

2013 HALF-YEAR Financial Statements



ASX

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Directors' report

The directors present their report together with the financial statements of ASX Limited (ASX or the Company) and its subsidiaries (together referred to as the Group), for the half-year ended 31 December 2012 and the auditor's report thereon. The financial statements have been reviewed and approved by the directors on the recommendation of the ASX Audit and Risk Committee.

The consolidated net profit after tax for the half-year ended 31 December 2012 attributable to the owners of ASX was \$171,122,040 (31 December 2011: \$175,555,396).

Directors

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

Mr R Holliday-Smith
(Chairman since 28 March 2012)
Director since 2006*

Mr E Funke Kupper
(Managing Director and CEO)
Director since 2011

Mr RA Aboud
Director since 2005

Mr SD Finemore
Director since 2007

Dr KR Henry AC
Appointed 1 February 2013

Mr PR Marriott
Director since 2009

Ms HM Ridout
Appointed 29 August 2012

Ms JS Segal AM
Director since 2003

Mr PH Warne
Director since 2006**

Ms JR Broadbent AO was a director until her retirement on 5 October 2012. She had been a director since 2010.

* Chairman of SFE Corporation Limited from 1998 to 2008.

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

ASX acquired SFE Corporation Limited in 2006.

Directors' report continued

Review of operations

The Group's profit after tax of \$171.1 million decreased 2.5% compared to the prior comparable period (pcp). Earnings were impacted by lower revenues resulting from reduced market activity, particularly in equity markets.

The pcp was impacted by several months of high volatility in equity markets which led to increased trading activity in cash markets and derivatives, and higher overall revenue. When the results are compared to the immediately preceding six months (2H12) they show an improvement of 4.6% in profit after tax.

Operating revenue

Compared to the pcp, total revenue decreased 5.6% to \$387.6 million due to lower cash market, derivatives, information services and lower gross interest earned as average interest rates declined. Higher revenues were achieved from listings, technical services and Austraclear services.

Total operating revenue (excluding interest and dividend income) as reported in the segment note (page 9) was \$304.8 million, down 3.3% on the pcp. The revenue performance varied by quarter with the first quarter revenue down 8.8% compared to the strong quarter from the previous year which

was a period of high volatility. The second quarter revenue was up 2.8% on pcp driven by higher listings, derivatives and technical services. Revenue contribution by main line items in the segment note are detailed below. The segment note includes a reconciliation between segment revenues and expenses and the consolidated income statement.

Listings and issuer services - \$73.6 million, up 7.3%

Listings revenue increased 6.8% while issuer services revenue increased 9.6%. Compared to pcp, annual listing fees reduced marginally as a result of the lower market capitalisation in May 2012, the time at which the fees are levied. Initial listings revenue reduced 8.1% as there were 41 new listings compared to 57 in the pcp. Secondary listings revenue increased 29% with the amount of secondary capital raised up 3.5% and increases in the fees associated with capital raisings above \$10 million.

Revenue from issuer services increased 9.6%. A review of issuer service fees earlier in the year offset the decline in statements and other transactions.

Cash market - \$54.9 million, down 18.0%

Trade execution revenue of \$15.7 million declined 19.8% as a result of total traded value reducing 24.5%. The number of trades transacted declined by 12.3% and the average value per trade reduced to \$6,372, from \$7,399 in the pcp.

Cash market clearing revenue of \$19.7 million declined 21.5% compared to the pcp. This followed the reduction in value traded partially offset by lower crossings which do not attract the same clearing fee.

Cash market settlement revenue of \$19.5 million declined 12.4% compared to the pcp with the number of dominant settlement messages reducing by 11.3%.

Derivatives - \$94.4 million, down 2.3%

Revenue from ASX 24 Derivatives declined 2.3% to \$79.9 million. ASX 24 Derivative volumes increased marginally (0.6%), however, higher activity from proprietary traders and market makers impacted revenue. No large volume rebate was applicable in the half-year.

