



2020 ASX Limited Half-Year Financial Statements

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Directors' report

The directors present their report together with the consolidated 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 2019 and the auditor's report thereon. The consolidated 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 2019 attributable to the owners of ASX was \$250.4 million (31 December 2018: \$246.1 million).

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 Rick Holliday-Smith (Chairman)
- Mr Dominic J Stevens (Managing Director and CEO)
- Ms Yasmin A Allen
- Ms Melinda B Conrad
- Dr Ken R Henry AC
- Mr Peter R Marriott
- Mr Peter S Nash
- Mrs Heather M Ridout AO
- Mr Damian Roche
- Mr Peter H Warne
- Mr Robert Woods (appointed 1 January 2020)

Results of operations

The Group's net profit after tax (NPAT) for 1H20 increased 1.8% on the prior comparative period (pcp) to \$250.4 million. A summary income statement in line with the Group's segment note is reflected in the table below.

Earnings per share (EPS) was 129.3 cents, up 1.7% compared to 127.1 cents in the pcp.

Summary Income Statement for the period ending 31 December 2019

Based on Group segment reporting note

	1H20 \$m	1H19 \$m	Variance fav/(unfav)	
			\$m	%
Operating revenue	454.9	424.7	30.2	7.1
Operating expenses	(114.4)	(105.2)	(9.2)	(8.7)
EBITDA	340.5	319.5	21.0	6.6
Depreciation and amortisation	(25.4)	(22.1)	(3.3)	(15.1)
<i>Total expenses</i>	<i>(139.8)</i>	<i>(127.3)</i>	<i>(12.5)</i>	<i>(9.8)</i>
EBIT	315.1	297.4	17.7	6.0
Net interest and dividend income	44.1	54.9	(10.8)	(19.7)
Profit before tax	359.2	352.3	6.9	2.0
Income tax expense	(108.8)	(106.2)	(2.6)	(2.5)
Profit after tax	250.4	246.1	4.3	1.8

The directors have determined an interim dividend of 116.4 cents per share, up 1.7% on the pcp, reflecting the increase in profit.

Additional information relating to dividends for the current and prior periods, including dividends determined by the Board since the end of the half-year, is set out in note 3 of the consolidated financial statements.

Directors' report continued

Operating revenue

Operating revenue as reflected in the Group's segment note increased 7.1% in 1H20 to \$454.9 million.

	1H20	1H19	Variance fav/(unfav)	
	\$m	\$m	\$m	%
Listings and Issuer Services	113.9	111.5	2.4	2.2
Derivatives and OTC Markets	159.4	146.8	12.6	8.6
Trading Services	125.0	113.5	11.5	10.2
Equity Post-Trade Services	58.6	54.7	3.9	7.2
Other revenue	(2.0)	(1.8)	(0.2)	(13.1)
Total operating revenue	454.9	424.7	30.2	7.1

Listings and Issuer Services revenue was \$113.9 million, up 2.2% principally reflecting:

Annual listing revenue down 1.2% to \$46.0 million

A decrease in the number of billed listed entities resulted in lower revenue, partially offset by annual fee changes.

Initial listing revenue down 2.3% to \$9.4 million

The number of new listings decreased from 72 to 55 and the capital raised in 1H20 was \$9.1 billion compared to \$32.1 billion in the pcp (pcp inclusive of \$17 billion Coles demerger). Historical revenues accounted for \$9.1 million and \$0.3 million of revenue related to capital raising in the current period.

Secondary capital raisings revenue up 7.9% to \$27.1 million

Capital raised increased by 11.0% to \$33.0 billion compared to \$29.7 billion in the pcp. Historical revenues accounted for \$23.9 million and \$3.2 million of revenue related to capital raising in the current period.

Other listings revenue up 16.4% to \$4.3 million

Exchange traded products (ETP) revenues increased as a result of strong growth in funds under management (FUM) balances year on year. There were also 11 re-instatements in 1H20 compared to 8 in the pcp.

Issuer services revenue up 2.3% to \$27.1 million

The increase in revenue resulted from a higher volume of CHES holding statements and greater use of the primary market facilitation service.

Derivatives and OTC revenue was \$159.4 million, up 8.6% reflecting:

Futures and OTC revenue up 10.7% to \$120.9 million

The increase in revenue was largely due to a 9.9% rise in futures volumes; of note the 30 day interbank cash rate product grew 390.4%. The value cleared through the OTC clearing service was 246.6% higher at \$7.1 trillion, compared to \$2.0 trillion in the pcp.

Equity options revenue down 13.0% to \$8.9 million

Continued subdued activity resulted in lower index options volumes, down 24.8% and single stock options volumes down 7.4%.

Austraclear revenue up 8.3% to \$29.6 million

The increase in revenue is primarily driven by registry with a 6.2% increase on pcp in the value of balances in the depository and higher transactions.

Trading Services revenue was \$125.0 million, up 10.2% reflecting:

Cash market trading revenue up 7.6% to \$27.9 million

The increase in revenue resulted from:

- Average on-market traded value of \$4.9 billion per day, up 8.1%. ASX's share of on-market trading averaged 88.9% in 1H20, up 0.2% on the average of 88.7% in the pcp.
- Auctions and Centre Point traded value was up 10.0% on pcp, both of which have higher associated revenues. Auctions accounted for 29.2% of the on-market traded value while Centre Point was 8.4%. Together, these accounted for 54.2% of ASX trading revenue, broadly in line with pcp.

