lateral transactions
- Central securities depository providing efficient management of holdings and securities with certainty of title

FY12 performance

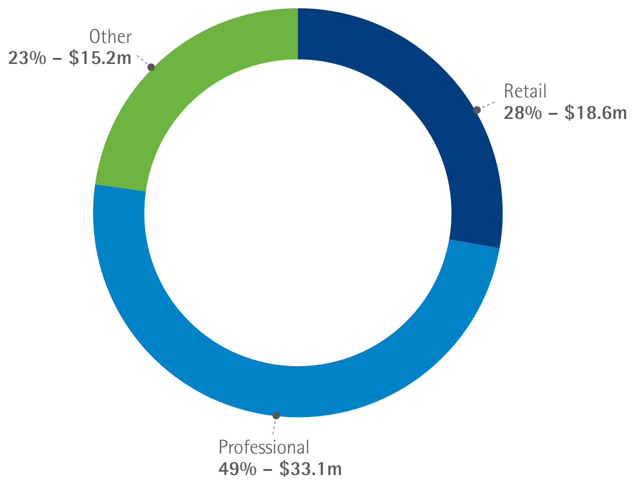
- Total revenue $124.5 million, down 7.0%, due to weak market activity impacted by global economic uncertainity
- Trading revenue down 5.9%, with total traded value $1.2 trillion, 11.5% lower than the prior year
- Daily average traded value $4.7 billion, down 11.5%, and daily average trades 655,359, up 14.9%
- Clearing revenue down 7.5%, with the value of trades novated and cleared $978 billion, 6.4% lower than the prior year
- Settlement revenue down 7.5%, as a result of lower retail activity leading to a 3.9% reduction in the number of main settlement transactions

Areas of focus

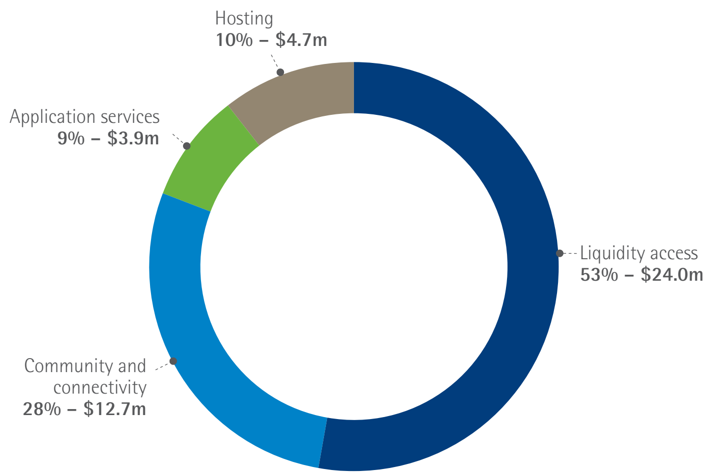
- Implement new order types and execution services for a more complex market environment
  - Mid-point trade execution enhancements to facilitate price discovery
  - Block trading improvements for large orders
- Enhance clearing and settlement services to meet changing customer requirements
  - Margining of cash equities to further reduce risk
  - Unbundling of clearing and settlement services to provide customers with greater service flexibilty and price transparency
  - Collateral management service to provide capital and cost efficiencies for customers

Information and Technical Services

Information Services revenue $66.9m



Technical Services revenue $45.3m



Services

- Real-time market data, reference data and corporate action information for cash and derivative markets
- Data centre hosting, low latency connectivity and network services for cash and derivative markets
- Low latency communications network providing market-wide connectivity

FY12 performance

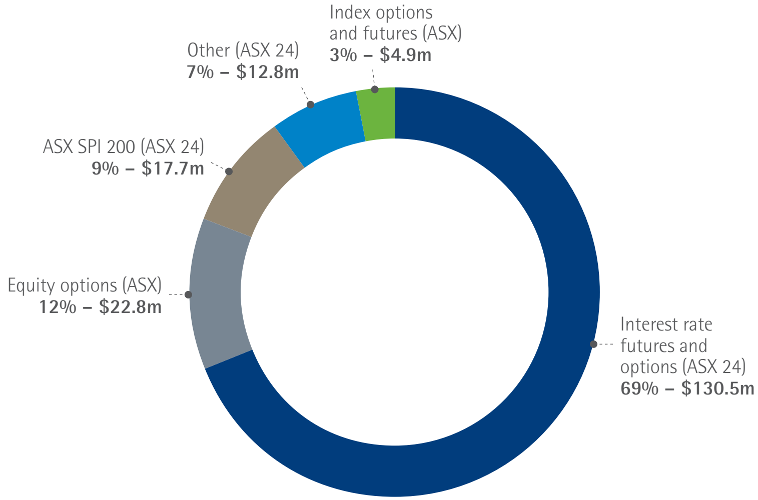
- Information Services $66.9 million, down 5.6%, driven by reduced equity market activity
- Technical Services $45.3 million, up 12.1%, reflecting growing customer demand in the new market environment
- Opened new data and co-location centre offering a high speed/high capacity trading infrastructure for customers
  - 59 clients hosted in the new data centre as at 30 June 2012

Areas of focus

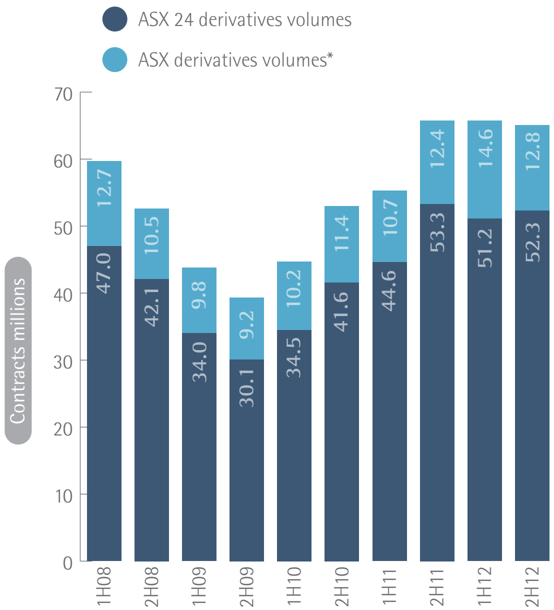
- Develop products that provide greater flexibility and functionality
  - Low latency market information service
  - Low latency trade order entry service
  - Enhancements to provide more functionality to trade order routing platform to access best execution
- Expand distribution and connectivity to improve market access and lower costs
  - Access to ASX markets by locating trading hubs in international exchanges

Derivatives

Derivatives revenue $188.7m



Derivatives volumes



Products

- Exchange-traded equity and index options on ASX-listed equities
- Equity index (SPI 200) futures and options
- Interest rate futures and options
- Agricultural and energy futures and options
- Contracts for difference (CFDs) on ASX-listed equities

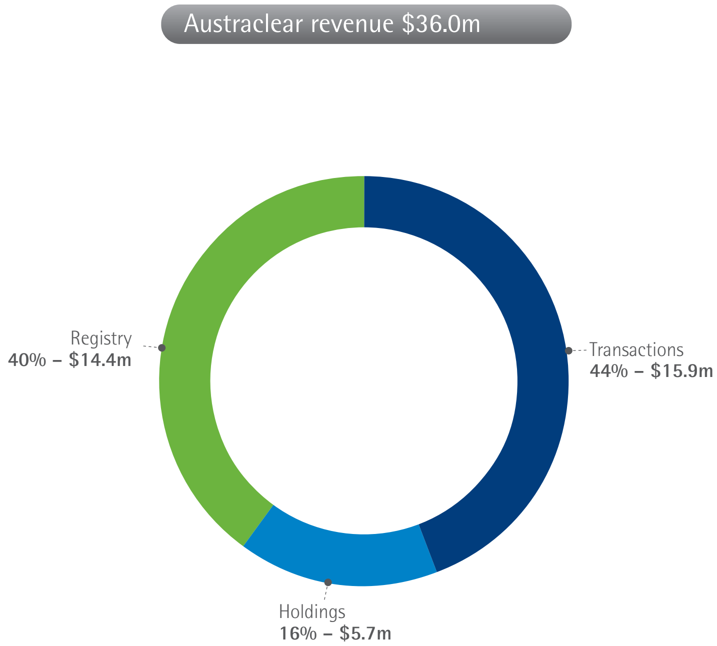
FY12 performance

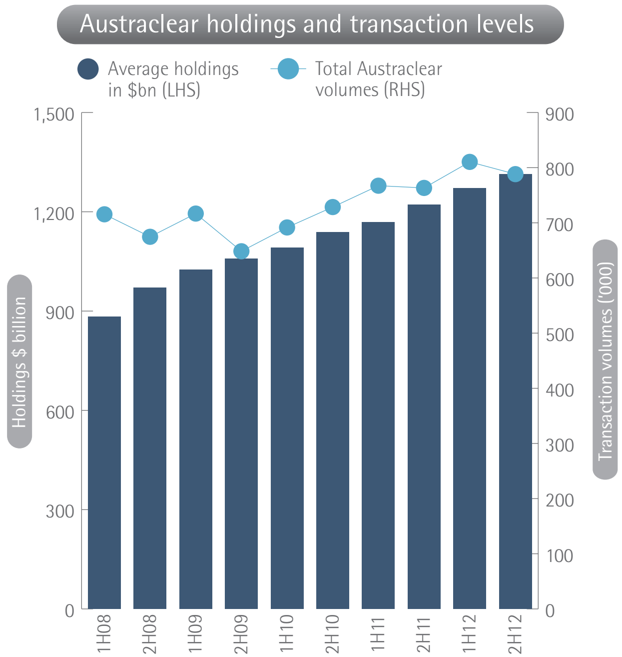
- Total revenue $188.7 million, up 9.6%, driven by higher activity levels
- Revenue from ASX 24 derivatives $161.0 million, up 13.6%
  - Number of contracts traded up 5.6% to 103.5 million
  - Lower large volume rebates paid resulting in an increase to the average fee per trade
- Revenue from ASX derivatives $27.7 million, down 9.2%
  - Number of contracts traded up 18.5%, offset by lower average fee per trade due to higher market-maker activity

Areas of focus

- Increase derivative product range
  - Futures over SPI sub-indices and VIX volatility index
  - Additional energy, agricultural and carbon futures and options
- Expand clearing services
  - Over-the-counter equity derivatives clearing to reduce counterparty risk to participants
  - Over-the-counter interest rate swaps clearing to reduce systemic market risk

*Volumes based on previous contract size as contract size reduced during the year.





Services

- Electronic central securities depository for debt securities
- Real-time delivery versus payment settlement for debt securities
- Real-time gross settlement of cash transactions
- Ancillary services to issuers of debt securities

FY12 performance

- Total revenue $36.0 million, up 6.5%, with higher transaction and holding balances
- Transaction revenue up 7.4%, with total transactions up 4.4% to 1.6 million
- Holdings revenue up 5.6%, with average holdings balances up 8.1% to $1.3 trillion
- Registry revenue $14.4 million, up 5.9%

Areas of focus

- Expand services to improve efficiencies for customers
  - Collateral management services for exchange-traded and over-the-counter markets to provide capital and operational efficiencies
  - Facilitate Commonwealth Government Securities trading on-exchange through central securities depository

Regulatory oversight of Australia's financial markets

The role of ASX Compliance

ASX, as the operator of licensed markets and clearing and settlement facilities, is regulated by the Australian Securities and Investments Commission (ASIC) and the Reserve Bank of Australia (RBA). One of the requirements is to have adequate arrangements for monitoring and enforcing compliance with the ASX Operating Rules (including the Listing Rules). This function is performed on behalf of ASX licensees by ASX Compliance which was originally established in 2006 as a separate subsidiary to perform the oversight role of supervising participants and listed entities.

ASX no longer has a real-time trading supervisory role over participants. This was transferred to ASIC on 1 August 2010. From 1 August 2011, ASIC also took over responsibility for the capital monitoring of trading-only (i.e. non-clearing) participants. ASX worked cooperatively with ASIC to ensure this happened as seamlessly as possible for participants.

During FY12 ASIC and ASX entered into a revised Memorandum of Understanding relating to cooperation and sharing of information and into protocols governing the sharing of market surveillance and price query information, and the coordination of participant compliance activities.

ASX Compliance does not monitor and enforce ASX's own compliance with the Listing Rules. This is performed by ASIC.

Governance arrangements

The arrangements between ASX licensees and ASX Compliance are governed by an agreement and a delegations framework, and are underpinned by ASX's organisational and departmental policies and procedures. Further details regarding these arrangements are set out at www.asxgroup.com.au/asx-corporate-governance.htm

ASX has a conflict handling framework in place to ensure that relevant compliance and enforcement decisions under its various Operating Rules (including its Listing Rules) are made by ASX Compliance without inappropriate intervention or interference by other business units within ASX.

The Managing Director and CEO of ASX does not sit on the Board of ASX Compliance. Details of the ASX Compliance Board are set out at www.asxgroup.com.au/board-and-management.htm

Day-to-day oversight of ASX-listed entities and the monitoring of their compliance under the Listing Rules is undertaken by the Listings Unit within ASX Compliance. The Participants Unit within ASX Compliance is responsible for monitoring and enforcing participants' compliance with ASX's Operating Rules. The responsible senior executive is the Chief Compliance Officer, who reports to the ASX Compliance Board on all matters concerned with compliance and enforcement responsibility, including listed company compliance with the Listing Rules and participant compliance with the Operating Rules.

Information barriers and, where necessary, physical barriers are in place to ensure that electronic access to soft copy information and physical access to hard copy information are quarantined, as required, within each unit of ASX Compliance, so as to protect confidential information. If information is shared it is done in accordance with ASX's organisational and departmental policies and procedures.

More detail regarding ASX's conflict handling arrangements can be found at www.asxgroup.com.au/asx-corporate-governance.htm

Enforcement action

When supervisory responsibilities were transferred to ASIC in August 2010, ASX continued to be responsible for taking disciplinary action for any breaches of the Operating Rules if the breach occurred prior to the transfer of responsibilities to ASIC. Considerable effort was devoted in FY12 to bringing these matters to a conclusion as quickly as possible. ASX has now concluded all of these outstanding disciplinary actions and all but two of the investigations.

At the beginning of FY12, ASX Compliance had five open investigations and 12 open disciplinary actions relating to breaches of these rules that occurred prior to 1 August 2010 (down from 42 investigations and 24 disciplinary actions at the beginning of FY11).

Over FY12 the ASX Disciplinary Tribunal released 12 circulars relating to pre-1 August 2010 breaches and imposed in aggregate $850,000 (plus GST) in penalties against the offending participants.

Surplus funds arising from the penalties imposed by the ASX Disciplinary Tribunal have been set aside and applied to the ASX Education Research Program to fund various education and research activities, including the cost of conducting training courses for participants on compliance-related matters.

In FY12 ASX Compliance made 43 referrals in total to ASIC, comprising 18 for suspected continuous disclosure breaches and 25 for other matters.

Other activities

ASX upgraded its market surveillance system to allow it to monitor trading in all ASX-quoted securities across all licensed equity markets, to coincide with the commencement of the Chi-X market in October 2011.

ASX Compliance also embarked upon a major project to refresh the more than 30 guidance notes to the Listing Rules. Approximately one third of these have now been re-written, providing greater guidance and certainty across a range of issues.

Regulatory oversight of Australia's financial markets continued

Regulation of ASX

ASX operates in a highly regulated environment overseen by two independent government agencies – ASIC and the RBA. These government regulators have extensive powers to enforce the laws and regulations that govern financial markets in Australia.

ASIC

ASIC is responsible for the supervision of real-time trading on Australia's domestic markets, including those operated by ASX Group. ASIC is also responsible for enforcing the laws against misconduct on Australia's financial markets, as well as supervising Australian Financial Services Licence (AFSL) holders.

RBA

The RBA has responsibility for assessing whether licensed clearing and settlement facilities, including those operated by ASX Group, have complied with its Financial Stability Standards and done all other things necessary to reduce systemic risk.

The RBA is currently undertaking a review of the Financial Stability Standards with a public consultation on revised standards likely to take place later this year. These revised standards are expected to reflect new and more demanding international standards for payment, clearing and settlement systems.

Council of Financial Regulators

The Council of Financial Regulators is the coordinating body for Australia's main financial regulatory agencies. Its members are the RBA (Chair), the Australian Prudential Regulation Authority (APRA), ASIC and Treasury. It aims to facilitate cooperation and collaboration between RBA, APRA, ASIC and Treasury.

The Council also has a role in advising the Government on the adequacy of the architecture of Australia's financial system.

During the year, the Council reviewed and consulted on reform proposals for the regulation of financial market infrastructure, over-the-counter (OTC) derivatives clearing, and competition in the clearing and settlement of Australia's cash equity market.

ASX expects new legislation regarding financial market infrastructure regulation will be introduced in 2012-13. There will also be further policy work around OTC clearing in line with Australia's G20 obligations.

Submissions on the Council's review of competition in the clearing and settlement of the Australian cash equity market closed in mid-August 2012.

Corporate governance

Introduction

The principal features of ASX's corporate governance framework are set out in this section.

ASX's corporate governance arrangements are reviewed annually by the ASX Board and relevant committees and key operating subsidiary boards.

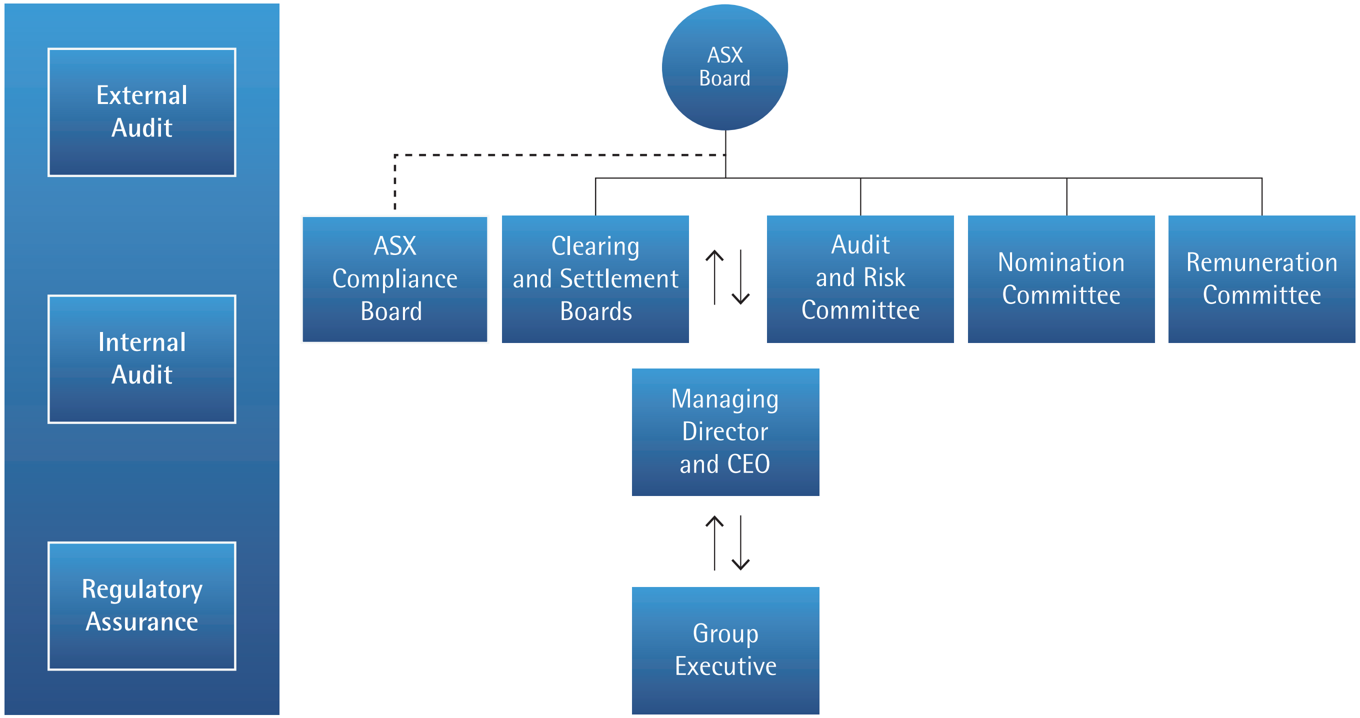
ASX has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Throughout the reporting period, ASX's governance arrangements have been consistent with these principles.

More information on ASX's corporate governance framework and key documents are available on ASX's website at www.asxgroup.com.au/asx-corporate-governance.htm

A high-level structure chart describing the ASX governance framework is set out in the diagram.

Details on the components of the framework are set out in the following pages.

ASX governance framework



Delegation to committees, subsidiary boards and management

- The Board has established three committees to assist it in discharging its duties
- Day-to-day management and operations are delegated to management
- ASX Compliance is responsible for monitoring and enforcing compliance of participants and listed entities with the Operating Rules of the ASX Group
- The clearing and settlement boards provide a focus on risk management and oversight of the clearing and settlement operations

Corporate governance continued

Board of directors

Role and responsibilities of the Board:

- Accountable for the performance of the ASX Group
- Oversees the conduct of the affairs of the ASX Group, consistent with the Group's licence obligations and public policy objectives directed at financial market and payments system integrity
- Reviews and approves the corporate strategy, annual budget and financial plans of the Group
- Monitors financial performance and liaises with the external auditor
- Appoints and assesses the performance of the Managing Director and CEO and oversees succession plans for the senior executive team
- Oversees the effectiveness of management processes and approves major corporate initiatives
- Oversees the process for identifying significant risks facing the ASX Group and oversees the control, monitoring and reporting mechanisms

The responsibilities of the Board are detailed in the Board charter, which is available on ASX's website at www.asxgroup.com.au/asx-corporate-governance.htm. The Board's conduct is also governed by ASX's constitution, available at www.asxgroup.com.au/asx-corporate-governance.htm

Responsibilities of the Chairman

- Independent and non-executive
- Role is separate to that of Managing Director and CEO
- The Managing Director and CEO may not become Chairman
- Leads the Board in its duties to the ASX Group
- Responsible for facilitating effective discussions at Board meetings and overseeing the processes and procedures in place to evaluate the performance of the Board, its committees and individual directors

Composition of the Board

- As at the date of this report, there are eight directors, whose names and positions are detailed in the adjacent table
- Each of the directors, other than Mr Funke Kupper, are considered to be independent non-executive directors
- The Board considers that individually and collectively, the directors bring an appropriate mix of skills, experience and expertise
- Directors' skills and experience are detailed on the following pages

Director	Position	Appointed to ASX
Rick Holiday-Smith	Chairman, independent non-executive director	July 2006*
Elmer Funke Kupper	Managing Director and CEO, executive director	October 2011
Russell Aboud	Independent non-executive director	July 2005
Jillian Broadbent AO	Independent non-executive director	February 2010
Shane Finemore	Independent non-executive director	June 2007
Peter Marriott	Independent non-executive director	July 2009
Jillian Segal AM	Independent non-executive director	July 2003
Peter Warne	Independent non-executive director	July 2006**

- David Gonski was a director from June 2007 and Chairman from September 2008 until his resignation in March 2012.
- Robert Elstone was Managing Director and CEO from 2006 until his retirement as a director on 6 October 2011.

* Chairman of SFE Corporation Limited from 1998 to 2008.

** Director of SFE Corporation Limited from 2000 to 2008.

Corporate governance continued

Rick Holliday-Smith

BA (Hons), FAICD

Chairman

Independent non-executive director

Mr Holliday-Smith was appointed a director of ASX in July 2006 and Chairman in March 2012. He is also a director of the ASX Group clearing and settlement facility licensees and Chairman of ASX Clearing Corporation Limited and ASX Settlement Corporation Limited (their intermediate holding companies). He is Chair of the Nomination Committee and a member of the Remuneration Committee. He was Chairman of SFE Corporation Limited from 1998 until 2008.

Mr Holliday-Smith is currently Chairman of Cochlear Limited, a director of Servcorp Limited, a member of the Macquarie University Faculty of Business and Economics Advisory Board, and a patron of the Macquarie University Foundation.

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

Elmer Funke Kupper

Master of Business Administration

Managing Director and CEO

Executive director

Mr Funke Kupper was appointed as ASX's Managing Director and CEO in October 2011. Mr Funke Kupper is also a director of the ASX Group clearing and settlement facility licensees and their intermediate holding companies.

In February 2006 Mr Funke Kupper joined Tabcorp Holdings Limited (Tabcorp) as Chief Executive Australian Business and was acting Chief Executive Officer from March 2007. He was Managing Director and CEO of Tabcorp from September 2007 to June 2011. He is currently a non-executive director of Tabcorp.

Prior to joining Tabcorp, Mr Funke Kupper held several senior positions with Australia and New Zealand Banking Group Limited, including Group Head of Risk Management, Group Managing Director Asia Pacific and Managing Director Personal Banking and Wealth Management. Previously, he was a senior management consultant with McKinsey & Company and AT Kearney.

Russell Aboud

MBBS (Sydney)

Independent non-executive director

Mr Aboud was appointed a director of ASX in July 2005.

He is Chairman of Manikay Partners LLC.

His previous roles have included Chairman of Ord Minnett Limited and Global Head of European Equities and Head of Australasian Equities for the UBS Group.

Mr Aboud has extensive knowledge and experience in the international financial services and securities industries, gained over 20 years.

Jillian Broadbent AO

BA

Independent non-executive director

Ms Broadbent was appointed a director of ASX in February 2010. She is also a director of the ASX Group clearing and settlement facility licensees and their intermediate holding companies.

Ms Broadbent is a director of Woolworths Limited, a member of the Board of the Reserve Bank of Australia and Chancellor of the University of Wollongong. She is Chair of the Clean Energy Finance Corporation.

She has extensive experience in the corporate banking and finance sectors in Australia and overseas. Ms Broadbent's executive career has included roles with Bankers Trust Australia and directorships of major companies including Coca-Cola Amatil Limited, Woodside Petroleum, Qantas Airways, Westfield trusts and the Special Broadcasting Service (SBS).

Corporate governance continued

Shane Finemore

B Comm (UNSW)

Independent non-executive director

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

He is Managing Partner of Manikay Partners LLC, a director of Ron Finemore Transport Pty Limited and a member of the Australia as a Financial Services Centre Taskforce.

Mr Finemore is an internationally recognised authority on securities exchanges.

Mr Finemore's previous roles include Managing Director at UBS Investment Bank and Head of the UBS US Fundamental Investment Group. He was also a member of the UBS Investment Bank Board.

Peter Marriott

FCA, BEc (Hons), MAICD

Independent non-executive director

Mr Marriott was appointed a director of ASX in July 2009. He is also a director of the ASX Group clearing and settlement facility licensees and their intermediate holding companies. He is Chairman of Austraclear Limited and Chair of the Audit and Risk Committee.

Mr Marriott has been involved in the finance industry for over 30 years.

He was Chief Financial Officer of Australia and New Zealand Banking Group Limited (ANZ) from 1997 to May 2012. Prior to his career at ANZ, Mr Marriott was a partner in the Melbourne office of the then KPMG Peat Marwick.

Jillian Segal AM

BA LLB (UNSW), LLM (Harv), FAICD

Independent non-executive director

Ms Segal was appointed a director of ASX in July 2003. She is a director of ASX Compliance Pty Limited, Chair of the Remuneration Committee and a member of the Audit and Risk Committee and the Nomination Committee.

Ms Segal is a director of National Australia Bank Limited and the Garvan Institute of Medical Research. She is Chairman of the General Sir John Monash Foundation and Deputy Chancellor of the University of New South Wales. She is also a member of the Remuneration Tribunal, the independent statutory body that considers the remuneration of key Commonwealth officers, and a member of the Sydney Advisory Council of the Centre for Social Impact.

