

# 2016 HALF-YEAR Financial Statements



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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 2015 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 2015 attributable to the owners of ASX was \$213.1 million (31 December 2014: \$198.6 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 Elmer Funke Kupper (Managing Director and CEO)
- Ms Yasmin A Allen
- Dr Ken R Henry AC
- Mr Peter R Marriott
- Mrs Heather M Ridout AO
- Mr Damian Roche
- Mr Dominic J Stevens
- Mr Peter H Warne

Ms Jillian S Segal AM was a director from 2003 until her resignation on 1 September 2015.

## Results of operations

The Group's profit after tax for the half-year ended 31 December 2015 (1H16) increased 7.3% to \$213.1 million from the prior comparable period (pcp). A summary income statement in line with the Group's segment note is reflected in the following table:

\$million	1H16	1H15	Variance % fav/(unfav)
Operating revenues	376.2	348.7	7.9
Operating expenses	(85.1)	(81.4)	(4.4)
<b>EBITDA</b>	<b>291.1</b>	<b>267.3</b>	<b>8.9</b>
Depreciation and amortisation	(20.8)	(18.6)	(12.2)
<b>EBIT</b>	<b>270.3</b>	<b>248.7</b>	<b>8.7</b>
Interest and dividend income	33.7	34.4	(2.0)
<b>Profit before tax</b>	<b>304.0</b>	<b>283.1</b>	<b>7.4</b>
Tax expense	(90.9)	(84.5)	(7.6)
<b>Profit after tax</b>	<b>213.1</b>	<b>198.6</b>	<b>7.3</b>

## Earnings per share (EPS)

The Group's earnings per share in 1H16 was 110.2 cents compared to 102.7 cents in the pcp. The 7.3% increase in EPS compared to the pcp reflects the increase in profit.

## Dividends

The Group's dividend policy is to pay 90% of underlying earnings after tax. This measure excludes amounts regarded as significant non-recurring items of revenue and expenses. There were no items classified as significant in the current period or the pcp. The Board determined to pay an FY16 interim dividend of 99.1 cents per share on 23 March 2016, up 7.4% on the 92.3 cents per share paid in the pcp reflecting the increased profit.

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

Type	Cents per share	Total amount \$m	Date of payment
<b>In respect of the current financial year:</b>			
Interim	99.1	191.9	23 March 2016
<b>In respect of the prior financial year:</b>			
Interim	92.3	178.7	18 March 2015
Final	95.1	184.1	23 September 2015
<b>Total</b>	<b>187.4</b>	<b>362.8</b>	

Dividends are fully franked based on a tax rate of 30%.

### Operating revenues

Group operating revenues as reported in the segment note increased 7.9% to \$376.2 million in 1H16 compared to the pcg.

The Group re-aligned responsibilities for the business activities from 1 July 2015 into four main categories to improve services to customers and support the growth of each business. The operating revenue from each business activity is reflected in the table below with the prior year data restated for comparability.

Revenue category	1H16	1H15	Variance % fav/(unfav)
Listings and issuer services	105.6	91.3	15.6
Trading services	91.4	84.6	8.1
Equity post-trade services	51.0	45.6	11.7
Derivatives and OTC markets	126.8	126.8	-
Other revenue	1.4	0.4	185.2
<b>Total operating revenues</b>	<b>376.2</b>	<b>348.7</b>	<b>7.9</b>

Commentary on operating revenues for the various business activities is detailed across.

Listings and issuer services – \$105.6 million, up 15.6%

Activity drivers across primary markets mostly improved compared to the pcg with a significant increase in the total amount of capital raised.

- Annual listing revenue – up 5.4% to \$36.7 million. There were 2,238 listed entities at 31 December 2015 compared to 2,208 a year earlier. An increase in market capitalisation combined with fee increases led to the increase in revenue.
- Initial listing revenue – up 3.0% to \$11.7 million. While the number of new listings increased from 71 to 77, the capital raised in 1H16 was \$13.5 billion compared to \$19.0 billion in the pcg. This was mainly due to fewer larger listings in 1H16.
- Secondary capital raisings revenue – up 36.9% to \$29.0 million. This follows a 109.6% increase in the amount of capital raised to \$41.1 billion, compared to \$19.6 billion in the pcg.
- Issuer services revenue – up 13.2% to \$23.2 million. The increase in revenue was due to a 10.0% increase in the number of CHESS holding statements, driven by higher trading and capital raisings and a 40.6% increase in holding adjustments and transfers.
- Other revenue – up 43.5% to \$5.0 million. Other listing revenue was higher due to an increase in previously suspended companies relisting.