Information services revenue up 13.5% to \$53.5 million

The increase in revenue resulted from data royalties growth across market data, bank bill swap rate (BBSW) coupled with annual fee increases.

Technical services revenue up 8.1% to \$43.6 million

The increase in revenue resulted from increased cabinet hosting with 324 cabinets at 31 December 2019 up from 310 in the pcp, and continued strong growth in the number of cross-connections within the ALC. The number of ALC cross-connections was 1,081 at 31 December 2019 up from 1,030 in the pcp.

Equity Post-Trade operating revenue \$58.6 million, up 7.2% reflecting:

Cash market clearing revenue up 9.7% to \$30.0 million

The daily average on-market value cleared increased 7.4% to \$5.2 billion reflecting the increase in trading across all venues in Australia. The clearing revenue share rebate provided was \$1.3 million compared to \$1.4 million in the pcp.

Cash market settlement revenue up 4.7% to \$28.6 million

The number of messages was up on pcp, with the main message type broadly consistent and messages related to the movement and conversion of securities 10.2% higher than the previous year. The settlement revenue share rebate provided was \$0.4 million compared to \$0.7 million in the pcp.

Directors' report continued

Total expenses

Total expenses as reflected in the Group's segment note in 1H20 increased 9.8% to \$139.8 million.

- Staff costs increased 14.6% to \$72.5 million. This reflects the impact of expanding head-count to support both project and 'licence to operate' initiatives, coupled with the annual remuneration review. The average full-time equivalent (FTE) headcount increased to 701 compared to 632 in the pcp.
- Occupancy costs decreased 45.1% to \$4.7 million. With the adoption of AASB 16 *Leases* (AASB 16), certain leasing costs, previously captured within rental expense, are now split between depreciation and interest on the income statement resulting in a reduction in group occupancy costs. Other occupancy costs were broadly flat on pcp.
- Equipment costs increased 5.1% to \$16.1 million, due to additional license subscriptions for cyber security and digital domain initiatives, offset by reduction in telecommunication costs within the scope of AASB 16.
- Administration costs increased 21.3% to \$12.7 million due to insurance premium uplift and consulting costs relating to initiatives.
- Variable costs increased 5.8% to \$4.6 million due to higher postage costs and higher volume of statements.
- ASIC supervision levy increased 19.2% to \$3.8 million due to ASIC fee revisions.
- Depreciation and amortisation expense increased 15.1% to \$25.4 million. The increase primarily resulted from the recognition of depreciation from the right-of-use lease assets, with the adoption of AASB 16.

	1H20	1H19	Variance fav/(unfav)	
	\$m	\$m	\$m	%
Staff	72.5	63.2	(9.3)	(14.6)
Occupancy	4.7	8.6	3.9	45.1
Equipment	16.1	15.3	(0.8)	(5.1)
Administration	12.7	10.5	(2.2)	(21.3)
Variable	4.6	4.4	(0.2)	(5.8)
ASIC supervision levy	3.8	3.2	(0.6)	(19.2)
Operating expenses	114.4	105.2	(9.2)	(8.7)
Depreciation and amortisation	25.4	22.1	(3.3)	(15.1)
Total expenses	139.8	127.3	(12.5)	(9.8)

Capital expenditure

The Group invested \$43.4 million in capital expenditure during the half-year, compared to \$27.6 million in the pcp. Expenditure included the continued investment in distributed ledger technology for the CHES replacement, ASX Trade platform upgrades as well as various initiatives to strengthen resiliency of ASX services, by continuing to contemporise platforms.

Net interest income

Net interest and dividend income as reflected in the Group's segment note decreased 19.7% to \$44.1 million, partly due to the sale of ASX's shareholding in IRESS in February 2019. Excluding dividend income, net interest was down 11.4%. Net interest consists of two components: interest earned on ASX's cash balances and net interest earned from the investment of cash collateral balances lodged by participants.

Interest income on ASX's cash balances decreased 43.8% to \$6.1 million given decreased earning rates predominantly due to RBA rate cuts.

Net interest earned from the investment of participant balances decreased 2.4% to \$38.0 million. Investment earnings on this portfolio decreased to 35 basis points compared to 54 basis points above the official overnight cash rate. This decrease is offset by a 24.6% increase in average cash collateral and commitment balances to \$10.1 billion.

Financial position

At 31 December 2019, the net assets of the Group remain strong at \$3,696.0 million.

Summary Balance Sheet as at 31 December 2019

As at	31 Dec 2019 \$m	30 Jun 2019 \$m	Variance increase/ (decrease)	
			\$m	%
Assets				
Cash	306.4	333.1	(26.7)	(8.0)
Other financial assets ¹	11,586.9	11,931.7	(344.8)	(2.9)
Intangibles (excluding software)	2,326.0	2,326.1	(0.1)	(0.0)
Investments ²	99.2	81.8	17.4	21.3
Right-of-use assets	78.1	-	78.1	100.0
Other assets ³	1,514.8	657.6	857.2	130.4
Total assets	15,911.4	15,330.3	581.1	3.8%
Liabilities				
Amounts owing to participants	10,705.3	10,801.0	(95.7)	(0.9)
Lease Liabilities	83.2	-	83.2	100.0
Other liabilities	1,426.9	612.9	814.0	132.8
Total liabilities	12,215.4	11,413.9	801.5	7.0
Equity				
Capital	3,027.2	3,027.2	-	-
Retained earnings	580.9	801.7	(220.8)	(27.5)
Reserves	87.9	87.5	0.4	0.6
Total equity	3,696.0	3,916.4	(220.4)	(5.6)

¹ Includes other financial assets at amortised cost and financial assets at fair value through profit or loss.