Revenue from ASX Derivatives declined 2.5% to \$14.5 million. ASX Derivatives volumes, comprising mainly single stock equity options and equity index options, reduced 7.1%. However, a reduction in the market maker activity as a portion of overall trading

limited the revenue decline. Equity options and index options volumes were down 7.0% and 7.8% respectively.

Information services - \$30.6 million, down 11.7%

Information services revenue was impacted by lower levels of retail and professional data usage, mainly related to equity markets. Market data derived from derivatives was down marginally.

Technical services - \$24.6 million, up 8.8%

Technical services revenue increased from all services categories other than application services which declined with fewer workstations related to equity markets and implementation of a revenue sharing arrangement with the vendor of ASX's new terminal solution. Revenue from community and connectivity services which include ASX Net and service connections within the ASX Australian Liquidity Centre (ALC) increased 21% from increased connections. Revenue from hosting customers increased 10% as more cabinets were provided within the ALC. Access revenue increased 14% mainly due to higher numbers of cross connects.

Directors' report continued

Austraclear - \$19.1 million, up 7.5%

Austraclear revenue increased 7.5% with transaction revenue flat and holdings and registry revenue up 18.5% and 12.7% respectively. A 4.2% decrease in transaction volumes was offset by fee increases in certain transactions. Holdings balances were on average 6.8% higher than the pcg reaching \$1.4 trillion at 31 December 2012.

Operating expenses

Total expenses (excluding finance costs) including depreciation and amortisation decreased 3.7%. The pcg included \$7.3 million of expenses associated with the decision to close interstate offices and rationalisation of data centre and office premises. Excluding these significant expenses in the pcg, cash operating expenses reported in the segment note increased 1.3% to \$71.3 million.

This increase in cash operating expenses resulted primarily from higher staff and administration costs. Full-time equivalent (FTE) headcount averaged 511 in 1H13, compared to 502 in the pcg. There were 518 FTEs at 31 December 2012. Occupancy costs decreased 15.3% due to the consolidation of office space following the ALC migration. The ASIC supervision levy decreased 24.6% due to a credit received relating to an earlier period.

Depreciation and amortisation reported in the segment note increased 19.5% mainly due to amortisation of the ALC.

Net interest income

Net interest income of \$21.9 million earned by the Group was flat on the pcg. Interest earned on ASX Group cash reserves (excluding participant collateral held) declined 35.6% due to lower interest rates. The Group's average cash reserves were down 3.6%. Net interest earned on collateral balances increased 40.2% due to higher collateral balances and net earning rates. Average collateral balances of \$3.3 billion were up 18.9% due to higher open derivative positions. The average investment spread earned over the official cash rate was 46 basis points compared to 33 basis points in the pcg.

Dividends

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

Type	Cents per share	Total amount \$m	Date of payment	Tax rate for franking credit
In respect of the current financial period:				
Interim	87.9	153.9	27 March 2013	30%
In respect of the prior financial year:				
Interim	92.8	162.5	21 March 2012	30%
Final	85.1	149.0	19 September 2012	30%
	177.9	311.5		

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

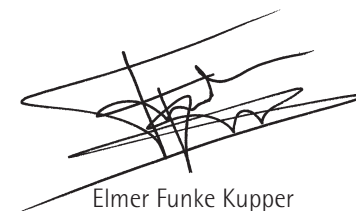
Rounding of amounts

ASX is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998, as varied by Class Order 05/641 dated 28 July 2005 and Class Order 06/51 dated 31 January 2006. In accordance with those class orders, amounts in the financial statements and the directors' report have been rounded off to the nearest hundred thousand dollars, as indicated.

Signed in accordance with a resolution of the directors.



Rick Holliday-Smith
Chairman



Elmer Funke Kupper
Managing Director and CEO

Sydney, 21 February 2013



Auditor's independence declaration

As lead auditor for the review of ASX Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'M J Codling', written in a cursive style.