Previously, Ms Segal was a Commissioner and Deputy Chairman of the Australian Securities and Investments Commission (ASIC) and Chairman of the Banking and Financial Services Ombudsman. 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).

Peter Warne

BA, FAICD

Independent non-executive director

Mr Warne was appointed a director of ASX in July 2006. He is also a director of the ASX Group clearing and settlement facility licensees and their intermediate holding companies. He is Chairman of ASX Clear (Futures) Pty Limited. He is also a member of the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee. He was a director of SFE Corporation Limited from 2000 to 2008.

He is Chairman of Australian Leisure and Entertainment Property Management Limited, Deputy Chairman of Capital Markets CRC Limited and WHK Group Limited, and a director of Securities Exchanges Guarantee Corporation, Securities Industry Research Centre of Asia Pacific and NSW Treasury Corporation. Mr Warne is also a director of Macquarie Group Limited and Macquarie Bank Limited.

Mr Warne is an Adjunct Professor in the University of Sydney Business School, a member of the Macquarie University Faculty of Business and Economics Advisory Board and a patron of the Macquarie University Foundation.

Mr Warne is also a Member of the Advisory Board of the Australian Office of Financial Management and Chairman of the St Andrews Cathedral School Foundation.

Mr Warne was previously a director of Macquarie Capital Alliance Group and a former Executive Vice President of Bankers Trust Australia Limited.

Corporate governance continued

Attendance at meetings

	ASX Limited		Audit and Risk Committee		Nomination Committee		Remuneration Committee		ASX Clear Pty Limited		ASX Clear (Futures) Pty Limited		ASX Settlement Pty Limited		Austraclear Limited		ASX Compliance Pty Limited	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Rick Holliday-Smith (Chairman)*	7	7	3	3	3	3	3	3	6	6	6	6	6	6	6	6		
David Gonski AC (Chairman)**	5	5			2	2	2	2										
Elmer Funke Kupper***	5	5							4	4	4	4	4	4	4	4		
Robert Elstone****	2	2							2	2	2	2	2	2	2	2		
Russell Aboud	7	7																
Jillian Broadbent AO	7	7							6	6	6	6	6	6	6	6		
Shane Finemore	7	7																
Peter Marriott	7	7	4	4					6	6	6	6	6	6	6	6		
Jillian Segal AM	7	7	4	4	3	3	3	3									6	6
Peter Warne	7	7	4	4	3	3	3	3	6	6	6	6	6	6	6	6		

Notes

*Rick Holliday-Smith was appointed Chairman of ASX Limited on 28 March 2012. The ASX Audit and Risk Committee charter provides that the Chairman of ASX Limited is not eligible to be a member of the Audit and Risk Committee. Accordingly, at the time Mr Holliday-Smith was elected Chairman, he retired from that Committee. The Chairman may attend meetings of the Audit and Risk Committee and does so (from time to time) at his discretion. The ASX Nomination Committee charter provides that the Committee Chair will be the Chairman of the ASX Board. Accordingly, when Mr Holliday-Smith was elected Chairman of ASX Limited, he became Chair of the Nomination Committee.

** David Gonski resigned on 28 March 2012.

*** Elmer Funke Kupper was appointed on 6 October 2011.

**** Robert Elstone retired as a director on 6 October 2011.

Director attendance at meetings

Details of director attendance at meetings are set out in the adjacent table.

All directors are invited to, and do regularly, attend meetings of subsidiary boards and committees, other than ASX Compliance Pty Limited. Attendance in the table is only recorded where a director is a member.

Director appointment and independence

Director appointment is governed by ASX's constitution, the ASX Board charter and the charters of the Nomination Committee and Remuneration Committee. These documents are available at www.asxgroup.com.au/asx-corporate-governance.htm

The ASX Board has a policy addressing independence. The policy requires that a majority of directors are independent and includes guidelines for assessing the materiality of directors' relationships that may affect their independence.

The Board presumes a relationship is material if it generates more than 10% of ASX Group revenue during a 12 month period (in the absence of contrary evidence). Relationships are presumed immaterial if they generate less than 5%.

An annual review is undertaken to assess each director's independence.

Except for Mr Funke Kupper, who is an executive officer, all directors have been assessed to be independent.

The Board has not set a limit on directors' tenure. The ASX Board recognises that longstanding directors can bring a level of expertise, judgement and breath of perspective that is of great value to the Board, management and shareholders.

An election of directors is held each year. Any director (except the Managing Director and CEO) 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.

Access to information, management and advice

- Directors have access to management to request information
- Directors are entitled, with the approval of the Chairman, to obtain independent professional advice relating to their role as an ASX director at ASX's expense

Performance reviews

- Performance of the Board and of its committees and individual directors is reviewed regularly to ensure that individual directors and the Board work effectively and efficiently in fulfilling their functions set out in the Board charter
- The Chairman holds discussions with individual directors when evaluating their performance
- A performance evaluation for the Board, its committees and individual directors took

Corporate governance continued

place in the reporting period in accordance with the procedure described above

- The Board takes this evaluation into consideration when recommending directors who are up for election

Board renewal and succession planning

- Board renewal and succession planning is an important part of the governance process
- The Board regularly reviews and evaluates its succession planning process
- The Nomination Committee oversees this process
- Mr Funke Kupper was appointed as Managing Director and CEO and took up the role in October 2011
- Mr Gonski resigned with effect from 28 March 2012. Mr Holliday-Smith was elected as Chairman with effect from the date of Mr Gonski's resignation
- The Board has commenced a process to recruit new directors to the Board
- As part of this process, a skills matrix was developed. This matrix identified the skills and experience of the current directors and the skills and experience that the Board considers necessary and desirable for the future
- An external search firm is assisting the Board with this process
- Mr Holliday-Smith, Mr Marriott, Ms Segal and Mr Warne retire by rotation at the upcoming Annual General Meeting (AGM on 5 October 2012. Each of them will offer themselves for re-election

Director remuneration

- 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 FY12, the total amount paid to non-executive directors was $2,018,243. 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 Mr Warne in his capacity as a director of the Securities Exchanges Guarantee Corporation Limited (SEGC), which is not a controlled entity of ASX
- The Board reviews its fees regularly to ensure ASX non-executive directors are remunerated fairly for their services, recognising the level of skill and experience required
- It also reviews its fees to ensure it has 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 market place
- Currently, there is no directors' retirement scheme. A pre-existing retirement scheme was terminated in 2003. The last benefits under the pre-existing scheme were paid in 2010. There are no further entitlements to directors under the pre-existing retirement scheme
- Further details regarding remuneration of directors are set out in the remuneration report which commences at page 35

Corporate governance continued

Board committees

The ASX Board has established the following committees:

- Audit and Risk Committee
- Nomination Committee
- Remuneration Committee.

Each committee's charter sets out its role, responsibilities, composition and structure. Charters are reviewed annually.

The charters are available at www.asxgroup.com.au/asx-corporate-governance.htm

An overview of each committee's responsibilities is provided in the adjacent table, together with the names of the committee members.

The skills, experience and qualifications of committee members are set out on pages 16 and 17. The number of meetings, and attendance at those meetings is set out on page 18.

Each committee reports regularly to the ASX Board and minutes of the committee meetings are provided to the ASX Board.

The Audit and Risk Committee has responsibility for liaising with and monitoring the performance of the external auditor. PricewaterhouseCoopers was appointed as auditor at the 2008 AGM and in the opinion of directors has conducted the audit in an effective and competent manner.

Audit and Risk Committee	Nomination Committee	Remuneration Committee
	Responsibilities	
Assist the Board to: • review and monitor the integrity of the financial reports and statements • review and oversee systems of risk management, internal control and legal compliance with the exception of certain matters where the Committee and the Board rely on the clearing and settlement boards and ASX Compliance Board to provide oversight (refer page 21) • review the work, performance and objectivity of the internal auditor • liaise with and monitor the performance and effectiveness of the external auditor, including terms of engagement, audit plan and findings, and assessment of independence • be satisfied the level of non-audit work carried out by the external auditor is compatible with maintaining auditor independence The Committee meets with external and internal audit without management present as necessary and at least once each year. Current practice is for the external audit engagement partner to rotate every five years.	Assist the Board in: • the nomination, selection and performance evaluation process for non-executive directors • succession plans and induction programs for non-executive directors • identifying skills and desirable competencies for Board and Board committees • setting and monitoring gender diversity strategies	Assist the Board in reviewing the: • remuneration for ASX Group non-executive directors • remuneration and incentive framework for the Managing Director and CEO • remuneration and incentive framework for senior executives and all staff
	Members	
Peter Marriott, Chair Independent non-executive director Jillian Segal AM Independent non-executive director Peter Warne Independent non-executive director Rick Holliday-Smith Independent non-executive director (retired as a committee member when elected Chairman of the ASX Board)	Rick Holliday-Smith, Chair Independent non-executive director (member for the full period. Became Chair when he was elected Chairman of the Board on 28 March 2012) Jillian Segal AM Independent non-executive director Peter Warne Independent non-executive director David Gonski AC Independent non-executive director (Chairman until he resigned from the ASX Board on 28 March 2012)	Jillian Segal AM, Chair Independent non-executive director Rick Holliday-Smith Independent non-executive director Peter Warne Independent non-executive director David Gonski AC Independent non-executive director (member until he resigned from the ASX Board on 28 March 2012)

Corporate governance continued

Key operating subsidiary boards

Set out below is a summary of the roles and responsibilities of the following key operating subsidiaries within the ASX Group:

- ASX Compliance Pty Limited
- ASX clearing and settlement subsidiaries.

ASX Compliance Pty Limited (ASX Compliance)

The ASX Compliance Board assists the ASX Board by providing an oversight role for each of the ASX Group licensees satisfying their obligations in relation to compliance and enforcement and conflicts handling. The ASX Compliance Board charter sets out these responsibilities.

The Chief Compliance Officer reports directly to the ASX Compliance Board on all matters concerned with compliance and enforcement responsibility, including listed company compliance with the Listings Rules and participant compliance with the Operating Rules.

At the date of this report, the directors are:

- Alan Cameron AO (Chairman)
- Elizabeth Johnstone
- Tom Parry AM
- Jillian Segal AM.

The role of ASX Compliance in the context of the regulatory oversight of Australia's financial markets is set out on page 12.

ASX clearing and settlement subsidiaries

The clearing and settlement subsidiaries comprise six entities. There are four subsidiary companies that hold clearing and settlement licences required to operate clearing and settlement facilities, and there are two intermediate holding companies.

The clearing and settlement subsidiaries have the same directors:

- Jillian Broadbent AO
- Elmer Funke Kupper
- Phil Gray
- Rick Holliday-Smith
- Peter Marriott
- Ian McGaw
- Peter Warne.

These boards provide a focus on risk management and oversight of the clearing and settlement operations of the clearing and settlement subsidiaries. The ASX Board relies on these boards to provide oversight in respect of the management accounts of the clearing and settlement subsidiaries, the management of clearing and settlement risk, and compliance with the Financial Stability Standards determined by the RBA.

More details regarding the functions of these boards are set out in the ASX Board charter which is available at www.asxgroup.com.au/asx-corporate-governance.htm

Management

Role and responsibilities of the Managing Director and CEO

The Board has delegated the day-to-day management of the ASX Group to the Managing Director and CEO.

The Managing Director and CEO is responsible for the overall operational and business management of ASX. He is also responsible for managing ASX's reputation and the profit performance of ASX, in accordance with the strategy, plans and policies approved by the Board.

Company secretaries

The Board is responsible for the appointment of company secretaries. The names of ASX's company secretaries and their skills, experience and qualifications are contained in the Directors' report on page 32.

Responsibilities of management

As set out above, the ASX Board has delegated the day-to-day management of the ASX Group to the Managing Director and CEO. Senior executives reporting to the Managing Director and CEO have their roles and responsibilities defined in specific position descriptions.

The adjacent diagram lists the senior executive roles reporting directly to the Managing Director and CEO. More details can be found at www.asxgroup.com.au/business-structure.htm

Corporate governance continued

Management performance and remuneration

- The Board assesses senior executive performance on an annual basis
- This assessment is undertaken with the assistance of the Managing Director and CEO, the Nomination Committee and the Remuneration Committee
- Senior executives are assessed against group and individual performance targets
- The overall performance of the ASX Group, the senior executive's function and the individual performance of the executive is considered in assessing performance
- The Managing Director and CEO is not present when the ASX Board and committees consider his performance and remuneration
- Further details regarding executive and Managing Director and CEO performance and remuneration are set out in the remuneration report (commences page 35)
- A performance evaluation for senior executives took place within the reporting period in accordance with the process described above

Trading by ASX Group directors and employees

- The ASX Group Dealing Policy places restrictions on dealing in securities by ASX directors and employees. Using derivatives and hedging arrangements for unvested ASX securities or vested ASX securities which are subject to holding locks is prohibited. Derivatives or hedging arrangements over vested ASX securities by a director or other Key Management Personnel will be publicly disclosed by ASX
- ASX's Group Dealing Policy is available at www.asxgroup.com.au/asx-corporate-governance.htm

Risk management

ASX views effective risk management as key to achieving and maintaining its operational and strategic objectives. The Board is responsible for approving and reviewing the ASX Group risk management strategy and policy, and has established an Audit and Risk Committee to assist with this responsibility. The active identification of risks and implementation of mitigation measures are responsibilities of management.

Management has established an Enterprise Risk Management Committee to approve risk policies, monitor framework execution and coordinate general risk matters consistent with the Board's risk appetite, and to oversee ASX's enterprise risk management framework. The risk framework recognises the broad economic and regulatory context the Group operates within and, importantly, distinguishes between strategic risks and operational risks.

Internal control systems and procedures are reviewed by the internal auditor. The General Manager Internal Audit reports to the Audit and Risk Committee and the Managing Director and CEO for functional audit purposes, and to the Chief Risk Officer for administrative purposes. The internal audit function is independent of 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. The Audit and Risk Committee monitors management's response to internal audit reviews.

Regulatory Assurance also provides an assurance function. Regulatory Assurance conducts oversight of the ASX Group's key obligations through mapping the compliance framework for key market operator and clearing and settlement facility obligations, providing training to the business so that key obligations are understood and complied with, undertaking compliance reviews, and reporting to key governance bodies and regulators.

When considering the Audit and Risk Committee's review of financial statements, the ASX Board receives a written statement signed by the Managing Director and CEO and the Chief Financial Officer affirming that ASX's financial statements give a true and fair view, in all material respects, of the consolidated entity's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that ASX's financial statements 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.

In a separate written statement, the Managing Director and CEO, Chief Risk Officer and the Chief Financial Officer also confirm to the Board that ASX'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.

A summary of ASX's risk management policies on risk oversight and management of material business risks is available at www.asxgroup.com.au/asx-corporate-governance.htm

Continuous disclosure

A copy of ASX's policy on how it complies with its Listing Rule 3.1 disclosure obligations can be found at www.asxgroup.com.au/asx-corporate-governance.htm. This policy is reviewed annually.

Diversity

ASX is committed to providing an environment in which employees have equal access to opportunities available at work, are treated with fairness and respect, and are not judged by unlawful or irrelevant reference to their attributes.

This commitment to diversity and inclusiveness enables ASX to attract and retain people with the best skills and abilities. The ASX Diversity Policy was reviewed in FY12 and a summary is available at www.asxgroup.com.au/asx-corporate-governance.htm

Corporate governance continued

ASX addresses discrimination and harassment through prevention and online training. Upon commencing employment, all ASX staff complete online equal employment opportunity training in line with the ASX Diversity Policy and specific training for all managers on these topics is conducted annually.

ASX was an early adopter of the ASX Corporate Governance Council Principles and Recommendations on diversity in 2010, aiming for at least 33.3% female participation in management and on the Board by 2015.

As at 30 June 2012, ASX's gender split is 60% male and 40% female. There are two women on the ASX Board and 26% of ASX management (the first three levels of management after the Managing Director and CEO) are female.

For the fifth year running, ASX has been recognised as an 'Employer of Choice for Women' by the Federal Government's Equal Opportunity for Women in the Workplace Agency (EOWA). This citation acknowledges the policies and practices at ASX that support women across our organisation. ASX was also a finalist in the EOWA Business Achievement Awards for a Leading Organisation for the Advancement of Women (less than 800 employees) in FY12.

Gender diversity initiatives in FY12 included:

- introduction of up to an additional 40 weeks of employer-funded superannuation contributions during parental leave for primary carers. ASX employees taking primary carer parental leave can now access:
  - Government Paid Parental Leave Scheme plus
  - 12 weeks of ASX-funded full pay plus
  - 52 weeks of superannuation contributions
- completion of a pay equity audit through the use of the EOWA Equity Tool. ASX will ensure any differences in remuneration are not based on gender differences
- sponsorship of high-potential female employees' participation in the Chief Executive Women (CEW) Talent Development Program.

ASX gender diversity initiatives for FY13 will include:

- introduction of gender diversity targets in Group Executives' Key Performance Indicators (KPIs)
- Managing Director and CEO led forums with female employees from across the business to discuss the key issues that affect female representation in leadership and to gain insight into what steps can be taken to improve gender diversity at ASX
- a requirement that at least one female candidate be shortlisted for every executive level vacancy (Group Executive, General Manager and Manager).

These initiatives will continue to strengthen overall female representation at ASX and assist in our progress toward our 2015 targets.

Code of conduct

ASX's code of conduct promotes ethical and responsible decision-making by directors and employees. Employees are required to act with high standards of honesty, integrity, fairness and equity in all aspects of their employment. A summary is available at www.asxgroup.com.au/asx-corporate-governance.htm

ASX also has a Whistleblower Protection Policy designed to support and protect employees who report non-compliance or suspicious and unethical conduct by other employees. This policy formalises ASX's commitment to protect the confidentiality and position of employees wishing to raise serious matters that affect the integrity of ASX.

Conflict handling arrangements

ASX's conflict handling arrangements are part of our corporate governance framework and encompass the following:

- customers, competitors and supplier arrangements
  - licence obligations
  - review party framework
  - trade acceptance service (competitors and other licensed operators)
- governance arrangements
  - ASX self-listing
  - directors
  - Managing Director and CEO
  - ethics
  - monitoring our own compliance.

More detail regarding our conflict handling arrangements can be found at www.asxgroup.com.au/asx-corporate-governance.htm

Shareholder engagement

- ASX aims to communicate clearly and transparently with shareholders and prospective shareholders
- ASX aims to disclose as much relevant information as possible, particularly on the ASX website, in the Annual Report, in monthly market activity announcements and via daily trading data
- Our communications framework is designed to provide equal access to investors to material information
- All discussions with analysts are conducted by or with prior approval of the Managing Director and CEO and the Chief Financial Officer (CFO) and are limited to an explanation of previously published material and general discussion of non-price sensitive information
- Where information is likely to be price sensitive, ASX will immediately notify the market – if there is an analyst briefing on that day, the announcement will be released prior to the briefing

Corporate governance continued

- Meetings with analysts will not be held within a four-week blackout period in advance of the half-year or full-year results announcements
- The shareholder communications and meetings statement is available at www.asxgroup.com.au/asx-corporate-governance.htm

Annual General Meeting

ASX's AGM will be on Friday 5 October at 10.00am Sydney time, in the ASX auditorium, lower ground floor, Exchange Square, 18 Bridge Street Sydney.

Further details about ASX's upcoming 2012 Annual General Meeting are provided on page 99.

Political donations

ASX makes donations to political parties from time to time. During FY12 and up to the time of publication, ASX paid $50,000 to join the Federal Labor Business Forum and $50,000 to join the Liberal Party Australian Business Network.

Sustainability

ASX seeks to conduct its business in a sustainable manner and takes its community responsibilities seriously. As a participant in the FTSE4Good Index Series since 2006, ASX demonstrates that it is working towards environmental sustainability, upholding and supporting universal human rights, ensuring good supply chain labour standards, countering bribery, and mitigating and adapting to climate change.

ASX has a small environmental footprint, comprising some 500 office-based staff located predominantly in one head office and two data centres. Nevertheless, we recognise the importance of minimising our impact on the environment. We encourage our shareholders to receive communications, such as annual reports and dividend statements, electronically.

ASX has a longstanding interest in providing market support for an emissions trading scheme in Australia, and will work closely with the government of the day to develop the necessary market structure, products and liquidity. In this way, we aim to assist in promoting action on reducing carbon emissions through our expertise as a provider of market infrastructure.

Corporate responsibility and people

Investor education

ASX continues to be a strong supporter of investor education, providing a range of free tools and resources to help understand the risks and rewards of investing.

Much of the education content is web-delivered via www.asx.com.au - a site consistently rated one of Australia's most popular financial news and information websites, according to Nielsen/ Net Ratings Market Intelligence. ASX's website provides an array of information for investors in plain language, including share prices, dividends, the latest company announcements and market statistics.

There were 189,273 downloads of ASX's free online courses in FY12. Courses cater for different investor needs and for products with varying risk profiles. They are available on shares, interest rate securities, exchange traded funds, warrants and instalments, options, ASX-listed contracts for difference, and futures.

ASX has responded to the growing preference for online education by developing shorter tutorials that can be viewed on mobile devices and by upgrading the recording of its presentations by industry experts.

In FY12, 8,066 people attended ASX's lunchtime seminars to hear from economists, analysts, finance commentators and listed company representatives, and a further 170,770 viewed the presentations online, more than double the number from last year.

From 1 July 2012, instead of hosting face-to-face gatherings, ASX boosted its online offering by professionally recording presentations from industry experts on a range of topics and distributing them digitally. This enables more flexibility to secure the best speakers wherever they are located and at times that best suit them. And it allows all interested investors with access to a computer to view the presentations at their convenience.

The ASX e-newsletter Investor Update is another free service that in FY12 provided 182,400 subscribers with educational articles on topics ranging from the basics of investing through to strategies of relevance to the more sophisticated trader.

One of the most popular and longstanding of ASX's investor education activities is our Sharemarket Game. ASX provides dedicated sharemarket games for both the general public and for secondary school students across Australia.

In FY12, 72,467 students from more than one thousand schools played the schools game (a rise of 9%) and 28,150 people participated in the public game. The Game uses real market prices and a hypothetical amount of money, ensuring participants young and old gain first-hand experience of the rises and falls of the market. More information about ASX's Sharemarket Game is available at www.asx.com.au/sharegame

2011 ASX Sharemarket Game school winners

ASX Corporate Governance Council

ASX has chaired the ASX Corporate Governance Council (Council) since its inception in August 2002. The Council brings together 21 business, investment and shareholder groups to oversee the principles-based and industry-wide framework it developed for corporate governance – the Corporate Governance Principles and Recommendations (Principles and Recommendations). The overriding objective of the Council is to ensure that the Principles and Recommendations remain relevant and continue to provide a practical guide for listed companies, their investors and the wider Australian community.

In November 2011 Mr Alan Cameron AO was appointed Chairman of the Council.

ASX requires listed entities to disclose in their annual report the extent to which they have followed the recommendations set by the Council during the relevant reporting period. Where companies have not followed all of the recommendations, they must identify the recommendations that have not been followed and provide an explanation for not following them ('if not, why not' reporting).

Importantly, the reporting requirements under the ASX Listing Rules provide for transparency of the corporate governance practices of listed companies, which better positions investors to make informed investment decisions. Ultimately, it is for the market to pass judgement on the corporate governance practices of Australian companies, not the Council or ASX.

More detail about the Council and the Principles and Recommendations is available at www.asx.com.au/corporate_governance

ASX people

Learning and development

ASX is committed to providing continued professional development to all its people through a variety of learning and development opportunities. These include training around ASX competencies; external courses which are technical or product specific; on-the-job training; online learning, knowledge and people leadership development; and formal qualifications. ASX supports employees pursuing further education through financial reimbursement and paid study leave.

Recognition@ASX

Giving spontaneous recognition is an important behaviour that engages our people and enhances the way we do business at ASX. The Recognition@ASX program provides a framework to support managers in recognising individuals or teams who have gone above and beyond what is required of them in their daily

Corporate responsibility and people continued

work. It complements, but does not replace, the remuneration or incentive policies in place, and allows for spontaneous recognition to occur across the business in the form of an individually selected tangible benefit.

Balance@ASX

Balance@ASX is designed to bring together all elements of flexible work practices at ASX. It provides a holistic approach, incorporating all the elements that support the desire of ASX people to balance work, personal and family life. The initiative engages people in the business through talent development and career opportunity, creating flexibility in work practices, and supporting family and personal choices.

Supporting the interests of ASX people

The ASX social committee coordinates social activities and events designed to reward our dedicated and hardworking employees. The committee hosts ASX-funded events including the annual Christmas Party, family days, movie and trivia nights, and staff drinks. Similarly, the ASX sports committee coordinates corporate and lunchtime sport activities, and assists with entry fees into corporate games. Its aim is to encourage all our people to get active and balance work with a healthy lifestyle. ASX employees are also supported in voluntary initiatives through the provision of paid volunteering leave, which not only benefits the community but also has a positive impact on employee satisfaction and retention.

ASX in the community

ASX encourages and assists its employees to become active supporters of worthwhile causes and to participate in programs outside the workplace. ASX's community programs allow employees to support causes and charities of their choice from a broad list of charity partners. In FY12 ASX and its employees donated $274,708 to various charities, community partners and appeals, including charities associated with ASX's Workplace Giving program, the Gawura Indigenous Foundation and Taronga Zoo.

ASX Thomson Reuters Charity Foundation

ASX and Thomson Reuters Group PLC formed a charity foundation in 1999 to support Australian-based children's and medical research charities by organising fundraising events with participants from financial markets and other industries. Key fundraising events include an annual Golf Tournament, Sailing Regatta, Gala Dinner and Charity Auction. In total, the events held in FY12 raised $1,069,270, which was distributed to 24 charities. The Foundation's nine-person board includes three ASX executives. ASX also fulfils the company secretariat and finance functions for the Foundation, and each year many ASX employees volunteer to assist with the fundraising activities.

ASX THOMSON REUTERS
FOUNDATION
CORPORATE AUSTRALIA HELPING THOSE IN NEED

For more information:
www.asxreuterscharity.com.au

ShareGift Australia

ASX has been a supporter of ShareGift Australia since ShareGift 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 and prints details about ShareGift on every CHESS statement.

ASX gives its own shareholders the chance to support ShareGift Australia by enclosing a ShareGift Share Sale Donation Form with the final dividend letter from the Managing Director and CEO to ASX shareholders.

At the end of FY12, ShareGift Australia had donated in excess of $260,000 to over 160 Australian charities thanks to the generosity of shareholders.

ShareGift Australia

For more information:
www.sharegiftaustralia.org.au

FTSE4Good Index Series

In FY12 ASX satisfied the requirements to remain a constituent of the FTSE4Good Index Series. ASX has been a member since September 2006.

Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social and environmental criteria, and are positioned to capitalise on the benefits of responsible business practice.