² Prior period balance includes Digital Asset convertible note and accrued interest reclassified in the above for comparative purposes.

³ Other assets include software.

Directors' report continued

Investments

Investments for the period were up \$22.9 million or 29.9% on the prior year and reflect the movement in carrying value of ASX's investments as detailed below:

- 45.1% shareholding in Yieldbroker Pty Limited, down \$0.1 million. An unlisted entity operating licensed electronic markets for trading Australian and New Zealand debt securities.
- 8.3% shareholding in Digital Asset Holdings LLC, up \$19.8 million as a result of further USD 10 million investment and USD 3.9 million convertible note to equity conversion. An unlisted US domiciled technology entity.
- 49.1% shareholding in Sympli Australia Pty Limited, up \$3.2 million mainly attributable to \$5.8 million additional investment. An unlisted entity established to provide electronic property conveyancing and settlement services.

Right-of-use assets and Lease liabilities

In accordance with AASB 16, ASX recognised assets and liabilities for all leases with a term more than 12 months. As at 31 December 2019, \$78.1 million of right-of-use assets and \$83.2 million of lease liabilities are recognised on the balance sheet, representing ASX's right to use the underlying leased asset and obligations to make lease payments respectively.

Amounts owing to participants

Amounts owing to participants were down \$95.7 million or 0.9% compared to 30 June 2019, reflecting a decrease in the open positions held in interest rate and equity index futures. ASX holds these collateral positions to cover cash market and derivatives exposures as part of its clearing operations. The decrease in participant balances results in a corresponding decrease in cash and other financial assets, as the balances are invested by ASX.

Total equity

Total equity was down \$220.4 million or 5.6%. This was primarily due to payment of \$471.2 million of dividends, comprised of FY19 final dividend of \$221.3 million and special dividend of \$249.9 million, which was partly offset by the \$250.4 million six monthly profit in FY20.

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 7.

Rounding of amounts

ASX is a company of the kind referred to in ASIC Legislative Instrument 2016/191. In accordance with that instrument, amounts in the consolidated financial statements and the Directors' Report have been rounded to the nearest hundred thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of the directors:



Rick Holliday-Smith
Chairman



Dominic Stevens
Managing Director and CEO
Sydney, 13 February 2020



Auditor's independence declaration

As lead auditor for the review of ASX Limited for the half-year ended 31 December 2019, 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 'V. Papageorgiou', written in a cursive style.

Voula Papageorgiou
Partner
PricewaterhouseCoopers

Sydney, 13 February 2020

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Consolidated statement of comprehensive income

For the period ended	31 Dec 2019 \$m	31 Dec 2018 \$m
Revenue		
Listings and Issuer Services	114.6	112.0
Derivatives and OTC Markets	160.0	147.0
Trading Services	126.1	114.2
Equity Post-Trade Services	58.6	54.7
Interest income	88.8	109.8
Dividend income	-	5.1
Share of net (loss) of equity accounted investments	(2.7)	(2.6)
Other	0.7	1.0
	546.1	541.2
Expenses		
Staff	(72.5)	(63.2)
Occupancy	(4.7)	(8.6)
Equipment	(16.9)	(16.1)
Administration	(22.0)	(18.9)
Finance costs	(44.7)	(60.0)
Depreciation and amortisation	(26.1)	(22.1)
	(186.9)	(188.9)
Profit before income tax expense	359.2	352.3
Income tax expense	(108.8)	(106.2)
Net profit for the period attributable to owners of the Company	250.4	246.1
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Change in the fair value of cash flow hedges	(0.5)	0.3
Items that cannot be reclassified to profit or loss:		
Change in the fair value of investments in equity instruments	(0.5)	(19.9)
Other comprehensive income for the period, net of tax	(1.0)	(19.6)
Total comprehensive income for the period attributable to owners of the Company	249.4	226.5
Earnings per share		
Basic earnings per share (cents per share)	129.3	127.1
Diluted earnings per share (cents per share)	129.3	127.1

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at	Note	31 Dec 2019 \$m	30 Jun 2019 \$m
Current assets			
Cash		306.4	333.1
Other financial assets at amortised cost		10,694.8	10,825.4
Financial assets at fair value through profit or loss	6	892.1	1,111.8
Trade and other receivables ¹		1,201.0	390.6
Prepayments		23.4	17.5
Total current assets		13,117.7	12,678.4
Non-current assets			
Investments in equity instruments	6,7	44.1	24.3
Equity accounted investments		55.1	52.0
Intangible assets		2,478.1	2,458.3
Net deferred tax asset		62.0	45.3
Property, plant and equipment		64.1	61.5
Right-of-use assets		78.1	-
Prepayments		12.2	10.5
Total non-current assets		2,793.7	2,651.9
Total assets		15,911.4	15,330.3
Current liabilities			
Amounts owing to participants	5	10,505.3	10,601.0
Trade and other payables ¹		1,150.6	349.3
Lease liabilities		8.7	-
Current tax liabilities		36.9	89.9
Provisions		15.2	15.2
Revenue received in advance	2	149.4	83.1
Total current liabilities		11,866.1	11,138.5
Non-current liabilities			
Amounts owing to participants	5	200.0	200.0
Lease liabilities		74.5	-
Provisions		5.7	9.6
Revenue received in advance	2	69.1	65.8
Total non-current liabilities		349.3	275.4
Total liabilities		12,215.4	11,413.9
Net assets		3,696.0	3,916.4
Equity			
Issued capital	4	3,027.2	3,027.2
Retained earnings		580.9	801.7
Reserves		87.9	87.5
Total equity		3,696.0	3,916.4