M J Codling
Partner

PricewaterhouseCoopers

Sydney
21 February 2013

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Consolidated statement of comprehensive income

For the half-year ended 31 December 2012

	Half-year ended 31 Dec 2012 \$m	Half-year ended 31 Dec 2011 \$m
Note		
Revenue		
Listings and issuer services	73.8	68.6
Cash market	54.9	66.9
Derivatives	98.7	101.4
Information services	30.6	34.6
Technical services	25.5	22.6
Austraclear services	19.1	17.8
Dividends	3.3	3.3
Interest income	74.0	87.1
Other	7.7	8.2
2	387.6	410.5
Expenses		
Staff	43.2	43.4
Occupancy	6.6	11.5
Equipment	11.1	10.8
Administration	15.9	15.1
Depreciation and amortisation	15.4	14.8
Finance costs	52.1	65.2
2	144.3	160.8
Profit before income tax expense	243.3	249.7
Income tax expense	(72.2)	(74.1)
Net profit for the half-year attributable to owners of the Company	171.1	175.6

	Half-year ended 31 Dec 2012 \$m	Half-year ended 31 Dec 2011 \$m
Note		
Other comprehensive income (net of tax)		
Items that may be reclassified subsequently to profit or loss		
Change in fair value of investments	29.3	(34.6)
Change in fair value of available-for-sale financial assets	0.6	0.2
Change in fair value of cash flow hedges	0.1	-
Total items that may be reclassified to profit or loss	30.0	(34.4)
Other comprehensive income for the half-year (net of tax)	30.0	(34.4)
Total comprehensive income for the half-year attributable to owners of the Company	201.1	141.2

Earnings per share

Basic earnings per share (cents per share)	4	97.7	100.2
Diluted earnings per share (cents per share)	4	97.7	100.2

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

Consolidated balance sheet

As at 31 December 2012

Note	31 Dec 2012 \$m	30 Jun 2012 \$m
Current assets		
Cash and funds on deposit	3,097.3	2,528.6
Available-for-sale financial assets	1,236.6	1,167.5
Receivables	235.3	275.7
Other assets	8.9	7.2
Total current assets	4,578.1	3,979.0
Non-current assets		
Investments	203.9	162.1
Receivables	0.1	0.1
Property, plant and equipment	60.6	65.5
Intangible assets – software	62.5	57.7
Intangible assets – goodwill	2,262.8	2,262.8
Total non-current assets	2,589.9	2,548.2
Total assets	7,168.0	6,527.2

Note	31 Dec 2012 \$m	30 Jun 2012 \$m
Current liabilities		
Payables	193.3	249.4
Amounts owing to participants	3,446.3	2,853.5
Current tax liabilities	32.9	36.7
Provisions	12.3	13.1
Other current liabilities	52.8	14.3
Total current liabilities	3,737.6	3,167.0
Non-current liabilities		
Amounts owing to participants	89.9	86.1
Borrowings	6	250.0
Net deferred tax liabilities	26.0	10.8
Provisions	13.3	15.0
Other non-current liabilities	3.5	3.3
Total non-current liabilities	382.7	365.2
Total liabilities	4,120.3	3,532.2
Net assets	3,047.7	2,995.0
Equity		
Issued capital	8	2,483.2
Retained earnings	404.4	382.3
Restricted capital reserve	71.5	71.5
Asset revaluation reserve	80.5	50.5
Equity compensation reserve	8.1	7.5
Total equity	3,047.7	2,995.0