FTSE4Good

For more information:
www.ftse.com/ftse4good

Key financial ratios

Year ended 30 June 2012	Notes	FY08	FY09	FY10	FY11	FY12
Basic EPS (including significant items)	1	214.0c	183.2c	190.4c	201.6c	193.7c
Diluted EPS (including significant items)	1	213.6c	183.1c	190.4c	201.6c	193.7c
Underlying EPS (excluding significant items)	4,5	214.0c	183.2c	193.0c	204.0c	197.6c
Dividends per share - interim		98.5c	90.4c	89.1c	90.2c	92.8c
Dividends per share - final		93.9c	74.5c	84.0c	93.0c	85.1c
Statutory return on equity (including significant items)	2	13.3%	11.5%	11.6%	12.0%	11.5%
Underlying return on equity	4	13.3%	11.5%	11.8%	12.1%	11.7%
EBITDA/operating revenue	3,4	77.8%	74.3%	77.2%	78.1%	76.9%
EBIT/operating revenue	3,4	75.2%	71.5%	74.0%	74.3%	72.4%
Total expenses (including depreciation and amortisation)/operating revenue	3,4	24.8%	28.5%	26.0%	25.7%	27.6%
Capital expenditure ($'000)	2	$23,878	$25,787	$27,549	$50,230	$39,074
Net tangible asset backing per share	2	$2.54	$2.66	$3.49	$4.01	$3.85
Net asset backing per share	2	$16.09	$16.20	$16.83	$17.25	$17.10
Shareholders' equity as a % of total assets (excluding participants' balances)	2	87.8%	87.3%	80.5%	82.4%	83.5%
Shareholders' equity as a % of total assets (including participants' balances)	2	40.6%	40.9%	44.1%	48.9%	45.9%
Share price at end of period		$31.40	$36.99	$29.16	$30.45	$29.82

Year ended 30 June 2012	Notes	FY08	FY09	FY10	FY11	FY12
Ordinary shares on issue at end of period		171,148,524	171,188,524	173,573,245	175,136,729	175,136,729
Weighted average number of ordinary shares		170,998,984	171,171,757	172,352,087	174,760,520	175,136,729
Market value of ordinary shares on issue ($m)		$5,374	$6,332	$5,061	$5,333	$5,223
Market to book ratio		1.95	2.28	1.73	1.77	1.74
Full-time equivalent permanent staff:						
- number at period end		542	553	531	502	505
- average during the period		534	554	540	505	502

Notes

1. Based on statutory NPAT and weighted average number of shares.
2. Based on statutory NPAT.
3. Operating revenue excludes interest and dividend revenue (underlying).
4. Excludes significant items.
5. Based on underlying NPAT and weighted average number of shares.

Transaction levels and statistics

Year ended 30 June 2012	FY08	FY09	FY10	FY11	FY12
Listings and issuer services					
Total domestic market capitalisation ($bn)	$1,415	$1,098	$1,254	$1,349	$1,186
Total number of listed entities (includes all stapled entities)	**2,226**	**2,198**	**2,192**	**2,247**	**2,211**
Number of new listings	236	45	93	160	99
Average annual listing fee	$22,561	$21,153	$24,254	$26,086	$27,388
Average initial listing fee	$50,233	$54,234	$67,661	$81,865	$63,160
Average fee per $m of secondary capital	$687	$398	$723	$759	$851
Initial capital raised ($m)	$11,206	$1,885	$11,460	$29,387	$10,187
Secondary capital raised ($m)	$50,642	$88,079	$65,087	$33,745	$32,558
Other secondary capital raised including scrip-for-scrip ($m)	$16,476	$32,561	$4,469	$24,947	$7,850
Total capital raised (including other) ($m)	**$78,324**	**$122,525**	**$81,016**	**$88,079**	**$50,595**
Number of new warrant series quoted	7,177	3,194	2,303	2,822	7,113
Total warrant series quoted	4,293	2,516	2,226	2,409	4,743
Number of CHESS holding statements issued (m)	16.4	13.8	15.8	14.1	11.1

Year ended 30 June 2012	FY08	FY09	FY10	FY11	FY12
Cash market					
Trading days	253	254	253	253	253
Total cash market trades ('000)	91,330	106,680	132,250	144,321	165,806
Average daily cash market trades	360,988	420,002	522,729	570,440	655,359
Total cash market value traded (including crossings) ($bn)	**$1,615.847**	**$1,129.460**	**$1,359.304**	**$1,339.140**	**$1,185.327**
Average daily cash market value (including crossings) ($bn)	$6.387	$4.447	$5.373	$5.293	$4.685
Average trade size ($)	$17,690	$10,587	$10,278	$9,279	$7,149
Total billable value ($bn)	**$1,559.582**	**$1,093.226**	**$1,302.769**	**$1,300.726**	**$1,161.573**
Percentage of turnover crossed	26.6%	26.0%	29.0%	27.5%	24.2%
Average cash market trading, clearing and settlement fee	$1.75	$1.30	$1.14	$0.93	$0.75
Average fee per dollar of value traded (bps)	0.99	1.23	1.11	1.00	1.05
Velocity (total value traded/average market capitalisation)	111%	107%	103%	97%	96%
Number of dominant settlement messages (m)	18.4	16.2	17.8	16.8	16.1

Transaction levels and statistics continued

Year ended 30 June 2012	FY08	FY09	FY10	FY11	FY12
ASX derivatives					
Trading days (ASX)	253	254	253	253	253
Equity derivatives (excluding ASX SPI 200)					
Total contracts ('000)	23,229	19,005	21,654	47,248	163,898
Average daily derivatives contracts	91,815	74,821	85,590	186,751	647,819
Average fee per derivatives contract	$1.47	$1.34	$1.46	$0.65	$0.17
Total contracts ('000) – converted to previous contract size					
Equity options	20,396	15,165	16,639	15,649	15,162
Index options and futures	2,620	3,640	4,628	7,016	12,125
Grains futures and options on futures	213	200	387	483	154
Total contracts ('000) – converted to previous contract size	**23,229**	**19,005**	**21,654**	**23,148**	**27,441**
Average daily derivatives contracts – based on previous contract size	91,815	74,821	85,590	91,495	108,463
Average fee per derivatives contract – based on previous contract size	$1.47	$1.34	$1.46	$1.32	$1.01
Contracts for difference					
Total trades	50,772	85,883	124,172	92,905	79,854
Notional value traded ($m)	$1,561.2	$1,974.0	$3,615.6	$3,466.0	$2,518.0
Total open interest value ($m) at end of period	$67.4	$64.7	$118.6	$87.1	$65.70
Total contracts traded ('000)	56,442	90,330	152,948	176,524	124,084

Year ended 30 June 2012	FY08	FY09	FY10	FY11	FY12
ASX 24 derivatives					
Trading days (ASX 24)	256	256	256	256	256
Total contracts - futures ('000)					
ASX SPI 200	9,075	10,360	9,738	10,506	11,811
90 day bank bills	23,168	15,184	16,538	20,729	21,652
3 year bonds	31,751	22,275	30,196	38,832	42,503
10 year bonds	17,553	10,813	11,274	15,230	17,220
30 day interbank cash rate	3,377	2,105	3,691	6,195	5,334
Agricultural	23	17	7	7	288
Electricity	110	102	151	210	183
Other	7	2	8	1	5
NZD - 90 day bank bills	1,468	1,406	1,627	1,694	1,597
Total futures	**86,532**	**62,264**	**73,230**	**93,404**	**100,593**
Total contracts - options on futures ('000)					
ASX SPI 200	491	398	352	379	477
90 day bank bills	323	132	37	52	25
3 year bonds	492	203	405	562	347
Overnight 3 year bonds	909	789	1,375	2,039	1,029
Intra-day 3 year bonds	334	252	679	1,504	978
Other	29	28	19	28	30
Total options on futures	**2,578**	**1,802**	**2,867**	**4,564**	**2,886**
Total futures and options on futures contract volume ('000)	**89,110**	**64,066**	**76,097**	**97,968**	**103,479**
Daily average contracts – futures and options	348 ,087	250,250	297,254	382,688	404,215
Average fee per contract – futures and options	$1.49	$1.69	$1.53	$1.45	$1.56

Transaction levels and statistics continued

Year ended 30 June 2012	FY08	FY09	FY10	FY11	FY12
Austraclear services					
Settlement days	253	252	253	253	253
Transactions ('000)					
Cash transfers	660	667	613	613	616
Fixed interest securities	306	329	474	638	733
Discount securities	374	326	290	237	217
Foreign exchange	33	28	30	31	22
Other	17	14	13	12	11
Total transactions	**1,390**	**1,364**	**1,420**	**1,531**	**1,599**
Average daily settlement volume	5,494	5,413	5,611	6,052	6,319
Securities holdings (monthly average $bn)	$929.5	$1,042.0	$1,115.0	$1,195.4	$1,292.3
Securities holdings (period end $bn)	$983.9	$1,071.2	$1,160.2	$1,242.7	$1,330.9
Average settlement and depository fee (including portfolio holdings) per transaction (excludes registry services revenue)	$10.37	$11.23	$13.48	$13.15	$13.54
System uptime (period average)					
ITS / ASX Trade	100.00%	100.00%	100.00%	99.92%	99.75%
CHESS	99.99%	100.00%	100.00%	99.96%	99.99%
SYCOM® / ASX Trade24	99.96%	99.89%	99.98%	99.97%	100.00%
SECUR	100.00%	100.00%	99.99%	100.00%	100.00%
EXIGO	99.94%	99.91%	99.89%	100.00%	99.89%

Year ended 30 June 2012	FY08	FY09	FY10	FY11	FY12
Technical services					
Liquidity Access					
No. of ASX sessions – period end	1,173	1,339	1,641	1,737	1,737
No. of ASX gateways – period end	384	377	404	321	302
No. of ASX liquidity cross connects – period end	N/A	N/A	N/A	71	75
No. of ASX 24 gateways – period end	354	351	405	431	352
No. of ASX 24 liquidity cross connects – period end	N/A	N/A	N/A	N/A	154
Community and connectivity					
No. of ASX Net connections – period end	N/A	N/A	N/A	134	125
No. of ASX Net service feeds – period end	N/A	N/A	N/A	189	270
No. of Australian Liquidity Centre service connections – period end	N/A	N/A	N/A	N/A	110
Application services					
No. of ASX trader workstations – period end	938	771	760	743	609
Hosting					
No. Australian Liquidity Centre cabinets – period end	N/A	N/A	N/A	N/A	76
No. Other data centre cabinets – period end	N/A	28	53	68	8
Information services					
ASX market data terminals – monthly average	75,743	69,709	68,666	67,580	56,727
ASX 24 market data terminals – monthly average	18,829	18,583	17,684	18,616	19,576

Statutory report

Financial statements

ASX Limited and its controlled entities ABN 98 008 624 691

Directors' report

The directors present their report together with the financial statements of ASX Limited (ASX or the Company) and its subsidiaries (together referred to as the Group), for the year ended 30 June 2012 and the auditor's report thereon. The financial statements have been reviewed and approved by the directors on the recommendation of the ASX Audit and Risk Committee.

The consolidated net profit after tax for the year attributable to the members of ASX was $339,152,597 (2011: $352,297,879).

1. Directors

The directors of ASX in office during the financial year and at the date of this report (unless otherwise stated) were as follows:

Mr R Holliday-Smith (Chairman since 28 March 2012)

Director since 2006*

Mr E Funke Kupper (Managing Director and CEO)

Appointed 6 October 2011

Mr RA Aboud

Director since 2005

Ms JR Broadbent AO

Director since 2010

Mr SD Finemore

Director since 2007

Mr PR Marriott

Director since 2009

Ms JS Segal AM

Director since 2003

Mr PH Warne

Director since 2006**

* Chairman of SFE Corporation Limited from 1998 to 2008.
** Director of SFE Corporation Limited from 2000 to 2008.

Mr DM Gonski AC was Chairman from September 2008 until his retirement on 28 March 2012. He had been a director since 2007.

Mr RG Elstone was Managing Director and CEO from July 2006 until his retirement as a director on 6 October 2011.

ASX acquired SFE Corporation Limited in 2006.

Directors' meetings and their attendance at those meetings for FY12 (including meetings of committees of directors) are disclosed in the corporate governance statement on page 18 of the Annual Report.

2. Company secretaries

Amanda J Harkness,

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

Ms Harkness is General Counsel and Company Secretary. As Company Secretary, she is responsible for company secretarial and corporate governance support across the Group. Ms Harkness has held senior adviser roles as a partner in 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. Since 2009, she has been a non-executive director of Vodafone Hutchison Australia Pty Limited. Previously she has served on a range of Federal Government advisory boards focused on innovation and technology development.

The following people also act as company secretaries: Elisabeth Joyner, BA (Jurisprudence) (Adelaide), LLM (Syd), FCIS, Deputy Company Secretary; and Daniel Csillag, BA, LLB (UNSW), Legal Counsel and Company Secretary. They both have experience in company secretariat roles arising from time at ASX, large listed companies or other relevant entities.

3. Report on the business

3.1 Principal activities

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

- securities exchange and ancillary services
- derivative exchange and ancillary services
- central counterparty clearing services, and
- registry, settlement and delivery versus payment clearing of financial products.

3.2 Review of operations

The Group's profit after tax declined 3.7% compared to the prior comparable period (pcp). The result was impacted by lower revenues from the ASX businesses that service Australia's equity markets, largely offset by growth in ASX's other businesses.

The Group incurred expenses associated with the decisions to rationalise interstate offices and migrate the Group's primary data centre, higher staff costs, and increased depreciation and amortisation from recent increases in capital investments.

Operating revenue

Total Group revenue declined 1.8% to $783.8 million as a result of lower fee revenue and lower gross interest earned. The decline in fee revenue was primarily due to reduced activity levels in cash markets and lower levels of equity raisings.

Directors' report continued

Total operating revenue (excluding interest income) as reported in the segment note (page 72) was $610.4 million, down 1.2% on the pcp. Operating revenue in the second half of the year was 6.3% lower than the first half. Operating revenue contributed by the various business activities, as reflected in the segment note 5, is detailed below. Details of supporting transaction levels are contained on pages 28 to 30 of the Annual Report.

Listings and issuer services – $133.4 million, down 11.2%

Lower revenue was earned from initial and secondary capital raisings and issuer services. During the year, 99 entities were admitted compared to 160 in the pcp, with $10.2 billion of initial capital raised. Total secondary capital raised (including scrip-for-scrip raisings) amounted to $40.4 billion compared to $58.7 billion in the pcp. Consequently, revenue from initial listings declined 51.9%, revenue from secondary listings declined 22.9% whilst revenue from annual listing fees increased 4.7%. Revenue from issuer services declined 16.7% with the volume of equity holding statements produced down 21.3%.

Cash market trade execution – $36.4 million, down 5.9%

Trade execution revenue declined as a result of the total traded value being 11.5% lower. Activity generated from the new Centre Point order types, which attract a higher fee, offset part of the decline in revenue. In contrast to the decline in value traded, the number of trades in cash markets increased 14.9% which resulted in a decline in the average value of each trade to $7,149, down 23.0% on the pcp.

Cash market clearing and settlement – $88.1 million, down 7.5%

Cash market clearing and settlement revenues were both down 7.5% compared to the pcp. Cash market clearing revenue of $45.9 milion declined 7.5% due to the reduction in traded value noted earlier, offset by lower crossings which were 24% compared to 27% in the pcp. Cash market settlement revenue of $42.2 million also declined 7.5% with the number of dominant settlement messages reducing by 3.9%.

Information services – $66.9 million, down 5.6%

Information services revenue reduced compared to the pcp due primarily to lower retail usage.

Technical services – $45.3 million up 12.1%

Technical services revenue includes services offered through the new primary data centre. These include hosting services for customers requiring co-location, liquidity cross connection services to link up various applications and services within the primary data centre, as well as communication services provided primarily through the ASX low latency network. The increase resulted from higher usage across these services.

Derivatives – $188.7 million, up 9.6%

Derivatives revenue increased due to higher ASX 24 futures and options ($161.0 million) and lower ASX equity option revenue ($27.7 million). Total futures and options contracts traded on ASX 24 were up 5.6% on pcp and revenue from these contracts increased 13.6%. Equity options volumes decreased 3.1% and index options volumes increased 75.9%. However, revenue from these contracts traded on ASX reduced 9.2% due to the increased activity by market-makers and the resultant rebates paid.

Austraclear – $36.0 million, up 6.5%

Austraclear revenue increased 6.5% with transaction volumes up 4.4% and securities holdings value up an average 8.1% compared to the pcp. Revenue from Austraclear registry services increased 5.9% due to higher levels of activity.

Operating expenses

Total expenses (excluding finance costs) including depreciation and amortisation increased 7.4% due to higher staff and occupancy expenses and higher depreciation and amortisation, primarily from the Group's new primary data centre.

Underlying cash operating expenses (as reported in the segment note), excluding significant items detailed below, were $141.1 million, 4.1% higher than the pcp.

The increase in underlying staff expenses compared to the pcp resulted from remuneration increases awarded at the beginning of the year and increased long-term incentive costs compared to the pcp. The average full-time equivalent headcount of 502 compares to 505 in the pcp. Higher underlying occupancy expenses resulted from the new data centre effective from September 2011 while the previous data centre was decommissioned in May 2012.

During the year a number of initiatives were undertaken to simplify ASX's operating model and reduce ongoing expenses following a strategic review of business expenses. These operating initiatives included the closure of two interstate offices, the migration to a new primary data centre and associated significant rationalisation of premises. In addition, write-downs in certain intangible assets were recognised. The charges for these initiatives were $9.1 million, and mainly relate to surplus lease costs, and are identified separately in the segment note 5 (page 72) and the other income and expenses note 6 (page 75) to provide insight into the underlying cash operating expenses and depreciation and amortisation charges.

ASX does not anticipate any further significant item charges in the next financial year.

Net interest income

Net interest and dividend income increased 5.1% primarily due to an increase in collateral balances which averaged $2.6 billion, up 6.7% on the pcp, and higher interest margins which averaged 38 bps compared to 29 bps in the pcp. The Group's own cash reserves averaged $774.5 million, down 0.5% on the pcp. The combined impact of the lower balances and

Directors' report continued

the decline in interest rates during the year (following several official interest rate cuts by the Reserve Bank of Australia) led to a small reduction in net interest earned on the Group's own cash reserves.

3.3 Dividends

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

Type	Cents per share	Total amount $m	Date of payment
In respect of the current financial year			
Interim	92.8	162.5	21 March 2012
Final	85.1	149.0	19 September 2012
Total	**177.9**	**311.5**	
In respect of the prior financial year			
Interim	90.2	158.0	24 March 2011
Final	93.0	162.9	22 September 2011
Total	**183.2**	**320.9**	

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 85.1 cents per share fully franked.

Except for the matter discussed above, no other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect, the:

a. Group's operations in future financial years

b. results of those operations in future financial years, or

c. Group's state of affairs in future financial years.

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 have not been included because disclosures of the information would likely result in unreasonable prejudice 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

The Group has paid insurance premiums in respect of directors' and officers' liability for current and former directors and officers of the Company, its subsidiaries and related entities.

The officers of ASX covered by the insurance include the current directors, executives, the company secretaries, former directors and other officers.

The constitution of ASX provides that the officers of ASX, as detailed above, are indemnified out of the property of ASX against any liability incurred in that capacity in defending any proceedings, whether civil or criminal, in which judgement 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 ASX against any liability incurred in that capacity provided that liability does not arise out of conduct involving a lack of good faith.

6. Share information

Performance rights to ordinary shares

At the date of this report, ASX had 89,820 performance rights over issued shares outstanding with the ordinary shares held in trust. For further details on the performance rights including performance hurdles for vesting, refer to the remuneration report (page 35).

Exercise of performance rights to ordinary shares

During the year, 35,260 performance rights vested as a result of partial attainment of performance hurdles, under the 2008 long-term incentive plan.

7. Proceedings on behalf of the Group

Under section 237 of the Corporations Act 2001 no application has been made in respect of the Group and no proceedings have been brought or intervened in on behalf of the Group under that section.

8. Corporate governance

Group corporate governance matters are discussed on pages 14 to 24.

9. Non-audit services

During the year PricewaterhouseCoopers (PwC), the Company's auditor, performed certain 'non-audit services' in addition to its statutory duties. Details of the amounts paid to PwC and its related practices for audit and non-audit services provided during the year are set out in the table below.

	Consolidated 2012 $	Consolidated 2011 $
Audit services:		
Audit and review of the financial reports and other audit work under Corporations Act 2001	477,600	458,000
Audit of information technology platforms	159,000	140,000
Non-audit services:		
Tax compliance services	48,550	56,182
Tax consulting for the proposed merger with Singapore Exchange Limited	-	101,280
Other non-audit services	88,298	17,750
Total auditor's remuneration	**773,448**	**773,212**

Directors' report continued

The increase in other non-audit services is due to an assurance review of the testing framework for certain intangible softare assets in the current year.

In addition to the above, total audit fees of $26,000 (2011: $21,000) and tax compliance fees of $17,750 (2011: $17,750) were received by the auditor in relation to Securities Exchanges Guarantee Corporation (SEGC), National Guarantee Fund (NGF), ASX Division 3 Compensation Fund and the Sydney Futures Exchange Limited Fidelity Fund, which are not consolidated as part of the Group.

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
- 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 48.

11. Remuneration report – audited

Introduction

The remuneration report outlines ASX's remuneration philosophy, framework and outcomes for the year ended 30 June 2012 (FY12) for all employees, including directors, the Managing Director and CEO, and other Key Management Personnel (KMP). KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

The Board reviews the remuneration policy at least once a year so that it remains consistent with market practice and is aligned with the Group strategy and objectives. During the year the Board reviewed the remuneration policy and made refinements which are detailed in section 11.5.

Fixed remuneration was reviewed in FY12 and in creases took effect from 1 July 2012. Fixed remuneration increases in total amounted to 3.8%.

Short-term incentive (STI) participation rates for FY12 were approximately 93% of headcount.

In FY12, participation in the long-term incentive (LTI) plan was restricted to the Managing Director and CEO and the Deputy CEO. Grants were made to the Managing Director and CEO and the Deputy CEO with a grant date of 7 October 2011. The grant to the Managing Director and CEO is subject to shareholder approval at the AGM on 5 October 2012.

The FY09 LTI grant partially vested in December 2011. The 50% earnings per share (EPS) performance criterion of the plan was not met and this portion of the award lapsed. The 50% total shareholder return (TSR) performance criterion was determined to be at the 66th percentile. Eligible employees were awarded 41% of their total FY09 award grant.

This report has been prepared in accordance with the requirements of s300A of the Corporations Act 2001.

11.1 Significant changes since 30 June 2011

Non-executive directors

Mr David Gonski resigned as Chairman of the Board effective 28 March 2012. Mr Rick Holliday-Smith was elected Chairman with effect from 28 March 2012.

Key Management Personnel

The Board appointed Mr Elmer Funke Kupper as Managing Director and CEO with effect from 6 October 2011. The terms and conditions of Mr Funke Kupper's appointment are detailed on pages 43 to 44 of this report. ASX's former Managing Director and CEO, Mr Robert Elstone, retired on 11 October 2011.

During FY12 Mr Jeff Olsson resigned as Group Executive Technology. Mr Tim Thurman was appointed Chief Information Officer, commencing employment with ASX on 13 June 2012.

Executive remuneration

During FY12 the Board approved changes to the remuneration policy. This resulted in changes to the Executive reward framework, including LTI. Executives covered by the framework include Group Executive members and General Managers (GMs). The changes will take effect from 1 July 2012 for the FY13 performance period. Details are outlined on pages 37 to 40 of this report.

11.2 Governance

The Board has a separate Remuneration Committee which monitors remuneration outcomes that strike an appropriate balance between the interests of shareholders and rewarding, motivating and retaining employees.

A copy of the Committee's charter is available on ASX's website.

The Remuneration Committee operates independently of ASX senior management in making its recommendations to the Board and has the ability to engage remuneration advisers independently of ASX management.

Directors' report continued

Where independent remuneration advisers are engaged, the arrangements are entered into directly with the Remuneration Committee Chair and advice is provided directly to the Remuneration Committee.

During FY12 Ernst & Young was engaged by the Chair of the Remuneration Committee to provide independent advice in relation to remuneration structures, LTI market practice and STI deferral. No remuneration recommendations as defined by the Corporations Act 2011 were provided.

The members of the Remuneration Committee during FY12 were:

Jillian Segal AM (Chair)

David Gonski AC
(retired effective 28 March 2012)

Rick Holliday-Smith

Peter Warne

Details of the number of meetings attended by the Committee members are set out on page 18. All directors are invited to attend Committee meetings and they regularly do so.

Annual General Meeting (AGM) voting

A 25% or higher "no" vote on the remuneration report triggers a reporting obligation on a listed company to explain in its next Annual Report how concerns are being addressed.

At its last AGM held in 2011, ASX recorded a no vote of 3.0% on its remuneration report, and in 2010 it was 2.4%.

11.3 Remuneration philosophy

The ASX reward framework is designed to reward employees for behaviours and results that contribute towards the delivery of the ASX strategy. The framework is based on the following key principles:

- link rewards to the achievement of the strategy and the creation of shareholder value
- apply rigorous performance measures to "at risk" remuneration
- assess and reward performance based on both financial and non-financial performance measures
- provide competitive remuneration that is designed to attract, motivate and retain key employees and that is aligned to market best practice.

11.4 Remuneration structure for FY12

In FY12 for all employees, ASX's remuneration structure was made up of a fixed remuneration component and a variable "at risk" component which was subject to performance.

The weighting between the fixed and variable components varies by level of accountability and role in the Group.

11.4.1 Fixed remuneration

Fixed remuneration for all employees comprises cash salary and compulsory superannuation. Employees can also include salary sacrifice benefits such as motor vehicles and additional superannuation as part of their remuneration package.

Remuneration is reviewed on an annual basis, however, increases are not automatic. The overall Group fixed remuneration spend is at the discretion of the Board.

All roles within ASX are benchmarked against comparable external market data. The markets against which fixed remuneration comparisons are made vary by position but are typically the finance, legal, technology and other sectors relevant to ASX's functions or the broader general market.

Fixed remuneration decisions are based on the market positioning of the individual employee, performance against objectives using a balanced scorecard approach, and overall Group performance. The ASX market positioning for fixed remuneration is the median to upper quartile.

11.4.2 Variable "at risk" remuneration

Remuneration that is variable and dependent on performance is delivered through the STI plan.

The STI plan is aimed at driving the achievement of the ASX strategy and performance objectives over a 12-month period.

All employees are eligible to participate although the actual number of employees who receive an STI varies.

Overview

The STI plan provides potential rewards that are differentiated based on achievement against the goals set for each employee at the beginning of the performance period.

The performance framework sets targets and evaluates performance across five areas: customer focus, people and culture, operational excellence, regulatory focus and financial results.

The STI plan is not intended to pay rewards every year to every individual, but is a component of "at risk" remuneration that will be awarded having evaluated ASX's performance against objectives as determined by the Board, and if participants achieve performance against the objectives in their individual scorecard.

Framework

For all ASX employees the STI policy outlines both maximum and minimum incentive payments at various levels of performance. Actual STI payments determined for individual employees vary within those policy guidelines and are based on assessment by their manager through the performance management system.

Directors' report continued

The Managing Director and CEO assesses the performance of Group Executive members in consultation with the Remuneration Committee and the Board. The Chairman, in consultation with the Remuneration Committee and the Board, assesses the performance of the Managing Director and CEO against objectives set at the start of the performance period.

As decisions around STI payments are based on a range of factors, both financial and non-financial, STI payments may still be made even when the Group performance is down compared to prior years.

For FY12, factors considered in determining STI awards for Executives were performance of the Group, market conditions and activity levels, performance of the Executive's division and the individual performance of the relevant Executive.

Deferred STI

A separate deferred STI plan (DSTI) was introduced in 2010 to retain key staff and provide them with a cash payment that rewarded performance. Participants are nominated by Group Executive members and approved by the Board.

Payments for eligible employees are deferred and paid in cash after a two-year holding lock and are subject to continued employment with ASX over the holding lock period. Eligible staff must have achieved consistently satisfactory performance during the two years.

