Australian Stock Exchange Limited

ABN 98 008 624 691

and its controlled entities

HALF-YEAR FINANCIAL REPORT

INCLUDING ADDITIONAL APPENDIX 4D DISCLOSURES

31 DECEMBER 2005

RELEASED
17 FEBRUARY 2006

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INTERNET
These results will be available on the Internet at http://www.asx.com.au/shareholder from 9.00 am Australian Eastern Daylight Saving Time on Friday 17 February 2006. Transcripts of the briefing to analysts and investors will also be available on the ASX website soon after.

ENQUIRIES

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APPENDIX 4D (Rule 4.2A.3)
HALF-YEAR REPORT
for the half-year ended 31 December 2005

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to half-year ended 31 December 2004 and reported under AIFRS for the first time)

	$'000	up/down	% movement
Revenues from ordinary activities	149,809	up	8.3
Profit from ordinary activities after tax including significant items[1]	71,065	up	38.3
Normal net profit after income tax excluding significant items	64,143	up	24.8
Net profit for the period	71,065	up	38.3

Dividend information	amount per share (cents)	franked amount per share (cents)	tax rate for franking
Interim dividend per share (to be paid 17 March 2006)	56.2	56.2	30%
Final dividend per share (paid 26 August 2005)	50.9	50.9	30%

Interim dividend dates	
Ex dividend date	27 February 2006
Record date	3 March 2006
Payment date	17 March 2006

	31 Dec 05	31 Dec 04
Net tangible assets per security	$3.22	$2.31

Additional Appendix 4D disclosure requirements can be found in the notes to this half-year financial report.

This report is based on the consolidated half-year financial report which has been subject to a review by KPMG.

[1]During the year, ASX Group sold its 50% investment in ASX Perpetual Registrars Limited (APRL). This generated an after-tax gain on sale of $7,825,000 ($9,764,000 pre-tax), which is non recurring in nature.

Key ratios & statistics		**AIFRS Half year ended 31 Dec 2005**	AIFRS Half year ended 31 Dec 2004
Basic Earnings per share (EPS) including significant items	5	69.2 cps	50.0 cps
Normal Earnings per share (EPS)	3, 4, 5	62.4 cps	50.0 cps
Dividends per share (DPS) – interim		56.2 cps	44.2 cps
Capital expenditure $'000		$4,526	$4,368
Depreciation and amortisation $'000		$5,244	$8,193
Total expenses / Operating revenue	1, 3	44.5%	51.7%
Earnings before interest and tax (EBIT) (pre equity accounted result) $'000	3	$82,594	$66,414
Earnings before interest, tax, depreciation & amortisation (EBITDA) (pre equity accounted result) $'000	3	$87,838	$74,607
EBIT / Operating revenue	1, 3	55.5%	48.3%
EBITDA / Operating revenue	1, 3	59.0%	54.3%
Net tangible asset backing per share		$3.22	$2.31
Shareholders' equity as a % of total assets		48.1%	44.0%
Return on equity:	2, 3, 5		
- period end (operating profit after tax)		19.2%	21.5%
- monthly average (operating profit after tax)		22.6%	23.4%
Weighted average number of ordinary shares		102,729,450	102,677,565
Full time equivalent (FTE) permanent staff		484	560

1 Operating revenue excludes interest and dividend revenue
2 For the December 2005 period and onwards, equity includes a Restricted Capital Reserve of $71.5 million received from NGF as part of its clearing support arrangements, which has a dilutive effect on the current period ratio compared to the prior corresponding period.
3 Excluding significant items
4 Normal Earnings per share is Basic earnings per share excluding significant items
5 These are half-year results and ratios are not annualised.

Key ratios & statistics (continued)

	Half year ended 31 Dec 2005	Half year ended 31 Dec 2004
Number of listed entities (includes all stapled entities)	1,873	1,709
Average annual listing fee	$18,164	$18,330
Market capital raised from subsequent listings ($m)	$11,665	$11,889
Average fee per $m of subsequent capital	$1,036	$968
Number of new listings	129	118
Market Capital raised from IPOs ($m)	$17,662	$8,367
Average initial listing fee	$68,245	$62,253
Total Domestic Market Capitalisation ($b)	$1,109.6	$990.5
SEATS trades (000)	13,580	10,389
Average daily SEATS trades (000)	105.3	79.9
Average SEATS trading, clearing and settlement fees	$4.20	$5.04
Option contracts (000)	11,376	10,738
Average daily option contracts (000)	88.2	82.6
Average fee per option contract	$1.44	$1.49
Number of new warrant series	2,145	1,484
Total warrant series	2,447	1,771

Average fee per trade under current pricing:

	Half year ended 31 Dec 2005 One side	Half year ended 31 Dec 2004 One side
Single side (buy or sell)		
Order fee	**$0.16**	$0.15
Trade fee	**$0.49**	$0.56
Clearing and settlement fee net of SVR	**$0.82**	$1.02
Total average trading, clearing and settlement charge to brokers (one side) for buy or sell trade	**$1.47**	$1.73
Two sides (buy and sell)		
Total of both buy and sell	**$2.94**	$3.46
Other CHESS fees	**$0.15**	$0.16
Non broker participants	**$0.33**	$0.38
Listed companies	**$0.78**	$1.04
Total average fee per trade (both sides)	**$4.20**	$5.04

Important Note – ASX Pricing Review

In December 2005, ASX announced the outcomes of its Pricing Review. For further information, please see ASX's announcement of 15 December 2005.

In this announcement, Scenario 3 estimated that based on activity for the 3 months to 30 September 2005, the indicative fee per trade would be $4.53. Based on actual activity for the 6 months to 31 December 2005, the average fee would have been $4.57.

A like for like comparison of average equities fee is not possible because trading patterns may change as a result of the implementation of the new pricing structure.

Indicative total average fee per trade under new pricing to take effect 1 July 2006:

	Half year ended 31 Dec 2005	Half year ended 31 Dec 2004
Indicative total average fee per trade	**$4.57**	$5.16

Non-statutory format Consolidated revenue and expenses	**AIFRS Half year ended 31 Dec 2005 $'000**	AIFRS Half year ended 30 June 2005 $'000	AIFRS Half year ended 31 Dec 2004 $'000
Revenues			
Listings	**38,325**	36,651	34,856
Equities trading, clearing and settlement	**62,353**	59,403	58,846
Derivatives trading, clearing and settlement	**23,522**	23,065	20,944
Information services	**17,307**	16,384	15,703
Other revenue	**7,327**	6,558	7,130
Operating revenue	**148,834**	142,061	137,479
Expenses			
Staff expenses	**34,111**	34,592	36,191
Occupancy expenses	**10,454**	12,822	10,934
Equipment expenses	**10,717**	12,115	13,976
Administration expenses	**10,958**	8,672	9,964
Total expenses (excluding significant items)	**66,240**	68,201	71,065
EBIT (excluding significant items)	**82,594**	73,860	66,414
Interest earned on own funds and restricted cash	**7,259**	4,535	3,507
Interest earned on participants' funds	**7,236**	6,660	5,934
Interest paid to participants	**(6,612)**	(6,066)	(5,356)
Net interest income	**7,883**	5,129	4,085
Dividend revenue	**975**	1,500	825
Normal net profit pre equity accounted result	**91,452**	80,489	71,324
Income tax (expense)	**(27,309)**	(23,116)	(21,440)
Normal net profit after income tax expense pre equity accounted result	**64,143**	57,373	49,884
Equity accounted result after tax - APRL	**-**	1,268	1,499
Normal net profit after income tax expense	**64,143**	58,641	51,383
Significant items			
Net gain on sale of APRL investment	9,764	-	-
Receipt from National Guarantee Fund*	-	71,489	-
Redundancy expenses	(652)	(7,436)	-
Consultancy and recruitment expenses	(720)	(3,999)	-
Write-off of ASX WorldLink	-	(7,295)	-
Write-off of other software and fixed assets	-	(2,032)	
Tax effect on significant items	(1,470)	6,229	-
Total significant items net of income tax	6,922	56,956	-
Net profit after tax and equity accounting	**71,065**	115,597	51,383

*On 31 March 2005, $71.5 million was received from NGF as part of the restructuring of its clearing support arrangements. These funds are held as restricted cash assets for clearing and settlement support; and are not distributable to ASX shareholders.

Non-statutory format **Summary consolidated cash flows**	**AIFRS Half year ended 31 Dec 2005 $'000**	AIFRS Half year ended 30 June 2005 $'000	AIFRS Half year ended 31 Dec 2004 $'000
EBIT (excluding significant items)	**82,594**	73,860	66,414
Depreciation & amortisation	**5,244**	7,697	8,193
Share-based payment expense	**654**	728	604
Net interest & dividend revenue	**8,858**	6,629	4,910
Income taxes paid	**(28,505)**	(19,205)	(25,218)
Significant expenses	**(1,372)**	(20,762)	-
Decrease in working capital	**7,946**	4,401	12,195
Loss on sale of non-current assets	**9**	220	-
Net cash provided by operating activities	**75,428**	53,568	67,098
Expenditure on internally developed assets	**(2,889)**	(3,269)	(1,634)
Purchase of plant & equipment	**(1,637)**	(2,536)	(2,734)
Proceeds on sale of non-current assets	**89**	330	28
Proceeds on sale of equity investment	**58,931**	-	-
Repayments from associate	**6,036**	3,523	2,016
Net cash provided by (used in) investing activities	**60,530**	(1,952)	(2,324)
Free cash flow	**135,958**	51,616	64,774
Dividends paid	**(52,290)**	(45,394)	(52,893)
Receipts from employee share plan loans	**575**	477	460
Distributable net cash flow	**84,243**	6,699	12,341
Other cash receipts			
Net increase in derivative margins received from Participants	**37,437**	12,039	38,192
Receipt from National Guarantee Fund*	**-**	71,489	-
Total net cash flow	**121,680**	90,227	50,533

Note: AIFRS adjustments to prior period AGAAP reporting			
EBIT (excluding significant items) per AGAAP		75,259	66,905
Revenue adjustment – adoption of settlement date accounting		(569)	450
Expense adjustment – share based payments		(728)	(604)
Expense adjustment – straightlining of leases		(102)	(337)
EBIT (excluding significant items) per AIFRS		73,860`	66,414

*On 31 March 2005, $71.5 million was received from NGF as part of the restructuring of its clearing support arrangements. These funds are held as restricted cash assets for clearing and settlement support; and are not distributable to ASX shareholders.

DIRECTORS' REPORT

The directors are pleased to present their report together with the consolidated financial report for the half-year ended 31 December 2005 and the review report thereon.

Directors

The directors of Australian Stock Exchange Limited (ASXL) at any time during or since the end of the half-year are:

Name	Period of directorship
Chairman **Maurice L Newman AC**	Director since 1990, Appointed chairman 1994
Managing Director and Chief Executive Officer **Anthony M D'Aloisio**	Appointed 11 October 2004
Vice-Chairman **Michael H Shepherd**	Director since 1988
Russell A Aboud	Appointed 1 July 2005
James J Kennedy AO, CBE	Director since 1990
Trevor C Rowe AM	Director since 2002
Jillian S Segal AM	Director since 2003
Michael J Sharpe AO	Director since 1995
Catherine M Walter AM	Director since 1996

Australian Equivalents of International Financial Reports Standards

The consolidated accounts of the ASX Group (ASX) for the 6 months to 31 December 2005 were determined based on International Financial Reporting Standards as adopted in Australia (AIFRS). This is the first period for which ASX has applied AIFRS. ASX's accounts were previously prepared based on Australian Generally Accepted Accounting Principles (AGAAP).