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

Consolidated statement of changes in equity

	Issued capital \$m	Retained earnings \$m	Restricted capital reserve \$m	Asset revaluation reserve \$m	Equity compensation reserve \$m	Total equity \$m
For the half-year ended 31 December 2012						
Opening balance at 1 July 2012	2,483.2	382.3	71.5	50.5	7.5	2,995.0
Profit for the period	-	171.1	-	-	-	171.1
Other comprehensive income for the period	-	-	-	30.0	-	30.0
Total comprehensive income for the period (net of tax)	-	171.1	-	30.0	-	201.1
Transactions with owners in their capacity as owners:						
Share-based payment	-	-	-	-	0.6	0.6
Dividends provided for or paid	-	(149.0)	-	-	-	(149.0)
Closing balance at 31 December 2012	2,483.2	404.4	71.5	80.5	8.1	3,047.7
For the half-year ended 31 December 2011						
Opening balance at 1 July 2011	2,483.2	368.3	71.5	91.3	6.8	3,021.1
Profit for the period	-	175.6	-	-	-	175.6
Other comprehensive income for the period	-	-	-	(34.4)	-	(34.4)
Total comprehensive income for the period (net of tax)	-	175.6	-	(34.4)	-	141.2
Transactions with owners in their capacity as owners:						
Share-based payment	-	-	-	-	0.4	0.4
Dividends provided for or paid	-	(162.8)	-	-	-	(162.8)
Closing balance at 31 December 2011	2,483.2	381.1	71.5	56.9	7.2	2,999.9

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

Consolidated statement of cash flows

For the half-year ended 31 December 2012

	Half-year ended 31 Dec 2012	Half-year ended 31 Dec 2011
Note	\$m	\$m
Cash flows from operating activities		
Cash receipts in the course of operations	380.5	399.0
Cash payments in the course of operations	(117.9)	(136.3)
Cash generated from operations	262.6	262.7
Interest received	65.5	85.9
Interest paid	(51.6)	(63.0)
Dividends received	3.3	3.3
Income taxes paid	(73.6)	(104.9)
Net cash inflow from operating activities	9	184.0
Cash flows from investing activities		
Increase in participants' margins and commitments	596.6	525.9
Payments for other non-current assets	(17.1)	(24.9)
Net cash inflow from investing activities	579.5	501.0
Cash flows from financing activities		
Dividends paid	(149.0)	(162.8)
Net cash (outflow) from financing activities	(149.0)	(162.8)

	Half-year ended 31 Dec 2012	Half-year ended 31 Dec 2011
Note	\$m	\$m
Net increase in cash and cash equivalents	636.7	522.2
Increase in fair value of cash and cash equivalents	1.1	0.2
Cash and cash equivalents at the beginning of the financial period	3,696.1	3,318.6
Cash and cash equivalents at the end of the financial period	4,333.9	3,841.0
Cash and cash equivalents consists of:		
ASX Group funds	797.7	798.7
Participants' margins and commitments	3,536.2	3,042.3
Total cash and cash equivalents*	4,333.9	3,841.0

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

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

Notes to the financial statements

1. Basis of preparation

ASX Limited (ASX or the Company) is a company domiciled in Australia. The half-year financial statements are for the consolidated entity consisting of ASX and its subsidiaries (together referred to as the Group).

The half-year financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. The half-year financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The half-year financial statements do not include all of the information required for full-year financial statements. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 June 2012 and any public announcements made by the Company during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies applied by the Group in the consolidated financial statements for the year ended 30 June 2012 have also been applied by the Group in these half-year financial statements.

The half-year financial statements were authorised for issuance by the Board of Directors on 21 February 2013.

2. Segment reporting

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

Vertical integration includes the:

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

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

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

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

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

Notes to the financial statements continued

Half-year ended 31 December 2012	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
Revenue			
Listings and issuer services	73.6	0.2	73.8
Cash market	54.9	-	54.9
Derivatives	94.4	4.3	98.7
Information services	30.6	-	30.6
Technical services	24.6	0.9	25.5
Austraclear services	19.1	-	19.1
Other	7.6	0.1	7.7
Operating revenue	304.8		
Interest income		74.0	74.0
Dividends		3.3	3.3
Total revenue		82.8	387.6
Expenses			
Staff	43.2	-	43.2
Occupancy	6.6	-	6.6
Equipment	10.5	0.6	11.1
Administration	7.4	8.5	15.9
Variable	2.0	(2.0)	-
ASIC Supervision Levy	1.6	(1.6)	-
Cash operating expenses	71.3		
EBITDA	233.5		
Finance costs		52.1	52.1
Depreciation and amortisation	15.4		15.4
Total expenses		57.6	144.3
EBIT	218.1		