In the event of employees leaving ASX due to resignation, misconduct or where satisfactory performance is not maintained, the DSTI will be forfeited.

Eighty employees participated in the DSTI plan in 2010 and 75 employees participated in 2011. The 2010 offer vested on 30 June 2012, with awards varying between $40,000 and $75,000.

In 2012 a third offer was made to 95 employees (excluding the Managing Director and CEO). The awards for 2012 varied between $15,000 and $175,000.

11.5 Remuneration struture for FY13

During FY12 the Remuneration Committee and Board reviewed and refined the reward framework, considering the type of performance management and remuneration structure that would best support ASX's business strategy, people strategy and corporate governance principles.

An Executive reward structure with continued emphasis on variable "at risk" rewards was considered appropriate to support the ASX strategy going forward.

The ASX remuneration structure that will operate for the FY13 year comprises the following elements:

Fixed remuneration

- No change to existing arrangements
- Increases subject to a minimum level of individual performance
- Performance is measured against individual's Key Performance Indicators (KPIs)

Variable components

Short-term incentive (STI)

- Executives have one target STI amount, awarded based on performance
- For Executives a portion of STI is automatically deferred in cash for two years
- The separate deferred STI plan (DSTI) in place since 2010 will no longer apply for Executives

Discretionary retention incentive (DRI)

- Separate DRI for staff below Executive level
- Designed as retention tool, targeting subject matter experts, critical roles and potential successors
- Participation based on nominations by Group Executive members
- Payments under DRI are deferred for two years and subject to continued satisfactory performance

Long-term incentive (LTI)

Details on the LTI framework are in section 11.6.

11.5.1 STI plan FY13

The main refinement in the reward framework for FY13 is the operation of the STI plan for Executives. In prior years the STI award was delivered as two components - STI and a deferred STI. In future, STI will consist of one award. This section provides the detail on how the STI framework will operate for FY13.

STI framework

For FY13 each Executive's STI opportunity will be determined by the remuneration mix that applies to their role.

The remuneration mix will be expressed as a percentage of their total reward which equates to 100% and is designed to achieve an appropriate and consistent mix of fixed and variable remuneration. The variable component has an automatic two-year deferred element. The new framework brings the ASX reward approach into line with market best practice.

The following table illustrates the typical remuneration mix for Executives for FY13. The Managing Director and CEO and Deputy CEO's arrangements are outside of the arrangements described below.

Typical remuneration mix (%) for on-target performance

Fixed	Variable
67-80%	20-33% 50% of variable STI deferred with a minimum of $50K or $100K deferred

The percentage of the total remuneration that is "at risk" in the form of STI will range from 20% of total reward to 33% of total reward. The relative weighting of fixed and variable components will vary with role level, complexity and typical market practice.

Over time ASX may change the remuneration mix for Executives to create greater alignment across the Executive group.

Directors' report continued

Each Executive has an individual scorecard with a number of KPIs that are designed to support the ASX strategy. The KPI categories are consistent with the existing framework and include customer focus, people and culture, operational excellence, regulatory focus and financial results.

An assessment will be made of each Executive's achievement against the ASX leadership behaviours. A minimum threshold level of performance against the behaviours must be achieved to be eligible for STI award.

STI determining factors

For FY13 the variable reward pool for Executives will be determined by the following three factors:

STI target pool

- The target Group pool is determined by adding up the individual target STI awards for all staff
- The target Group pool is included in the normal company budget and accrued through the year

Group STI allocation

At the end of the year the Board approves the total Group incentive pool that will be made available, based on its assessment of Group performance:

- financial performance
- progress against non-financial and strategic objectives.

The decision is expressed as a percentage of the target group pool and caps the total amount that the company will award as STI.

Individual performance

- Each Executive's individual performance is assessed against KPIs using a five point scale
- Based on the individual rating, the individual can earn more or less of their target STI.

STI calculation

Using the above three components, for Executives individual STI awards will be determined as follows:

INDIVIDUAL TARGET STI IN $ X GROUP INCENTIVE POOL % X INDIVIDUAL PERFORMANCE RATING % = STI AWARD IN $

At each level of the individual performance rating scale Executives can earn more or less of the target STI. For exceptional performance 150% can be awarded. The minimum award is nil.

The STI framework links individual awards directly to the Group's performance and the Executive's individual contribution.

Automatic STI deferral

50% of the STI that is awarded to Executives will be automatically deferred for two years, with a minimum amount of deferral of $50,000 or $100,000.

The STI deferral is dependent on the role and the amount of STI that can be earnt. Where the target dollar amount of STI is higher, the minimum deferral has also been increased.

Where the STI award is less than the minimum deferral ($50,000 or $100,000), 100% of the award is deferred.

For example, an Executive who has a target STI of $100,000 can potentially receive an STI award of $150,000 (150% of target). This assumes the Group incentive pool is 100% and the Executive is an exceptional performer. Of the $150,000, 50% or $75,000 would be deferred.

11.6 Long-term incentive (performance rights)

Overview and participation

The purpose of the LTI plan is to recognise performance, skills and behaviours that deliver sustainable long-term shareholder value. The LTI is a grant which consists of awards of performance rights over ASX ordinary shares. The performance period for the grants is three years.

Participation in the LTI is reviewed each year. In FY12 participation was restricted to the Managing Director and CEO and Deputy CEO.

The Managing Director and CEO may make recommendations to the Board that selected other roles should be eligible to participate in the LTI plan.

LTI arrangements in FY12

The following table provides a summary of the details of the LTI grants that were in operation during FY12:

Grant year	Participation**	Performance measure	Vesting period	Dividends paid***
LTI awards not expired				
FY12	2 (CEO & Deputy CEO)*	70% EPS | 30% TSR	3 years	Yes
FY11	7	50% TSR | 50% EPS	3 years	Yes
LTI awards expired				
FY09	76	50% TSR |50% EPS	3 years	Yes

* CEO joined after the 2011 AGM. The FY12 LTI grant was made subject to shareholder approval at the 2012 AGM.

** Participation reflects the number of employees that were made an offer at grant date.

***Dividends will not be paid on the FY13 grant and future grants.

Directors' report continued

Offers made to eligible employees are made under plan rules approved by shareholders at the 2005 ASX AGM. The performance criteria which apply to an award of performance rights are determined by the Board. There is no re-testing of performance hurdles for ASX grants made under the LTI plan.

Shares relating to the FY09 and FY11 grants were purchased on-market and are held in a special purpose trust until the relevant vesting date and Board approval of the release of shares to the employee.

Shares relating to the FY12 grant for the Managing Director and CEO and the Deputy CEO were allocated from a surplus pool of unvested LTI offers within the Trust.

Shares allocated under the LTI plan rank equally with other shares on issue at the time those shares are allocated and carry the same rights and entitlements as those conferred by other shares.

11.6.1 Performance conditions

The vesting of performance rights under the LTI is dependent on two conditions – earnings per share (EPS) and total shareholder return (TSR).

For the FY09 and FY11 awards, the vesting of 50% of the performance rights is subject to an absolute EPS performance condition and the vesting of the other 50% is subject to a relative TSR performance condition.

For the FY12 grant and future grants, the vesting of 70% of the performance rights is subject to an absolute EPS performance condition and the vesting of the other 30% is subject to a relative TSR performance condition.

The re-weighting of the performance criteria during FY12 towards EPS was considered by the Remuneration Committee to provide a greater focus on improved earnings and to be more influenced by the performance of management. The TSR performance condition is retained as an indicator of total shareholder value creation.

Earnings per share

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

Significant items are revenues and expenses associated with specific events considered appropriate by the directors to be excluded in order to arrive at underlying earnings.

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

EPS determination

The EPS growth is measured relative to a target of 8% per annum compound growth. The proportion of the EPS award that vests is determined as follows:

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

Total shareholder return

TSR is calculated as the movement in share price and dividends received assuming re-investment of dividends. TSR is measured against a comparative group of companies. The comparative group is determined by the Board at the time of the offer.

The comparative group of companies used for assessing ASX's relative TSR is the S&P/ASX100 with the following exclusions and additions:

Exclusions

Property trusts and mineral companies represented by the S&P Global Industry Classification Standards of Minerals and Metals & Mining

Additions

Selected international exchanges represented by Hong Kong Exchanges and Clearing Limited, Singapore Exchange Limited and Deutsche Borse.

The composition of the comparative group may change as a result of specific events such as mergers and acquisitions, delistings and financial failure. The Remuneration Committee has agreed guidelines for adjusting the comparative group following such events.

TSR determination for the FY09, FY11 and FY12 grants

The proportion of the TSR award that will vest depending on ASX's ranking is 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 the 75th percentile	100%

Directors' report continued

LTI arrangements in FY13

During FY12 a review of the LTI design was conducted with input from Ernst & Young. For the FY13 grant and future grants, the key features of the LTI design are summarised as follows:

- performance period to remain three years
- no re-testing to remain
- performance measures to remain 70% EPS and 30% relative TSR
- no change to the EPS performance condition
- change to the TSR vesting scale
- dividends will no longer be paid during the performance period.

TSR determination for the FY13 grant and future grants

The TSR vesting scale has been updated to commence vesting at the 51st percentile:

TSR rank	Proportion of TSR award vesting
Less than 51st percentile	0%
51st percentile	50%
Between 51st percentile and 76th percentile	50% plus an additional 2% of this award for each additional percentile ranking above 51st percentile
At or above the 76th percentile	100%

This change to the vesting scale is in response to shareholder feedback and provides greater alignment with shareholder expectations.

Dividends

For LTI offers since 2007, participants have been entitled to dividends during the vesting period.

This feature was reviewed by the Remuneration Committee and the ASX Board during FY12 as part of the overall review of the LTI. As a result, the entitlement to dividends was removed effective from the FY13 grant.

11.7 ASX Group Dealing Policy

The ASX Group Dealing Policy prohibits employees from entering into transactions (e.g. a derivative) that operate or are intended to operate to limit the economic risk of holding unvested ASX shares.

This policy is enforced by requiring all staff to acknowledge their understanding and through regular awareness training sessions. Annual audits are also performed for adherence.

Employees can only deal in vested ASX shares in accordance with the ASX Group Dealing Policy.

11.8 Accounting treatment

For accounting purposes, the fair value of the performance rights for the EPS awards was calculated using the share price at market close on the grant date, less the present value of the expected dividends over the three-year performance period.

The fair value of performance rights for the TSR awards for the FY09, FY11 and FY12 plans was calculated at grant date by an independent valuer using a Black-Scholes option valuation model and Monte Carlo simulation. Grant dates are respectively 1 December 2008, 1 July 2010 and 7 October 2011. Details of the awards, including inputs to the valuation model, are summarised in the following table:

	FY12 grant	FY11 grant	FY09 grant
Share price at grant date	$30.28	$28.80	$30.39
Volatility (pa)	29%	37%	36%
Discount rate (risk free rate) (pa)	3.64%	4.44%	3.49%
Dividend yield (pa)	5.4%	4.8%	4.4%
Fair value of performance rights (EPS awards)	$30.28	$28.80	$30.39
Fair value of performance rights (TSR awards)	$22.26	$19.61	$23.61
Weighted average AASB 2 share-based payment fair value	$27.87	$24.21	$27.00
Participation (excludes offers made to the Managing Director and CEO)	1	7	76
Details of award (no. of performance rights)	26,910 (Deputy CEO)	Three levels of awards: 3,000, 5,000 and 7,000	Two levels of awards: 1,000 and 2,000

Directors' report continued

11.9 Long-term incentive (cash-based)

Overview and participation

For staff in ASX Compliance the LTI is a cash-based plan. Eligible employees in ASX Compliance do not have their LTI linked to ASX's share price or EPS. The performance period for these offers is three years.

For all offers the performance of the eligible participant is assessed on two main criteria:

Criterion 1	ASIC assessment	50%
Criterion 2	ASX Compliance Board and ASX Managing Director and CEO review of ASX Compliance scorecard	50%

The ASX Compliance Board may review other appropriate reports provided by Regulatory Assurance and Internal Audit to make an assessment.

There is currently one grant unvested for the ASX Compliance LTI which is due to vest in 2013. There have been no offers made since 2010.

Performance conditions

The proportion of cash payment for each area of the performance criteria is assessed at the end of the performance period as follows:

		Proportion of award vesting
Cumulative threshold to be achieved	55%	If cumulative threshold is achieved, participants will be entitled to 55% of the maximum cash opportunity
Year 1	15%	For every year that the yearly targets are met, the participant will be entitled to an additional 15% of the maximum cash opportunity
Year 2	15%	
Year 3	15%	

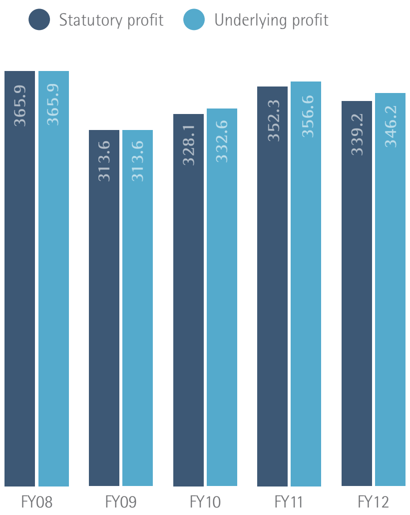
If performance is above the threshold but below target, a participant will be entitled to receive a percentage of the maximum cash opportunity.

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

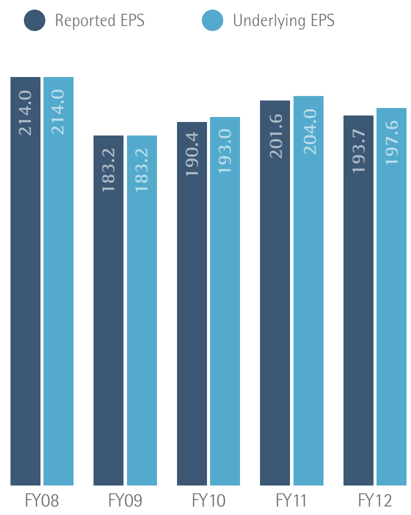
11.10 Performance of ASX

For FY12 the STI as a percentage of underlying profit was 2.4% (FY11 2.4%). ASX's financial performance over the five-year period ending 30 June 2012 is shown in the following graphs:

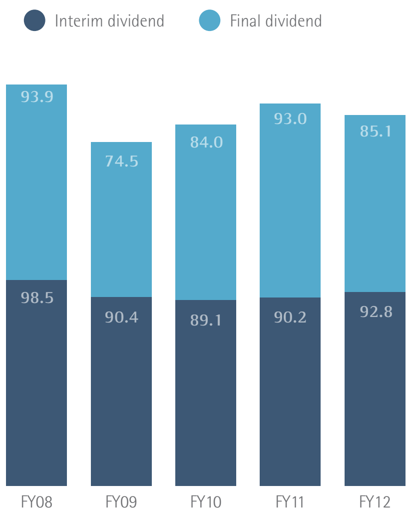
Net profit after tax $m



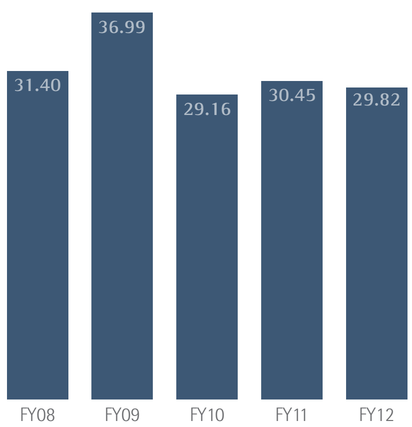
Earnings per share (EPS) – cents



Dividends – cents per share



ASX share price – at financial year end



Directors' report continued

11.11 Executive contracts Summary of key dates and notice periods

A controlled entity, ASX Operations Pty Limited, has ongoing service contracts with each of the Key Management Personnel (except Mr Funke Kupper who has a service contract with ASX Limited). In the case of Mr Thurman his contract is for a four-year term.

The table below contains the key terms of the KMP in FY12. The current contracts do not provide for any termination payments, other than payment in lieu of notice.

			Minimum notice periods (months)		
Name	Position held	Contract effective date	Executive	ASX	Poor performance
Current					
Mr Elmer Funke Kupper	Managing Director and CEO	6 October 2011	6	12	3
Mr Ramy Aziz	Chief Financial Officer	19 July 2010	3	6	1*
Mr Alan J Bardwell	Chief Risk Officer	19 July 2010	6	12	1*
Ms Amanda J Harkness	Group General Counsel and Company Secretary	10 September 2007	6	12	6
Mr Peter D Hiom	Deputy CEO	1 July 2011	6	12	3*
Mr Tim J Hogben	Executive General Manager Operations	1 April 2010	3	6	1*
Mr Kevin A Lewis	Chief Compliance Officer	19 July 2010	6	12	6
Mr Tim Thurman	Chief Information Officer	13 June 2012	6	9	3
Former					
Mr Robert G Elstone	Managing Director and CEO	Retired 11 October 2011	3	6	6
Mr Jeff J Olsson	Group Executive Technology	Resigned 9 July 2012	6	12	6

* The notice period for termination for poor performance requires an initial written notice of one month.

Treatment of STI on departure

The payment of any STI on departure of an Executive is at the discretion of the Managing Director and CEO.

Any deferred STI is forfeited in the case of poor performance, misconduct or resignation. If ASX provides notice, other than for poor performance or misconduct, the award will fully vest.

Treatment of LTI on departure

	Treatment of LTI	
Termination by reason of	Vested (unexercised) awards	Unvested awards
ASX provides notice	Released to the Executive	Discretion of the Board*
Poor performance	Released to the Executive	Discretion of the Board
Cause	Shares subject to any restrictions forfeited	Awards will lapse
Illness	Released to the Executive	Awards vest pro-rated for the amount of the performance period served based on performance criteria being met
Notice by the Executive	Released to the Executive	Awards will lapse

*Where a participant ceases employment and has unvested shares they lapse immediately unless the Board determines in its discretion that the participant has ceased as a result of a qualifying reason. The Board will determine in its discretion the proportion of shares to be provided. Qualifying reasons are defined as pursuit of other company initiatives, hardship, redundancy or any other circumstances which the Board considers as extraordinary.

Directors' report continued

11.12 Executive director contract – Managing Director and CEO

Mr Funke Kupper joined ASX as Managing Director and CEO on 6 October 2011. Mr Funke Kupper's appointment is for an ongoing term subject to termination by either party.

Remuneration mix

There are three components to the Managing Director and CEO's remuneration:

Fixed remuneration	$1,750,000	43%
STI (maximum)	$1,500,000	38%
LTI	$750,000	19%
Total reward	$4,000,000	100%

There is no change in remuneration for the Managing Director and CEO in FY13.

Fixed remuneration

The Managing Director and CEO's fixed remuneration upon appointment was set at $1,750,000. This amount is inclusive of superannuation contributions. Fixed remuneration is subject to annual review.

Short-term incentive

Mr Funke Kupper will be entitled to an STI of up to $1,500,000 subject to financial and non-financial performance of the Group. Mr Funke Kupper's performance objectives are set by the ASX Board in consultation with Mr Funke Kupper. ASX may defer payment of up to 50% of the STI for two years.

Mr Funke Kupper will forfeit any deferred STI if his employment is terminated by his resignation, due to his misconduct or poor performance, or if ASX determines that such action is necessary to protect the financial soundness of ASX or where adverse outcomes have arisen during the deferral period that reduce the original assessment of the performance generating the deferred allocation.

After assessing Mr Funke Kupper's performance for the period from 6 October 2011 to 30 June 2012 the Board awarded Mr Funke Kupper an STI payment of $1,000,000 with a 50% deferral component.

Long-term incentive

Subject to shareholder approval, Mr Funke Kupper will be entitled to participate in the ASX executive LTI scheme in accordance with the rules of the scheme and the ASX policy.

Mr Funke Kupper will be entitled to an annual LTI grant valued at up to $750,000 subject to the achievement of EPS (70%) and TSR (30%) hurdles. This will take the form of an annual award of performance rights.

An offer was made to Mr Funke Kupper in FY12 within the terms of the LTI plan.

As Mr Funke Kupper joined after the 2011 AGM, the FY12 offer will be put to the 2012 AGM along with the FY13 offer. If these grants are not approved at the 2012 AGM, the value of the incentive will be provided to Mr Funke Kupper in cash, subject to meeting relevant performance hurdles.

Based on the following calculation the Managing Director and CEO was awarded an allocation of 26,910 performance rights in FY12. An allocation will be made in FY13 and each year of his tenure on the same basis.

GRANT VALUE ($) ÷ FAIR VALUE OF THE PERFORMANCE RIGHTS = RIGHTS ALLOCATED

Summary of contract terms

Details regarding notice periods are set out at 11.11. In the event of illness ASX can terminate by giving three months written notice.

Further details of benefits covered by the Managing Director and CEO's contract are detailed below, including treatment of STI (both current and deferred) and LTI awards:

Treatment of STI on departure

	Treatment of STI	
Termination by reason of	Current	Deferred*
ASX provides notice	Discretion of the Board	Discretion of the Board
Notice by the Executive	Discretion of the Board	No payment to the MD and CEO
Poor performance/summary dismissal	No payment to the MD and CEO	No payment to the MD and CEO
Cause	No payment to the MD and CEO	No payment to the MD and CEO
Illness	Discretion of the Board	Discretion of the Board
Death	Discretion of the Board	Discretion of the Board

*The Managing Director and CEO will not be entitled to any payment of STI deferred where the Board determines that such action is necessary to protect the financial soundness of ASX or where adverse outcomes have arisen during the deferral period that reduce the original assessment of the performance generating the deferred allocation.

Directors' report continued

Treatment of LTI on departure

The terms and conditions outlined in the Managing Director and CEO's contract in the treatment of vested and unvested awards in the case of termination is the same as for KMPs except in the case of:

- poor performance – LTI (vested and unvested) awards will lapse
- notice provided by the CEO - unvested awards will lapse.

If any LTI incentive grants are not approved at the AGM, and the value of the incentive is provided to Mr Funke Kupper in cash, Mr Funke Kupper will forfeit any such cash incentive if ASX determines that such action is necessary to protect the financial soundness of ASX or where adverse outcomes have arisen during the deferral period that reduce the original assessment of the performance generating the deferred allocation.

11.13 Non-executive director remuneration

Remuneration framework

The Remuneration Committee has responsibility for reviewing and recommending to the Board appropriate remuneration arrangements for non-executive directors.

Non-executive directors' individual fees are determined by the ASX Board within the aggregate amount approved by shareholders.

Fees are set so that:

- ASX non-executive directors are remunerated fairly for their services, recognising the level of skill and experience required to conduct the role
- the fee scale enables ASX to attract and retain talented non-executive directors
- they are in line with market practice through advice from an external independent remuneration consultant. The process involves benchmarking against a group of peer companies.

Remuneration structure

Non-executive director remuneration includes the following components:

- Board fee
- committee (and where relevant subsidiary board) fees
- superannuation.

Board, committee and subsidiary board fees are structured by having regard to the responsibilities of each position within the Board, committees and subsidiary boards. Fees are determined by the Board within the aggregate amount approved by shareholders.

Non-executive directors 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 Group's activities and execute the Group'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 Group Dealing Policy.

Directors annual fees

The current maximum aggregate amount which may be paid to all non-executive directors is $2.5 million per annum as approved by shareholders at the AGM on 30 October 2007.

In FY12, the total amount paid to non-executive directors was $2,018,243. This 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 Mr Peter Warne in his capacity as a director of the Securities Exchanges Guarantee Corporation Limited (SEGC), which is not a controlled entity of ASX.

The Board reviews its fees regularly so that ASX non-executive directors are remunerated fairly for their services, recognising the level of skill and experience required to conduct the role. Fees are set to enable 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 market place. The last fee review was effective 1 July 2008.

At the 2012 AGM the ASX Board will ask shareholders to increase the maximum amount of fees that may be paid to non-executive directors by 12% to $2.8 million per annum to facilitate a process of Board renewal. No individual fee increases are proposed.

No retirement benefits are in place for existing non-executive directors of ASX.

Directors' report continued

11.14 Remuneration tables Remuneration of Key Management Personnel is set out below.

		Short-term					Long-term					
$	Year	Salary	Short-term incentive	Non-monetary	Other[1]	Post-employment superannuation	Long-term incentive	Other[2]	Share-based payments[3]	Total	Performance-related[4]	Share-based related[5]
Current												
E Funke Kupper Managing Director and CEO (commenced 6 October 2011)	2012	1,273,165	500,000	-	-	11,766	-	-	187,495	1,972,426	34.9%	9.5%
R Aziz	2012	409,225	85,000	-	-	15,775	67,500	6,795	3,075	587,370	26.5%	0.5%
Chief Financial Officer	2011	355,441	200,000	-	-	15,199	30,000	5,983	(3,885)	602,738	37.5%	(0.6)%
AJ Bardwell	2012	609,225	80,000	-	-	15,775	-	-	-	705,000	11.3%	-
Chief Risk Officer	2011	595,386	100,000	-	-	15,199	-	-	4,284	714,869	14.6%	0.6%
AJ Harkness	2012	509,225	90,000	-	-	15,775	75,000	-	56,490	746,490	29.7%	7.6%
Group General Counsel and Company Secretary	2011	460,386	250,000	-	-	15,199	37,500	-	60,763	823,848	42.3%	7.4%
PD Hiom	2012	767,516	500,000	16,709	-	15,775	125,000	13,022	243,985	1,682,007	51.7%	14.5%
Deputy CEO	2011	598,479	300,000	11,907	-	15,199	37,500	10,140	60,763	1,033,988	38.5%	5.9%
TJ Hogben Executive General Manager Operations	2012	409,225	100,000	-	-	15,775	75,000	6,795	59,565	666,360	35.2%	8.9%
KA Lewis	2012	659,225	120,000	-	-	15,775	141,667	-	-	936,667	27.9%	-
Chief Compliance Officer	2011	635,109	125,000	-	-	15,199	104,167	-	-	879,475	26.1%	-
T Thurman Chief Information Officer (commenced 13 June 2012)	2012	19,228	-	65,000	35,000	1,731	-	-	-	120,959	-	-
Former												
RG Elstone	2012	411,874	317,248	4,670	-	7,303	-	7,481	-	748,576	42.4%	-
Managing Director and CEO (retired 11 October 2011)	2011	1,485,386	1,125,000	11,907	817,046	15,199	-	26,809	75,976	3,557,323	26.1%	2.1%
JJ Olsson	2012	442,516	120,000	16,709	-	15,775	-	7,626	-	602,626	19.9%	-
Group Executive Technology (resigned 9 July 2012)	2011	433,479	150,000	11,907	-	15,199	-	7,396	4,284	622,265	24.8%	0.7%
Total	**2012**	**5,510,424**	**1,912,248**	**103,088**	**35,000**	**131,225**	**484,167**	**41,719**	**550,610**	**8,768,481**	**33.6%**	**6.3%**
	2011	4,563,666	2,250,000	35,721	817,046	106,393	209,167	50,328	202,185	8,234,506	32.3%	2.5%

1. In the prior year, RG Elstone was paid $750,000 in return for his service agreement flexibility. The remaining balance reflects annual leave entitlements paid out as cash.

2. 'Long-term other' includes long service leave entitlements.

3. Reflects annual amortisation of AASB2 *Share-Based Payments* expense/credit (based on fair value of performance rights at grant date), less any write-back on performance rights lapsed as a result of non-market hurdles not attained (December 2008 plan).