It is important to note that comparisons referred to in this Directors' report are relative to prior year accounts restated to AIFRS. Caution should be applied when comparing results presented under AIFRS against results presented under AGAAP.

Profit and earnings per share

Net profit after tax and outside equity interest for the six months ended 31 December 2005 was $71.1 million. This result includes significant items, namely the profit on the sale of ASX's interest in ASX Perpetual Registrars Limited and restructuring expenses.

Excluding significant items, normal net profit after tax was $64.1 million, an increase of 24.7% on the $51.4 million recorded during the previous comparison half-year to 31 December 2004.

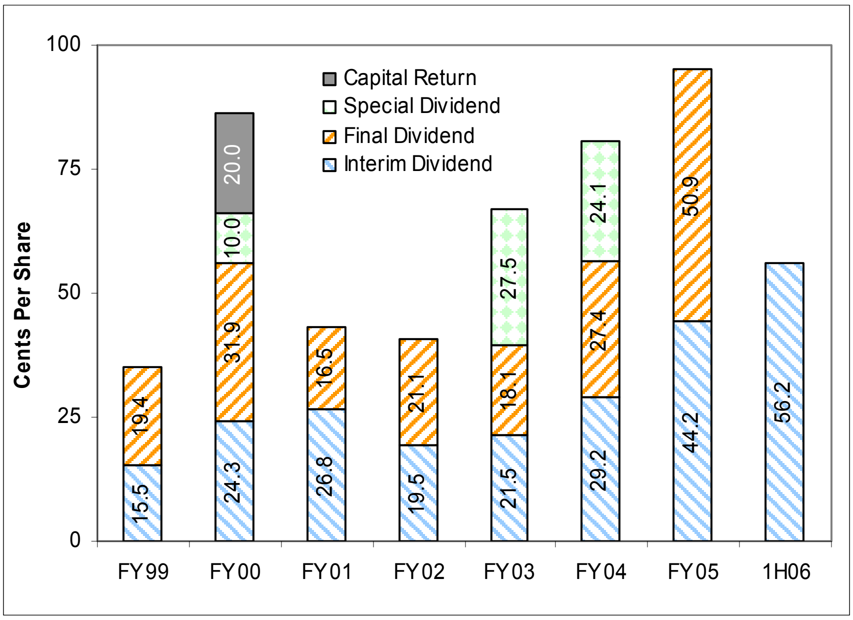
This profit is a record result for any six-month period for ASX and is largely attributable to strong market conditions over the past 6 months. The performance of the listings business was buoyed by a number of new large listings and overall market capitalisation growth. Record equity trading volumes were also achieved.

Based on 102,729,450 weighted average ordinary shares on issue during the six-month period to 31 December 2005, the normal result represents earnings of 62.4 cents per share. This represents a growth of 24.8% when compared with 50.0 cents per share for the previous comparison period.

Dividend

The Directors have declared a fully franked interim dividend of 56.2 cents per share. This maintains ASX's policy to pay 90% of normal net profit after tax as fully franked dividends.

This dividend compares with the 44.2 cents per share for the previous interim dividend paid in March 2005 and the 50.9 cents per share final dividend paid in August 2005 – both also representing a payout of 90% of normal profit after tax.



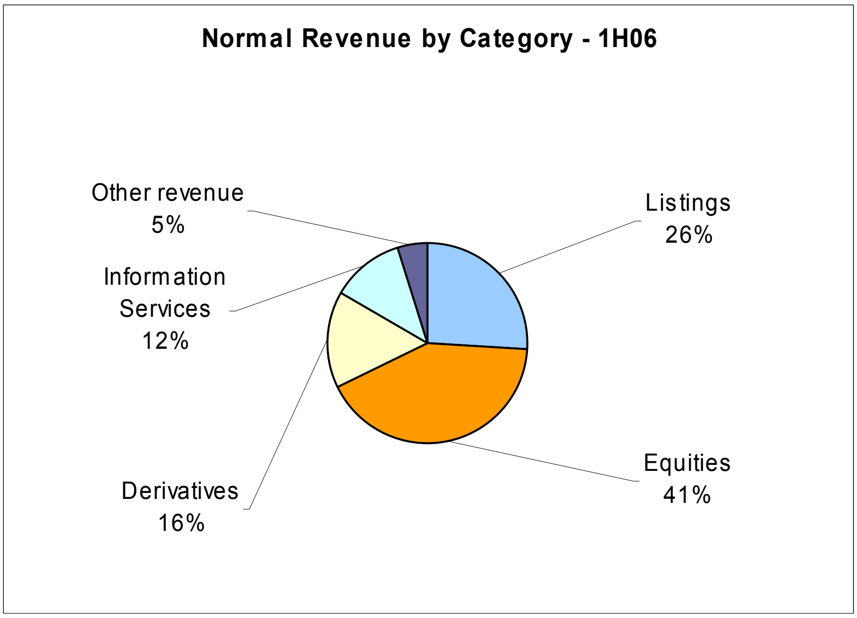
Review of operations

Results – Revenue

Normal operating revenue for the six months to 31 December 2005 was $148.8 million, an 8.2% increase on the $137.5 million recorded for the six-month period to 31 December 2004. This also compares with a 4.7% increase on the $142.1 million achieved during the six-month period to 30 June 2005. These figures exclude interest and dividend revenue.

The increase in revenue has been achieved with strong growth in equities market trading activity and increased revenue from the listings business. Derivatives also continue to show growth.

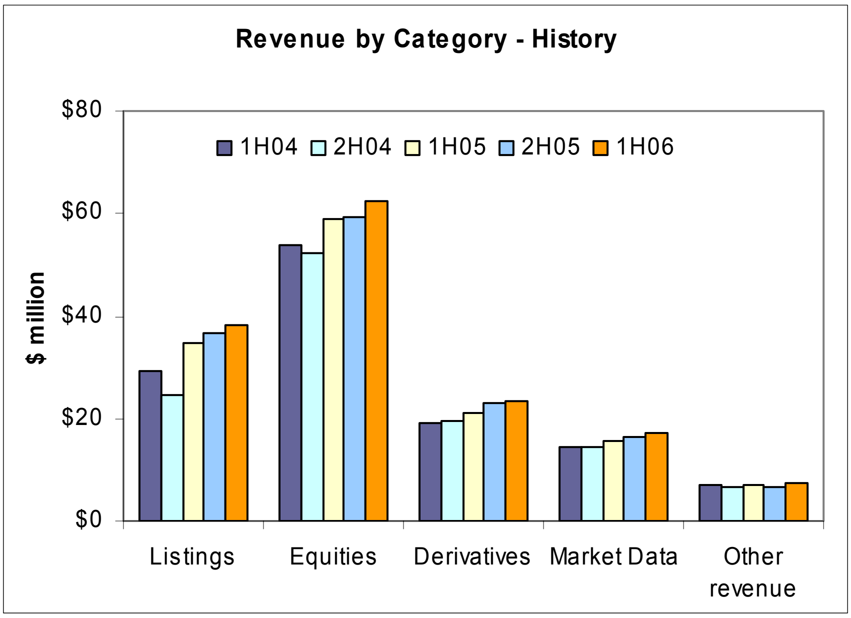
The chart below provides a breakdown of operating revenue by category for the six-month period ended 31 December 2005:



Normal revenue by category for the six months ended 31 December 2005, compared with the six months ended 31 December 2004 shows:

- Listings revenue <u>increased</u> by 9.7% to $38.3 million from $34.9 million;
- Equities trading, clearing and settlement revenue <u>increased</u> by 6.1% to $62.4 million from $58.8 million;
- Derivatives revenue <u>increased</u> by 12.4% to $23.5 million from $20.9 million;
- Information Services revenue <u>increased</u> by 10.2% to $17.3 million from $15.7 million;
- Other revenue <u>increased</u> by 2.8% to $7.3 million from $7.1 million.

The chart below demonstrates trends in these revenue categories across each of the last five consecutive six-month periods:



Revenue by category

Listings
Revenue from listings contributed $38.3 million, an increase of 9.7% when compared to $34.9 million for the previous comparison period. The increase in listings revenue has been underscored by growth in the three key listing fee categories of annual, initial and subsequent listing fees which have been driven by increased activity and the overall increase in capitalisation of ASX's market. Based on first half 2005-2006 revenues:

- Annual listing fees accounted for approximately 44% of total listings revenue;
- Secondary listing fees accounted for approximately 32% of total listings revenue;
- Initial listing fees accounted for approximately 23% of total listings revenue, and
- Other listing fees accounted for approximately 1% of total listings revenue.

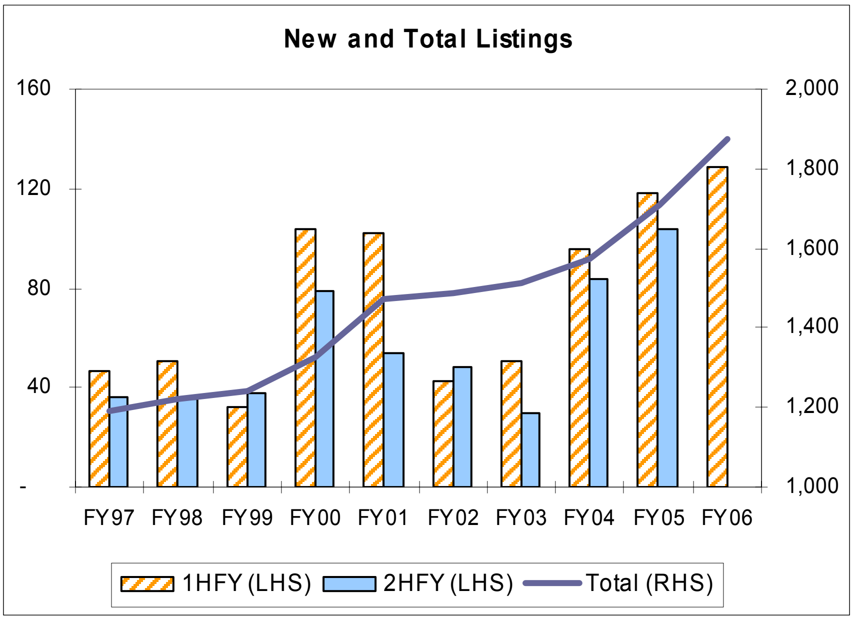
Annual listing fees remain the largest contributor towards the listing business. Annual fees range from a minimum of $6,710 to a maximum of $133,100 based on a tiered pricing schedule. The total number of listed entities at 31 December 2005 was 1,873 compared with 1,709 at 31 December 2004. The average annual listing fee is approximately $18,164.

Revenue earned from subsequent capital raisings, which include rights issues, Dividend Reinvestment Plans (DRPs) and Share Purchase Plans (SPPs) was the second largest contributor to aggregate reported listings revenue. Significant subsequent raisings during the period were undertaken by Macquarie Infrastructure Group, Galileo Shopping America Trust, ABC Learning Centres and Macquarie Office Trust.

During the six months to 31 December 2005, there were 129 new listings compared with 118 for the previous comparison period. Significant new listings included SP AusNet, Goodman Fielder, Tattersall's, Spark Infrastructure and Macquarie Media Group.