¹ The movements in 'Trade and other receivables' and 'Trade and other payables' reflect the material changes in the margin requirements as a result of the movement in the underlying positions of relevant clearing participants on the last trading day of the reporting period. These were settled the following business day.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the period ended	Note	Issued capital \$m	Retained earnings \$m	Reserves \$m	Total equity \$m
Opening balance at 1 July 2019		3,027.2	801.7	87.5	3,916.4
Profit for the period		-	250.4	-	250.4
Other comprehensive income for the period		-	-	(1.0)	(1.0)
Total comprehensive income for the period, net of tax		-	250.4	(1.0)	249.4
Transactions with owners in their capacity as owners:					
Incentive plans – value of employee services		-	-	1.4	1.4
Dividends paid	3	-	(471.2)	-	(471.2)
Closing balance at 31 December 2019		3,027.2	580.9	87.9	3,696.0
Opening balance at 1 July 2018					
Opening balance at 1 July 2018		3,027.2	666.7	251.6	3,945.5
Change in accounting policies		-	(85.0)	0.6	(84.4)
Restated balance at 1 July 2018		3,027.2	581.7	252.2	3,861.1
Profit for the period		-	246.1	-	246.1
Other comprehensive income for the period		-	-	(19.6)	(19.6)
Total comprehensive income for the period, net of tax		-	246.1	(19.6)	226.5
Transactions with owners in their capacity as owners:					
Incentive plans – value of employee services		-	-	2.3	2.3
Dividends paid	3	-	(211.2)	-	(211.2)
Closing balance at 31 December 2018		3,027.2	616.6	234.9	3,878.7

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the period ended	31 Dec 2019 \$m	31 Dec 2018 ¹ \$m
Cash flows from operating activities		
Receipts from customers	560.8	540.2
Payments to suppliers and employees	(163.4)	(163.6)
	397.4	376.6
Increase/(decrease) in participants' margins and commitments ²	119.2	(1,357.5)
Net movement in financial assets at amortised cost	163.0	1,347.3
Interest received	60.9	63.2
Interest paid	(48.9)	(60.1)
Dividends received	-	5.1
Income taxes paid	(178.2)	(104.9)
Net cash inflow from operating activities	513.4	269.7
Cash flows from investing activities		
Payments for investments in equity instruments	(14.9)	-
Payments for equity accounted investments	(5.8)	(1.5)
Payments for other non-current assets	(43.0)	(39.1)
Net cash (outflow) from investing activities	(63.7)	(40.6)
Cash flows from financing activities		
Principal payments for leased assets	(4.0)	-
Dividends paid	(471.2)	(211.2)
Net cash (outflow) from financing activities	(475.2)	(211.2)
Net (decrease)/increase in cash	(25.5)	17.9
(Decrease)/increase in the fair value of cash	(0.7)	0.3
(Decrease)/increase in cash due to changes in foreign exchange rates	(0.5)	7.6
Cash at the beginning of the period	333.1	377.2
Cash at the end of the period¹	306.4	403.0

The total funds available for the Group to invest comprises the following:

ASX Group funds	1,188.0	1,140.1
Participants' margins and commitments	10,705.3	7,548.2
Less: non-cash collateral	(892.1)	(813.5)
Total	11,001.2	7,874.8
Cash	306.4	403.0
Other financial assets at amortised cost	10,694.8	7,471.8
Total	11,001.2	7,874.8

¹ The prior period has been restated to reflect the change in classification of certain assets as cash equivalents. Refer to note 11 for further details

² Commitments are cash backed and included under 'Amounts owing to participants' in non-current liabilities.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows continued

Reconciliation of the operating profit after income tax to the net cash flows from operating activities:	31 Dec 2019 \$m	31 Dec 2018 ¹ \$m
Net profit after tax	250.4	246.1
Add non-cash items:		
Depreciation and amortisation	26.1	22.1
Share-based payments	1.5	2.3
Share of net loss of equity accounted investments	2.7	2.6
Foreign currency revaluation	0.5	(8.1)
Changes in operating assets and liabilities:		
Decrease in other financial assets at amortised cost ¹	130.6	1,305.8
Increase/(decrease) in participants' margins and commitments ²	118.7	(1,349.9)
(Decrease)/increase in tax balances	(69.4)	1.4
Decrease/(increase) in current receivables ³	3.2	(9.0)
(Increase) in prepayments	(8.2)	(3.1)
(Decrease) in trade and other payables ³	(13.1)	(13.4)
Increase in revenue received in advance	69.6	71.5
Increase in provisions	0.8	1.4
Net cash inflow from operating activities	513.4	269.7

¹ The prior period has been restated to reflect the change in classification of certain assets as cash equivalents. Refer to note 11 for further details.

Reconciliation of this line item to the Statement of Cash Flows on page 11 includes interest from discount securities reflected within net profit after tax.