Half-year ended 31 December 2012	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
Net interest and dividend income			
Net interest income	7.5	(7.5)	-
Net interest on participant balances	14.4	(14.4)	-
Dividend income	3.3	(3.3)	-
Net interest and dividend income	25.2	(25.2)	-
Underlying profit before tax	243.3	-	243.3
Income tax (expense)/credit	(72.2)	-	(72.2)
Underlying profit after tax	171.1	-	171.1
Significant items (refer note 3)	-	-	-
Tax on significant items	-	-	-
Net profit after tax	171.1	-	171.1
	Segment information \$m	Adjustments \$m	Consolidated balance sheet \$m
Net tangible equity			
Total assets	7,168.0	-	7,168.0
Less: total liabilities	(4,120.3)	-	(4,120.3)
Less: intangible assets - goodwill	(2,262.8)	-	(2,262.8)
Less: intangible assets - software	-	(62.5)	(62.5)
Net tangible equity	784.9	(62.5)	722.4

Notes to the financial statements continued

Half-year ended 31 December 2011	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
Revenue			
Listings and issuer services	68.6	-	68.6
Cash market	66.9	-	66.9
Derivatives	96.6	4.8	101.4
Information services	34.6	-	34.6
Technical services	22.6	-	22.6
Austraclear services	17.8	-	17.8
Other	8.0	0.2	8.2
Operating revenue	315.1		
Interest income		87.1	87.1
Dividends		3.3	3.3
Total revenue		95.4	410.5
Expenses			
Staff	41.7	1.7	43.4
Occupancy	7.8	3.7	11.5
Equipment	10.2	0.6	10.8
Administration	6.4	8.7	15.1
Variable	2.1	(2.1)	-
ASIC Supervision Levy	2.2	(2.2)	-
Cash operating expenses	70.4		
EBITDA	244.7		
Finance costs		65.2	65.2
Depreciation and amortisation	12.9	1.9	14.8
Total expenses		77.5	160.8
EBIT	231.8		

Half-year ended 31 December 2011	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
Net interest and dividend income			
Net interest income	11.6	(11.6)	-
Net interest on participant balances	10.3	(10.3)	-
Dividend income	3.3	(3.3)	-
Net interest and dividend income	25.2	(25.2)	-
Underlying profit before tax	257.0	(7.3)	249.7
Income tax (expense)/credit	(76.3)	2.2	(74.1)
Underlying profit after tax	180.7	(5.1)	175.6
Significant items (refer note 3)	(7.3)	7.3	-
Tax on significant items	2.2	(2.2)	-
Net profit after tax	175.6	-	175.6
	Segment information \$m	Adjustments \$m	Consolidated balance sheet \$m
Net tangible equity			
Total assets	6,531.6	-	6,531.6
Less: total liabilities	(3,531.7)	-	(3,531.7)
Less: intangible assets - goodwill	(2,262.8)	-	(2,262.8)
Less: intangible assets - software	-	(53.1)	(53.1)
Net tangible equity	737.1	(53.1)	684.0

Notes to the financial statements continued

3. Profit for the half-year

In the prior half-year ended 31 December 2011, significant expenses of \$7.3 million resulted from the decision to close two interstate offices, the rationalisation of data centre and office premises, and the impairment of certain intangible software assets. There were no significant expenses for the half-year ended 31 December 2012.