The continued occurrence of initial and secondary capital raisings also supports an increase in annual listings revenue from the higher total number and capitalisation of listed entities.

The chart below shows the number of new listings for each six-month period and the total number of listed entities as at 31 December each year.



From 1 July 2006, ASX will be implementing changes to both annual and secondary listing fees. From this date, subsequent listing fees will be changed to bring them into closer alignment with international benchmarks.

Annual listing fees will increase slightly from 1 July 2006 with a view to recovering an average $2.0 million per annum investment in additional Market Supervision activities.

Further information on changes to Subsequent Listing Fees and Market Supervision are provided in ASX's announcements of 15 December 2005.

Equities Trading and Clearing
Revenue from equities trading, clearing and settlement was $62.4 million, an increase of 6.1% when compared to the six-months to 31 December 2004. This revenue was achieved on record total SEATS trades during the period of 13.6 million comprising trades in equities, warrants and interest rate securities. This total equates to a daily average of 105,271 based on 129 trading days during the period.

The average revenue per trade for the period was $4.20, compared with $5.04 for the comparison six months to 31 December 2004. The full breakdown of this $4.20 average is provided on page 5.

The decrease in average revenue per equities trade results from 2 factors:

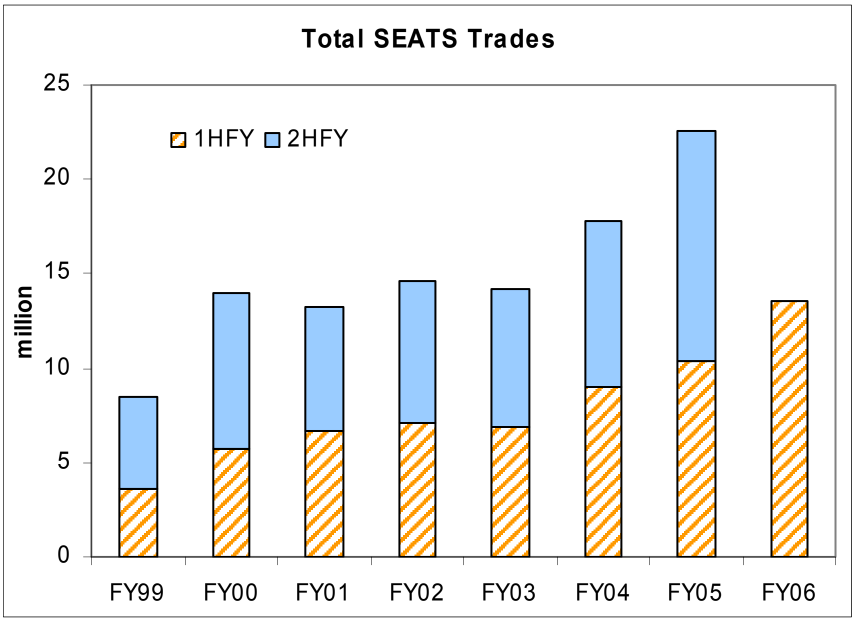
- increased levels of Settlement Volume Rebate (SVR): The SVR is a discount applied to all market settlement charges on a sliding scale according to the average number of trades per day in a given month. The higher trade count that the market is now experiencing leads to increased SVR; and

- a changed settlement activity profile: over the past 18 months, higher levels of market trades have not translated into correspondingly higher levels of other settlement activity, such as additional demand transfers and holding statements.

Total rebates provided to market participants under the ASX SVR amounted to $12.3 million during the six-month period. This compares to $6.0 million provided in the previous comparison period. This rebate rewards participants for overall market volume above 40,000 equity trades per day.

As noted in ASX's pricing review announcement of 15 December 2005, the SVR will be replaced from 1 July 2006 with a volume based trading incentive and pricing will move to a value based model.

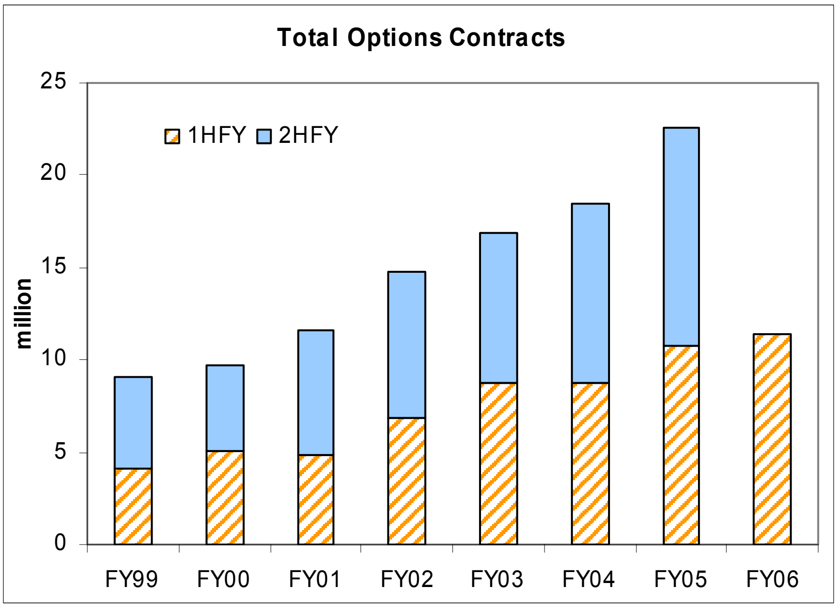
The graph below shows the level of SEATS trades (incorporating equities, warrants and interest rate securities) during each six-month period and full financial year across the last 8 financial years:



Derivatives
Revenue achieved from derivatives was $23.5 million, an increase of 12.4% when compared to the six-months to 31 December 2004.

The total number of option contracts traded was 11.4 million, representing a daily average of 88,186. This is 6.8% higher than the 82,600 daily average contracts traded during the previous comparison period. The average revenue per contract was $1.44, compared with $1.49 during the previous corresponding period. The lower average fee is a consequence of a change in the mix of market maker activity and non market maker activity. Market makers are charged a lower fee if they meet certain obligations.

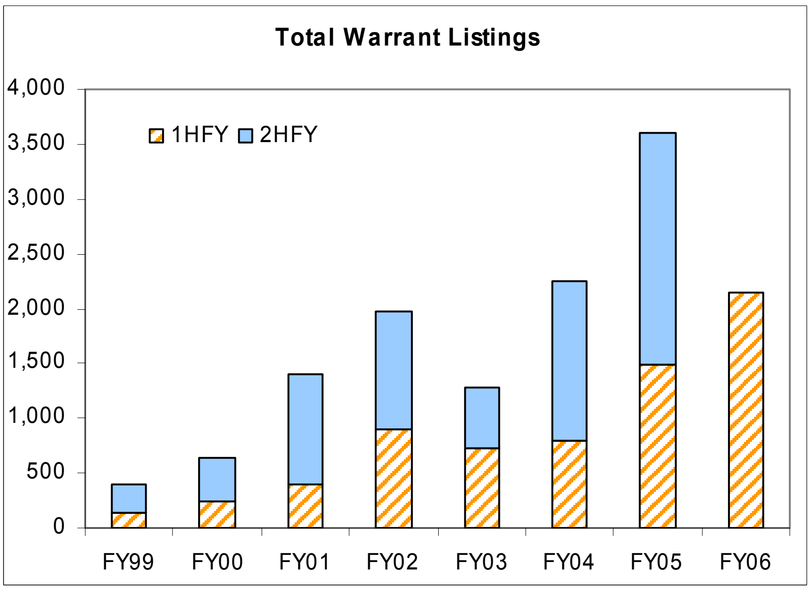
The graph below shows the level of option contracts traded in each six-month period and full financial year across the last 8 financial years:



Warrants
The warrants market grew substantially during the first half of 2005-2006.

The ASX warrants business relies on fees from issuance of new products and annual fees, as well as the value of warrant turnover. During the 6 months to 31 December 2005 there were 2,145 new warrants listed compared to 1,484 during the previous corresponding period, a 44.5% increase. Product issuance in the major warrant classes of trading and instalment warrants was equally strong during the 6 months to 31 December 2005. Notably, trading warrant issuance and turnover has improved markedly following warrant fee changes introduced in November 2003.

Total warrants market turnover value was $3.6 billion in the December half, an increase of 80.0% on the previous corresponding period value of $2.0 billion. This increase was driven by strong market conditions, increased product issuance (see above) and new product innovation, for example, self funding instalment warrants and various capital protected products.



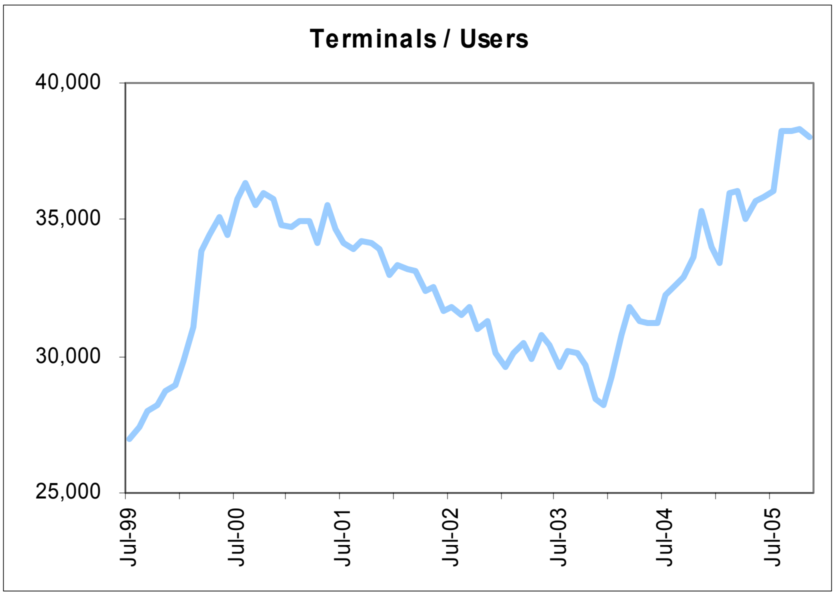
Information Services
Revenue from information services was $17.3 million for the six months to 31 December 2005, up from $15.7 million for the previous comparison period. This represents a 10.2% increase.

This improved performance is predominantly a consequence of increased sales of real-time price data and ComNews, ASX's real-time company news service.

Growth in revenues from the distribution of real-time price data has been driven by:

- Increases in the number of vendor "terminals" or users/traders who subscribe to real-time ASX price data as a result of strong trading conditions experienced by all sectors of the market; and
- Sales to the CFD (Contract for Difference) sector.

The chart below shows the numbers of ASX real-time data subscribers.