4. Reflects the percentage of total remuneration that is performance-related.

5. Reflects the percentage of total remuneration that is performance rights related.

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. The Group has paid insurance premiums in respect of directors' and officers' liability for current and former directors and officers of the company, its controlled entities and related entities. The officers of ASX covered by the insurance include the current directors, executives, the company secretaries, former directors and officers.

Directors' report continued

Remuneration of non-executive directors

Details of the remuneration of the directors of ASX are set out in the following table. Remuneration includes all fees received as directors of ASX as well as subsidiary Boards and committees. Refer to the corporate governance section for details of directorships and memberships of subsidiary boards and committees (pages 16 to 17).

$	Year	Short-term salary and fees	Post-employment superannuation	Total
Current				
R Holliday-Smith Chairman (commenced 28 March 2012)	2012 2011	310,919 270,000	15,775 15,199	326,694 285,199
RA Aboud	2012 2011	150,000 150,000	13,500 13,500	163,500 163,500
JR Broadbent	2012 2011	220,000 220,000	15,775 15,199	235,775 235,199
SD Finemore	2012 2011	150,000 150,000	13,500 13,500	163,500 163,500
PR Marriott	2012 2011	270,000 270,000	15,775 15,199	285,775 285,199
JS Segal	2012 2011	260,000 257,210	15,775 15,199	275,775 272,409
PH Warne	2012 2011	260,000 260,000	14,143 13,627	274,143 273,627
Former				
DM Gonski Chairman (retired 28 March 2012)	2012 2011	281,250 375,000	11,831 15,199	293,081 390,199
Total	**2012** 2011	**1,902,169** 1,952,210	**116,074** 116,622	**2,018,243** 2,068,832

11.15 Other remuneration tables

LTI allocations to KMPs for the year ended 30 June 2012

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

	Granted in year no. of shares	Granted in year $	Exercised in year $	Lapsed in year $	Total value in year $
Current					
E Funke Kupper	26,910	749,982	-	-	-
R Aziz	-	-	22,140	31,860	54,000
AJ Bardwell	-	-	-	-	-
AJ Harkness	-	-	-	-	-
PD Hiom	26,910	749,982	-	-	-
TJ Hogben	-	-	22,140	31,860	54,000
KA Lewis	-	-	-	-	-
T Thurman	-	-	-	-	-
Former					
RG Elstone	-	-	-	-	
JJ Olsson	-	-	-	-	

Directors' report continued

The following table shows the minimum and maximum values of performance rights that may be received by Key Management Personnel as remuneration in future financial years:

Grant date: Vesting date:	1 July 2010 30 June 2013		6 October 2011 6 October 2014	
	Min $	Max $	Min $	Max $
Current				
E Funke Kupper	–	–	–	749,982
R Aziz	–	–	–	–
AJ Bardwell	–	–	–	–
AJ Harkness	–	169,470	–	–
PD Hiom	–	169,470	–	749,982
TJ Hogben	–	169,470	–	–
KA Lewis	–	–	–	–
T Thurman	–	–	–	–
Former				
RG Elstone	–	–	–	–
JJ Olsson	–	–	–	–

Since the performance rights are issued at zero exercise price, their minimum value is nil, on the basis that they may not vest.

Equity holdings of non-executive directors

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

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

	Holding at 1 July 2011	Holding at 30 June 2012	Holding at 16 August 2012
Current			
R Holliday-Smith	3,825	3,825	3,825
RA Aboud	25,000	25,000	25,000
JR Broadbent	2,000	2,000	2,000
SD Finemore	4,000	4,000	4,000
PR Marriott	3,000	3,000	3,000
JS Segal	2,000	2,000	2,000
PH Warne	6,000	6,000	6,000
Former			
DM Gonski	15,806	N/A	N/A

12. Rounding of amounts

ASX 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 statements and the directors' report have been rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors:

Rick Holliday-Smith
Chairman

Elmer Funke Kupper
Managing Director and CEO

Sydney, 16 August 2012

pwc

Auditor's Independence Declaration

As lead auditor for the audit of ASX Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

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

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

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

M J Codling
Partner

Sydney
16 August 2012

PricewaterhouseCoopers

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Consolidated income statement

For the year ended 30 June 2012	Note	2012 $m	2011 $m
Revenue			
Listings and issuer services		133.4	150.3
Cash market		124.5	133.9
Derivatives		197.0	182.4
Information services		66.9	70.9
Technical services		46.3	40.4
Austraclear services		36.0	33.8
Dividends		9.3	9.9
Interest income		154.3	160.6
Other		16.1	15.6
		783.8	**797.8**
Expenses			
Staff		84.5	79.0
Occupancy		19.9	12.6
Equipment		22.7	22.8
Administration		30.1	34.7
Depreciation and amortisation		30.4	25.5
Finance costs		113.8	123.1
		301.4	**297.7**
Profit before income tax expense		**482.4**	**500.1**
Income tax expense	7	(143.2)	(147.8)
Net profit for the period attributable to owners of the Company		**339.2**	**352.3**

For the year ended 30 June 2012	Note	2012	2011
Earnings per share			
Basic earnings per share (cents per share)	**9**	**193.7**	**201.6**
Diluted earnings per share (cents per share)	**9**	**193.7**	**201.6**

The consolidated income statement should be read in conjunction with the notes to the financial statements.

Consolidated statement of comprehensive income

For the year ended 30 June 2012	2012 $m	2011 $m
Profit for the year	**339.2**	**352.3**
Other comprehensive income (net of tax)		
Changes in the fair value of investments	(41.3)	5.3
Changes in the fair value of available-for-sale financial assets	0.4	(0.1)
Changes in the fair value of cash flow hedges	0.1	0.2
Other comprehensive income for the year (net of tax)	**(40.8)**	**5.4**
Total comprehensive income for the year attributable to owners of the Company	**298.4**	**357.7**

The consolidated statement of comprehensive income should be read in conjunction with the notes to the financial statements.

Consolidated balance sheet

As at 30 June 2012	Note	2012 $m	2011 $m
Current assets			
Cash and funds on deposit	10(a)	2,528.6	1,951.6
Available-for-sale financial assets	10(b)	1,167.5	1,367.0
Receivables	11	275.7	266.9
Other assets	12	7.2	7.7
Total current assets		**3,979.0**	**3,593.2**
Non-current assets			
Investments	13	162.1	213.9
Receivables	11	0.1	0.1
Property, plant and equipment	14	65.5	57.1
Intangible assets - software	15	57.7	55.4
Intangible assets - goodwill	16	2,262.8	2,262.8
Total non-current assets		**2,548.2**	**2,589.3**
Total assets		**6,527.2**	**6,182.5**

As at 30 June 2012	Note	2012 $m	2011 $m
Current liabilities			
Payables	17	249.4	258.2
Amounts owing to participants	18	2,853.5	2,433.9
Current tax liabilities		36.7	65.3
Provisions	20	13.1	12.2
Other current liabilities	21	14.3	12.4
Total current liabilities		**3,167.0**	**2,782.0**
Non-current liabilities			
Amounts owing to participants	18	86.1	82.5
Borrowings	19	250.0	250.0
Net deferred tax liabilities	7	10.8	31.4
Provisions	20	15.0	12.0
Other non-current liabilities	21	3.3	3.5
Total non-current liabilities		**365.2**	**379.4**
Total liabilities		**3,532.2**	**3,161.4**
Net assets		**2,995.0**	**3,021.1**
Equity			
Issued capital	23	2,483.2	2,483.2
Retained earnings		382.3	368.3
Restricted capital reserve	24	71.5	71.5
Asset revaluation reserve	24	50.5	91.3
Equity compensation reserve	24	7.5	6.8
Total equity		**2,995.0**	**3,021.1**

The consolidated balance sheet should be read in conjunction with the notes to the financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2012	Issued capital $m	Retained earnings $m	Restricted capital reserve $m	Asset revaluation reserve $m	Equity compensation reserve $m	Total equity $m
Opening balance at 1 July 2011	**2,483.2**	**368.3**	**71.5**	**91.3**	**6.8**	**3,021.1**
Profit for the year	-	339.2	-	-	-	339.2
Other comprehensive income for the year	-	-	-	(40.8)	-	(40.8)
Total comprehensive income for the year (net of tax)	**-**	**339.2**	**-**	**(40.8)**	**-**	**298.4**
Transactions with owners in their capacity as owners:						
Share-based payment	-	-	-	-	0.7	0.7
Dividends provided for or paid	-	(325.2)	-	-	-	(325.2)
Closing balance at 30 June 2012	**2,483.2**	**382.3**	**71.5**	**50.5**	**7.5**	**2,995.0**
For the year ended 30 June 2011						
Opening balance at 1 July 2010	**2,437.3**	**319.6**	**71.5**	**85.9**	**7.0**	**2,921.3**
Profit for the year	-	352.3	-	-	-	352.3
Other comprehensive income for the year	-	-	-	5.4	-	5.4
Total comprehensive income for the year (net of tax)	**-**	**352.3**	**-**	**5.4**	**-**	**357.7**
Transactions with owners in their capacity as owners:						
Share-based payment	-	-	-	-	0.7	0.7
Dividends provided for or paid	-	(303.6)	-	-	-	(303.6)
Shares issued under the Dividend Reinvestment Plan	45.8	-	-	-	-	45.8
Share issued under the Employee Share Acquisition Plan	0.1	-	-	-	-	0.1
Purchase of treasury shares (net of tax)	-	-	-	-	(0.9)	(0.9)
Closing balance at 30 June 2011	**2,483.2**	**368.3**	**71.5**	**91.3**	**6.8**	**3,021.1**

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

Consolidated statement of cash flows

For the year ended 30 June 2012	Note	2012 $m	2011 $m
Cash flows from operating activities			
Cash receipts from the course of operations		673.7	673.0
Cash payments in the course of operations		(220.5)	(196.1)
Cash generated from operations		**453.2**	**476.9**
Interest received		153.9	159.6
Interest paid		(114.6)	(123.4)
Dividends received		9.3	9.9
Income taxes paid		(174.8)	(141.8)
Net cash inflow from operating activities	**27**	**327.0**	**381.2**
Cash flows from investing activities			
Increase/(decrease) in participants' margins and commitments		423.2	(473.8)
Payments for investments		(7.1)	-
Purchases of other non-current assets		(41.0)	(47.1)
Net cash inflow/(outflow) from investing activities		**375.1**	**(520.9)**
Cash flows from financing activities			
Dividends paid		(325.2)	(303.6)
Proceeds from the issue of shares under the Dividend Reinvestment Plan		-	45.8
Purchase of treasury shares		-	(0.9)
Receipts in respect of employee share plans		-	0.1
Net cash (outflow) from financing activities		**(325.2)**	**(258.6)**

For the year ended 30 June 2012	Note	2012 $m	2011 $m
Net increase/(decrease) in cash and cash equivalents		**376.9**	**(398.3)**
Increase in fair value of cash and cash equivalents		**0.6**	**0.1**
Cash and cash equivalents at the beginning of the financial period		3,318.6	3,716.8
Cash and cash equivalents at the end of the financial period	**10(c)**	**3,696.1**	**3,318.6**
Cash and cash equivalents consist of:			
ASX Group funds	10(c)	756.5	802.2
Participants' margins and commitments	18	2,939.6	2,516.4
Total cash and cash equivalents*		**3,696.1**	**3,318.6**

*Total cash and cash equivalents includes cash and funds on deposit and available-for-sale financial assets.

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

Notes to the financial statements

1. Summary of significant accounting policies

ASX Limited (the Company or ASX) is a company domiciled in Australia. The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of ASX and its subsidiaries (together referred to as the Group).

The consolidated financial statements were authorised for issuance by the Board of directors on 16 August 2012.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). ASX Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial statements have been prepared on a historical cost basis except for available-for-sale financial assets and investments which have been recognised at fair value.

The new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 do not affect any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, the adoption of AASB 1054 *Australian Additional Disclosures* and AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* allows the removal of certain disclosures in relation to commitments and the franking of dividends and the adoption of AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* allows the removal of certain disclosures in relation to credit risk.

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period ended 30 June 2012.

The Group's assessment of the impact of the accounting standards and amendments that have been issued, but are not yet effective and have not been early adopted for the financial year ended 30 June 2012, is shown below.

- AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013*) address the classification and measurement requirements for financial assets and financial liabilities. When adopted, the standard will affect the Group's accounting for its available-for-sale financial assets and equity investments. AASB 9 requires that all financial assets held to collect contractual cash flows be measured at amortised cost. As the Group's investments in short-term debt instruments, which are classified as available-for-sale, have contractual cash flow characteristics, they will no longer be recognised at fair value through other comprehensive income at period end but will be recognised at amortised cost. The Group's equity investments will continue to be recognised at fair value through other comprehensive income. Under AASB 9, any gain or loss on disposal of equity investments that are not held for trading will no longer be recognised through profit and loss and will remain in other comprehensive income.

  There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities designated at fair value through profit or loss and the Group does not have any such liabilities.

  The Group has not yet decided when to adopt AASB 9. Currently, the new standard and amendments will be mandatory for the Group's 30 June 2014 financial statements.

  *In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.

- AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013).

  In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights and exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control

Notes to the financial statements continued

exists when the investor can use its power to affect the amount of its returns. While the Group does not expect AASB 10 to have a significant impact on its consolidation, it has yet to perform a detailed analysis of the new standard.

AASB 11 introduces a principles-based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. As the Group does not have any such arrangements, the adoption of AASB 11 is not expected to impact the Group.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the Group's investments.

The Group is still assessing the impact of these standards and amendments and has not yet decided when they will be adopted. The standards and amendments will be mandatory for the Group's 30 June 2014 financial statements.

- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective from 1 January 2013) explain how to measure fair value and aim to enhance fair value disclosures. The new standard and amendment is yet to be fully assessed however it is not expected to have a material impact on the Group.

  The Group has not yet decided when to adopt the new standard and amendment which will be mandatory for the Group's 30 June 2014 financial statements.

- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective from 1 July 2013) removes the individual key management personnel requirements from AASB 124 *Related Party Disclosures*. The adoption of this amendment will reduce the Group's individual key management personnel disclosures in the notes to the financial statements.

  The amendment is not available for early adoption and will be mandatory for the Group's 30 June 2014 financial statements.

- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* (effective from 1 July 2012) requires entities to group items presented in other comprehensive income on the basis of whether they may be recycled to profit or loss in the future.

  When adopted, this amendment will affect the Group's disclosures in the statement of other comprehensive income. The Group will adopt the amendment in the 30 June 2013 financial statements.

- Revised AASB 119 *Employee Benefits*, AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* and AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* (effective 1 January 2013) introduce a number of changes to the recognition and measurement criteria in accounting for employee benefits. Among these includes revising the distinction between short and long-term benefits for measurement purposes to be based on when the payment is expected rather than when the payment can be demanded. The Group has yet to assess the full impact of the revised standard and amendments.

  The Group has not yet decided when to adopt the revised standard and amendments which will be mandatory for the Group's 30 June 2014 financial statements.

- AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures - Offsetting Financial Assets and Financial Liabilities* and AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (effective from 1 July 2013 and 1 July 2014 respectively) clarify the requirements for offsetting financial assets and financial liabilities and introduce new disclosure requirements.

  The Group is still assessing the impact of the amendments and has not yet decided when they will be adopted. They will be mandatory for the Group's 30 June 2014 and 30 June 2015 financial statements respectively.

- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle* [AASB 1, AASB 101, AASB 116, AASB 132 and AASB 134 and Interpretation 2] (effective from 1 July 2013) introduces a number of amendments to the above accounting standards and interpretation.

  The amendments are not expected to have a material impact and the Group has not yet decided when they will be adopted. They will be mandatory for the Group's 30 June 2014 financial statements.

There are no other standards that affect future periods that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Principles of consolidation

The consolidated financial statements include the assets and liabilities of all subsidiaries of the Company as at 30 June 2012 and the results of all subsidiaries for the year then ended.

Notes to the financial statements continued

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, subsidiaries are eliminated in full on consolidation.

The Group has two established trusts. The long-term incentive plan trust administers the Group's employee share scheme whilst ASX Clearing Corporation trust manages the cash and funds on deposit and certain available-for-sale financial assets of the two central counterparty clearing subsidiaries. Both trusts are consolidated as the substance of the relationship is that they are controlled by the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO.

(d) Foreign currency translation

Items included in the financial statements for 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 which is ASX's functional and presentation currency.

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 except where they are deferred in equity as qualifying cash flow hedges (refer note 1(q)).

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates where applicable.

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The recognition criteria that must be met before revenue is recognised for each of the Group's revenue lines is shown below.

Listings and issuer services

Listings and issuer services includes listing fees and other issuer services revenue.

Listings revenue includes 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 over the period that the service is provided.

Issuer services revenue includes revenue for the provision of holding statements and other related activities and is recognised in the period that the service is provided.

Cash market

Cash market revenue includes revenue from trading, clearing and settlement of equities, warrants and interest rate products. The Group 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 settlement occurs three days after the initial trade date. Accordingly, revenue for trades transacted in the last three days prior to period end are recognised in the subsequent reporting period (settlement date).

Derivatives

Derivatives revenue includes revenue from trading, clearing and settlement of futures, options and contracts for difference.

Derivatives transaction revenue is recognised at trade date.

Information services

Revenue from the provision of market data is recognised over the period the service is provided.

Technical services

Revenue from technical services, which includes technology connectivity and technology hosting services, is recognised over the period the service is provided.

Austraclear services

Revenue from Austraclear depository and settlement fees is recognised in the period the service is provided. Revenue from Austraclear registry fees is recognised in the period earned which may involve recognising revenue in future reporting periods.

Dividends

Dividend income is recognised when the right to receive the dividend has been established.

Notes to the financial statements continued

Interest income

Interest income comprises interest earned on the Group's own funds and restricted capital reserve as well as interest earned from the investment of funds lodged by participants as collateral. Interest income is recognised as revenue in the income statement using the effective interest method.

(f) Leases

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the period of the lease. Where operating leases have fixed increases the payments are recognised over the period of the lease on a straight-line basis.

Lease income from operating leases where the Group is a sub-lessor is recognised in the income statement on a straight-line basis over the lease term.

Lease incentives

Lease incentives received or receivable such as rent-free periods and premises fit-out allowances may be included in operating leases entered into by the Group. The estimated value of lease incentives is apportioned in the income statement on a straight-line basis over the term of the lease. Where the original lease term has been extended, these incentives will continue to be recognised over the original lease term.

(g) Income tax

Income tax expense recognised in the income statement for the period comprises current and deferred income tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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 income 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 income tax is not recognised for certain temporary differences such as the initial recognition of goodwill. A deferred tax asset is recognised only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilised, and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The amount of deferred income tax is determined using tax rates (and laws) enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and when the deferred tax balances relate to income taxes levied by the same tax authority. Current tax assets and tax liabilities are offset if there is a legally enforceable right to offset and the Group intends to either settle on a net basis, or to release the asset and settle the liability simultaneously.

(h) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated profit attributable to the owners 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 and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share is determined by adjusting the consolidated profit attributable to the owners of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(i) Goods and Services Tax (GST)

Revenues, expenses 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 statement of cash flows 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.

(j) Business combinations

The acquisition method of accounting is used to account for all business combinations involving the purchase of external entities regardless of whether equity instruments or other assets are acquired. The cost is measured as the fair value of the assets given, shares issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange.

Notes to the financial statements continued

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(p)).

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 is 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.

The predecessor method of accounting is used when business combinations occur within the ASX wholly-owned group. The identifiable assets and liabilities acquired are measured at the carrying amount recognised in the consolidated financial statements of the highest entity that has common control for which consolidated financial statements are prepared. Accordingly, no goodwill arises on acquisition. Any difference between the consideration given and the aggregate book values of assets and liabilities acquired is included in equity on consolidation.

(k) Impairment of assets

Intangible assets that have an indefinite life, such as goodwill, are not subject to amortisation and are tested semi-annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units (CGUs)) and goodwill is allocated to each of the Group's CGUs. An impairment loss for goodwill is recognised if the recoverable amount of the CGU is less than the carrying amount of the CGU.

Non-financial assets that are subject to amortisation (including other intangibles) are tested for impairment when events or changes in circumstances have arisen that indicate that the carrying value 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.

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. After initial recognition, available-for-sale financial assets are measured at their fair values. When the asset is considered to be impaired, any gain or loss that had been recognised directly in equity is transferred to the income statement.

(l) Cash and cash equivalents

Cash and cash equivalents as presented on the statement of cash flows comprise cash balances, funds on deposit and available-for-sale financial assets which include short-term money market instruments.

(m) Receivables

Trade receivables

Trade receivables, which generally have terms of 30 days, are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment. The collectability 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 will not be collected.

Margins receivable

Margins receivable from participants, which are due for settlement on the next business day, include the fair value of derivative positions and are recognised on trade-date, the date on which the fair value of the derivative contracts are registered.

Receivables from related parties

Receivables to and payables from related parties are initially recognised at fair value and subsequently measured at amortised cost.

(n) Available-for-sale financial assets and investments

Available-for-sale financial assets and investments are initially recognised at fair value, being the fair value of the consideration given less transaction costs that are directly attributable to acquiring the asset.

Apart from impairment losses, gains or losses are recognised directly in the asset revaluation reserve in equity until the asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. When the asset is considered to be impaired, any gain or loss that had been recognised directly in equity is transferred to the income statement.

Available-for-sale financial assets

Available-for-sale financial assets comprise short-term money market investments.

After initial recognition, available-for-sale financial assets are measured at fair value. Fair value is determined by valuation techniques including discounted cash flow analysis which utilises quoted market bid prices and yields for similar instruments.

Notes to the financial statements continued

Available-for-sale investments

Investments classified as available-for-sale include shares held in listed entities.

After initial recognition, available-for-sale investments are measured at fair value. For investments that are actively traded in organised financial markets, fair value is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

(o) 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 assets.

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(k)).

Gains and losses on disposals are determined by comparing the proceeds on disposal with the carrying amount and 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 shorter of minimum lease term and useful life
Plant and equipment	3 – 10 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.

(p) Intangible assets

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the consideration paid 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 is reviewed semi-annually for impairment 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 in the income statement.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

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 lives. 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. Computer software is reviewed for indicators of impairment when events or changes in circumstances have arisen that 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 in the income statement. The estimated useful lives of the Group's significant computer software systems are shown in the following table.

	2012	2011
Cash market trading system	5 years	5 years
Derivative trading system	5 years	5 years
Cash market clearing system	7 years	7 years
Derivative clearing system	10 years	10 years
Debt settlement and depository system	10 years	10 years

Notes to the financial statements continued

(q) Hedging activities

The Group enters into hedging arrangements in order to mitigate the risk associated with fluctuations of foreign currency. The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and also on an ongoing basis, of whether the instruments that are used in hedging transactions have been, and will continue to be, highly effective in offsetting changes in cash flows of hedged items.

For cash flow hedges, the effective portion of any change in the fair value of the instrument that is designated and that qualifies as a cash flow hedge is recognised in the asset revaluation reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Fees paid on the establishment of loan facilities and related legal costs are recognised as transaction costs of the loan, capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(s) Payables

These amounts are initially recognised at fair value and represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. The amounts, stated at amortised cost using the effective interest method, are unsecured and usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months of the reporting date.

(t) Interest payable

Interest payable includes interest owed to participants on cash collateral lodged in addition to interest owed on borrowings. Interest is recognised as a finance cost in the income statement using the effective interest rate method.

(u) 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, it is probable the obligation will be settled and the amount can be reliably estimated. 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. The increase in the provision due to the passage of time is recognised as a finance cost in the income statement.

Surplus lease space

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

- 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
- occupies the premises, but the premises is not expected to provide any 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. Provisions for make-good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

(v) Employee benefits

Wages, salaries, annual leave and non-monetary benefits

Liabilities for wages and salaries, annual leave and non-monetary benefits are recognised in respect of employees' services up to the end of the reporting period. Amounts expected to be settled within 12 months after the end of the period in which the employees render the related service are classified as 'current' and are measured at the amounts expected to be paid when the liability is settled. Amounts not expected to be settled within 12 months after the end of the period in which the employees render the related service are classified as 'non-current' and are measured as the present value of expected future payments.

Long service leave

The current provision for long service leave represents the expected future cash outflows in respect of employees' cumulative services provided to the end of the reporting period for employees that qualify or are expected to qualify for long service leave in the next 12 months under the Group's long service leave arrangement. The non-current provision for employees not yet fully qualified for long service leave is calculated using expected future increases in wage and salary rates and expected settlement dates based on turnover history. The non-current provision is discounted using the rates attached to national government bonds at the end of each reporting period which most closely match the terms to maturity of the related liabilities.

Notes to the financial statements continued

Share-based payment transactions

The Group provides performance rights to ordinary shares of the Company to employees as part of the long-term incentive plan. The fair value of the performance rights granted is recognised over the vesting period as an expense with a corresponding increase in the equity compensation reserve. The fair value of the market-based component is determined by an external valuer using a Black Scholes valuation and Monte-Carlo simulation method, taking into account the terms and conditions upon which the performance rights were granted. The fair value of the non-market based component is the ASX quoted market bid price on the date of issue. The amount recognised as an expense is adjusted to reflect the actual number of performance rights expected to vest, with a corresponding adjustment to the equity compensation reserve. However where the performance rights did not subsequently vest due to a market condition (e.g. total shareholder return) not being attained, the expense remains in the income statement.

Short-term incentive plans

The Group recognises a liability and an expense for short-term cash incentives offered to staff. A provision is recognised where there is a contractual obligation or where there is past practice that gives clear evidence of the amount of the obligation.

Where short-term incentives are deferred to a future period the value of the incentives is expensed over the term of the deferral and recognised as a liability. Amounts expected to be settled within 12 months after the end of the reporting date are recognised as 'current' whilst the amounts not expected to be settled within 12 months of the reporting date are recognised as 'non-current'.

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.

(w) 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 from the proceeds, net of tax.

Dividend Reinvestment Plan

Shares allotted to ASX shareholders as part of the Dividend Reinvestment Plan (DRP) at the DRP allocation price are classified as fully paid ordinary shares.

(x) Treasury shares

Shares are held by the Group's long-term incentive plan trust, up until a maximum vesting period of 10 years, for the benefit of employees under the ASX long-term incentive plan as described in the remuneration report. Treasury shares, net of any tax effect, are deducted from the equity compensation reserve in equity (refer to the remuneration report in section 11 of the directors' report).

(y) Dividends payable

A liability is recognised for the amount of any dividends declared on or before the end of the financial year but not distributed at balance sheet date. Typically, the interim and final dividends in respect of a financial period are declared after period end, and are therefore not provided for until declared.

(z) Novation of trades

The Group wholly owns two subsidiaries that provide central counterparty clearing services (CCP):

- ASX Clear Pty Limited, which provides novation of cash market securities and derivatives, and
- ASX Clear (Futures) Pty Limited, which provides novation of derivatives.

Novation

Transactions between two clearing 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 the CCP, and a contract between the CCP and the buying participant organisation. Through the novation process, positions held by the CCPs are matched.

Under the novation process the respective CCP assumes the credit risk of the underlying clearing participant in the event that a participant does not honour its obligations under the trades. The CCPs hold financial resources, detailed in note 25, which are available to support their activities in the event of a default by a clearing participant.

Cash market securities (comprises equity, debt securities and managed investments)

Cash market securities are recognised at settlement date which is normally three days after trade date. As a consequence, receivables resulting from trading in cash market securities in the last three trading days of the reporting period are recognised in the subsequent financial period.