4. Earnings per share

	Half-year ended 31 Dec 2012	Half-year ended 31 Dec 2011
Basic earnings per share (cents)	97.7	100.2
Diluted earnings per share (cents)	97.7	100.2
	\$m	\$m
Earnings used in calculating basic and diluted earnings per share	171.1	175.6
	2012	2011
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	175,136,729	175,136,729

5. Contingencies

(a) Novation

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

ASX Clear Pty Limited

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

ASX Clear Pty Limited's participants are required to provide collateral on derivative positions held. As at 31 December 2012, total collateral provided by clearing participants was \$4,337.4 million (30 June 2012: \$4,161.9 million). This was made up of the following:

- cash of \$289.5 million (30 June 2012: \$254.5 million)
- bank guarantees of \$14.3 million (30 June 2012: \$62.8 million), and
- equity securities of \$4,033.6 million (30 June 2012: \$3,844.6 million).

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

All net delivery and net payment obligations relating to cash market and derivative securities owing to or by participants as at 31 December 2012 were subsequently settled.

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

	31 Dec 2012 \$m	30 June 2012 \$m	31 Dec 2011 \$m
Restricted capital reserve	71.5	71.5	71.5
Equity provided by the Group	3.5	3.5	3.5
Subordinated debt provided by the Group	75.0	75.0	75.0
Group external non-recourse borrowing*	100.0	100.0	100.0
Emergency assessments	300.0	300.0	300.0
	550.0	550.0	550.0

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

Notes to the financial statements continued

In the event of a clearing default, the financial resources at 31 December 2012 available to ASX Clear Pty Limited would be applied in the following order as set out in the ASX Clear Pty Limited clearing rule 8.3.1 Application of Clearing Assets:

1. Collateral or other margin or contributions provided by the defaulting participant with ASX Clear Pty Limited;
2. Restricted capital reserve of \$71.5 million. In accordance with the terms of ASX Clear Pty Limited's Australian Clearing and Settlement Facility Licence, unless the Minister for Financial Services and Superannuation (the Minister) agrees otherwise, these funds can only be used by ASX Clear Pty Limited for clearing and settlement support;
3. Equity capital of \$3.5 million and subordinated debt of \$75 million provided by ASXCC. Under its licence obligations, ASX Clear Pty Limited is required to comply with the Reserve Bank of Australia's Financial Stability Standards. In accordance with the Standards, ASX Clear Pty Limited has determined the Reserve Requirement to be \$150 million. As the Reserve Requirement may vary from time to time, ASX Clear Pty Limited has the obligation to provide financial resources to cover any shortfall in the Reserve Requirement. ASX Clear Pty Limited may utilise a number of alternatives to provide these financial resources including equity, debt, participant commitments and insurance. ASXCC is also party to a deed whereby it undertakes to replenish the above equity capital of \$3.5 million subject to the solvency of ASX Clear Pty Limited and the occurrence of other limited and specific circumstances.

ASXCC may also consider other sources of financial resources for ASX Clear Pty Limited as appropriate;

4. Non-recourse subordinated debt of \$100 million received from ASXCC which borrowed the funds externally;
5. Contributions provided by non-defaulting participants under the ASX Clear Pty Limited clearing rules. No contributions were provided in the current or prior period; and
6. Emergency assessments of \$300 million which can be levied on participants (nil has been levied for the period ending 31 December 2012 and for the year ended 30 June 2012).

ASX Clear (Futures) Pty Limited

ASX Clear (Futures) Pty Limited is the counterparty to derivative contracts comprising futures, options and contracts for differences transacted on ASX markets. Transactions between

two participating organisations are replaced by novation which simultaneously offsets the contract between ASX Clear (Futures) Pty Limited and the buying organisation with the contract between ASX Clear (Futures) Pty Limited and the selling organisation. From ASX Clear (Futures) Pty Limited's perspective, all positions are matched.

ASX Clear (Futures) Pty Limited is liable for the settlement of these derivative contracts traded between its clearing participants, and is supported by collateral provided by clearing participants as well as by specific financial resources totalling \$400 million referred to as the Clearing Guarantee Fund.