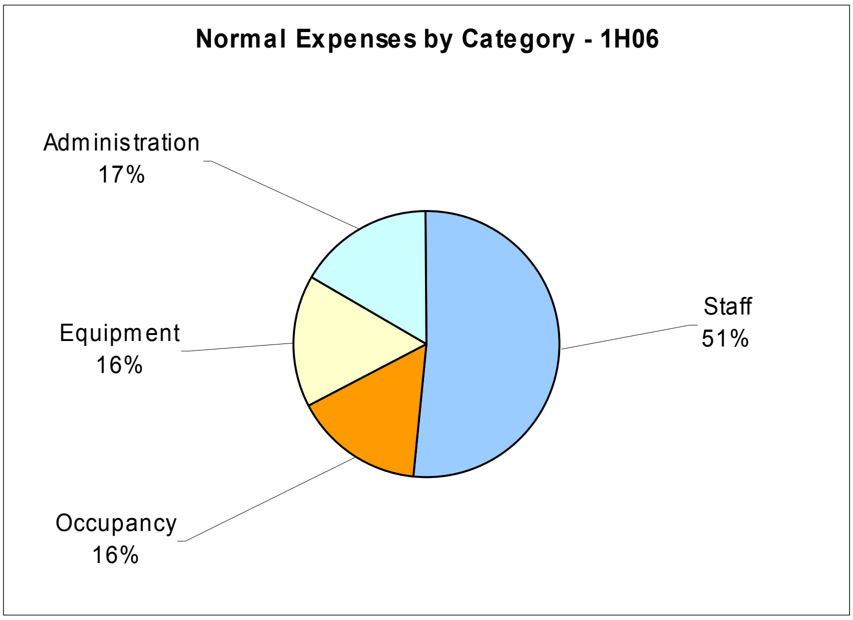
Other
Other revenue of $7.3 million incorporates revenue from Orient Capital Pty Limited, investor education, facilities management services and market participation fees.

Results – Expenses

Normal operating expenses for the six months ended 31 December 2005 were $66.2 million, a decrease of 6.9% on the $71.1 million recorded from the prior corresponding period. This result is also a 2.9% decrease on the $68.2 million recorded for the 6 months to 30 June 2005.

The decrease in expenses has come predominantly from equipment and staff expenses. Expense reductions in general relate in significant part to decisions flowing from ASX's Profit and Loss Driver review (announced 25 May 2005).

The graph below shows the proportion of expenses attributable to each category for the six months to 31 December 2005:



Staff expenses declined by 5.8% to $34.1 million and are based on full time equivalent permanent staff (FTE) numbers of 484 (including Orient Capital). Full time equivalent numbers compare to 560 as at 31 December 2004, a 13.6% reduction. Decreased staff expenses reflect mainly staff departures following the implementation of Profit and Loss drivers review decisions.

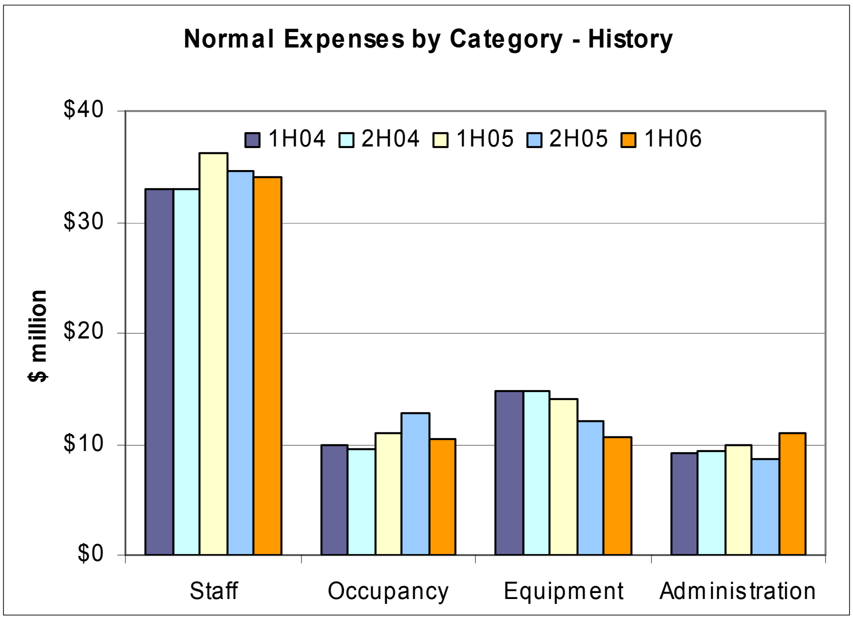
Occupancy expenses decreased 3.7% to $10.5 million. This decrease is attributable to AIFRS adjustments related to straight-lining of leases and reduced depreciation following the end of the useful life of certain fixtures and fittings.

Equipment expenses decreased 23.6% to $10.7 million. This decrease is mainly attributed to reduced depreciation following the write-off of assets in 2004-2005. The amount written-off was $9.3 million comprising $7.3 million for ASX World Link and $2.0 million relating to other software and fixed assets. The reduction was also off-set by the commencement of maintenance costs from ASX's new market surveillance system SMARTS.

Administration expenses increased by 10.0% reflecting increased variable expenses mainly associated with the production of additional CHESS holding statements. This should be viewed positively as the costs are offset by higher revenue from the corporate and trading activity generating the additional holding statements.

As foreshadowed in ASX's announcement of 15 February 2005, ASX has negotiated insurance to cover clearing default claims above $110 million. The cost of this insurance is to be met from interest earned from the $71.5 million transferred to ASX.

The graph below shows the trend in operating expenses by category across the last five six-month periods:



Results – Earnings Before Interest and Tax (EBIT)

ASX achieved normal Earnings Before Interest and Tax (EBIT) of $82.6 million compared with $66.4 million for the previous comparison period, an increase of 24.4%.

Interest and dividend revenue of $8.9 million comprises:

- net interest earned on ASX's unrestricted ($213.3 million) and restricted ($71.5 million) cash reserves;
- net interest on ASX participant funds; and
- the interim dividend earned on ASX's investment in IRESS Market Technology (6.5 cents per share on 15 million shares).

Significant Items

During the six months to 31 December 2005, ASX also incurred significant items. The most significant item relates to profit on the sale of ASX's interest in ASX-Perpetual Registrars ($9.8 million before tax). An additional $1.4 million (before tax) was expensed for redundancies and consulting and recruitment costs.

Results – Capital expenditure

Capital expenditure for the six months to 31 December 2005 was $4.5 million compared with $4.4 million for the previous corresponding period to 31 December 2004. This is consistent with ASX's commitment to maintain annual capital expenditure between $10 million to $15 million per annum. There are no immediate plans to increase this annual level of expenditure, although capital expenditure during the second half of this financial year is expected to be higher than the first half.

Following ASX's Supervision Review announcement of 15 December 2005 which identified planned additional investments in Market Supervision, ASX still anticipates that capital expenditure will remain within the $10 million to $15 million per annum range.

Depreciation and amortisation expense (excluding goodwill amortisation) for the period was $5.2 million compared with $8.2 million during the previous comparison period. The decrease is mainly a consequence of a number of write-offs ASX made in 2004-2005, including ASX WorldLink.

ASX's main capital project remains the Integrated Trading System (ITS) project. The ITS project involves the replacement of ASX's pioneering SEATS equities trading system with the OM developed CLICK XT system. This project will permit ASX to consolidate its current two trading systems (cash and derivatives) into a single system. The resultant system is expected to deliver structural cost savings not only to ASX, but also to market participants. The ITS project is expected to be completed by October 2006.

Results – Cash flow

It is important to note that ASX is required to maintain $110 million in cash to operate its clearing facilities. This $110 million comprises $71.5 million received from the NGF and is held as restricted cash, and $38.5 million held as unrestricted cash. ASX's clearing house capital requirements are overseen by the Reserve Bank of Australia.

Due to strong trading conditions and a low level of capitalised expenditure, ASX's unrestricted cash balance reached $213.3 million at 31 December 2005.

Upon adoption of AIFRS, cash margins required to cover derivatives' positions have been brought onto balance sheet, and as such cash and cash equivalents have increased by $255.8 million to reflect this. This amount is not available to ASX shareholders.

Equity Investments

ASX disposed of its 50% interest in ASX Perpetual Registrars Limited (APRL) in August 2005 achieving a $7.8 million after-tax profit on sale (See 17 August 2005 Market Announcement).

Capital Management

ASX committed to update the market on its capital management position at the time of its half-year results. Following the sale of APRL and the subsequent release of invested capital, the Board has determined that the company has surplus capital of $50 million and will return $50 million to shareholders either by way of a capital reduction or an on-market share buy-back.

Details of this capital return will be advised in due course.

Key activities

During the period, ASX has also:

- progressed implementation of OMX's CLICK XT Integrated Trading System
- maintained 99.9% system up time in spite of record volumes
- completed a Pricing Review (see 15 December 2005 Market Announcement)
- completed a Supervision Review (see 15 December 2005 Market Announcement)
- continued with a review of premises with the aim of reducing occupancy costs by $4 to $6 million by end 2007-2008.

Outlook

ASX markets continued to experience strong growth in trading activity against the prior comparison period and the prior six month period. This trend bodes well for a strong full-year result, although as always, market trading volumes remain inherently unpredictable. The strength in the listings business is particularly susceptible to external influences and the dynamics of market conditions.

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

The lead auditor's independence declaration is set out on page 21 and forms part of the directors' report for the half-year ended 31 December 2005.

Rounding of amounts

ASXL is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1988, as varied by Class Order 05/0641 dated 26 July 2005 and, in accordance with those Class Orders, amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars or million dollars, as indicated.

Dated at Sydney this 16th day of February 2006.
Signed in accordance with a resolution of the directors:

Maurice L Newman AC	Tony M D'Aloisio
Chairman	Managing Director

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

I declare that, to the best of my knowledge and belief, in relation to the review for the financial half-year ended 31 December 2005 there have been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

KPMG

NT Davis
Partner

Sydney, 16th day of February 2006

Statutory format
Consolidated income statement
for the half-year ended 31 December 2005

	Note	**AIFRS Half year ended 31 Dec 2005 $'000**	AIFRS Half year ended 31 Dec 2004 $'000
Revenues			
Listings		**38,325**	34,856
Equities trading, clearing & settlement		**62,353**	58,846
Derivatives trading, clearing & settlement		**23,522**	20,944
Information services		**17,307**	15,703
Dividend		**975**	825
Other		**7,327**	7,130
Total revenues		**149,809**	138,304
Expenses			
Staff expenses		**34,763**	36,191
Occupancy expenses		**10,454**	10,934
Equipment expenses		**10,717**	13,976
Administration expenses		**11,678**	9,964
Total expenses		**67,612**	71,065
Interest earned on own funds and restricted cash		**7,259**	3,507
Interest earned on participants' funds		**7,236**	5,934
Interest paid to participants		**(6,612)**	(5,356)
Net interest income		**7,883**	4,085
Net gain on sale of investment in APRL	7	**9,764**	-
Share of net profit of associate accounted for using the equity method	7	**-**	1,499
Profit before income tax expense		**99,844**	72,823
Income tax expense	5	**(28,779)**	(21,440)
Net profit for the period		**71,065**	51,383
Basic earnings per share (cents per share)	4	**69.2**	50.0
Diluted earnings per share (cents per share)	4	**68.8**	50.0

The income statement should be read in conjunction with the notes to the half-year financial statements.