² Reconciliation of this line item to the Statement of Cash Flows on page 11 includes foreign currency revaluation on amounts owing to participants reflected within the non-cash items above. The line item reflects the net effect of changes in financial assets at FVTPL and changes in amounts owing to participants.

³ Changes in assets and liabilities from investing and financing activities such as margins receivable/payable, certain accruals and securities pledged under repurchase agreements are excluded.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

ASX Limited (ASX or the Company) is a company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purposes of preparing the financial statements.

The condensed financial statements for the consolidated entity which consists of ASX and its subsidiaries (together referred to as the Group) for the half-year ended 31 December 2019 were authorised for issue by the Board of Directors on 13 February 2020. The directors have the power to amend and reissue the financial statements.

The half-year financial statements are general purpose financial statements that:

- have been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134 *Interim Financial Reporting* and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)
- include the assets and liabilities of all subsidiaries of the Company as at 31 December 2019 and the results of the subsidiaries for the half-year then ended. Inter-entity transactions with, or between, subsidiaries are eliminated in full on consolidation
- have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and investments in equity instruments which have been measured at fair value through other comprehensive income
- are measured and presented in Australian dollars which is ASX's functional and presentation currency with all values rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with ASIC Legislative Instrument 2016/191.

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 2019 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 Group's accounting policies have been consistently applied to all periods presented apart from the changes to leases as a result of the adoption of AASB 16. Refer to note 10 for details of the changes in accounting policies. For all comparative periods refer to the accounting policies in the FY19 Annual Report.

Certain comparative balances have been reclassified to ensure consistency with changes to current period presentation and classification.

1. Segment reporting

(a) Description of segment

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

The CODM assesses performance of the Group as a single segment, being an integrated organisation that provides a multi-asset class product offering which includes:

- listing and issuer services offered to public companies and other issuers
- trading venue or exchange activities for trading
- clearing and settlement activities
- exchange-traded and over-the-counter (OTC) products
- information and technical services supporting the Group's activities.

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 expense such as those that may be associated with significant business restructuring or individual transactions of an infrequent nature. There were no items reported as significant in the current or prior financial period.

Group performance measures, including earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation and amortisation (EBITDA), are also reviewed by the CODM. In assessing performance, expected credit loss allowances and arrangements where revenue is shared with external parties are reclassified from expenses to operating revenue; certain expenses are reclassified within operating expenses; and interest income is presented net of interest expense.

(b) Segment results

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

ASX derives all external customer revenue within Australia, however some services are accessible and some customers are located offshore.

No single customer generates revenue greater than 10% of the Group's total revenue.

Notes to the consolidated financial statements continued

For the period ended	31 Dec 2019			31 Dec 2018		
	Segment information \$m	Adjustments \$m	Consolidated income statement \$m	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
Revenue						
Listings	86.8	0.7	87.5	85.0	0.5	85.5
Issuer Services	27.1	-	27.1	26.5	-	26.5
Listings and Issuer Services	113.9	0.7	114.6	111.5	0.5	112.0
Equity Options	8.9	0.2	9.1	10.2	0.2	10.4
Futures and OTC Clearing	120.9	0.4	121.3	109.3	-	109.3
Austraclear	29.6	-	29.6	27.3	-	27.3
Derivatives and OTC Markets	159.4	0.6	160.0	146.8	0.2	147.0
Cash Market Trading	27.9	-	27.9	26.0	-	26.0
Information Services	53.5	-	53.5	47.2	-	47.2
Technical Services	43.6	1.1	44.7	40.3	0.7	41.0
Trading Services	125.0	1.1	126.1	113.5	0.7	114.2
Cash Market Clearing	30.0	-	30.0	27.3	-	27.3
Cash Market Settlement	28.6	-	28.6	27.4	-	27.4
Equity Post-Trade Services	58.6	-	58.6	54.7	-	54.7
Other	(2.0)	2.7	0.7	(1.8)	2.8	1.0
Operating revenue	454.9			424.7		
Interest income		88.8	88.8		109.8	109.8
Dividend income		-	-		5.1	5.1
Share of net (loss) of equity accounted investments		(2.7)	(2.7)		(2.6)	(2.6)
Total revenue		91.2	546.1		116.5	541.2
Expenses						
Staff	(72.5)	-	(72.5)	(63.2)	-	(63.2)
Occupancy	(4.7)	-	(4.7)	(8.6)	-	(8.6)
Equipment	(16.1)	(0.8)	(16.9)	(15.3)	(0.8)	(16.1)
Administration	(12.7)	(9.3)	(22.0)	(10.5)	(8.4)	(18.9)
Variable	(4.6)	4.6	-	(4.4)	4.4	-
ASIC levy	(3.8)	3.8	-	(3.2)	3.2	-
Operating expenses	(114.4)			(105.2)		
EBITDA	340.5			319.5		
Finance costs	-	(44.7)	(44.7)	-	(60.0)	(60.0)
Depreciation and amortisation	(25.4)	(0.7)	(26.1)	(22.1)	-	(22.1)
Total expenses	(25.4)	(47.1)	(186.9)	(22.1)	(61.6)	(188.9)
EBIT	315.1			297.4		
Net interest and dividend income						
Net interest income	6.1	(6.1)	-	10.9	(10.9)	-
Net interest on participant balances	38.0	(38.0)	-	38.9	(38.9)	-
Dividend income	-	-	-	5.1	(5.1)	-
Net interest and dividend income	44.1	(44.1)	-	54.9	(54.9)	-
Underlying profit before tax	359.2	-	359.2	352.3	-	352.3
Income tax expense	(108.8)	-	(108.8)	(106.2)	-	(106.2)
Underlying profit after tax	250.4	-	250.4	246.1	-	246.1
Net profit after tax	250.4	-	250.4	246.1	-	246.1

Notes to the consolidated financial statements continued

2. Revenue from contracts with customers

(a) Disaggregation of revenue

The Group derives its revenue from the transfer of services over time and at a point in time. The following table provides a breakdown of revenue by the timing of when performance obligations are satisfied and by major business line.