ASX Clear (Futures) Pty Limited's participants are required to provide collateral on derivative positions held. As at 31 December 2012, total collateral provided by clearing participants and recognised on balance sheet was \$3,156.8 million (30 June 2012: \$2,599.0 million). This was made up of the following:

- cash of \$3,156.8 million (30 June 2012: \$2,355.6 million), and
- debt securities \$nil (30 June 2012: \$243.4 million).

All net payment obligations relating to derivatives market transactions owing to or by clearing participants of ASX Clear (Futures) Pty Limited as at 31 December 2012 were subsequently settled.

The Clearing Guarantee Fund available to ASX Clear (Futures) Pty Limited to support its central counterparty clearing activities (over and above collateral provided by participants) is as follows:

	31 Dec 2012 \$m	30 June 2012 \$m	31 Dec 2011 \$m
Equity provided by the Group	30.0	30.0	30.0
Subordinated debt provided by the Group	70.0	70.0	70.0
Participant financial backing	120.0	120.0	120.0
Group external non-recourse borrowing *	150.0	150.0	150.0
Secondary commitments	30.0	30.0	30.0
	400.0	400.0	400.0

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

Notes to the financial statements continued

The financial resources available to ASX Clear (Futures) Pty Limited will be applied in the following order in the event of a participant default:

1. Collateral and participant financial backing provided by the defaulting participant with ASX Clear (Futures) Pty Limited;
2. Equity capital of \$30 million and subordinated debt of \$70 million provided by ASXCC. ASXCC is party to a deed whereby it undertakes to replenish the above equity capital of \$30 million subject to the solvency of ASX Clear (Futures) Pty Limited and the occurrence of other limited and specific circumstances;
3. Participant financial backing provided by participants, totalling \$120 million. Any defaulting participant's financial backing in this total will be included in amounts previously applied as part of amounts in (1) above. Participant financial backing comprises the following:
 - cash \$89.9 million (30 June 2012: \$86.1 million), and
 - non-cash commitments (letters of credit drawn on major Australian licensed banks) of \$30.1 million (30 June 2012: \$33.9 million);
4. Non-recourse subordinated debt of \$150 million received from ASXCC which borrowed the funds externally; and
5. Secondary commitments of \$30 million levied on participants (nil has been levied for the period ending 31 December 2012 and for the year ended 30 June 2012).

(b) Securities Exchanges Guarantee Corporation (SEGC) – Levy

The National Guarantee Fund (NGF), which is administered by SEGC, is maintained to provide compensation for prescribed claims arising from dealings with market participants as set out in the Corporations Act 2001. The net assets of the NGF at 31 December 2012 were \$104.1 million (30 June 2012: \$103.4 million). If the net assets of the NGF fall below the minimum amount, determined in accordance with the Corporations Act 2001 (currently \$76 million), SEGC may determine that ASX must pay a levy to SEGC. Where a levy becomes payable, ASX may determine that market participants must pay a levy, provided that the total amounts payable under this levy do not exceed the amount payable by ASX to SEGC. The amount in the NGF has not fallen below the applicable minimum amount since the NGF was formed and

SEGC has not imposed any levies. Failure by either ASX or a market participant to pay a levy may give rise to a civil action, but does not constitute an offence under the Corporations Act. In accordance with applicable accounting standards neither SEGC nor NGF are consolidated by ASX.

ASX is the only member of SEGC, which is a company limited by guarantee. Accordingly, ASX has a contingent liability to provide a maximum of \$1,000 of capital in the event it is called on by SEGC.

6. Borrowings

	31 Dec 2012 \$m	30 Jun 2012 \$m
Non-current	250.0	250.0
Total	250.0	250.0

The non-current borrowing of \$250 million at 31 December 2012 represents an unsecured bank loan supporting the financial resources of the Group's two central counterparty licensed clearing subsidiaries, ASX Clear Pty Limited and ASX Clear (Futures) Pty Limited. The loan matures in August 2015.