Consolidated balance sheet
at 31 December 2005

	AIFRS 31 Dec 2005 $'000	AIFRS 30 June 2005 $'000	AIFRS 31 Dec 2004 $'000
Current assets			
Cash and cash equivalents – unrestricted	**213,331**	129,088	122,389
Cash and cash equivalents – restricted*	**71,489**	71,489	-
Cash margins from participants	**255,814**	218,377	206,338
Trade & other receivables	**27,898**	26,371	26,382
Other assets	**6,475**	4,638	3,880
Total current assets	**575,007**	449,963	358,989
Non-current assets			
Investments accounted for using the equity method	**-**	49,167	47,899
Investments – other	**67,500**	64,500	60,000
Deferred tax assets	**12,082**	14,065	11,138
Property, plant & equipment	**27,216**	26,999	28,048
Receivables	**1,301**	7,912	11,912
Intangible assets - software	**6,973**	8,005	19,345
Intangible assets - goodwill	**5,034**	5,034	5,034
Total non-current assets	**120,106**	175,682	183,376
Total assets	**695,113**	625,645	542,365
Current liabilities			
Trade & other payables	**13,832**	14,067	13,583
Amounts owing to participants	**261,121**	222,012	210,461
Current tax liabilities	**15,185**	16,805	12,891
Provisions	**14,713**	21,417	12,864
Other current liabilities	**23,746**	7,991	21,581
Total current liabilities	**328,597**	282,292	271,380
Non-current liabilities			
Deferred tax liabilities	**13,743**	12,932	14,888
Provisions	**10,694**	9,728	9,588
Other non-current liabilities	**7,585**	7,728	7,626
Total non-current liabilities	**32,022**	30,388	32,102
Total liabilities	**360,619**	312,680	303,482
Net assets	**334,494**	312,965	238,883
Equity			
Issued capital	**106,282**	106,282	106,282
Retained earnings	**122,916**	104,141	105,426
Restricted capital reserve*	**71,489**	71,489	-
Asset revaluation reserve	**31,185**	29,085	25,935
Equity compensation reserve	**2,622**	1,968	1,240
Total equity	**334,494**	312,965	238,883

*On 31 March 2005, $71.5 million was received from NGF as part of the restructuring of its clearing support arrangements. These funds are held as restricted cash assets for clearing and settlement support; and are not distributable to ASX shareholders.

The balance sheet should be read in conjunction with the notes to the half-year financial statements.

Consolidated statement of changes in equity for the half-year ended 31 December 2004	AIFRS					
	Issued capital	**Retained earnings**	**Restricted capital reserve**	**Asset revaluation reserve**	**Equity compensation reserve**	**Total equity**
	$'000	$'000		$'000	$'000	$'000
Opening balance at 1 July 2004	106,282	106,936	-	17,535	636	231,389
Change in fair value of financial assets available for sale (net of tax)	-	-	-	8,400	-	8,400
Share-based payments	-	-	-	-	604	604
Total non-profit items recognised directly in equity	-	-	-	8,400	604	9,004
Net profit for the period	-	51,383	-	-	-	51,383
Dividends paid	-	(52,893)	-	-	-	(52,893)
Closing balance at 31 December 2004	106,282	105,426	-	25,935	1,240	238,883

Consolidated statement of changes in equity for the half-year ended 31 December 2005	AIFRS					
	Issued capital	**Retained earnings**	**Restricted capital reserve***	**Asset revaluation reserve**	**Equity compensation reserve**	**Total equity**
	$'000	$'000		$'000	$'000	$'000
Opening balance at 1 July 2005	106,282	104,141	71,489	29,085	1,968	312,965
Change in fair value of financial assets available for sale (net of tax)	-	-	-	2,100	-	2,100
Share-based payments	-	-	-	-	654	654
Total non-profit items recognised directly in equity	-	-	-	2,100	654	2,754
Net profit for the period	-	71,065	-	-	-	71,065
Dividends paid	-	(52,290)	-	-	-	(52,290)
Closing balance at 31 December 2005	106,282	122,916	71,489	31,185	2,622	334,494

*On 31 March 2005, $71.5 million was received from NGF as part of the restructuring of its clearing support arrangements. These funds are held as restricted cash assets for clearing and settlement support; and are not distributable to ASX shareholders.

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

Consolidated cash flow statement
for the half-year ended 31 December 2005

	Note	**AIFRS Half year ended 31 Dec 2005 $'000**	AIFRS Half year ended 31 Dec 2004 $'000
Cash flows from operating activities			
Cash receipts from customers		**180,989**	170,302
Cash paid to suppliers and employees		**(86,503)**	(85,351)
Cash generated from operations		**94,486**	84,951
Net increase in derivative margins received from participants		**37,437**	38,192
Interest received		**7,883**	4,085
Dividends received		**975**	825
Income taxes paid		**(28,505)**	(25,218)
Cash received from Financial Industry Development Account		**589**	2,455
Net cash provided by operating activities		**112,865**	105,290
Cash flows from investing activities			
Expenditure on internally developed assets		**(2,889)**	(1,634)
Purchase of plant and equipment		**(1,637)**	(2,734)
Proceeds on sale of plant and equipment		**89**	28
Proceeds on sale of equity accounted investment		**58,931**	-
Repayments from associate		**6,036**	2,016
Net cash provided by / (used in) investing activities		**60,530**	(2,324)
Cash flows from financing activities			
Dividends paid		**(52,290)**	(52,893)
Receipts from employee share plan loans		**575**	460
Net cash (used in) financing activities		**(51,715)**	(52,433)
Net increase in cash and cash equivalents		**121,680**	50,533
Cash and cash equivalents at the beginning of the financial period		**418,954**	278,194
Cash and cash equivalents at the end of the financial period	8	**540,634**	328,727

The cash flow statement should be read in conjunction with the notes to the half-year financial statements.

1. Statement of significant accounting policies

Australian Stock Exchange Limited (the "Company") is a company domiciled in Australia. The consolidated half-year financial report of the Company for the six months ended 31 December 2005 comprises the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interest in associates.

This half-year financial report does not include all the notes of the type normally included within the annual financial report. This report is to be read in conjunction with the most recent annual financial report, however, the basis of their preparation is different to that of the most recent annual financial report due to the first time adoption of AIFRS. This report must also be read in conjunction with any public announcements made by the Company during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated interim financial report was authorised for issuance on 16 February 2006.

Basis of preparation
This half-year financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including AASB 134 'Interim Financial Reporting', other mandatory professional reporting requirements and the Corporations Act 2001.

The half-year financial report has been prepared in Australian dollars on the historical cost basis except for available for sale financial assets which have been recognised at fair value.

The consolidated entity is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1988, as varied by Class Order 05/0641 dated 26 July 2005 and, in accordance with those Class Orders, amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars or million dollars, as indicated.

Statement of compliance
The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

This is the first half-year financial report prepared based on AIFRS. The comparatives for the half-year ended 31 December 2004 and the full-year ended 30 June 2005 have been restated accordingly.

An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the consolidated entity is provided in note 12. This note includes reconciliations of equity and profit reported under Australian GAAP (AGAAP) to those reported under AIFRS for the comparative period and the date of transition to AIFRS.

Summary of significant accounting policies
A summary of the significant accounting policies adopted in the preparation of this financial report are disclosed below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) AASB 1 transitional exemptions
The consolidated entity has made its elections in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Business combinations
AASB 3 'Business combinations' was not retrospectively applied to business combinations prior to 1 July 2004. Goodwill amortisation recognised up to 1 July 2004 has not been reversed.

Share-based payment transactions
AASB 2 'Share-based payment' has been applied to equity instruments granted after 7 November 2002 that had not vested by 1 January 2005.

Financial instruments
AASB 1 provides an exemption from the requirement to restate comparative information for AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. To facilitate year-on-year comparisons, the consolidated entity has elected not to apply this exemption and has applied AIFRS to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

b) Basis of consolidation
The financial statements of subsidiaries are included in the consolidated interim financial report from the date control commences until the date control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Associates are entities for which the consolidated entity has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the consolidated entity's share of the total recognised gains and losses of associates on an equity accounted basis. See note 7 for further details on how the investment in associate was accounted for in this period.

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

Listings revenue
Initial and subsequent listing fees are recognised when the listing or subsequent event has taken place. Annual listing fees are recognised evenly over the year.

Equities trading, clearing & settlement
ASX has elected under AASB 139 'Financial Instruments: Recognition and Measurement' to account for revenue from equities trading, clearing and settlement at settlement date. The normal market convention is that this occurs three days after initial trade date.

Derivatives trading, clearing & settlement
Derivatives trading revenue is recognised at the time of registration, while clearing and settlement revenue is recognised one day later.

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

d) Operating leases
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease where the lease payments have fixed increases. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Lease incentive
Lease incentives are included in several of the operating leases negotiated by the consolidated entity, and include rent-free periods and free fit-out of leased areas. The estimated value of the lease incentives has been apportioned over the life of the lease. The net lease costs are recognised in the income statement over the lease term to permit a proper matching of expenditure and revenue.

e) Net interest income and dividends
Net interest income comprises interest earned on ASX funds and restricted cash, plus net interest earned on participant funds.

Interest income is recognised in the income statement as it accrues.

Dividend income is recognised in the income statement when the shareholder's right to receive the payment is established.

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

g) Earnings per share
Basic earnings per share (EPS) is calculated by dividing the net profit for the reporting period by the weighted average number of ordinary shares of the company.

Diluted EPS is calculated by dividing net profit for the reporting period by the weighted average number of ordinary shares outstanding including dilutive potential ordinary shares.

h) 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 cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

i) Cash and cash equivalents
Cash assets in the balance sheet comprise cash balances and money market investments readily convertible to cash within one working day, with a term to maturity of three months or less and which are subject to an insignificant risk of changes in value.

Restricted cash assets
Restricted cash assets were created when funds were transferred from the National Guarantee Fund to the Australian Clearing House (ACH), a controlled entity of ASX. Under the terms of the transfer, ACH must not, without first obtaining the consent in writing of the Minister, take action to use these funds for a purpose other than clearing and settlement support. These funds are disclosed on the balance sheet as 'Restricted cash assets'. Refer to note 8 for further details.

j) Novation of trades
Australian Clearing House (ACH), a controlled entity of ASX, provides contract guarantee support for clearing across all ASX markets which includes derivatives (comprising exchange traded options, futures and warrants) and cash market securities (comprising equities and managed investments). Transactions between two participating organisations are replaced by novation. The novation replaces the original contract between the two participating organisations with a contract between the selling participating organisation and ACH, and a contract between ACH and the buying participating organisation. Through the novation process, all positions are matched. Under AIFRS, legally there is no contractual change.

Refer to note 10 for details of equity and derivative trade balances at 31 December 2005.

Previously under AGAAP no part of these novated contracts were recorded as assets and corresponding liabilities in the balance sheet or income statement. Under AIFRS unsettled cash market securities are not recognised until settlement date which means that trades occurring in the last three trading days before balance date are not recognised as a financial asset or liability. As a consequence, revenue on cash market securities traded in the last three trading days before balance date is not recognised in the period the trade occurs.

Derivatives are recognised at fair value at trade date, which is zero. Movements in the fair value of derivatives after trade date are margined (closed out) on a daily basis via cash settlement and the fair value of the derivatives is again zero. Margin monies receivable are recognised on the balance sheet and a corresponding liability to the participant is also recognised. Bank guarantees and non cash collateral continue to be recorded off balance sheet under AIFRS.

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

Loans to related parties
Loans to related parties are recognised at cost. Loans to associates are based on normal commercial terms. Intercompany loans are at call and interest is determined by agreement between related parties.

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

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

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity, such as negotiable certificates of deposit and bank bills, are held-to-maturity investments and are measured at amortised cost using the effective interest method.

m) Property, plant and equipment
All classes of property, plant and equipment are measured at cost less accumulated depreciation and any impairment in value.