For the period ended 31 Dec 2019	Services satisfied at a point in time \$m	Services satisfied over time \$m	Total
Listings and Issuer Services	24.9	89.7	114.6
Derivatives and OTC Markets	144.3	15.7	160.0
Trading Services	30.1	96.0	126.1
Equity Post-Trade Services	58.5	0.1	58.6
Other	0.1	0.6	0.7
Total revenue from contracts with customers¹	257.9	202.1	460.0

¹Revenue generated from participant balances is recognised in Interest Income.

For the period ended 31 Dec 2018	Services satisfied at a point in time \$m	Services satisfied over time \$m	Total
Listings and Issuer Services	23.5	88.5	112.0
Derivatives and OTC Markets	132.2	14.8	147.0
Trading Services	28.6	85.6	114.2
Equity Post-Trade Services	54.3	0.4	54.7
Other	0.2	0.8	1.0
Total revenue from contracts with customers¹	238.8	190.1	428.9

¹Revenue generated from participant balances is recognised in Interest Income.

As disclosed in note 1, the Group has one operating segment, the disaggregated revenue in this note differs from the reportable segment as the expected credit loss allowance and certain revenue share agreements with external parties are reclassified from expenses to operating revenue.

(b) Revenue received in advance

The Group has recognised the following revenue received in advance related to contracts with customers as at reporting date. The balances represent aggregate transaction price allocated to contract liabilities for performance obligations that are partially unsatisfied at reporting date. There is no consideration that has been excluded from the transaction price.

As at	31 Dec 2019 \$m	30 Jun 2019 \$m
Current		
Listings and Issuer Services	123.0	65.9
Austraclear	13.0	11.7
Information Services	10.5	4.3
Memberships	2.9	1.2
Total current revenue received in advance	149.4	83.1
Non-current		
Listings and Issuer Services	69.1	65.7
Austraclear	-	0.1
Total non-current revenue received in advance	69.1	65.8
Total revenue received in advance	218.5	148.9

3. Dividends

The Board's policy is to pay a dividend based on 90% of underlying net profit after tax. This is reviewed each time the Board considers payment of a dividend. The policy is unchanged from the prior year.

The following table includes information relating to dividends recognised and paid by ASX during the periods ended 31 December 2019 and 31 December 2018.

For the period ended	Cents per share	Total amount \$m
For the period ended 31 Dec 2019		
Final dividend for the year ended 30 June 2019	114.3	221.3
Special dividend	129.1	249.9
For the period ended 31 Dec 2018		
Final dividend for the year ended 30 June 2018	109.1	211.2

The above dividends paid by the Company include amounts attached to certain shares held by the Group's Long-Term Incentive Plan Trust (LTIP). The dividend revenue recognised by LTIP is eliminated on consolidation.

Since the end of the half-year, the directors have determined an interim dividend of 116.4 cents per share totalling \$225.3 million. This will be paid on 25 March 2020. The dividend will be fully franked based on tax paid at 30%.

The interim dividend has not been recognised in the financial statements for the half-year ended 31 December 2019, and will be recognised in the following reporting period.

Notes to the consolidated financial statements continued

4. Issued capital

(a) Movements in ordinary share capital

At 31 December 2019, the closing balance of ordinary share capital was \$3,027.2 million (2018: \$3,027.2 million) and the number of shares outstanding was 193,595,162 (2018: 193,595,162). There were no movements in the balance of ordinary share capital or the number of shares outstanding in the current or prior period.

(b) Treasury shares

The following table presents the movement in the number of treasury shares during the period:

For the period ended	31 Dec 2019 No. of shares	30 Jun 2019 No. of shares
Opening balance	9,844	61,060
Issue of shares under the Long-Term Incentive plan	(6,520)	(11,604)
Issue of deferred shares under employee equity plans	-	(50,000)
Shares transferred to LTIP	1,557	10,388
Closing balance	4,881	9,844

5. Amounts owing to participants

The Group undertakes central counterparty clearing and collects margins and other balances (commitments) from clearing participants as security for clearing risk undertaken.

Participants' margins and commitments lodged and recognised on balance sheet at period end comprised the following:

As at	31 Dec 2019 \$m	30 Jun 2019 \$m
Current		
Cash	9,613.2	9,494.5
Debt securities	892.1	1,106.5
Total current amounts owing to participants	10,505.3	10,601.0
Non-current		
Commitments (cash backed)	200.0	200.0
Total non-current amounts owing to participants	200.0	200.0
Total amounts owing to participants	10,705.3	10,801.0

Collateral and commitments lodged by clearing participants as at report date comprised the following:

As at 31 Dec 2019	ASX Clear \$m	ASX Clear (Futures) \$m	Total \$m
Cash	600.8	9,212.4	9,813.2
Debt securities	-	892.1	892.1
Total amounts owing to participants	600.8	10,104.5	10,705.3
Equity securities ¹	3,376.7	-	3,376.7

As at 30 Jun 2019

Cash	843.6	8,850.9	9,694.5
Debt securities	-	1,106.5	1,106.5
Total amounts owing to participants	843.6	9,957.4	10,801.0
Equity securities ¹	3,351.8	-	3,351.8

¹Equity securities are not recognised on the 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 2019 were subsequently settled.