In the event that a clearing participant default results in a shortfall of financial resources for ASX Clear Pty Limited and ASX Clear (Futures) Pty Limited and the amount of which exceeds prior ranking financial resources held, the principal amount of the loan is reduced by a corresponding amount without obligation to repay at maturity. Details of the financial resources and their order of application are shown in note 5(a).

The debt facility contains obligations which are in keeping with expected banking covenants for facilities of this nature. The Group has complied with its obligations under the facility. The Group is developing an OTC interest rate derivative clearing service and expects to apply for regulatory approval in the current financial year. In the event that the Group obtains regulatory approval to commence clearing OTC interest rate derivatives, a review of the facility agreement will be undertaken with the lender. The review may result in changes to the terms of the facility including the maturity date, which may impact the classification of non-current in future periods.

Notes to the financial statements continued

7. Dividends

	Half-year ended 31 Dec 2012 \$m	Half-year ended 31 Dec 2011 \$m
Dividends provided or paid by the Company during the half-year	149.0	162.9
Dividends paid by the Company in the current period include amounts paid on certain shares held by the Group's Long-Term Incentive Plan Trust (LTIP). The amount of the dividends on these shares has been eliminated on consolidation.		
Dividends not recognised at the end of the half-year		
In addition to the above dividends, since the end of the half-year the directors have resolved to pay an interim dividend of 87.9 cents per fully paid ordinary share (2011: 92.8 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 27 March 2013 out of retained profits at 31 December 2012, but not recognised as a liability at the end of the half-year, is:	153.9	162.5

8. Equity securities issued

There has been no movement in equity securities for the half-year ended 31 December 2012 or 31 December 2011.

	2012 Shares	2011 Shares	2012 \$m	2011 \$m
Ordinary shares for the half-year	175,136,729	175,136,729	2,483.2	2,483.2

Ordinary shares for the half-year ended 31 December 2012 included 192,069 treasury shares (2011: 192,069) with a total purchase cost of \$8.5 million (2011: \$8.5 million).

9. Notes to the statement of cash flows

	Half-year ended 31 Dec 2012 \$m	Half-year ended 31 Dec 2011 \$m
Reconciliation of the operating profit after income tax to the net cash flows from operating activities:		
Net profit after tax	171.1	175.6
Add non-cash items:		
Depreciation and amortisation	15.4	14.8
Share-based payment	0.6	0.4
Changes in assets and liabilities:		
(Decrease) in tax balances	(1.5)	(30.8)
(Increase)/decrease in current receivables	(2.4)	8.2
(Increase) in other current assets	(1.7)	(2.1)
(Decrease) in payables	(11.5)	(24.3)
Increase in other current liabilities	38.5	38.1
Increase in other non-current liabilities	0.2	-
(Decrease) in current provisions	(0.8)	(1.6)
(Decrease)/increase in non-current provisions	(1.7)	5.7
Net cash provided by operating activities	206.2	184.0

10. Events occurring after the balance sheet date

Other than the interim dividend noted above, no matter or circumstance has arisen since the end of the half-year to the date of these financial statements which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group.

Directors' declaration

In the opinion of the directors of ASX Limited (the Company):

(a) the financial statements and notes that are contained in pages 5 to 15 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) the financial statements also comply with International Financial Reporting Standards as disclosed in note 1.

Signed in accordance with a resolution of the directors:



Rick Holliday-Smith
Chairman



Elmer Funke Kupper
Managing Director and CEO

Sydney, 21 February 2013



Independent auditor's review report to the members of ASX Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of ASX Limited (the company), which comprises the balance sheet as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the ASX Limited Group (the consolidated entity). The consolidated entity comprises both the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the

half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ASX Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

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 ASX Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at

31 December 2012 and of its performance for the half-year ended on that date, and

(b) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


PricewaterhouseCoopers



M J Codling
Partner

Sydney
21 February 2013

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