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 held ready for use. Depreciation is provided on a straight-line basis on all plant and equipment, over their estimated useful lives. The depreciation periods used for each class of asset, for the current and previous years, are as follows:

	Dec 2005	June 2005
Property, plant and equipment		
- Plant and equipment	3-7 years	3-7 years
- Leasehold improvements	the lease term	the lease term
Computer equipment and software	3-7 years	3-7 years
Motor vehicles	4-6 years	4-6 years

Capital works in progress
This represents costs-to-date of internally constructed assets. The costs include the costs of materials, direct labour, and an appropriate allocation of direct overheads.

Leasehold improvements
The cost of improvements to or on 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.

Impairment
The carrying value of property, plant & equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where this is the case, the asset is written down to its recoverable amount and the write down is recognised as an expense.

n) Intangible assets
Goodwill
Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For goodwill balances recognised prior to 1 July 2004, their carrying value is net of goodwill amortisation up to 30 June 2004.

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

Computer software
Expenditure for major upgrades or enhancements to existing major software systems is capitalised and amortised over the useful life, or if minor enhancements to existing systems, the lesser of five years or the remaining useful life of the system being enhanced. Expenditure on new software projects less than $500,000 is expensed. Internal costs are also included in capitalised expenditure, where appropriate. Computer software is subject to the same impairment testing as

described in property, plant and equipment above. The policy for amortisation of computer software is disclosed above at note 1(m).

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

p) Provisions
A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable the obligation will be settled. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and when appropriate, the risks specific to the liability.

Surplus lease space
A provision is made for surplus space in leased premises when it is determined that no substantive future benefit will be obtained by the consolidated entity from its occupancy. This arises where premises are currently leased under non-cancellable operating leases and the consolidated entity either:
- currently does not occupy the premises and does not expect to occupy it in the future;
- sublets the premises for lower rentals than it is presently obliged to pay under the original lease; or
- currently occupies the premises, but the premises have been assessed to be of no substantive benefit beyond a known future date.

The provision has been calculated on the basis of discounted estimated net future cash flows.

Make good provision
The consolidated entity has operating leases for office space that require the premises to be returned to the lessor in their original condition. The operating lease payments do not include the ‘make good’ payment at the end of the lease term.

A provision is recognised when an obligation to make good exists, which can be reliably estimated. When the provision relates to ‘wear and tear’ the corresponding debit is to the income statement.

Dividends
A provision for dividends payable is only recognised in the reporting period when the dividends are declared.

q) Employee benefits
Wages, salaries, annual leave and non-monetary benefits
Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees’ services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs such as workers compensation and payroll tax.

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

Share-based payment transactions
The consolidated entity provides conditional entitlements and performance rights to ordinary shares of the Company to executives and senior managers as part of their remuneration package. The fair value of the conditional entitlements and performance rights granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and is expensed over the performance period of the executive share plan. The fair value is determined by an external valuer using the Monte-Carlo simulation method, taking into account the terms and conditions upon which the conditional entitlements and performance rights were granted. The amount recognised as an expense is adjusted to reflect the actual number of conditional entitlements and performance rights expected to vest. Where the conditional entitlements and performance rights did not subsequently vest due to a market condition (i.e. ‘Total Shareholder Return’) not being attained, the expense is not adjusted.

The consolidated entity also has share plans where staff are granted shares worth $1,000 as part of their remuneration. These shares are expensed on the date they are issued to staff based on the ASX share price on the date of issue, with a corresponding increase in equity.

Defined contribution plans
Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

2. Expenses

	31 Dec 2005 $'000	31 Dec 2004 $'000
Included within expenses are the following items:		
Depreciation	**3,791**	5,472
Amortisation of software assets	**1,453**	2,721
Share-based payment expense	**654**	604
Net loss on sale of plant & equipment	**9**	-
Net doubtful debts (recoveries) / expense	**(6)**	466

3. Individually significant income / (expenses) included in profit

Net gain on sale of APRL investment*	**9,764**	-
Restructuring costs**		
- Redundancy expenses	**(652)**	-
- Consultancy and recruitment expenses	**(720)**	-
Taxation on significant items	**(1,470)**	-
Total	**6,922**	-

* See note 7 for further details on sale of APRL.

** On the Income Statement, the redundancy expenses have been included within Staff expenses and consultancy and recruitment expenses within Administration expenses.

4. Earnings per share

Basic earnings per share (cents)	**69.2**	50.0
Diluted earnings per share (cents)	**68.8**	50.0
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Earnings used in calculating basic and diluted earnings per share ($000's)	**71,065**	51,383
Weighted average number of ordinary shares used in calculating basic earnings per share	**102,729,450**	102,677,565
Contingently issuable shares	**487,908**	38,309
Weighted average number of ordinary shares used in calculating diluted earnings per share	**103,217,358**	102,715,874

5. Taxation

	31 Dec 2005 $'000	31 Dec 2004 $'000
(a) Major components of income tax expense		
Current tax expense	**(26,886)**	(19,963)
Deferred tax resulting from the origination and reversal of temporary differences	**(1,894)**	(1,320)
Over / (under) provision in prior period	**1**	(157)
Total income tax (expense)	**(28,779)**	(21,440)
(b) Income tax (expense)		
Prima facie income tax (expense) calculated at 30% (2004: 30%) on the operating profit before tax	**(29,953)**	(22,131)
Movements in income tax (expense) due to:		
Non-tax deductible items	**(420)**	(475)
Sale of APRL	**987**	-
Imputation credit gross up	**(126)**	(106)
Franking offset	**418**	353
FIDA/SIDA non-assessable income	**314**	449
Equity accounted associate result	**-**	416
Building allowance	**-**	24
Income tax expense related to current and deferred tax transactions of the wholly owned subsidiaries in the tax consolidated group	**-**	187
	(28,780)	(21,283)
Over / (under) provision in prior period	**1**	(157)
Total income tax (expense)	**(28,779)**	(21,440)
(c) Deferred tax recognised directly in equity		
Relating to revaluation of available for sale asset	**(900)**	(3,600)
Total	**(900)**	(3,600)
Total income tax (expense) is made up of:		
Movement in current income tax provision	**(26,886)**	(19,963)
Movement in deferred tax liability	**89**	346
Movement in deferred tax asset	**(1,983)**	(1,666)
Over / (under) provision in prior period	**1**	(157)
Total income tax (expense)	**(28,779)**	(21,440)
(d) Provision for current income tax		
Balance at beginning of period	**16,805**	17,989
Income tax paid	**(28,505)**	(25,218)
Current period's income tax expense	**26,886**	19,963
(Over) / under provision in prior period	**(1)**	157
Provision for current income tax	**15,185**	12,891
(e) Deferred tax asset		
Deferred tax asset reflects the future benefit at an income tax rate of 30% (2004: 30%) of the following items:		
Provisions for:		
- Doubtful debts	**349**	381
- Employee benefits	**5,198**	4,854
- Leased premises	**1,766**	1,833
- Superannuation	**95**	-
Accrued expenses	**2,045**	1,438
Straight-lining of leases	**2,348**	2,288
Revenue received in advance	**281**	174
Depreciation temporary differences	**-**	170
Deferred tax asset	**12,082**	11,138

	31 Dec 2005 $'000	31 Dec 2004 $'000
(f) Deferred tax liability		
Provision for deferred tax liability comprises the estimated expense at an income tax rate of 30% (2004: 30%) of the following items:		
Deferred income	**462**	143
Fixed Assets	**(84)**	3,630
Revaluation of available for sale asset	**13,365**	11,115
Deferred tax liability	**13,743**	14,888

6. Dividends

Dividends paid in the current financial period by the company are:

	Cents per share	**Total amount $'000**	**Percentage franked**	**Date of payment**
Final dividend	**50.9**	**52,290**	100%	26 August 2005
	50.9	**52,290**		

Subsequent events
Since the end of the half-year, the directors declared the following dividend:

Interim dividend	**56.2**	**57,741**	100%	17 March 2006

The above dividends relate to ordinary share capital.

Franked dividends were franked at the tax rate of 30%.

7. Investment in Associate

Name	**Ownership Interest (consolidated)**			**Share of net profits / (losses) (consolidated)**		
	Dec 2005 %	**June 2005 %**	**Dec 2004 %**	**Dec 2005 $'000**	**June 2005 $'000**	**Dec 2004 $'000**
ASX Perpetual Registrars Limited	**-**	**50**	**50**	**-**	**1,268**	**1,499**

On 17th August 2005, the consolidated entity announced the sale of its 50% interest in ASX Perpetual Registrars Limited (APRL). The July and August 2005 results of APRL have not been equity accounted and instead have been taken into account in the gain on sale calculation.

Details of the sale in the consolidated entity are as follows:

	$'000
Consideration received	**60,678**
Costs of disposal	**(1,747)**
Carrying amount of asset sold	**(49,167)**
Gain on sale before income tax	**9,764**
Tax effect	**(1,939)**
Gain on sale after income tax	**7,825**

	31 Dec 2005 $'000	30 June 2005 $'000

8. Cash

Cash at the end of the financial period as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

Cash and cash equivalents – unrestricted	**213,331**	129,088
Cash and cash equivalents – restricted	**71,489**	71,489
Cash margins from participants	**255,814**	218,377
Cash at end of year	**540,634**	418,954

Restricted cash assets were created when funds were transferred from the National Guarantee Fund to the Australian Clearing House (ACH), a controlled entity of ASX. Under the terms of the transfer, ACH must not, without first obtaining the consent in writing of the Minister, take action to use these funds for a purpose other than clearing and settlement support. These funds are disclosed on the balance sheet as 'Restricted cash assets'.

Cash margins from participants relates to cash collateral received from participants which is required to cover open derivative positions – see note 10 for further details.

9. Segment reporting

ASX provides stock exchange and ancillary services in Australia.

10. Contingent Liabilities

Novation

Australian Clearing House (ACH), a controlled entity of ASX, provides contract guarantee support for clearing across all ASX markets which includes derivatives; comprising exchange traded options, futures, and warrants; and cash market securities comprising equities and managed investments. Transactions between two participating organisations are replaced by novation. The novation replaces the original contract between the two participating organisations with a contract between the selling participating organisation and ACH, and a contract between ACH and the buying participating organisation. Through the novation process, all positions are matched.

As at 31 December 2005 ACH had a right to receive from participants payments of $455.3 million (2004: $202.4m) and a corresponding obligation to make payments of $455.3million (2004: $202.4m) relating to cash market securities. Furthermore, total collateral required by ACH to cover participants derivatives exposures was $818.1million (2004: $682.1m). This was made up of cash of $255.8million (2004: $206.3m), bank guarantees of $108.9m (2004: $84.8) and the remainder in equity and debt securities. As at that date, participants had lodged collateral with ACH in the form of equity and debt securities of $2,226.3million (2004: $1,896.8m)

At the date of this financial report, all net delivery and net payment obligations relating to cash market securities owing to or by participants at 31 December 2005 were settled. Previously under AGAAP no part of these amounts were recorded as assets and corresponding liabilities in the balance sheet or income statement.

Under AIFRS unsettled cash market securities are not recognised until settlement date which means that trades occurring in the last three trading days before balance date are not recognised as a financial asset or liability. Legally there is no contractual change. As a consequence, revenue on cash market securities traded in the last three trading days before balance date is not recognised. The fair value of derivative trades at trade date is zero. Movements in the fair value of derivatives after trade date are margined (closed out) and the fair value of the derivatives is again zero. Margin monies received are recognised on the balance sheet and a corresponding liability to the participant is also recognised. Bank guarantees and non cash collateral continue to be recorded off balance sheet under AIFRS.