6. Fair value measurements of financial instruments

(a) Fair value hierarchy and valuation techniques

The following table presents the Group's financial assets measured and recognised at fair value at report date. The Group does not have any financial liabilities measured at fair value.

As at 31 Dec 2019	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Financial assets				
Investments in equity instruments	-	-	44.1	44.1
Financial assets at fair value through profit or loss (FVTPL)	739.0	153.1	-	892.1
Total financial assets	739.0	153.1	44.1	936.2
As at 30 Jun 2019	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Financial assets				
Investments in equity instruments	-	-	24.3	24.3
Financial assets at FVTPL	1,044.9	61.6	5.3	1,111.8
Total financial assets	1,044.9	61.6	29.6	1,136.1

There were no transfers between levels for recurring measurements during the year. The Group did not measure any financial assets at fair value on a non-recurring basis as at 31 December 2019.

The classification of financial instruments within the fair value hierarchy and the valuation techniques used to determine their values are detailed below.

Level 1

Level 1 inputs are unadjusted quoted prices in active markets at the measurement date for identical assets and liabilities. Financial instruments included in this category include Australian Government bonds. The fair value of Australian Government bonds are determined by reference to readily observable quoted prices for identical assets in active markets.

Notes to the consolidated financial statements continued

Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Financial instruments included in this category include Semi Government bonds as their fair values were determined using observable market prices for identical assets that were not actively traded.

Level 3

Level 3 inputs are based on unobservable market data. The fair value of the Group's unlisted equity investment is determined using a discounted cash flow model which includes unobservable inputs and therefore is classified as a Level 3 instrument.

(b) Fair values of other financial instruments

The Group has a number of financial instruments which are not measured at fair value on the balance sheet. Due to their short-term nature, the carrying amounts of current receivables, current payables and current amounts owing to participants are assumed to approximate their fair value. The carrying amount of non-current amounts owing to participants approximates their fair value as the impact of discounting is not significant. As at 31 December 2019 the fair value of financial assets at amortised cost has been assessed and is not materially different to the carrying value.

(c) Level 3 fair value instruments

The following table presents the changes in Level 3 fair value instruments during the period:

For the period ended 31 Dec 2019	Investments in unlisted entities ¹ \$m	Investments at FVTPL ² \$m	Total \$m
Opening balance at 1 July 2019	24.3	5.3	29.6
Additions	20.5	-	20.5
Disposals	-	(5.4)	(5.4)
FX revaluation:			
-Recognised in equity	(0.5)	-	(0.5)
-Recognised in profit or loss	-	0.1	0.1
-Recognised in deferred tax	(0.2)	-	(0.2)
Closing balance at 31 December 2019	44.1	-	44.1

For the period ended 30 Jun 2019	Investments in unlisted entities ¹ \$m	Investments at FVTPL ² \$m	Total \$m
Opening balance at 1 July 2018	28.9	4.8	33.7
Additions	-	0.3	0.3
Price revaluation:			
-Recognised in equity	(4.2)	-	(4.2)
-Recognised in deferred tax	(1.8)	-	(1.8)
FX revaluation:			
-Recognised in equity	1.0	-	1.0
-Recognised in profit or loss	-	0.2	0.2
-Recognised in deferred tax	0.4	-	0.4
Closing balance at 30 June 2019	24.3	5.3	29.6

¹ The revaluation (loss) or gain, net of tax, has been recognised within the asset revaluation reserve.

² The revaluation gain, net of tax, has been recognised within administration expenses in the statement of comprehensive income.

7. Investments in equity instruments

As at	31 Dec 2019 \$m	30 Jun 2019 \$m
Investments in unlisted entities	44.1	24.3
Total investments in equity instruments	44.1	24.3

In August 2019, ASX invested an additional \$14.9 million (USD 10 million) in Digital Asset Holding LLC (DA) and converted the DA convertible note and the interest which was held at \$5.6 million (USD 3.9 million) into DA shares resulting in a total 8.3% holding in DA. Refer to note 6 for further details of the movement in fair value.

8. Intangible assets

Software

During the half-year ended 31 December 2019, the Group incurred \$33.6 million of capital expenditure for intangible assets - software (31 December 2018: \$21.5 million). The total net book value of software at 31 December 2019 is \$152.2 million (30 June 2019: \$132.2 million).

Notes to the consolidated financial statements continued

9. New and amended standards and interpretations

(a) New and amended standards and interpretations adopted by the Group

The AASB has issued a number of standards and amendments to standards that are mandatory for the first time in the reporting period commenced 1 July 2019. The Group has identified AASB 16 Leases (AASB 16) as having a material impact. The impact of adopting AASB 16 is disclosed in note 10. All other standards and amendments to standards issued by the AASB do not materially affect the amounts recognised in prior, current or future periods.