Derivatives (comprises options, futures, warrants and contracts for difference)

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

Initial margins which are settled by cash and debt securities held by ASX Clear Pty Limited and ASX Clear (Futures) Pty Limited are recognised on balance sheet at fair value.

Notes to the financial statements continued

Initial margins which are settled by bank guarantees and equity securities in ASX Clear Pty Limited are not recognised on balance sheet in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, as ASX Clear Pty Limited is not party to the contractual provisions of the instruments. Initial margins recognised on balance sheet are classified as 'amounts owing to participants' within current liabilities.

Variation margins on open derivative contracts are cash settled on a daily basis.

Initial and variation margins receivable or payable are recognised on balance sheet at fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement.*

(aa) Parent entity financial information

The financial information for the parent entity, ASX, disclosed in note 33, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Unlisted shares in subsidiaries

Unlisted shares in subsidiaries are accounted for at cost in the financial statements of ASX.

Tax consolidation legislation

ASX elected to form a tax consolidated group for income tax purposes. ASX is the head entity for the purposes of the tax consolidation legislation and is therefore liable for the income tax liabilities of the ASX 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 the 'separate taxpayer within group' approach.

Tax funding agreement

ASX has entered into a tax funding agreement with all Australian-owned subsidiaries. The agreement has the objective of achieving an appropriate allocation of the Group's income tax expense to the main operating subsidiaries within the Group. The tax funding agreement also has the objective of allocating deferred tax assets relating to tax losses only, and current tax liabilities of the main operating subsidiaries to ASX. The subsidiaries will reimburse ASX for their portion of the Group's current tax liability and will recognise this payment as an inter-entity payable or receivable in their financial statements for that financial year. ASX will reimburse the subsidiaries for the deferred tax asset from any unused tax losses or credits and ASX 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 or credits).

2. Critical accounting estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are relevant and believed to be reasonable under the circumstances.

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 at least semi-annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(k). The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of assumptions (refer to note 16).

Estimated useful life of intangibles (excluding goodwill)

Computer software is reviewed for impairment when events or changes in circumstances have arisen that indicate that the carrying value may be impaired. Determining whether the intangibles are impaired requires an estimation of their useful lives, residual values and depreciation method. The effect of any changes will be recognised on a prospective basis.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign currency risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by a Group risk department and a portfolio risk management function under policies approved by the Board of directors. The Board has endorsed a risk appetite statement. The Group's risks are managed in accordance with this statement. The clearing risk department manages clearing default credit risk with counterparties while the portfolio risk management function manages investment credit, foreign currency, market liquidity and cash flow interest rate risks within limits approved by the Board of directors and monitored by the Group risk department.

(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 novated to the central counterparty clearing subsidiaries is negligible as the novation process ensures that the Group is not normally directly exposed to any price movements on the contracts (refer to note 1(z)). Market risk, however, may impact on the likelihood of a counterparty defaulting and one of the CCPs

Notes to the financial statements continued

assuming the position under novation. The Group manages market risk by having formal default procedures to limit the loss in the event of a default or likely default.

(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 may, however, still be exposed to movements in interest rates impacting earnings.

The Group's market risk on investments of its cash resources (participant collateral lodged and Group funds) are subject to the risk of losses arising from an adverse movement in interest rates. In the normal course of business the Group holds investments until maturity, noting that they are available for sale for liquidity purposes. The Board has set limits with respect to maximum and weighted average maturity in order to limit this risk.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of an asset, liability or highly probable forecast transaction denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk in cash, net interest and exchange fees receivable that are denominated in non-AUD currencies. Such exposure is not considered significant and is converted to AUD on a regular basis. Where the Group enters into commitments in non-AUD currencies, its policy is to hedge the foreign currency risk wherever possible.

(iii) Equity price risk

The Group has investments in external equity instruments with a market value of $162,112,690 as at 30 June 2012 (2011: $213,988,519). Management of these risks is by ongoing monitoring of the values with respect to any impairment and appropriate risk-based capital allocation.

(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 obligations or commitments to the Group. Due to the novation process, trades are matched so the Group is not directly exposed to direct price movements in the underlying equities or derivatives. However, equity or derivative price movements may have an impact on the counterparties' ability to meet their obligations to the Group. Failure to meet these obligations exposes the Group to potential losses on settlement. These are managed by the following layers of risk control:

- clearing participant membership requirements and admission standards including minimum capital requirements
- participant surveillance including capital monitoring
- daily counterparty credit risk control, including margining and collateral management
- financial resource adequacy, including fixed capital and stress testing, and
- position limits based on the capital of the participant.

Both of the Group's central clearing counterparty entities continually stress-test clearing participant exposures against the amount and liquidity of variable and fixed financial resources (clearing guarantee fund) available in the event of default. The Group's ongoing monitoring of participants' market positions and exposures, coupled with daily margining and collateral management, including possible intraday and additional margin calls, 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 4 and 25. With respect to the financial assets of the Group, the Board has implemented policies that limit the amount of credit exposure to any one financial institution as well as minimum credit ratings for counterparty Approved Deposit Taking Institutions.

Trade and other receivables mainly consist of various fees outstanding from market participants, listed corporations, users of market data and other customers. These receivable amounts are aged, with the aging reviewed on a regular basis to minimise credit risk. Active collection procedures are also implemented on trade receivables.

Intercompany receivables consist of balances owing to the parent entity from wholly-owned subsidiaries. The parent entity considers the credit risk on these balances 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 results from amounts and maturity mismatches of assets and liabilities. Prudent liquidity risk management implies maintaining sufficient cash reserves and marketable securities. Regular forward planning and forecasting of liquidity requirements is also undertaken by the Group. The Board has implemented policies that specify maximum average maturity limits in order to address the liquidity risk which is managed by the portfolio risk management function and monitored by the Group risk department. Specific liquidity limits are also approved by the Board based on whether assets can be liquidated and converted to cash on the same day.

(d) Capital management

The Board's policy is to maintain an appropriate level of capital within the Group and relevant subsidiaries with the objectives of:

- maintaining the Group's and subsidiaries' financial viability in order to continue to facilitate growth of its exchange-traded markets and provide appropriate risk-adjusted returns to shareholders

Notes to the financial statements continued

- 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 by the parent and subsidiary entities, 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 Board's objective is to maintain a prudent surplus of net tangible equity at the 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 25(a). Where appropriate, debt is also used to support the financial resource requirements of the clearing subsidiaries.

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 25.

The Board's current policy is to pay a dividend based on 90% of underlying net profit after tax (as defined in note 5). This policy is unchanged from the prior comparable period. As part of its broader capital management activities, the Group has also implemented a dividend reinvestment plan to support its capital requirements. The Board determines at each dividend resolution to what extent, if any, the dividend reinvestment plan will apply based on the capital requirements of the Group. The plan was not activated in the current financial year.

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, in accordance with the Group's objectives and policies, ensures that each of the subsidiaries have sufficient capital reserves which are based on a risk-based capital adequacy calculation.

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

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4. Financial instruments

(a) Interest rate risk

The interest rate profile, fair values and carrying amounts of the Group's financial assets and liabilities at the end of the reporting period are set out below.

		Carrying amount				Fair value
2012	Note	Floating interest rate $m	Fixed interest rate $m	Non-interest bearing $m	Total $m	Total $m
Financial assets						
Cash and funds on deposit	10(a)	1,418.6	1,110.0	–	2,528.6	2,528.6
Available-for-sale financial assets	10(b)	251.2	916.3	–	1,167.5	1,167.5
Receivables	11	–	–	275.8	275.8	275.8
Investments	13	–	–	162.1	162.1	162.1
Total financial assets		**1,669.8**	**2,026.3**	**437.9**	**4,134.0**	**4,134.0**
Weighted average interest rate at period end		3.20%	3.90%			
Financial liabilities						
Payables	17	–	–	249.4	249.4	249.4
Amounts owing to participants	18	2,939.6	–	–	2,939.6	2,939.6
Borrowings	19	250.0	–	–	250.0	250.0
Other liabilities	21	–	–	3.7	3.7	3.7
Total financial liabilities		**3,189.6**	**–**	**253.1**	**3,442.7**	**3,442.7**
Weighted average interest rate at period end		2.92%				
Net financial assets/(liabilities)		**(1,519.8)**	**2,026.3**	**184.8**	**691.3**	**691.3**

		Carrying amount				Fair value
2011	Note	Floating interest rate $m	Fixed interest rate $m	Non-interest bearing $m	Total $m	Total $m
Financial assets						
Cash and funds on deposit	10(a)	1,216.6	735.0	–	1,951.6	1,951.6
Available-for-sale financial assets	10(b)	150.6	1,216.4	–	1,367.0	1,367.0
Receivables	11	–	–	267.0	267.0	267.0
Investments	13	–	–	213.9	213.9	213.9
Total financial assets		**1,367.2**	**1,951.4**	**480.9**	**3,799.5**	**3,799.5**
Weighted average interest rate at period end		4.78%	5.14%			
Financial liabilities						
Payables	17	–	–	258.2	258.2	258.2
Amounts owing to participants	18	2,516.4	–	–	2,516.4	2,516.4
Borrowings	19	250.0	–	–	250.0	250.0
Other liabilities	21	–	–	4.0	4.0	4.0
Total financial liabilities		**2,766.4**	**–**	**262.2**	**3,028.6**	**3,028.6**
Weighted average interest rate at period end		4.48%				
Net financial assets/(liabilities)		**(1,399.2)**	**1,951.4**	**218.7**	**770.9**	**770.9**

Notes to the financial statements continued

With respect to the prior tables:

- floating interest rate refers to financial instruments where the interest rate is subject to change prior to maturity or repayment, predominantly bank deposits at call and floating rate notes, and
- fixed interest rate refers to financial instruments where the interest rate is fixed up to maturity, predominantly bank term deposits, bank accepted bills and negotiable certificates of deposit.

The Group does not account for any fixed or floating rate financial assets and liabilities at fair value through profit or loss. A change in interest rate at the end of the reporting period would only affect the income statement if a subsequent disposal is made prior to maturity.

Fair value sensitivity analysis for fixed rate instruments (net of tax):

An increase/decrease of 25 basis points in the interest rate would have decreased/increased the Group's equity by $472,283 (2011: $341,090) at reporting date due to a change in fair value of available-for-sale financial assets. The analysis is performed on the same basis for 2011.

Fair value sensitivity analysis for floating rate instruments (net of tax):

An increase/decrease of 25 basis points in the interest rate would have decreased/increased the Group's equity by $21,815 (2011: $38,836) at reporting date due to a change in fair value of available-for-sale financial assets. The analysis is performed on the same basis for 2011.

Cash flow sensitivity analysis (net of tax):

An increase/decrease of 25 basis points in the interest rate at the end of the reporting period would increase/decrease annual profit or loss by $389,369 (2011: $1,062,567). The analysis is performed on the same basis for 2011.

(b) 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 A$ millions:

	30 June 2012			30 June 2011		
	NZD	USD	JPY	NZD	USD	JPY
Financial assets:	AUD $m	AUD $m	AUD $m	AUD $m	AUD $m	AUD $m
Cash and funds on deposit	118.7	272.9	-	108.6	16.5	0.2
Available-for-sale financial assets	-	-	-	-	1.9	-
Receivables	0.1	-	-	0.4	-	-
Financial liabilities:						
Payables	0.2	-	-	0.2	-	-
Amounts owing to participants	118.0	267.0	-	108.3	17.3	-
Net Exposure	**0.6**	**5.9**	**-**	**0.5**	**1.1**	**0.2**
Exchange rate for conversion AUD 1:	1.2746	1.0174	80.96	1.2941	1.0721	86.23

Notes to the financial statements continued

At 30 June 2012, USD $4,535,000 was designated by the Group as the hedging instrument in a qualifying cash flow hedge for committed expenditure to be paid in US dollars (2011: USD $725,000). These amounts are included in the prior table.

Foreign exchange sensitivity analysis:

A 10 percent strengthening/weakening of the Australian dollar against the following currencies at 30 June would have increased/decreased profit or loss (net of tax) 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 2011.

	Profit or loss	
	2012 $'000	2011 $'000
NZD	37	34
USD	92	26
JPY	3	13

In addition, a 10 percent strengthening/weakening of the Australian dollar against the US dollar would have increased/decreased equity by $283,655 (net of tax) (2011: $43,034) as a result of cash flow hedges.

(c) Equity price risk

Equity price risk sensitivity analysis (net of tax):

A 10 percent change in the price of the Group's external listed equity investment (refer note 13) at balance date would have increased/decreased equity by $11,347,888 (2011: $14,979,126).

(d) Credit risk

Exposure to credit risk:

Credit risk is managed on a Group basis. Credit risk arises from certain financial assets including cash, funds on deposit and available-for-sale financial assets, and trade and other receivables. The carrying amount of these financial assets best represents the maximum credit exposure at reporting date.

Cash and funds on deposit and available-for-sale financial assets

With respect to cash and funds on deposit and available-for-sale financial assets, the Group's largest single counterparty exposure at the end of the reporting period was $1,090,100,469 (2011: $917,043,737) to an Australian licensed bank with a Standard & Poor's (S&P) short-term credit rating of A1+. The Group has policies limiting exposure and concentration of these investments with different counterparties.

S&P credit ratings are used in determining the credit quality of the counterparty with whom cash and funds on deposit and available-for-sale financial assets are held. The portfolio risk management function ensures that cash and funds on deposit and available-for-sale financial assets comply with board mandates which specifically address the exposure limits to counterparties with certain credit ratings. The risk ratings of the counterparties to which the Group has exposure are shown below.

	Counterparty credit ratings			
2012	AAA $m	A1+ $m	A1 $m	Total $m
Cash and funds on deposit	**0.7**	**2,385.4**	**142.5**	**2,528.6**
Bank bills	–	238.5	–	238.5
Negotiable certificates of deposit	–	243.6	190.8	434.4
Floating rate notes	–	251.2	–	251.2
Commonwealth Government bonds	243.4	–	–	243.4
Total available-for-sale financial assets	**243.4**	**733.3**	**190.8**	**1,167.5**

Notes to the financial statements continued

2011	Counterparty credit ratings AAA $m	A1+ $m	A1 $m	Total $m
Cash and funds on deposit	**3.5**	**1,806.1**	**142.0**	**1,951.6**
Bank bills	-	303.2	-	303.2
Negotiable certificates of deposit	-	646.8	101.9	748.7
Floating rate notes	-	150.6	-	150.6
Commonwealth Government bonds and US Treasury bills	162.6	1.9	-	164.5
Total available-for-sale financial assets	**162.6**	**1,102.5**	**101.9**	**1,367.0**

Other financial assets

The Group's activities result in relationships with a large part of the financial sector as well as all companies listed on the Australian Securities Exchange and a variety of institutional entities and trusts. As such there is no concentration of receivables to any one debtor and the Group does not utilise credit ratings to determine the credit quality of other financial assets. The credit quality of other financial assets including trade receivables, margins receivable from participants, accrued revenue and interest receivable is managed by a number of factors available to the entity such as debt collection procedures and other means including suspension of participation rights or delisting of entities.

Margins receivable from participants were settled on 2 July 2012. Further details on the ageing of trade debtor balances are provided below.

Trade receivables aged analysis:

As at 30 June, the aged analysis for trade receivables of the Group that were past due but not determined to be impaired as well as trade receivables determined to be impaired is as follows:

	2012 $m	2011 $m
Not past due	54.9	50.0
Past due 0-30 days	2.3	7.0
Past due 31-60 days	0.4	0.7
Past due 61-90 days	0.1	0.2
Past due 91 days and over	0.8	0.2
Total trade receivables not impaired	**58.5**	**58.1**
Trade receivables impaired	1.5	1.1
Total trade receivables	**60.0**	**59.2**

For clearing and settlement related risks, refer to note 25(a).

(e) Liquidity risk

The expected contractual cash flows by maturity of financial assets and liabilities held at 30 June are shown on the following page.

Notes to the financial statements continued

	30 June 2012					
	Up to 1 month $m	>1 month to 3 months $m	>3 months to 1 year $m	>1 year $m	No specific maturity $m	Total $m
Current assets:						
Cash and funds on deposit	1,418.8	1,119.8	–	–	–	2,538.6
Available-for-sale financial assets	674.8	1.7	256.7	345.6	–	1,278.8
Receivables	270.1	4.3	1.3	–	–	275.7
Non-current assets:						
Investments	–	–	–	–	162.1	162.1
Receivables	–	–	–	–	0.1	0.1
Total assets	**2,363.7**	**1,125.8**	**258.0**	**345.6**	**162.2**	**4,255.3**
Current liabilities:						
Payables	236.5	7.4	18.7	–	–	262.6
Amounts owing to participants	2,853.5	–	–	–	–	2,853.5
Other current liabilities	0.1	–	0.3	–	–	0.4
Non-current liabilities:						
Payables	–	–	–	32.2	–	32.2
Amounts owing to participants	–	–	–	86.1	–	86.1
Borrowings	–	–	–	250.0	–	250.0
Other non-current liabilities	–	–	–	3.3	–	3.3
Total liabilities	**3,090.1**	**7.4**	**19.0**	**371.6**	**–**	**3,488.1**

	30 June 2012					
	Up to 1 month $m	>1 month to 3 months $m	>3 months to 1 year $m	>1 year $m	No specific maturity $m	Total $m
Commitments:						
Capital and operating commitments	1.2	1.7	12.7	19.3	–	34.9
Operating lease commitments	0.8	1.7	7.5	62.4	–	72.4
Total commitments	**2.0**	**3.4**	**20.2**	**81.7**	**–**	**107.3**

Notes to the financial statements continued

	30 June 2011					
	Up to 1 month $m	>1 month to 3 months $m	>3 months to 1 year $m	>1 year $m	No specific maturity $m	Total $m
Current assets:						
Cash and funds on deposit	1,216.6	743.4	–	–	–	1,960.0
Available-for-sale financial assets	1,054.6	3.2	154.9	244.7	–	1,457.4
Receivables	261.7	5.0	0.2	–	–	266.9
Non-current assets:						
Investments	–	–	–	–	213.9	213.9
Receivables	–	–	–	–	0.1	0.1
Total assets	**2,532.9**	**751.6**	**155.1**	**244.7**	**214.0**	**3,898.3**
Current liabilities:						
Payables	229.9	26.8	19.7	–	–	276.4
Amounts owing to participants	2,433.9	–	–	–	–	2,433.9
Other current liabilities	–	–	0.5	–	–	0.5
Non-current liabilities:						
Payables	–	–	–	28.6	–	28.6
Amounts owing to participants	–	–	–	82.5	–	82.5
Borrowings	–	–	–	250.0	–	250.0
Other non-current liabilities	–	–	–	3.5	–	3.5
Total liabilities	**2,663.8**	**26.8**	**20.2**	**364.6**	**–**	**3,075.4**

	30 June 2011					
	Up to 1 month $m	>1 month to 3 months $m	>3 months to 1 year $m	>1 year $m	No specific maturity $m	Total $m
Commitments:						
Capital and operating commitments	5.3	4.7	7.1	32.7	–	49.8
Operating lease commitments	0.8	1.7	9.1	111.0	–	122.6
Total commitments	**6.1**	**6.4**	**16.2**	**143.7**	**–**	**172.4**

The values on the balance sheet may differ to the assets and liabilities in the above tables due to the difference in fair value at balance date compared to the contractual cash flows up to maturity. Whilst the available-for-sale financial assets include securities with contractual cash flows beyond one year, they are classified as current assets on the balance sheet as they are expected to be realised within 12 months.

With respect to amounts owing to participants, the actual maturity cannot be determined as maturity will depend on a number of factors including new contracts opened and contracts closed by participants. These have been classified as having maturities up to one month on the basis of the shortest possible legal obligation for repayments.

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(f) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by each level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities measured and recognised at fair value at 30 June.

30 June 2012	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Investments	162.1	–	–	162.1
Available-for-sale financial assets:				
- Bank bills	–	238.5	–	238.5
- Negotiable certificates of deposit	–	434.4	–	434.4
- Floating rate notes	–	251.2	–	251.2
- Commonwealth Government bonds	–	243.4	–	243.4
Total assets	**162.1**	**1,167.5**	**–**	**1,329.6**
Total liabilities	**–**	**–**	**–**	**–**

30 June 2011	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Investments	213.9	–	–	213.9
Available-for-sale financial assets:				
- Bank bills	–	303.2	–	303.2
- Negotiable certificates of deposit	–	748.7	–	748.7
- Floating rate notes	–	150.6	–	150.6
- Commonwealth Government bonds and US Treasury bills	–	164.5	–	164.5
Total assets	**213.9**	**1,367.0**	**–**	**1,580.9**
Total liabilities	**–**	**–**	**–**	**–**

The fair value of the Group's external listed equity investment is determined by reference to the ASX-quoted market bid price at the close of business at reporting date. As the fair value of the investment is based on quoted market prices in active markets this instrument falls within level 1 of the fair value hierarchy.

Discounted cash flow analysis is used as the primary valuation technique for fair value measurement of available-for-sale financial assets. The fair value of bank bills, negotiable certificates of deposit and floating rate notes are determined by reference to money market bid rates whilst the fair value of Commonwealth Government bonds and treasury bills is determined by reference to either the Commonwealth Government bond or treasury bill yields.

Notes to the financial statements continued

As the fair value of these instruments is determined using valuation techniques rather than quoted market prices they do not qualify for recognition in level 1 of the hierarchy. However, as the inputs (rates) used in the discounted cash flow analysis are derived from quoted market prices, and are readily observable in the market, these instruments will qualify for recognition within level 2 of the fair value hierarchy.

5. Segment reporting

The Managing Director and CEO, as the Chief Operating Decision Maker (CODM), assesses performance of the Group as a single segment, being a vertically integrated organisation (e.g. providing services to the primary and secondary financial markets as well as risk management and transfer activities) providing multi-asset class product offerings.

Vertical integration includes the:

- exchange issuer services offered to public companies and other organisations
- trading venue or exchange activities for trading
- clearing and settlement activities offered to participants, and
- exchange and over-the-counter products provided to other customers.

Multi-asset class service offerings include equities, interest rate, commodity and energy products across cash and derivatives markets.

In addition to reviewing performance based on statutory profit after tax, the CODM assesses the performance of the Group based on underlying profit after tax. This measure excludes amounts regarded as significant items of revenue and expenses such as those that may be associated with significant business restructuring or individual transactions.

Group performance measures including earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation and amortisation (EBITDA) are also reviewed by the CODM. In assessing performance, operating revenue is reclassified for arrangements where revenue is shared with external parties, doubtful debt provisions recognised against revenue and gross interest income. Operating expense adjustments relate to the classification of certain expenses including variable expenses and gross interest expense. Net tangible equity, defined as total equity less goodwill, is used in strategic decision-making regarding the Group's capital management.

The information provided on a regular basis to the CODM, along with a reconciliation to statutory profit after tax for the period attributable to owners of the Company, is provided on the following page.

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Year ended 30 June 2012	Segment information $m	Adjustments $m	Consolidated income statement $m
Revenue			
Listings and issuer services	133.4	-	133.4
Cash market	124.5	-	124.5
Derivatives	188.7	8.3	197.0
Information services	66.9	-	66.9
Technical services	45.3	1.0	46.3
Austraclear services	36.0	-	36.0
Other	15.6	0.5	16.1
Operating revenue	**610.4**		
Interest income		154.3	154.3
Dividends		9.3	9.3
Total revenue		**173.4**	**783.8**
Expenses			
Staff	82.6	1.9	84.5
Occupancy	15.5	4.4	19.9
Equipment	21.6	1.1	22.7
Administration	13.5	16.6	30.1
Variable	3.7	(3.7)	-
ASIC supervision levy	4.2	(4.2)	-
Cash operating expenses	**141.1**		
EBITDA	**469.3**		
Finance costs		113.8	113.8
Depreciation and amortisation	27.6	2.8	30.4
Total expenses		**132.7**	**301.4**
EBIT	**441.7**		

Year ended 30 June 2012	Segment information $m	Adjustments $m	Consolidated income statement $m
Net interest and dividend income			
Interest income	20.6	(20.6)	-
Net interest on participant balances	19.9	(19.9)	-
Dividend income	9.3	(9.3)	-
Net interest and dividend income	**49.8**	**(49.8)**	**-**
Underlying profit before tax	**491.5**	**(9.1)**	**482.4**
Income tax (expense)/credit	(145.3)	2.1	(143.2)
Underlying net profit after tax	**346.2**	**(7.0)**	**339.2**
Significant items	(9.1)	9.1	-
Tax on significant items	2.1	(2.1)	-
Net profit after tax	**339.2**	**-**	**339.2**

	Segment information $m	Adjustments $m	Consolidated balance sheet $m
Net tangible equity			
Total assets	6,527.2	-	6,527.2
Less: total liabilities	(3,532.2)	-	(3,532.2)
Less: intangible assets - goodwill	(2,262.8)	-	(2,262.8)
Less: intangible assets - software	-	(57.7)	(57.7)
Net tangible equity	**732.2**	**(57.7)**	**674.5**

Notes to the financial statements continued

Year ended 30 June 2011	Segment information $m	Adjustments $m	Consolidated income statement $m
Revenue			
Listings and issuer services	150.3	-	150.3
Cash market	133.9	-	133.9
Derivatives	172.2	10.2	182.4
Information services	70.9	-	70.9
Technical services	40.4	-	40.4
Austraclear services	33.8	-	33.8
Other	16.1	(0.5)	15.6
Operating revenue	**617.6**		
Interest income		160.6	160.6
Dividends		9.9	9.9
Total revenue		**180.2**	**797.8**
Expenses			
Staff	78.8	0.2	79.0
Occupancy	13.6	(1.0)	12.6
Equipment	21.3	1.5	22.8
Administration	13.9	20.8	34.7
Variable	4.5	(4.5)	-
ASIC supervision levy	3.4	(3.4)	-
Cash operating expenses	**135.5**		
EBITDA	**482.1**		
Finance costs		123.1	123.1
Depreciation and amortisation	23.3	2.2	25.5
Total expenses		**138.9**	**297.7**
EBIT	**458.8**		

Year ended 30 June 2011	Segment information $m	Adjustments $m	Consolidated income statement $m
Net interest and dividend income			
Interest income	20.8	(20.8)	-
Net interest on participant balances	16.7	(16.7)	-
Dividend income	9.9	(9.9)	-
Net interest and dividend income	**47.4**	**(47.4)**	**-**
Underlying profit before tax	**506.2**	**(6.1)**	**500.1**
Income tax (expense)/credit	(149.6)	1.8	(147.8)
Underlying net profit after tax	**356.6**	**(4.3)**	**352.3**
Significant items	(6.1)	6.1	-
Tax on significant items	1.8	(1.8)	-
Net profit after tax	**352.3**	**-**	**352.3**

	Segment information $m	Adjustments $m	Consolidated balance sheet $m
Net tangible equity			
Total assets	6,182.5	-	6,182.5
Less: total liabilities	(3,161.4)	-	(3,161.4)
Less: intangible assets - goodwill	(2,262.8)	-	(2,262.8)
Less: intangible assets - software	-	(55.4)	(55.4)
Net tangible equity	**758.3**	**(55.4)**	**702.9**

Notes to the financial statements continued

6. Other income and expenses

	2012 $m	2011 $m
Profit before income tax includes the following specific items of income and (expense):		
Significant items		
Disposal and impairment of property, plant and equipment*	(1.8)	–
Disposal and impairment of intangible assets - software*	(1.0)	–
Surplus lease space and associated premises restoration	(4.4)	1.0
Net business restructuring expenses	(1.9)	(2.7)
Former proposed merger expenses	–	(4.4)
Total	**(9.1)**	**(6.1)**
Other		
Net doubtful debts expense	(0.4)	(0.3)
Share-based payment expenses (note 28)	(0.7)	(0.5)
Employer contributions to superannuation plans	(6.1)	(5.8)
Operating lease rental expenses	(13.0)	(11.8)
Total	**(20.2)**	**(18.4)**

*These expenses are included within 'depreciation and amortisation' on the consolidated income statement.