Support

Historically, if a participant failed to meet its net delivery or net payment obligations to ACH, ACH had recourse to the National Guarantee Fund (NGF) maintained by the Securities Exchanges Guarantee Corporation Limited (SEGC) under the Corporations Act and could make a claim on the NGF to cover its loss. However, ACH's right to claim on the NGF in these circumstances ended on 31 March 2005 due to a restructuring of the NGF under section 891A of the Act. As a result of this restructure, ACH received a payment of $71.5 million from the NGF and the Corporations Regulations 2001 were amended to remove ACH's ability to make a claim on the NGF for Clearing Losses arising after 31 March 2005.

From this time, any losses incurred as a result of default by a participant default may ultimately have to be met from ACH's own financial resources.
In the event of such a loss, the financial resources available to ACH include:

1. Collateral or other margin or Contributions lodged by the defaulting participant with ACH under the ACH Clearing Rules.

2. The funds obtained from the NGF. ACH received approximately $71.5 million from the NGF which is "ring-fenced" and held by it in a Restricted Capital Reserve. In accordance with the terms of ACH's Australian CS Facility Licence, unless the Treasurer agrees otherwise, these funds can only be used by ACH for clearing and settlement support.

3. ASX contributed capital. ASX has funded the initial difference between the amount that ACH received from the NGF and the capital amount required to be held by ACH to meet the RBA Stability Standard for Central Counterparties from time to time (the "Reserve Requirement"). Currently the Reserve Requirement is $110 million. As a result, ASX increased its capital contribution to ACH of $38.5 million. As the Reserve Requirement may vary from time to time, ASX has an ongoing obligation to provide additional capital to ACH, if required, to cover the difference between the Reserve Requirement and the total of the ASX's existing capital in ACH and the Restricted Capital Reserve amount remaining at that time. Alternatively, ACH may decide to replace some of the capital contributed by ASX with Contributions obtained from participants under the ACH Clearing Rules, thereby reducing the amount of capital which ASX is obliged to provide to ACH.

   However, ASX is not obliged to contribute additional capital to recapitalise ACH following a Clearing Loss. ASX will continue to support the day to day operations of ACH (e.g. by the provision of staff, facilities and funds to meet expenses (other than a Clearing Loss)). Other than as set out above, ASX has no obligations to fund ACH. For example, it is not obliged to provide additional capital to ACH beyond the RBA capital requirements.

4. The proceeds of any available insurance policies.

5. Contributions obtained from participants under the ACH Clearing Rules.

6. Emergency Assessments levied on participants under the ACH Clearing Rules.

The order in which these resources may be applied is set out in detail in the ACH Clearing Rules.

As part of the arrangements to restructure the NGF, ACH agreed to indemnify SEGC in respect of certain possible transitional clearing claims, which a claimant was entitled to make before 31 March 2005 and which were served on SEGC before 30 September 2005.

Fidelity risk

If the amount of the National Guarantee Fund falls below the minimum amount determined in accordance with the Act, SEGC may determine that ASX must pay a levy to SEGC. Where a levy becomes payable, ASX may determine that participants in the market must pay a levy, provided that the total amounts payable under this levy do not exceed that amount payable by ASX to SEGC. However, the amount in the NGF has not fallen below the applicable minimum amount since the NGF was formed and SEGC has not imposed any levies. Failure by either ASX or a participant in the market to pay a levy may give rise to a civil action, but does not constitute an offence under the Act.

11. Subsequent events

Interim dividend
For details of the interim dividend declared after 31 December 2005 refer to note 6.

Other than the matters noted above, no matter or circumstance has arisen since the end of the half-year to the date of this report which has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity.

12. Impact of adoption of AIFRS

As stated in note 1, this is the first half-year financial report prepared based on AIFRS. The accounting policies in note 1 have been applied in preparing:

- the consolidated interim financial statements for the six months ended 31 December 2005;
- the restated financial statements for the year ended 30 June 2005;
- the restated comparative information for the six months ended 31 December 2004; and
- the preparation of an opening AIFRS balance sheet at 1 July 2004 (the consolidated entity's date of transition to AIFRS).

In preparing the information outlined above, the consolidated entity has adjusted amounts reported previously in financial statements prepared in accordance with AGAAP.

The following tables and the notes that accompany the tables explain how the transition from AGAAP to AIFRS has affected the consolidated entity's financial position and financial performance. Since there are no material differences between the cash flow statement under AIFRS and the cash flow statement presented under AGAAP, no reconciliation for the cash flow statement is presented.

(a) Balance Sheets

(i) As at 30 June 2005	Per AGAAP	Adjustment for novation	Adjustment for IRESS	Lease adjustments	Share-based payment	Revenue adjustment	APRL adjustment	Reclass of software	Reversal of goodwill amortisation	Income Taxes	Per AIFRS
See note below		*(a)*	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*	*(h)*	*(i)*	
	$000	$000	$000	$000	$000	$000	$000		$000	$000	$000
Current assets											
Unrestricted cash assets	129,088	-	-	-	-	-	-	-	-	-	129,088
Restricted cash assets	71,489	-	-	-	-	-	-	-	-	-	71,489
Cash margins from participants	0	218,377	-	-	-	-	-	-	-	-	218,377
Receivables	23,696	3,635	-	-	-	(960)	-	-	-	-	26,371
Other assets	4,638	-	-	-	-	-	-	-	-	-	4,638
Total current assets	228,911	222,012	-	-	-	(960)	-	-	-	-	449,963
Non-current assets											
Investments accounted for using the equity method	47,202	-	-	-	-	-	1,965	-	-	-	49,167
Investments – other	22,950	-	41,550	-	-	-	-	-	-	-	64,500
Deferred tax assets	11,475	-	-	-	-	-	-	-	-	2,590	14,065
Property, plant and equipment	35,004	-	-	-	-	-	-	(8,005)	-	-	26,999
Receivables	7,912	-	-	-	-	-	-	-	-	-	7,912
Intangible assets	4,756	-	-	-	-	-	-	8,005	278	-	13,039
Total non-current assets	129,299	-	41,550	-	-	-	1,965	-	278	2,590	175,682
Total assets	358,210	222,012	41,550	-	-	(960)	1,965	-	278	2,590	625,645
Current liabilities											
Payables	14,067	-	-	-	-	-	-	-	-	-	14,067
Amounts owing to participants	-	222,012	-	-	-	-	-	-	-	-	222,012
Current tax liabilities	16,805	-	-	-	-	-	-	-	-	-	16,805
Provisions	21,417	-	-	-	-	-	-	-	-	-	21,417
Other liabilities	7,991	-	-	-	-	-	-	-	-	-	7,991
Total current liabilities	60,280	222,012	-	-	-	-	-	-	-	-	282,292
Non-current liabilities											
Deferred tax liabilities	2,123	-	12,465	-	-	-	-	-	-	(1,656)	12,932
Provisions	8,828	-	-	900	-	-	-	-	-	-	9,728
Other liabilities	-	-	-	7,728	-	-	-	-	-	-	7,728
Total non-current liabilities	10,951	-	12,465	8,628	-	-	-	-	-	(1,656)	30,388
Total liabilities	71,231	222,012	12,465	8,628	-	-	-	-	-	(1,656)	312,680
Net assets	286,979	-	29,085	(8,628)	-	(960)	1,965	-	278	4,246	312,965
Equity											
Contributed equity	106,282	-	-	-	-	-	-	-	-	-	106,282
Retained profits	109,208	-	-	(8,628)	(1,968)	(960)	1,965	-	278	4,246	104,141
Restricted capital reserve	71,489	-	-	-	-	-	-	-	-	-	71,489
Asset revaluation reserve	-	-	29,085	-	-	-	-	-	-	-	29,085
Equity compensation reserve	-	-	-	-	1,968	-	-	-	-	-	1,968
Total equity	286,979	-	29,085	(8,628)	-	(960)	1,965	-	278	4,246	312,965

(ii) As at 31 December 2004

	Per AGAAP	Adjustment for novation	Adjustment for IRESS	Lease adjustments	Share-based payment	Revenue adjustment	APRL adjustment	Reclass of software	Reversal of goodwill amortisation	Income Taxes	Per AIFRS
See note below		*(a)*	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*	*(h)*	*(i)*	
	$000	$000	$000	$000	$000	$000	$000		$000	$000	$000
Current assets											
Unrestricted cash assets	122,389	-	-	-	-	-	-	-	-	-	122,389
Restricted cash assets	-	-	-	-	-	-	-	-	-	-	-
Cash margins from participants	-	206,338	-	-	-	-	-	-	-	-	206,338
Receivables	22,650	4,123	-	-	-	(391)	-	-	-	-	26,382
Other assets	3,880	-	-	-	-	-	-	-	-	-	3,880
Total current assets	148,919	210,461	-	-	-	(391)	-	-	-	-	358,989
Non-current assets											
Investments accounted for using the equity method	47,370	-	-	-	-	-	529	-	-	-	47,899
Investments – other	22,950	-	37,050	-	-	-	-	-	-	-	60,000
Deferred tax assets	9,263	-	-	-	-	-	-	-	-	1,875	11,138
Property, plant and equipment	47,393	-	-	-	-	-	-	(19,345)	-	-	28,048
Receivables	11,912	-	-	-	-	-	-	-	-	-	11,912
Intangible assets	4,895	-	-	-	-	-	-	19,345	139	-	24,379
Total non-current assets	143,783	-	37,050	-	-	-	529	-	139	1,875	183,376
Total assets	292,702	210,461	37,050	-	-	(391)	529	-	139	1,875	542,365
Current liabilities											
Payables	13,583	-	-	-	-	-	-	-	-	-	13,583
Amounts owing to participants	-	210,461	-	-	-	-	-	-	-	-	210,461
Current tax liabilities	12,891	-	-	-	-	-	-	-	-	-	12,891
Provisions	12,864	-	-	-	-	-	-	-	-	-	12,864
Other liabilities	21,581	-	-	-	-	-	-	-	-	-	21,581
Total current liabilities	60,919	210,461	-	-	-	-	-	-	-	-	271,380
Non-current liabilities											
Deferred tax liabilities	5,722	-	11,115	-	-	-	-	-	-	(1,949)	14,888
Provisions	8,688	-	-	900	-	-	-	-	-	-	9,588
Other liabilities	-	-	-	7,626	-	-	-	-	-	-	7,626
Total non-current liabilities	14,410	-	11,115	8,526	-	-	-	-	-	(1,949)	32,102
Total liabilities	75,329	-	11,115	8,526	-	-	-	-	-	(1,949)	303,482
Net assets	217,373	-	25,935	(8,526)	-	(391)	529	-	139	3,824	238,883
Equity											
Contributed equity	106,282	-	-	-	-	-	-	-	-	-	106,282
Retained profits	111,091	-	-	(8,526)	(1,240)	(391)	529	-	139	3,824	105,426
Restricted capital reserve	-	-	-	-	-	-	-	-	-	-	-
Asset revaluation reserve	-	-	25,935	-	-	-	-	-	-	-	25,935
Equity compensation reserve	-	-	-	-	1,240	-	-	-	-	-	1,240
Total equity	217,373	-	25,935	(8,526)	-	(391)	529	-	139	3,824	238,883