(b) New and amended standards and interpretations not yet adopted by the Group

The AASB has issued a number of new or amended accounting standards and interpretations that are not mandatory for the first time in the reporting period commenced 1 July 2019. The Group has assessed these standards and interpretations and determined that there are no standards or amendments to standards that are not yet effective that are expected to have a material impact on the Group in the current or future reporting period.

10. Changes in accounting policies

The Group has adopted AASB 16 from 1 July 2019. Details on adoption of new accounting policies are described below.

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the exception of short-term (less than 12 months) and low value leases.

The Group has adopted AASB 16 using the modified retrospective approach on transition. Accordingly, the information presented for the comparative period has not been restated and it is presented as previously reported, under AASB 117 Leases (AASB 117).

In applying AASB 16 for the first time, the Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months to end of lease term;
- Excluded initial direct costs at date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Right-of-use asset

The Group recognises a right-of-use (ROU) asset where the Group has control of an asset for a period of more than 12 months. Assets are recorded initially at cost and depreciated on a straight line basis over the term of the lease. Cost is defined as the lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus any initial costs and make good provisions less any lease incentives received.

The depreciation policy for depreciable underlying right of use assets applies ASX's normal depreciation policy for similar assets. Depreciable amount of the right of use asset is allocated on a systematic basis over the lease term.

Lease liability

Lease liabilities are measured at the present value of the payments to be made over the lease term at the commencement of the lease are discounted using the lessee's incremental borrowing rate. The incremental borrowing rate is the rate that the Group would have to pay to borrow funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment, with similar terms, security and conditions. Application of the incremental borrowing rate is adopted where the interest rate implicit in the lease cannot be readily determined, which is generally the case for leases in the Group.

Lease payments due within the next 12 months are recognised within current lease liabilities; payments due after 12 months are recognised within non-current lease liabilities. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest expense on the lease liability is a component of finance cost and is presented in the statement of profit or loss.

The short-term lease exemption will be applied to leases that are less than 12 months. These leases are recognised on a straight-line basis as an expense.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Critical judgements in determining lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it.

Impact on application

On adoption of AASB 16 the Group recognised a lease liability of \$87.2 million and lease ROU asset of \$83.4 million and these amounts have been tax effected.

Notes to the consolidated financial statements continued

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.0%. The lease provisions of \$3.8 million as at 30 June 2019 recognised under AASB 117 were reversed and adjusted against the ROU asset.

A reconciliation of the new lease liabilities to the amounts disclosed at 30 June 2019 as lease commitments is provided below.

Operating leases commitments disclosed at 30 June 2019	70.2
Discounted using the incremental borrowing rate	68.8
Add adjustment as a result of a different treatment of extension options	12.7
Add leases not recognised as a lease under AASB 117	5.7
Lease liability recognised as at 1 July 2019	87.2
Current lease liabilities	8.9
Non-current lease liabilities	78.3
Total lease liabilities	87.2

11. Reclassification of prior period balances

In 2H19, the Group reassessed the classification of its cash and cash equivalents and determined that certain funds on deposit and debt and money market instruments no longer met the criteria to be classified as cash equivalents. Refer to the FY19 annual report for further details. For comparability purposes, the prior period balances (31 December 2018) have been reclassified in the statement of cash flows.

The following table shows the reclassification for each individual line item in the financial statements. Line items that were not affected by the change have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Consolidated statement of cash flows (extract)

As at 31 December	Reported 2018 \$m	Adjustment \$m	Restated 2018 \$m
Cash flows from operating activities			
Decrease in participants' margins and commitments	-	(1,357.5)	(1,357.5)
Net movement in other financial assets at amortised cost	-	1,347.3	1,347.3
Interest received	104.7	(41.5)	63.2
Net cash inflow from operating activities	321.4	(51.7)	269.7
Cash flows from investing activities			
Decrease in participants' margins and commitments	(960.0)	960.0	-
Net cash outflow from investing activities	(1,000.6)	960.0	(40.6)
Net (decrease)/increase in cash	(890.4)	908.3	17.9
Increase in the fair value of cash	1.0	(0.7)	0.3
Increase in cash due to changes in foreign exchange rates	12.4	(4.8)	7.6
Cash at the beginning of the year	9,565.3	(9,188.1)	377.2
Cash at the end of the year	8,688.3	(8,285.3)	403.0

Total funds available for the Group to invest comprises the following:

As at 31 December			
ASX Group funds	1,140.1	-	1,140.1
Participants' margins and commitments	7,548.2	-	7,548.2
Less: non-cash collateral	-	(813.5)	(813.5)
Total	8,688.3	(813.5)	7,874.8

Reconciliation of the operating profit after income tax to the net cash flows from operating activities (extract)

For the year ended 31 December			
Non-cash items:			
Foreign currency revaluation	(0.5)	(7.6)	(8.1)
Changes in operating assets and liabilities:			
Decrease in other financial assets at amortised cost	-	1,305.8	1,305.8
(Decrease) in participants' margins and commitments	-	(1,349.9)	(1,349.9)
Net cash inflow from operating activities	321.4	(51.7)	269.7

Notes to the consolidated financial statements continued

12. Subsequent events

From the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected, 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 8 to 20 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 2019 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Rick Holliday-Smith
Chairman



Dominic Stevens
Managing Director and CEO

Sydney, 13 February 2020



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) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

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 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 gives a true and fair view and 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 Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 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:

1. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Voula Papageorgiou
Partner

Sydney, 13 February 2020

PricewaterhouseCoopers, ABN 52 780 433 757

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