Following a strategic review of the business, the significant items of income and expense above were recognised in the consolidated income statement for the year ended 30 June 2012. The review resulted in the decision to close two interstate offices in addition to the rationalisation of data centre and office premises. A further strategic review of trade execution service offerings resulted in an impairment charge for certain intangible software assets.

7. Taxation

	2012 $m	2011 $m
(a) Income tax (expense)		
Profit before income tax expense	482.4	500.1
Prima facie income tax (expense) calculated at 30% (2011: 30%) on the profit before tax	(144.7)	(150.0)
Movement in income tax (expense) due to:		
Non-deductible items	(0.9)	(0.1)
Net franking credit offset	2.3	2.1
Non-assessable lease incentive	–	0.1
Adjustments for current tax of prior periods	0.1	0.1
Total income tax (expense)	**(143.2)**	**(147.8)**
(b) Major components of income tax (expense)		
Current tax expense	(146.4)	(150.6)
Movement in deferred tax liability	(0.9)	3.9
Movement in deferred tax asset	4.0	(0.8)
Long-term incentive plan	–	(0.4)
Adjustments for current tax of prior periods	0.1	0.1
Total income tax (expense)	**(143.2)**	**(147.8)**
(c) Income tax on items recognised directly in equity		
Long-term incentive plan	–	0.4
Total	**–**	**0.4**

Notes to the financial statements continued

	2012 $m	2011 $m
(d) Income tax on items recognised directly in other comprehensive income		
Revaluation of available-for-sale financial assets	(0.2)	0.1
Revaluation of investments	17.7	(2.3)
Revaluation of cash flow hedges	-	(0.1)
Total	**17.5**	**(2.3)**

(e) Deferred tax asset/(liability)*

Deferred tax assets comprises the estimated future benefit at an income tax rate of 30% (2011: 30%) of the below items.

	2012 $m	2011 $m
Provisions for:		
Doubtful debts	0.5	0.4
Employee entitlements	8.0	4.3
Leased premises	4.2	3.7
Accrued expenses	1.9	2.4
Revenue received in advance	2.6	2.4
Deferred tax asset	**17.2**	**13.2**

Deferred tax liability comprises the estimated future expense at an income tax rate of 30% (2011: 30%) of the following items:

	2012 $m	2011 $m
Fixed assets	(6.1)	(5.1)
Revaluation of investments	(21.3)	(39.0)
Revaluation of available-for-sale financial assets	(0.3)	(0.1)
Long-term incentive plan	(0.3)	(0.4)
Deferred tax liability	**(28.0)**	**(44.6)**
Net deferred tax liability	**(10.8)**	**(31.4)**

*The movements during the year in the above components of deferred tax asset and liability were recognised in the income statement with the exception of revaluations of investments, available-for-sale financial assets and cash flow hedges which were recognised in other comprehensive income.

8. Dividends

Dividends recognised and paid in the current year by the Company are:

	Cents per share	Total amount $m
Final – 2011	93.0	162.9
Interim – 2012	92.8	162.5
Total amount	**185.8**	**325.4**

Dividends paid by the Company in the current period include amounts paid on certain shares held by the Group's long-term incentive plan trust (LTIP). The amount of the dividends on these shares has been eliminated on consolidation.

Dividends recognised and paid in the prior year by the Company are:

	Cents per share	Total amount $m
Final – 2010	84.0	145.8
Interim – 2011	90.2	158.0
Total amount	**174.2**	**303.8**

Dividends not recognised at the end of the reporting period

Since the end of the financial year, the directors declared the below dividend which will be paid on 19 September 2012. The dividend will be fully franked based on tax paid at 30%.

	Cents per share	Total amount $m
Final – 2012	85.1	149.0
Total amount	**85.1**	**149.0**

The final dividend has not been recognised in the financial statements for the year ended 30 June 2012, but will be recognised in subsequent financial statements.

Notes to the financial statements continued

Dividend franking account

	Company	
	2012 $m	2011 $m
Franking credits available for subsequent reporting periods based on a tax rate of 30%	135.7	125.9

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 2012 dividend declared, the franking balance will be $71,821,281 (2011: $55,780,178).

The ability to utilise the franking credits is dependent upon there being sufficient available net assets to declare dividends. Fully franked dividends to the amount of $316,624,348 could potentially be paid to shareholders.

9. Earnings per share

	2012	2011
Basic earnings per share (cents)	193.7	201.6
Diluted earnings per share (cents)	193.7	201.6
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	175,136,729	174,760,520
Weighted average number of ordinary shares used in calculating diluted earnings per share	175,136,729	174,760,520

The basic and diluted earnings per share amounts have been calculated on the basis of net profit after tax of $339,152,597 (2011: $352,297,879).

10. Cash and funds on deposit and available-for-sale financial assets

(a) Cash and funds on deposit

	2012 $m	2011 $m
Cash and funds on deposit	2,528.6	1,951.6

(b) Available-for-sale financial assets

Money market instruments – at cost	1,166.6	1,366.6
Revaluation recognised directly in equity	0.9	0.4
Money market instruments – at fair value	**1,167.5**	**1,367.0**

Money market instruments

Money market instruments, including bank bills, certificates of deposit, Commonwealth Government bonds, fixed and floating rate notes are traded in active markets. Refer to note 1(n) for the accounting policy on available-for-sale financial assets.

(c) Reconciliation to cash at the end of the year

Cash and funds on deposit	2,528.6	1,951.6
Money market instruments – at fair value	1,167.5	1,367.0
Total cash and funds on deposit and available-for-sale financial assets	**3,696.1**	**3,318.6**
Less: participant balances (refer note 18)	(2,939.6)	(2,516.4)
ASX Group funds as per statement of cash flows	**756.5**	**802.2**

Participant balances

Clearing participants are required to deposit cash or eligible securities to satisfy margin requirements on outstanding positions novated to the Group's two central counterparty clearing subsidiaries. Margin obligations are calculated and settled daily to ensure that the minimum requirements are maintained. In the event of default by a clearing participant on its obligations under contracts, ASX Clear Pty Limited and ASX Clear (Futures) Pty Limited have the authority to retain collateral deposited by the defaulting clearing participant to satisfy its obligations.

Notes to the financial statements continued

Restricted cash

The Group holds $71,488,687 of restricted cash within a reserve account in equity. The restricted capital reserve is described further in note 24(b).

11. Receivables

	2012 $m	2011 $m
Current		
Trade receivables	60.0	59.2
Less: provision for impairment	(1.5)	(1.1)
	58.5	**58.1**
Margins receivable	199.5	190.8
Accrued revenue	10.7	12.3
Interest receivable	4.9	4.5
Other debtors	2.1	1.2
Total	**275.7**	**266.9**

	2012 $m	2011 $m
Non-current		
Receivables	0.1	0.1
Total	**0.1**	**0.1**

Impaired trade receivables

As at 30 June 2012 $1,540,965 (2011: $1,138,491) of trade receivables were identified as being impaired and were provided for.

Movements in the provision for impairment of trade receivables are as follows:

	2012 $m	2011 $m
At 1 July	**(1.1)**	**(1.0)**
Provision for impairment recognised during the year	(0.7)	(0.4)
Receivables written-off during the year as uncollectable	0.1	0.1
Provisions subsequently reversed	0.2	0.2
At 30 June	**(1.5)**	**(1.1)**

The creation and release of the provision for impairment of trade receivables has been included in ‘administration’ expenses in the income statement. Amounts provided for are generally written-off when there is no expectation of recovering the balances.

Past due but not impaired

Refer to note 4(d) for the ageing of trade receivable balances that are past due but not impaired.

12. Other assets

Prepayments	7.2	7.7
Total	**7.2**	**7.7**

Prepayments includes prepaid system maintenance, licence fees, insurance and rent which are all incurred in the ordinary course of business.

Notes to the financial statements continued

13. Investments

	2012 $m	2011 $m
Non-current		
Listed shares at fair value	162.1	213.9
Total	**162.1**	**213.9**

At 30 June 2012, ASX held 19.3% (2011: 18.7%) of the share capital in IRESS Limited (IRESS), whose principal activities consist of the provision of information, trading, order management and financial planning systems and related services to equity market participants and wealth management professionals. During the year ended 30 June 2012 the Group purchased additional share capital in IRESS for the consideration of $7,051,038. The total cost of the investment was $91,061,151.

The fair value of the investment in IRESS is determined by reference to quoted market bid prices at the close of business on the balance sheet date (refer to note 4 (f)).

The above investment is classified as an available-for sale financial asset. The Group does not have significant influence over the investee as it has no representation on the board of directors and does not have the power to participate in the financial and operating policy decisions of the investee.

14. Property, plant and equipment

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

2012	Leasehold improvements $m	Plant and equipment $m	Computer equipment $m	Total $m
At 1 July 2011				
Cost	39.6	29.5	79.9	149.0
Accumulated depreciation	(16.7)	(21.6)	(53.6)	(91.9)
Net book value	**22.9**	**7.9**	**26.3**	**57.1**
Year ended 30 June 2012				
Opening net book value	**22.9**	**7.9**	**26.3**	**57.1**
Additions	8.6	6.5	7.3	22.4
Re-classifications	(11.1)	11.1	-	-
Loss on disposal	(0.6)	(0.4)	(0.1)	(1.1)
Depreciation expense	(2.2)	(2.0)	(7.8)	(12.0)
Impairment and write-downs*	(0.7)	(0.2)	-	(0.9)
Closing net book value	**16.9**	**22.9**	**25.7**	**65.5**
At 30 June 2012				
Cost	26.0	45.1	83.4	154.5
Accumulated depreciation	(9.1)	(22.2)	(57.7)	(89.0)
Net book value	**16.9**	**22.9**	**25.7**	**65.5**

*These expenses are included within 'depreciation and amortisation' on the consolidated income statement.

During the financial year, the Group reclassified $11.1 million of assets from leasehold improvements to plant and equipment. These assets were in the course of development as at 30 June 2011.

Notes to the financial statements continued

2011	Leasehold improvements $m	Plant and equipment $m	Computer equipment $m	Total $m
At 1 July 2010				
Cost	23.8	24.8	68.5	117.1
Accumulated depreciation	(14.9)	(20.8)	(47.1)	(82.8)
Net book value	**8.9**	**4.0**	**21.4**	**34.3**
Year ended 30 June 2011				
Opening net book value	**8.9**	**4.0**	**21.4**	**34.3**
Additions	15.8	4.7	11.7	32.2
Loss on disposal	-	-	-	-
Depreciation expense	(1.8)	(0.8)	(6.8)	(9.4)
Impairment and write-downs*	-	-	-	-
Closing net book value	**22.9**	**7.9**	**26.3**	**57.1**
At 30 June 2011				
Cost	39.6	29.5	79.9	149.0
Accumulated depreciation	(16.7)	(21.6)	(53.6)	(91.9)
Net book value	**22.9**	**7.9**	**26.3**	**57.1**

*These expenses are included within 'depreciation and amortisation' on the consolidated income statement.

Assets in the course of development

The carrying amounts of the property plant and equipment shown above include the following expenditure which is in the course of development:

	2012 $m	2011 $m
Leasehold improvements	0.1	13.5
Plant and equipment	0.2	4.3
Computer equipment	1.1	9.4
Total	**1.4**	**27.2**

Impairment

The impairment shown above in the current financial year predominantly relates to assets that are no longer required following the closure of two interstate offices and the rationalisation of data centre and office premises. The impairment charge was recognised in the consolidated income statement (refer note 6).

15. Intangible assets – software

The movements in the intangible asset balances are as follows:

	2012 $m	2011 $m
At 1 July		
Cost	166.1	147.9
Accumulated amortisation	(110.7)	(94.4)
Net book value	**55.4**	**53.5**
Opening net book value	**55.4**	**53.5**
Additions	18.7	18.0
Loss on disposals	-	-
Amortisation expense	(15.4)	(16.1)
Impairment and write-downs	(1.0)	-
Closing net book value	**57.7**	**55.4**
At 30 June		
Cost	183.8	165.9
Accumulated amortisation	(126.1)	(110.5)
Net book value	**57.7**	**55.4**

Assets in the course of development

The carrying amounts of the assets disclosed above include $11.7 million (2011: $10.1 million) of intangible assets – software which is in the course of development.

Notes to the financial statements continued

Impairment

The impairment shown above in the current financial year relates to certain intangible software assets that were identified as impaired following a strategic review of trade execution services during the year. The impairment charge was recognised in the consolidated income statement (refer note 6).

16. Intangible assets – goodwill

	2012 $m	2011 $m
Opening balance at 1 July	**2,262.8**	**2,262.8**
Movements during the year	–	–
Closing balance at 30 June	**2,262.8**	**2,262.8**

(a) Impairment test for goodwill and intangibles

Goodwill is allocated to the Group's cash generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose. Management determined the 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 at the time of acquisition is as follows:

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

No impairment charge arose in the current year (2011: nil).

(b) Key assumptions used for value-in-use calculations

Management determined budgeted gross margin based on past performance and expectations for the future. The growth rates used for revenue and expense projections are consistent with, or lower than, historical trends for the CGU.

The pre-tax discount rates used are 12.2% (2011: 12.0%) for exchange-traded and 12.6% (2011: 12.4%) for non-exchange traded and reflect risk-adjusted estimates for each CGU. The growth rate used to extrapolate cash flow projections beyond five years is 3.5% (2011: 4.5%) per annum for the exchange-traded CGU and 3.0% (2011: 3.0%) per annum for the non-exchange traded CGU.

17. Payables

	2012 $m	2011 $m
Trade creditors	3.2	13.0
Margins payable	199.5	190.8
Interest payable	7.9	8.7
Rebates payable	8.0	27.4
Transaction taxes payable	4.6	5.0
Employee-related payables	13.8	2.0
Expense accruals	8.4	6.8
Other payables	4.0	4.5
Total	**249.4**	**258.2**

Notes to the financial statements continued

18. Amounts owing to participants

	2012 $m	2011 $m
Current	2,853.5	2,433.9
Non-current	86.1	82.5
Total	**2,939.6**	**2,516.4**

The current amounts owing to participants represent balances deposited by clearing participants to cover margins on derivative contracts, and are repayable to the participants on settlement or closure of the contracts (refer note 25(a)). Balances lodged in cash are interest bearing and are carried at the amounts deposited which represent fair value. Collateral provided by clearing participants in the form of equity securities and guarantees is not recognised on balance sheet (refer note 25(a)). Amounts lodged in the form of debt securities are carried at fair value. Non-current amounts owing to participants represent cash balances deposited by participants as commitments to clearing guarantee funds which at reporting date had no determined repayment date. Letters of credit provided by clearing participants in respect of commitments are not recognised on balance sheet (refer note 25(a)).

19. Borrowings

	2012 $m	2011 $m
Non-current	250.0	250.0
Total	**250.0**	**250.0**

The non-current borrowing of $250 million at 30 June 2012 represents an unsecured bank loan supporting the financial resources of the Group's two central counterparty licensed clearing subsidiaries, ASX Clear Pty Limited and ASX Clear (Futures) Pty Limited. The borrowing entity is ASX Clearing Corporation Limited (ASXCC), a wholly-owned subsidiary of ASX Limited. The original term of the loan was three years with an expiry in December 2012 and a variable rate of interest payable. In August 2011, the borrowing was renewed for a four-year term maturing in August 2015.

The activities of two central counterparty licensed clearing subsidiaries expose the Group to potential shortfalls in cash from a clearing participant default. In the event that a shortfall is suffered by ASX Clear Pty Limited or ASX Clear (Futures) Pty Limited and the amount of the shortfall exceeds prior ranking financial resources held by ASX Clear Pty Limited and ASX Clear (Futures) Pty Limited as part of their respective financial resources, the principal amount of the loan is reduced by a corresponding amount without obligation to repay at maturity. Prior ranking financial resources held by ASX Clear Pty Limited include any collateral lodged by the defaulting participant, $71.5 million of restricted capital reserve and $3.5 million of equity and $75 million of subordinated debt provided by ASXCC. Prior ranking financial resources held by ASX Clear (Futures) Pty Limited are any collateral and participant financial backing lodged by the defaulting participant, $30 million of equity and $70 million of subordinated debt provided by ASXCC and $120 million of participant financial backing (less the defaulting participant's financial backing already applied).

Details of the order of application of financial resources for ASX Clear Pty Limited and ASX Clear (Futures) Pty Limited are contained in note 25(a).

The debt facility contains other obligations for ASXCC which are in keeping with expected banking covenants for facilities of this nature. ASXCC has complied with its obligations under the facility.

20. Provisions

	2012 $m	2011 $m
Current		
Employee provisions	10.4	10.1
Premises provisions	2.7	2.1
Total	**13.1**	**12.2**
Non-current		
Employee provisions	2.4	2.3
Premises provisions	12.6	9.7
Total	**15.0**	**12.0**

Notes to the financial statements continued

The movement in the premises provision during the year is set out below.

	2012 $m	2011 $m
Opening balance at 1 July	**11.8**	**11.5**
Provisions used during the period	(3.9)	(2.2)
Provisions reversed during the period	(0.1)	(1.0)
Additions during the period	7.5	3.5
Closing balance at 30 June	**15.3**	**11.8**

Premises provision comprises lease rental amortised on a straight-line basis over the term of the lease, make-good provisions, surplus lease space provisions and lease incentives. At 30 June 2012, the provision for surplus lease space is $2,923,388 (2011: $nil).

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

21. Other liabilities

	2012 $m	2011 $m
Current		
Revenue received in advance	13.9	11.9
Other current liabilities	0.4	0.5
Total	**14.3**	**12.4**
Non-current		
Other non-current liabilities	3.3	3.5
Total	**3.3**	**3.5**
Total other liabilities	**17.6**	**15.9**

22. Commitments

(a) Capital commitments

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

	2012 $m	2011 $m
Property plant and equipment	–	7.3
Intangible assets	2.7	1.2
Total	**2.7**	**8.5**

(b) Operating lease commitments

Future non-cancellable operating lease rental of premises not provided for in the financial statements:

	2012 $m	2011 $m
Due:		
Not later than one year	10.0	11.6
Later than one year but not later than five years	42.1	57.3
Later than five years	20.3	53.7
Total	**72.4**	**122.6**

The Group's major leases are in respect of the premises from which it operates. These leases are all generally long-term with unexpired periods up to 11 years with options to extend for further periods included in certain leases. Future rentals are subject to indexation and periodical rent reviews.

The decrease in the commitments from 30 June 2011 to 30 June 2012 is a result of the rationalisation of data centre and other office premises including the closure of two interstate offices.

Notes to the financial statements continued

23. Issued capital

	2012 $m	2011 $m
Opening balance	**2,483.2**	**2,437.3**
Movements during the year	-	45.9
Closing balance	**2,483.2**	**2,483.2**

The was no movement in issued capital during the year ended 30 June 2012.

Movements in ordinary shares during the year:	2012 No. of shares	2011 No. of shares
Opening balance	**175,136,729**	**173,573,245**
Shares issued under the Employee Share Acquisition Plan	-	3,071
Shares issued under Dividend Reinvestment Plan	-	1,560,413
Closing balance	**175,136,729**	**175,136,729**

Fully paid ordinary shares carry the right to participate in dividends. Ordinary shares also entitle the holder to the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. At 30 June 2012, 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.

24. Reserves

(a) Movements in reserves

Refer to the statement of comprehensive income and statement of changes in equity for the movements in reserve balances.

(b) Nature and purpose of reserves

Restricted capital reserve

The restricted capital reserve was created when funds were transferred from the National Guarantee Fund to ASX Clear Pty Limited in 2005. Under the terms of the transfer, ASX Clear Pty Limited must not, without first obtaining the consent in writing of the Minister for Financial Services and Superannuation (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, available-for-sale assets and assets designated as part of cash flow hedging relationships are taken to the asset revaluation reserve as described in note 1(n) and 1(q). Amounts are recognised in the income statement when the associated investments and available-for-sale assets are sold or impaired or to the extent that there is ineffectiveness in cash flow hedging relationships.

The movement in the asset revaluation reserve is primarily due to the change in market value of investments (refer note 13 for the market value). There is no impairment in investments at 30 June 2012.

Equity compensation reserve

The equity compensation reserve is used to recognise the fair value of performance rights issued under the ASX long-term incentive plan. Treasury shares held on trust under the long-term incentive plan are included in the equity compensation reserve, net of tax.

25. Contingencies

(a) Novation

The Group, through the operation of its licensed clearing subsidiaries, has contingent liabilities as detailed below. ASX Clear Pty Limited and ASX Clear (Futures) Pty Limited provide central counterparty clearing by way of novation of certain financial assets and liabilities. The effect of novation is to make these subsidiaries contractually responsible for the obligations entered into by clearing participants on ASX and other markets. ASX Clear Pty Limited and ASX Clear (Futures) Pty Limited are wholly-owned subsidiaries of ASX Clearing Corporation Limited (ASXCC) which is a wholly-owned subsidiary of ASX.

ASX Clear Pty Limited

ASX Clear Pty Limited is the counterparty to certain derivative contracts transacted on ASX markets and cash market securities, transacted on both ASX markets and an alternative licensed market. Derivative contracts include exchange-traded options and futures and warrants whilst cash market securities comprise equities and managed investments. Transactions between two participating organisations are replaced by novation which simultaneously offsets the contract between ASX Clear Pty Limited and the buying party with the contract between ASX Clear Pty Limited and the selling party. From ASX Clear Pty Limited's perspective, all positions are matched.

Notes to the financial statements continued

ASX Clear Pty Limited's participants are required to lodge collateral on derivative positions held. As at 30 June 2012, total collateral lodged by clearing participants was $4,161.9 million (2011: $4,501.5 million). This was made up of the following:

- cash of $254.5 million (30 June 2011: $290.6 million)
- bank guarantees of $62.8 million (30 June 2011: $180.1 million), and
- equity securities of $3,844.6 million (30 June 2011: $4,030.8 million).

The bank guarantees and equity securities are not recognised on balance sheet.

All net delivery and net payment obligations relating to cash market and derivative securities owing to or by participants as at 30 June 2012 were subsequently settled.

ASX Clear Pty Limited has the following financial resources available to support its central counterparty clearing activities (over and above collateral deposited by participants):

	30 June 2012 $m	30 June 2011 $m
Restricted capital reserve	71.5	71.5
Equity provided by the Group	3.5	3.5
Subordinated debt provided by the Group	75.0	75.0
Group external borrowing*	100.0	100.0
Emergency assessments	300.0	300.0
	550.0	**550.0**

*The external non-recourse borrowing is provided via ASXCC.

In the event of a clearing default, the financial resources at 30 June 2012 available to ASX Clear Pty Limited would be applied in the following order as set out in the ASX Clear Pty Limited clearing rule 8.3.1 Application of Clearing Assets:

1. Collateral or other margin or contributions lodged by the defaulting participant with ASX Clear Pty Limited

2. Restricted capital reserve of $71.5 million. In accordance with the terms of ASX Clear Pty Limited's Australian Clearing and Settlement Facility Licence, unless the Minister agrees otherwise, these funds can only be used by ASX Clear Pty Limited for clearing and settlement support

3. Equity capital of $3.5 million and subordinated debt of $75 million provided by ASXCC. Under its licence obligations, ASX Clear Pty Limited is required to comply with the Reserve Bank of Australia's (RBA) Financial Stability Standards. In accordance with the Standards, ASX Clear Pty Limited has determined the Reserve Requirement to be $150 million. As the Reserve Requirement may vary from time to time, ASX Clear Pty Limited has the obligation to provide financial resources to cover any shortfall in the Reserve Requirement. ASX Clear Pty Limited may utilise a number of alternatives to provide these financial resources including equity, debt, participant commitments and insurance. ASXCC is also party to a deed whereby it undertakes to replenish the above equity capital of $3.5 million subject to the solvency of ASX Clear Pty Limited and the occurrence of other limited and specific circumstances. ASXCC may also consider other sources of financial resources for ASX Clear Pty Limited as appropriate

4. Non-recourse subordinated debt of $100 million received from ASXCC which borrowed the funds externally

5. Contributions lodged by non-defaulting participants under the ASX Clear Pty Limited clearing rules. No contributions were lodged in the current or prior period, and

6. Emergency Assessments of $300 million which can be levied on participants (nil has been levied for periods ending 30 June 2012 and 2011).

ASX Clear (Futures) Pty Limited

ASX Clear (Futures) Pty Limited is the counterparty to derivative contracts comprising futures, options and contracts for differences transacted on ASX 24 markets. Transactions between two participating organisations are replaced by novation which simultaneously offsets the contract between ASX Clear (Futures) Pty Limited and the buying organisation with the contract between ASX Clear (Futures) Pty Limited and the selling organisation. From ASX Clear (Futures) Pty Limited's perspective, all positions are matched.

ASX Clear (Futures) Pty Limited is liable for the settlement of these derivative contracts traded between its clearing participants, and is supported by collateral received from clearing participants as well as by specific financial resources totalling $400 million referred to as the Clearing Guarantee Fund.

ASX Clear (Futures) Pty Limited's participants are required to lodge collateral on derivative positions held. As at 30 June 2012, total collateral lodged by clearing participants and recognised on balance sheet was $2,599.0 million (30 June 2011: $2,143.3 million). This was made up of the following:

- cash of $2,355.6 million (30 June 2011: $1,978.8 million), and
- debt securities of $243.4 million (30 June 2011: $164.5 million).

Notes to the financial statements continued

All net payment obligations relating to derivatives market transactions owing to or by clearing participants of ASX Clear (Futures) Pty Limited as at 30 June 2012 were subsequently settled.

The Clearing Guarantee Fund available to ASX Clear (Futures) Pty Limited to support its central counterparty clearing activities (over and above collateral deposited by participants) is as follows:

	30 June 2012 $m	30 June 2011 $m
Equity provided by the Group	30.0	30.0
Subordinated debt provided by the Group	70.0	70.0
Participant financial backing	120.0	120.0
Group external borrowing*	150.0	150.0
Secondary commitments	30.0	30.0
	400.0	**400.0**

* The external non-recourse borrowing is provided via ASXCC.

Effective 15 July 2011, the ASX Clear (Futures) Pty Limited Operating Rules were amended to adjust the order in which ASX Clear (Futures) Pty Limited would apply the above assets in the event of a participant default. Up until 14 July 2011, secondary commitments ranked ahead of the Group external non-recourse borrowing in order of application. This order was reversed as a result of the amendment.

The financial resources available to ASX Clear (Futures) Pty Limited will be applied in the following order in the event of a participant default:

1. Collateral and participant financial backing lodged by the defaulting participant with ASX Clear (Futures) Pty Limited

2. Equity capital of $30 million and subordinated debt of $70 million provided by ASXCC. ASXCC is party to a deed whereby it undertakes to replenish the above equity capital of $30 million subject to the solvency of ASX Clear (Futures) Pty Limited and the occurrence of other limited and specific circumstances

3. Participant financial backing lodged by participants, totalling $120 million. Any defaulting participant's financial backing in this total will be included in amounts previously applied as part of amounts in (1) above. Participant financial backing comprises the following:

- cash of $86.1 million (30 June 2011: $82.5 million), and
- non-cash commitments (letters of credit drawn on major Australian licensed banks) of $33.9 million (30 June 2011: $37.5 million)

4. Non-recourse subordinated debt of $150 million received from ASXCC which borrowed the funds externally, and

5. Secondary commitments of $30 million levied on participants (nil has been levied for the periods ending 30 June 2012 and 2011).