(iii) As at 1 July 2004 – date of transition to AIFRS

	Per AGAAP	Adjustment for novation	Adjustment for IRESS	Lease adjustments	Share-based payment	Revenue adjustment	APRL adjustment	Reclass of software	Reversal of goodwill amortisation	Income Taxes	Per AIFRS
	$000	$000	$000	$000	$000	$000	$000		$000	$000	$000
See note below		*(a)*	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*	*(h)*	*(i)*	
Current assets											
Unrestricted cash assets	110,048	-	-	-	-	-	-	-	-	-	110,048
Restricted cash assets	-	-	-	-	-	-	-	-	-	-	-
Cash margins from participants	-	168,146	-	-	-	-	-	-	-	-	168,146
Receivables	23,741	1,160	-	-	-	(841)	-	-	-	-	24,060
Other assets	5,054	-	-	-	-	-	-	-	-	-	5,054
Total current assets	138,843	169,306	-	-	-	(841)	-	-	-	-	307,308
Non-current assets											
Investments accounted for using the equity method	47,307	-	-	-	-	-	(907)	-	-	-	46,400
Investments – other	22,950	-	25,050	-	-	-	-	-	-	-	48,000
Deferred tax assets	10,380	-	-	-	-	-	-	-	-	2,424	12,804
Property, plant and equipment	50,988	-	-	-	-	-	-	(21,169)	-	-	29,819
Receivables	14,388	-	-	-	-	-	-	-	-	-	14,388
Intangible assets	5,034	-	-	-	-	-	-	21,169	-	-	26,203
Total non-current assets	151,047	-	25,050	-	-	-	(907)	-	-	2,424	177,614
Total assets	289,890	169,306	25,050	-	-	(841)	(907)	-	-	2,424	484,922
Current liabilities											
Payables	11,931	-	-	-	-	-	-	-	-	-	11,931
Amounts owing to participants	-	169,306	-	-	-	-	-	-	-	-	169,306
Current tax liabilities	17,989	-	-	-	-	-	-	-	-	-	17,989
Provisions	19,204	-	-	-	-	-	-	-	-	-	19,204
Other liabilities	6,610	-	-	-	-	-	-	-	-	-	6,610
Total current liabilities	55,734	169,306	-	-	-	-	-	-	-	-	225,040
Non-current liabilities											
Deferred tax liabilities	5,689	-	7,515	-	-	-	-	-	-	(1,571)	11,633
Provisions	8,671	-	-	900	-	-	-	-	-	-	9,571
Other liabilities	-	-	-	7,289	-	-	-	-	-	-	7,289
Total non-current liabilities	14,360	-	7,515	8,189	-	-	-	-	-	(1,571)	28,493
Total liabilities	70,094	169,306	7,515	8,189	-	-	-	-	-	(1,571)	253,533
Net assets	219,796	-	17,535	(8,189)	-	(841)	(907)	-	-	3,995	231,389
Equity											
Contributed equity	106,282	-	-	-	-	-	-	-	-	-	106,282
Retained profits	113,514	-	-	(8,189)	(636)	(841)	(907)	-	-	3,995	106,936
Restricted capital reserve	-	-	-	-	-	-	-	-	-	-	-
Asset revaluation reserve	-	-	17,535	-	-	-	-	-	-	-	17,535
Equity compensation reserve	-	-	-	-	636	-	-	-	-	-	636
Total equity	219,796	-	17,535	(8,189)	-	(841)	(907)	-	-	3,995	231,389

(b) Income Statements

(i) Year ended 30 June 2005

	Per AGAAP	Lease adjustments	Share-based payment	Revenue adjustment	APRL adjustment	Reversal of goodwill amortisation	Income Taxes	Per AIFRS
See note below		*(c)*	*(d)*	*(e)*	*(f)*	*(h)*	*(i)*	
	$000	$000	$000	$000	$000	$000	$000	$000
Revenues from ordinary activities								
Listings	71,507	-	-	-	-	-	-	71,507
Equities trading, clearing & settlement	118,368	-	-	(119)	-	-	-	118,249
Derivatives trading, clearing & settlement	44,009	-	-	-	-	-	-	44,009
Information services	32,087	-	-	-	-	-	-	32,087
Interest revenue	9,214	-	-	-	-	-	-	9,214
Dividend revenue	2,325	-	-	-	-	-	-	2,325
Revenue from NGF	71,489	-	-	-	-	-	-	71,489
Other revenue	13,688	-	-	-	-	-	-	13,688
Total revenues from ordinary activities	362,687	-	-	(119)	-	-	-	362,568
Expenses from ordinary activities								
Staff expenses	77,182	-	1,332	-	-	-	-	78,514
Occupancy expenses	23,317	439	-	-	-	-	-	23,756
Equipment expenses	35,418	-	-	-	-	-	-	35,418
Administration expenses	22,618	-	-	-	-	(278)	-	22,340
Total expenses from ordinary activities	158,535	439	1,332	-	-	(278)	-	160,028
Share of net profit / (losses) of associated accounting for using the equity method	(105)	-	-	-	2,872	-	-	2,767
Profit from ordinary activities before income tax expense	204,047	(439)	(1,332)	(119)	2,872	278	-	205,307
Income tax expense relating to ordinary activities	(38,578)	-	-	-	-	-	251	(38,327)
Net profit attributable to members of the parent entity	165,469	(439)	(1,332)	(119)	2,872	278	251	166,980

(ii) Six months ended 31 December 2004

	Per AGAAP	Lease adjustments	Share-based payment	Revenue adjustment	APRL adjustment	Reversal of goodwill amortisation	Income Taxes	Per AIFRS
See note below		*(c)*	*(d)*	*(e)*	*(f)*	*(h)*	*(i)*	
	$000	$000	$000	$000	$000	$000	$000	$000
Revenues from ordinary activities								
Listings	34,856	-	-	-	-	-	-	34,856
Equities trading, clearing & settlement	58,396	-	-	450	-	-	-	58,846
Derivatives trading, clearing & settlement	20,944	-	-	-	-	-	-	20,944
Information services	15,703	-	-	-	-	-	-	15,703
Interest revenue	4,085	-	-	-	-	-	-	4,085
Dividend revenue	825	-	-	-	-	-	-	825
Other revenue	7,130	-	-	-	-	-	-	7,130
Total revenues from ordinary activities	141,939	-	-	450	-	-	-	142,389
Expenses from ordinary activities								
Staff expenses	35,587	-	604	-	-	-	-	36,191
Occupancy expenses	10,597	337	-	-	-	-	-	10,934
Equipment expenses	13,976	-	-	-	-	-	-	13,976
Administration expenses	10,103	-	-	-	-	(139)	-	9,964
Total expenses from ordinary activities	70,263	337	604	-	-	(139)	-	71,065
Share of net profit / (losses) of associated accounting for using the equity method	63	-	-	-	1,436	-	-	1,499
Profit from ordinary activities before income tax expense	71,739	(337)	(604)	450	1,436	139	-	72,823
Income tax expense relating to ordinary activities	(21,270)	-	-	-	-	-	(170)	(21,440)
Net profit attributable to members of the parent entity	50,469	(337)	(604)	450	1,436	139	(170)	51,383

Explanation of AIFRS adjustments

Note		Explanation
(a)	Adjustment for novation	This comprises two adjustments: 1. Cash margins required to cover open derivatives' positions being brought onto balance sheet. 2. Daily variation margins relating to the cash settlement which is yet to be received. Previously such amounts were disclosed as contingent assets and liabilities. However, these now fall within the definition of financial assets and liabilities in AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement' and must be recognised on balance sheet, which is consistent with industry practice.
(b)	Adjustment for IRESS	Under previous AGAAP, ASX accounted for its investment in IRESS on a cost basis. On adoption of AASB '139 Financial Instruments: Disclosure and Presentation', ASX has opted to account for the IRESS investment as an available-for-sale financial asset. Under this option, the carrying value of IRESS is adjusted to fair value and the movement in value is recognised in the asset revaluation reserve account in equity. However, if the asset becomes impaired, any fall in value below cost will be recognised as an expense. The adjustment to Asset Revaluation Reserve is net of tax.
(c)	Lease adjustments	This comprises two adjustments: 1. Under AASB 117 'Leases', where lease agreements contain fixed and determinable rate increases, the total payments to be made under the lease agreement must be expensed on a straight-line basis over the term of the lease. This impacts the accounting of operating leases for office space by smoothing the total rent expense evenly over each year of the lease term even though the rental payments are increasing over time. 2. Another adjustment arises where a rent-free period at lease inception is no longer discounted under AIFRS.
(d)	Share-based payment	Previously under AGAAP, no expense was recognised in relation to employee share-based payments. AASB 2 'Share-based Payment' requires an expense to be recognised for these type of transactions.
(e)	Revenue adjustment	ASX has elected under AASB 139 'Financial Instruments: Disclosure and Presentation' to account for equity trades on a settlement date basis. Thus an adjustment is necessary to de-recognise the revenue from equity trading for the last three days of the reporting period and recognise the revenue in the subsequent reporting period.
(f)	APRL adjustment	These adjustments reflect revised equity accounting of the financial results of APRL after they were restated to comply with AIFRS. Since APRL was sold in August 2005, there will be no impact going forward.
(g)	Reclassification of software	Under AASB '138 Intangible Assets', software which is separately identifiable from hardware is now classified as an intangible asset on the balance sheet. Previously it was disclosed as Plant and Equipment. This change has no impact on the income statement.
(h)	Reversal of goodwill amortisation	Under AGAAP, goodwill was amortised. However, under AASB 3 'Business Combinations', it is not amortised and instead is subject to impairment testing. As ASX opted not to retrospectively apply AASB 3 prior to 1 July 2004, only goodwill amortisation expensed since this date has been reversed.
(i)	Income taxes	Previously under AGGAP, ASX used the income statement liability method of tax-effect accounting. Under AIFRS, income tax is calculated based on the balance sheet approach. In general, ASX has recognised additional deferred tax balances than under AGAAP.

DIRECTORS' DECLARATION

In the opinion of the directors of Australian Stock Exchange Limited (ASXL):

1. the financial statements and notes, set out on pages 22 to 42, are in accordance with the Corporations Act 2001, including:

   (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2005 and of its performance, as represented by the results of its operations and cash flows, for the half-year ended on that date; and

   (b) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that ASXL will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 16th day of February 2006.
Signed in accordance with a resolution of the directors:

Maurice L Newman AC
Chairman

Tony M D'Aloisio
Managing Director

INDEPENDENT REVIEW REPORT
to the members of Australian Stock Exchange Limited

Scope

The financial report and directors' responsibility

The financial report for the Australian Stock Exchange Limited consolidated entity ("the Consolidated Entity"), for the half-year ended 31 December 2005, comprises the consolidated interim statement of income, balance sheet, statement of changes in equity, statement of cash flows, accompanying notes 1 to 12 to the financial statements, and the directors' declaration. The Consolidated Entity comprises Australian Stock Exchange Limited ("the Company") and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for preparing the relevant reconciling information regarding adjustments required under the Australian Accounting Standard AASB 1 'First-Time Adoption of Australian equivalents to International Financial Reporting Standards'.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard 134 'Interim Financial Reporting' and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

INDEPENDENT REVIEW REPORT
to the members of Australian Stock Exchange Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Stock Exchange Limited is not in accordance with:

(a) the Corporations Act 2001, including:

> (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
>
> (ii) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

KPMG

N T Davis
Partner

Sydney, 16th day of February 2006.