(b) Securities Exchanges Guarantee Corporation (SEGC) – levy

The National Guarantee Fund (NGF), which is administered by SEGC, is maintained to provide compensation for prescribed claims arising from dealings with market participants as set out in the Corporations Act 2001. The net assets of the NGF at 30 June 2012 were $103.4 million (30 June 2011: $106.1 million). If the net assets of the NGF fall below the minimum amount determined by the Minister in accordance with the Corporations Act 2001 (currently $76 million), SEGC may determine that ASX must pay a levy to SEGC. Where a levy becomes payable, ASX may determine that market participants must pay a levy, provided that the total amounts payable under this levy do not exceed the amount payable by ASX to SEGC. 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 market participant to pay a levy may give rise to a civil action, but does not constitute an offence under the Corporations Act. In accordance with applicable accounting standards neither SEGC nor NGF are consolidated by ASX.

ASX is the only member of SEGC, which is a company limited by guarantee. Accordingly, ASX has a contingent liability to provide a maximum of $1,000 of capital in the event it is called on by SEGC.

26. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) the wholly-owned subsidiaries listed below are relieved from the requirement to prepare a financial report and directors' report.

It is a condition of the Class Order that the Company and each of the participating subsidiaries enter into a Deed of Cross Guarantee under which each company guarantees the debts of the others.

The subsidiaries subject to the Deed at the end of the reporting period are:

Subsidiary name	ABN/ACN
ASX Operations Pty Limited	42 004 523 782
SFE Corporation Limited	74 000 299 392
Australian Securities Exchange Limited	83 000 943 377
Australian Clearing Corporation Limited	068 624 813
ASX Settlement Corporation Limited	48 008 617 187

Notes to the financial statements continued

(a) Consolidated income statement, statement of comprehensive income and summary of movements in retained earnings

The above entities represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by the Company, they also represent the 'Extended Closed Group'.

Set out below is a consolidated income statement, consolidated statement of comprehensive income and summary of movements in consolidated retained earnings for the year ended 30 June 2012 for the Closed Group consisting of ASX Limited, ASX Operations Pty Limited, SFE Corporation Limited, Australian Securities Exchange Limited, Australian Clearing Corporation Limited and ASX Settlement Corporation Limited.

	2012 $m	2011 $m
Income statement		
Total revenue	668.1	656.7
Total expenses	186.1	173.2
Profit before income tax expense	**482.0**	**483.5**
Income tax expense	(134.3)	(140.2)
Net profit after tax	**347.7**	**343.3**
Statement of comprehensive income		
Net profit after tax	**347.7**	**343.3**
Other comprehensive income, net of tax		
Change in the fair value of investments	(41.3)	5.3
Change in the fair value of available-for-sale financial assets	-	-
Change in the fair value of cash flow hedges	0.1	0.2
Other comprehensive income for the year, net of tax	**(41.2)**	**5.5**
Total comprehensive income for the year	**306.5**	**348.8**

	2012 $m	2011 $m
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the year	**364.3**	**324.7**
Dividends paid	(325.4)	(303.7)
Profit for the year	347.7	343.3
Retained earnings at the end of the year	**386.6**	**364.3**

(b) Balance sheet

Set out below is a consolidated balance sheet as at 30 June 2012 for the Closed Group consisting of ASX Limited, ASX Operations Pty Limited, SFE Corporation Limited, Australian Securities Exchange Limited, Australian Clearing Corporation Limited and ASX Settlement Corporation Limited.

	2012 $m	2011 $m
Current assets		
Cash and funds on deposit	166.5	66.5
Available-for-sale financial assets	30.0	151.7
Receivables	43.9	40.2
Other assets	6.9	7.5
Total current assets	**247.3**	**265.9**
Non-current assets		
Investments	233.9	285.8
Receivables	193.1	211.7
Property, plant and equipment	65.5	57.1
Intangible assets - software	56.5	53.6
Intangible assets - goodwill	2,262.8	2,262.8
Total non-current assets	**2,811.8**	**2,871.0**
Total assets	**3,059.1**	**3,136.9**

Notes to the financial statements continued

	2012 $m	2011 $m
Current liabilities		
Payables	39.4	55.6
Current tax liabilities	36.7	65.3
Provisions	13.1	12.2
Other current liabilities	14.3	12.4
Total current liabilities	**103.5**	**145.5**
Non-current liabilities		
Deferred tax liabilities	10.2	30.8
Provisions	15.0	12.0
Other non-current liabilities	3.3	3.4
Total non-current liabilities	**28.5**	**46.2**
Total liabilities	**132.0**	**191.7**
Net assets	**2,927.1**	**2,945.2**
Equity		
Issued capital	2,483.2	2,483.2
Retained earnings	386.6	364.3
Asset revaluation reserve	49.8	91.0
Equity compensation reserve	7.5	6.7
Total equity	**2,927.1**	**2,945.2**

27. Notes to the statement of cash flows

	2012 $m	2011 $m
Reconciliation of the operating profit after income tax to the net cash flows from operating activities		
Net profit after tax	**339.2**	**352.3**
Add non-cash items:		
Depreciation and amortisation	27.4	25.5
Share-based payment	0.7	0.3
Net loss on disposal and impairment of non-current assets	3.0	-
Changes in assets and liabilities:		
(Decrease)/increase in tax balances	(31.6)	6.1
(Increase) in current receivables	(0.1)	(7.0)
Decrease/(increase) in other current assets	0.5	(1.0)
(Decrease)/increase in payables	(15.7)	6.1
Increase in other current liabilities	1.9	0.7
(Decrease) in other non-current liabilities	(0.2)	(0.6)
(Decrease) in current provisions	(1.1)	(2.1)
Increase in non-current provisions	3.0	0.9
Net cash provided by operating activities	**327.0**	**381.2**

28. Share-based payments

The Group has long-term incentive plans in place entitling Key Management Personnel and other employees to performance rights over ASX Limited shares. Grants were made in December 2008, July 2010 and October 2011. All performance rights are to be settled by physical delivery of ordinary shares in ASX Limited subject to performance hurdles being attained. The terms and conditions of these grants are shown in the follwing table.

Notes to the financial statements continued

Grants outstanding at the end of the reporting period:

Grant date / employees entitled	Number of instruments granted	Vesting conditions	Contractual life of the award
Performance rights granted to Key Management Personnel in July 2010	21,000	3 years' service, 50% of performance rights require relative total shareholder return and 50% of performance rights require growth in earnings per share	3 years
Performance rights granted to other employees in July 2010	15,000	3 years' service, 50% of performance rights require relative total shareholder return and 50% of performance rights require growth in earnings per share	3 years
Performance rights granted to Key Management Personnel in October 2011	53,820	3 years' service, 30% of performance rights require relative total shareholder return and 70% of performance rights require growth in earnings per share	3 years
Total	**89,820**		

Grants vested during the current reporting period as a result of performance hurdles being met:

Grant date / employees entitled	Number of Instruments vested	Vesting conditions	Contractual life of the award
Performance rights granted to Key Management Personnel in December 2008	1,640	3 years' service, 50% of performance rights required relative total shareholder return which partially vested and 50% of performance rights required growth in earnings per share which was not met	3 years
Performance rights granted to other employees in December 2008	33,620	3 years' service, 50% of performance rights required relative total shareholder return which partially vested and 50% of performance rights required growth in earnings per share which was not met	3 years
Total	**35,260**		

Employee expenses

Amounts recognised in the income statement based on the amortisation of the grant date fair value of performance rights are shown below.

	2012 $m	2011 $m
Performance rights granted in December 2007	-	0.4
Performance rights granted in December 2008	0.1	(0.2)
Performance rights granted in July 2010	0.3	0.3
Performance rights granted in October 2011	0.3	-
Total expense recognised as employee costs	**0.7**	**0.5**

Reversals of share-based payment expense above have resulted from non-market based performance hurdles not being achieved.

29. Key Management Personnel disclosures

The following disclosures should be read in conjunction with the remuneration report contained in the directors' report. Details of Key Management Personnel remuneration are disclosed in the remuneration report.

(a) Key Management Personnel compensation

Key Management Personnel compensation (including non-executive directors') is as follows:

	2012 $	2011 $
Short-term employee benefits	9,462,929	9,618,643
Post-employment benefits	247,299	223,015
Long-term benefits	525,886	259,495
Share-based payments	550,610	202,185
Total	**10,786,724**	**10,303,338**

(b) Loans to Key Management Personnel

Key Management Personnel have not entered into loans with any entity of the Group except to participate in ASX employee share purchase plans. These plans are no longer in use by the Group and all outstanding balances were repaid in the prior financial year.

Notes to the financial statements continued

(c) Performance rights granted as compensation

The following shows the movement during the reporting period in the number of performance rights over ordinary shares in ASX held directly, indirectly or beneficially, by each Key Management Personnel, including their related parties:

	Held at 1 July 2011	Granted as compensation during the year	Vested and exercised during the year	Lapsed during the year	Held at 30 June 2012
Current					
E Funke Kupper[1] Managing Director and CEO	-	26,910	-	-	26,910
R Aziz Chief Financial Officer	2,000	-	820	1,180	-
AJ Bardwell Chief Risk Officer	-	-	-	-	-
AJ Harkness Group General Counsel and Company Secretary	7,000	-	-	-	7,000
PD Hiom Deputy CEO	7,000	26,910	-	-	33,910
TJ Hogben Executive General Manager Operations	9,000	-	820	1,180	7,000
KA Lewis Chief Compliance Officer	-	-	-	-	-
T Thurman Chief information Officer	-	-	-	-	-
Former					
RG Elstone[2] Managing Director and CEO	-	-	-	-	-
JJ Olsson[3] Group Executive, Technology	-	-	-	-	-

1. Mr E Funke Kupper was appointed Managing Director and CEO on 6 October 2011.
2. Mr RG Elstone was Managing Director and CEO until his retirement on 11 October 2011.
3. Mr JJ Olsson resigned from the Group on 9 July 2012.

	Held at 1 July 2010	Granted as compensation during the year	Vested and exercised during the year	Lapsed during the year	Held at 30 June 2011
Current					
RG Elstone Managing Director and CEO	26,600	-	6,916	19,684	-
R Aziz Chief Financial Officer	3,500	-	390	1,110	2,000
AJ Bardwell Chief Risk Officer	1,500	-	390	1,110	-
AJ Harkness Group General Counsel and Company Secretary	1,500	7,000	390	1,110	7,000
PD Hiom Deputy CEO	1,500	7,000	390	1,110	7,000
KA Lewis Chief Compliance Officer	-	-	-	-	-
JJ Olsson Group Executive, Technology	1,500	-	390	1,110	-

(d) Holdings of ordinary shares

The following table shows the movement during the reporting period in the number of ordinary shares in ASX held directly, indirectly or beneficially, by each Key Management Personnel and non-executive director, including their related parties.

Notes to the financial statements continued

	Held at 1 July 2011	Received during the year as remuneration	Other changes	Held at 30 June 2012
Current non-executive directors				
R Holliday-Smith[1]	3,825	–	–	3,825
RA Aboud	25,000	–	–	25,000
JR Broadbent	2,000	–	–	2,000
SD Finemore	4,000	–	–	4,000
PR Marriott	3,000	–	–	3,000
JS Segal	2,000	–	–	2,000
PH Warne	6,000	–	–	6,000
Current executives				
E Funke Kupper[2]	Not required	–	–	–
R Aziz	26,957	820	–	27,777
AJ Bardwell	4,438	–	–	4,438
AJ Harkness	2,477	–	–	2,477
PD Hiom	28,195	–	–	28,195
TJ Hogben	411	820	–	1,231
KA Lewis	–	–	–	–
T Thurman	Not required	–	–	–
Former non-executive directors				
DM Gonski[3]	15,806	–	Not required	Not required
Former executives				
RG Elstone[4]	2,000	–	Not required	Not required
JJ Olsson[5]	2,655	–	–	2,655

1. Mr R Holliday-Smith was appointed Chairman of the Board of directors on 28 March 2012. Prior to this appointment he was a non-executive director.
2. Mr E Funke Kupper was appointed Managing Director and CEO on 6 October 2011.
3. Mr DM Gonski was Chairman of the Board of directors until his retirement on 28 March 2012.
4. Mr RG Elstone was Managing Director and CEO until his retirement on 11 October 2011.
5. Mr JJ Olsson resigned from the Group on 9 July 2012.

	Held at 1 July 2010	Received during the year as remuneration	Other changes	Held at 30 June 2011
Current non-executive directors				
DM Gonski	15,806	–	–	15,806
RA Aboud	25,000	–	–	25,000
JR Broadbent	2,000	–	–	2,000
SD Finemore	4,000	–	–	4,000
R Holliday-Smith	3,825	–	–	3,825
PR Marriott	3,000	–	–	3,000
JS Segal	2,000	–	–	2,000
PH Warne	6,000	–	–	6,000
Current executives				
RG Elstone	30,000	6,916	(34,916)	2,000
R Aziz	26,567	390	–	26,957
AJ Bardwell	3,894	390	154	4,438
AJ Harkness	1,792	390	295	2,477
PD Hiom	52,805	390	(25,000)	28,195
KA Lewis	–	–	–	–
JJ Olsson	55,063	390	(52,798)	2,655
Former non-executives directors				
TC Rowe[1]	4,300	Not required	Not required	Not required

1. Mr TC Rowe was a director until his retirement on 2 July 2010.

Notes to the financial statements continued

30. Related parties

(a) Parent entity

The ultimate parent entity within the Group is ASX Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 31.

ASX Operations Pty Limited acts as the operating entity for the majority of the Group's transactions. 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

Balances with entities within the wholly-owned group	Company 2012 $m	Company 2011 $m
Net amounts receivable by the Company from wholly-owned subsidiaries at balance date is as follows:		
Current		
Amounts due from subsidiaries*	247.0	99.5
*Interest is not paid on any inter-company loans.		
Dividends		
Dividends received or due and receivable by the Company from wholly-owned subsidiaries	499.0	168.7

(c) Transactions with directors and director-related entities

The Company regularly enters into transactions on an arm's length basis and under normal commercial terms and conditions with corporations that some of the directors are either related to or employed by.

(d) Transactions with related entities

In accordance with the Corporations Act 2001, the Group maintains two fidelity funds for claims relating to the defalcation of monies in relation to cash market and derivative trading. ASX Limited acts as trustee for the ASX Division 3 Compensation Fund and Australian Securities Exchange Limited acts as trustee for the Sydney Futures Exchange Limited Fidelity Fund. ASX Division 3 Compensation Fund, Sydney Futures Exchange Limited Fidelity Fund and Securities Exchanges Guarantee Corporation (SEGC) are not consolidated by ASX.

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 ASX Clear Pty Limited.

Notes to the financial statements continued

31. Subsidiaries

Parent entity: ASX Limited

	Parent entity's investment[1] 2012 %	2011 %
Subsidiaries of ASX Limited:		
ASX Operations Pty Limited[2]	100	100
ASX Compliance 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	100	100
ASX Long-Term Incentive Plan Trust	100	100
Australian Securities Exchange Limited[2]	100	100
ASX Settlement Corporation Limited[2]	100	100
Subsidiaries of ASX Settlement Corporation Limited:		
ASX Settlement Pty Limited	100	100
Austraclear Limited	100	100
Subsidiaries of ASX Operations Pty Limited:		
Sydney Futures Exchange Pty Limited	100	100
Options Clearing House Pty Limited	100	100
Australian Clearing House Pty Limited	100	100
Equityclear Pty Limited	100	100
Australian Clearing Corporation Limited[2]	100	100
New Zealand Futures and Options Exchange Limited	100	100
Subsidiaries of ASX Settlement Pty Limited:		
CHESS Depositary Nominees Pty Limited	100	100

	Parent entity's investment[1] 2012 %	2011 %
Subsidiaries of Australian Securities Exchange Limited:		
Australian Securities Exchange (US) Inc	100	100
Subsidiaries of Austraclear Limited:		
Austraclear Services Limited	100	100
Subsidiaries of ASX Clearing Corporation Limited:		
ASX Clear Pty Limited	100	100
ASX Clear (Futures) Pty Limited	100	100

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 statements in accordance with ASIC Class Order 98/1418. Refer note 26 for details of the Deed of Cross Guarantee.

ASX Limited and Australian Securities Exchange Limited are licensed to operate financial markets while ASX Clear Pty Limited and ASX Clear (Futures) Pty Limited, Austraclear Limited and ASX Settlement Pty Limited are licensed to operate clearing and settlement facilities.

Although ASX is the sole member of Securities Exchanges Guarantee Corporation Limited (SEGC), SEGC has not been consolidated into the Group's consolidated financial statements. SEGC is governed by the Corporations Act 2001 and ASX is not able to control the entity so as to pursue Group objectives nor is it entitled to the entity's assets. All subsidiaries 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).

Notes to the financial statements continued

32. Auditor's remuneration

Audit fees incurred by the Group for and on behalf of all Group entities were:

	2012 $	2011 $
Audit services:		
Audit and review of the financial statements and other audit work under Corporations Act 2001	477,600	458,000
Audit of information technology platforms	159,000	140,000
Non-audit services:		
Tax compliance services	48,550	56,182
Tax consulting for the proposed merger with Singapore Exchange Limited	-	101,280
Other non-audit services	88,298	17,750
Total auditor's remuneration	**773,448**	**773,212**

In addition to the above, total audit fees of $26,000 and tax compliance fees of $17,750 (2011: $21,000 for audit fees and $17,750 for tax compliance fees) were received by the auditor in relation to SEGC, NGF, ASX Division 3 Compensation Fund and the Sydney Futures Exchange Limited Fidelity Fund, which are not consolidated as part of the Group.

The increase in other non-audit services is due to an assurance review of the testing framework for certain intangible software assets in the current year.

33. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2012 $m	2011 $m
Income statement		
Total revenue	508.4	178.7
Total expenses	-	-
Profit before income tax expense	**508.4**	**178.7**
Income tax expense	(0.5)	(0.8)
Net profit for the period	**507.9**	**177.9**
Other comprehensive income (net of tax)	(41.2)	5.3
Total comprehensive income	**466.7**	**183.2**
Balance sheet		
Current assets	247.7	100.0
Non-current assets	2,685.9	2,737.9
Total assets	**2,933.6**	**2,837.9**
Current liabilities	36.8	65.4
Non-current liabilities	21.3	39.1
Total liabilities	**58.1**	**104.5**
Net assets	**2,875.5**	**2,733.4**
Issued capital	2,483.2	2,483.2
Retained earnings	336.9	154.3
Asset revaluation reserve	49.7	91.0
Equity compensation reserve	5.7	4.9
Total equity	**2,875.5**	**2,733.4**

Notes to the financial statements continued

(b) Guarantees entered into by the parent entity

The parent entity, ASX, is party to a Deed of Cross Guarantee together with ASX Operations Pty Limited, SFE Corporation Limited, Australian Securities Exchange Limited, Australian Clearing Corporation Limited and ASX Settlement Corporation Limited as described in note 26. Under the deed, 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. No deficiencies of assets exist in any of these entities.

ASX is also party to an agreement whereby it undertakes to replenish any shortfall of share capital in ASX Clearing Corporation Limited below a minimum amount of $33.5 million. In addition, ASX also guarantees to make, or procures ASX Clearing Corporation Limited to make, such loan advances that may be required to ensure that the combined outstanding principal amount of the subordinated loans provided by ASX Clearing Corporation Limited to ASX Clear Pty Limited and ASX Clear (Futures) Pty Limited do not fall below the original combined principal amount of $145 million. Both of the above undertakings are subject to the solvency of ASX Clear Pty Ltd and ASX Clear (Futures) Pty Limited and the occurence of other limited and specific circumstances. There was no shortfall in either share capital or subordinated loan balances as at 30 June 2012 or 30 June 2011. Further details in regards to the subordinated loans are provided in note 25.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2012 or 30 June 2011 except as mentioned below. For information about guarantees given by the parent entity, please see above.

ASX is the only member of SEGC, which is a company limited by guarantee. Accordingly, ASX has a contingent liability to provide a maximum of $1,000 of capital in the event it is called on by SEGC.

(d) Contractual commitments

The parent entity did not have any contractual commitments as at 30 June 2012 or 30 June 2011.

34. Subsequent events

From the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected the operations of the Group, the results of those operations or the state of affairs of the Group.

Directors' declaration

In the opinion of the directors of ASX Limited (the Company):

(a) the financial statements and notes that are contained in pages 49 to 95 and the remuneration report set out on pages 35 to 47 in the directors' report, are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date, and
- (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 26 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 26, and

(d) the financial statements also comply with International Financial Reporting Standards as disclosed in note 1(a).

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 2012.

Signed in accordance with a resolution of the directors:

Rick Holliday-Smith
Chairman

Elmer Funke Kupper
Managing Director and CEO

Sydney, 16 August 2012

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 sheet as at 30 June 2012, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the ASX Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its 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*; and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the remuneration report included in pages 35 to 47 of the directors' report for the year ended 30 June 2012. 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 Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of ASX Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

M J Codling
Partner

Sydney
16 August 2012

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Shareholder information

ASX Limited – ordinary shares

ASX has ordinary shares on issue. These are listed on the Australian Securities Exchange under ASX code: ASX. Details of trading activity are published daily in most major Australian newspapers and by electronic information vendors, and broadcast on television and radio.

At a general meeting, every shareholder present in person or by direct vote, 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 ASX 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 at 1 August 2012

Number of shares held	Number of holders	Number of shares	% of issued capital
1 to 1,000	33,797	13,866,325	7.92
1,001 to 5,000	8,993	18,661,215	10.65
5,001 to 10,000	700	5,050,588	2.88
10,001 to 100,000	621	20,693,454	11.82
100,001 and over	132	116,865,147	66.73
Total	**44,243**	**175,136,729**	**100.00**

The number of investors holding less than a marketable parcel of 16 ($31.30) securities was 476 and they hold 3,472 securities.

Substantial shareholders at 1 August 2012

The following organisations have disclosed a substantial shareholder notice to ASX:

Name	Number of shares	% of voting power
Commonwealth Bank of Australia and its subsidiaries	9,015,247	5.15
Perpetual Limited and its subsidiaries	10,984,437	6.27

Largest 20 shareholders at 1 August 2012		Number of shares	% of issued capital
1.	HSBC Custody Nominees (Australia) Limited	24,965,542	14.25
2.	JP Morgan Nominees Australia Limited	23,792,023	13.58
3.	National Nominees Limited	23,107,371	13.19
4.	Citicorp Nominees Pty Limited	13,183,474	7.53
5.	RBC Dexia Investor Services Australia Nominees Pty Limited	6,261,236	3.58
6.	Cogent Nominees Pty Limited	4,629,426	2.64
7.	UBS Nominees Pty Limited	1,926,954	1.10
8.	Perpetual Trustee Co Ltd	1,243,467	0.71
9.	Bond Street Custodians Limited	1,035,991	0.59
10.	AMP Life Limited	772,846	0.44
11.	BT Portfolio Services Limited	608,443	0.35
12.	Invia Custodian Pty Limited	406,410	0.23
13.	Milton Corporation Limited	394,202	0.23
14.	Australian Foundation Investment Company Limited	365,000	0.21
15.	Queensland Investment Corporation	357,365	0.20
16.	Sandhurst Trustees Limited	317,698	0.18
17.	ANZ Executors and Trustee Company Limited	317,542	0.18
18.	Navigator Australia Limited	296,104	0.17
19.	Law Venture Pty Ltd	279,570	0.16
20.	Netwealth Investments Limited	249,001	0.14
Total		**104,509,665**	**59.67**

On-market buy-back

There is no current on-market buy-back.

Shareholder information continued

Shareholders' calendar

FY12

Full-year financial results announcement	16 August 2012
Full-year final dividend	
Ex-dividend date	27 August 2012
Record date for dividend entitlements	31 August 2012
Payment date	19 September 2012
Annual General Meeting	**5 October 2012**

FY13*

Half-year financial results announcement	21 February 2013
Half-year interim dividend	
Ex-dividend date	4 March 2013
Record date for dividend entitlements	8 March 2013
Payment date	27 March 2013

Full-year financial results announcement	22 August 2013
Full-year final dividend	
Ex-dividend date	2 September 2013
Record date for dividend entitlements	6 September 2013
Payment date	25 September 2013
Annual General Meeting	**25 September 2013**

*Dates are subject to final ASX Board approval and Listing Rule 3.1 disclosure.

Annual General Meeting 2012

The ASX Limited Annual General Meeting (AGM) will be held at the ASX Auditorium, lower ground floor, Exchange Square, 18 Bridge Street Sydney, New South Wales, at 10am (Sydney time) on 5 October 2012.

The AGM will be audio broadcast live on the internet at www.asxgroup.com.au/asx-annual-general-meetings.htm. A copy of the webcast will placed on the website after the event to enable the AGM proceedings to be viewed at a later time.

Electronic communications

ASX encourages shareholders to receive information electronically.

ASX can email shareholders when important information becomes available such as dividend statements, notices of meeting, voting forms and annual reports.

Shareholders who currently receive information by post can log in at www.linkmarketservices.com.au and provide their email address and elect to receive electronic communications.

Electronic communication allows ASX to communicate with shareholders faster and makes our communications more environmentally friendly by not using paper products.

If you need further information, please contact our share registry, Link Market Services on 1300 724 911 (toll free) or (61 2) 8280 7470 or asx@linkmarketservices.com.au

IMPORTANT INFORMATION ABOUT FUTURE DIVIDEND PAYMENTS

Commencing from February 2013, payments will be made by direct credit only to ASX shareholders with registered addresses in Australia, New Zealand and United Kingdom. No cheque payments will be made.

If you have not already done so, please provide direct credit instructions today online by visiting www.linkmarketservices.com.au

Directory

Shareholder enquiries

Enquiries about shareholdings in ASX

Please direct all correspondence regarding shareholdings in ASX Limited to ASX's share registry:

Link Market Services
Level 12, 680 George Street
Sydney NSW 2000

Telephone:
1300 724 911 or (61 2) 8280 7470

Email:
registrars@linkmarketservices.com.au

Website:
www.linkmarketservices.com.au

Questions to the Chairman, Managing Director and CEO or auditor

These may be sent via email to:
company.secretariat@asx.com.au or sent to ASX's registered office (details adjacent), marked to the attention of the Company Secretary.

For further information

Website:
www.asx.com.au
www.asxgroup.com.au

Email:
info@asx.com.au

Investor relations

Telephone:
(61 2) 9227 0260

Email:
investor.relations@asx.com.au

Media and communications

Telephone:
(61 2) 9227 0410

Email:
media@asx.com.au

ASX customer service

Telephone from within Australia:
131 279 (for the cost of a local call from anywhere in Australia)

Telephone from overseas:
(61 2) 9338 0000

ASX's offices around Australia

Sydney (ASX's registered office)

Exchange Centre
20 Bridge Street
Sydney NSW 2000

Telephone:
(61 2) 9227 0000

Perth

Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

Telephone:
(61 8) 9224 0000

Melbourne

Level 4, North Tower, Rialto
525 Collins Street
Melbourne VIC 3000

Telephone:
(61 3) 9617 8611

ASX's auditor

PricewaterhouseCoopers
GPO Box 2650
Sydney NSW 1171

Telephone:
(61 2) 8266 0000

Website: www.pwc.com.au