Trading services – \$91.4 million, up 8.1%

Trading services comprises cash market trading, information and technical services.

- Cash market trading – up 14.9% to \$20.3 million. The increase in revenue resulted from:
  - Higher daily average on-market value traded on ASX of \$4.1 billion compared to \$3.5 billion in the pcg.

- Partly offset by a higher revenue sharing rebate of \$1.0 million compared to \$0.8 million in the pcg.

ASX's market share of on-market trading averaged 88.4% in 1H16 compared to 89.9% in the pcg.

- Information services – up 10.8% to \$40.6 million. The increase in revenue resulted from restructuring of fees which increased institutional data royalties and reduced retail data royalties. Higher revenue also resulted from royalties from the licensing of the SPI 200 index.
- Technical services – up 1.0% to \$30.5 million.
  - Community and connectivity – up 3.9% to \$8.5 million. While total revenue grew from increased service connections, this was offset by a decrease in ASX Net connections.
  - Liquidity access – down 0.8% to \$15.3 million due to decreased futures cross connects.
  - Application services – down 11.6% to \$2.7 million due to lower installation fees from futures cross connects.
  - Hosting – up 13.0% to \$4.0 million. The number of customer cabinets hosted in the ALC increased from 179 to 219.

Equity post-trade services – \$51.0 million, up 11.7%

Equity post-trade services revenue includes fees for clearing and settlement of ASX-quoted securities including equities, debt securities, warrants and exchange-traded funds.

- Cash market clearing revenue – up 17.3% to \$27.2 million. The daily average on-market value cleared increased 19.2% to \$4.3 billion reflecting the increase in trading across all venues in Australia. The increase in value cleared resulted in a higher revenue sharing rebate of \$1.7 million, compared to \$1.1 million in the pcg.

• ASX has committed to provide a 10% clearing fee reduction on 1 July 2016. The clearing and settlement revenue sharing schemes will also be retained.

- Cash market settlement revenue – up 6.0% to \$23.8 million. Higher on-market trading activity levels led to a 6.7% increase in the dominant settlement messages. The settlement revenue sharing rebate was \$0.8 million compared to \$0.3 million in the pcg.

Derivatives and OTC markets – \$126.8 million, flat on pcg

Derivatives and OTC markets includes futures and equity options; clearing of OTC interest rate derivatives; settlement, depository and registry services for debt securities and cash transactions (Austraclear); and ASX Collateral services.

- Equity options – down 11.4% to \$11.3 million. The decrease in revenue was due to a 21.7% decrease in the volume of contracts traded. A change in the mix of products and users offset some of the volume decrease. Single stock option volumes were down 24.7% while index option and future volumes were up 9.1%.
- Futures – up 1.3% to \$91.6 million. The increase in revenue was due to a 5.1% increase in volumes. The increase in volumes was partly offset by fee cuts implemented on 1 October 2014. The value cleared through the OTC clearing service increased to \$817.4 billion compared to \$101.7 billion in the pcg.
- Austraclear – up 1.5% to \$23.9 million. The increase in revenue was primarily due to increased registry activity and higher balances in the depository. At 31 December 2015, the value of assets in the ASX Collateral service was \$4.6 billion.

## Operating expenses

The Group's operating expenses (excluding finance costs and depreciation and amortisation) increased by 4.4% to \$85.1 million compared to the pcp.

Staff costs increased 1.5% to \$50.7 million. This was due to salary increases and increased recruitment costs. The average fulltime equivalent (FTE) headcount of 523 decreased from 526 in the pcp.

Other operating costs increased 9.0% to \$34.4 million. This was due to higher equipment and administration costs to support new services and initiatives. Higher variable costs were incurred due to the increased production of equity holding statements.

Depreciation and amortisation expenses increased 12.2% to \$20.8 million. This was due to the increased capital investment in prior periods in new services as well as ongoing technology maintenance and refresh of existing platforms.

## Capital expenditure

The Group incurred \$18.7 million on capital expenditure during the half-year, compared to \$13.0 million in the pcp. Expenditure was focused on the technology transformation program with the futures and cash market trading platform replacement underway, as well as the enhanced risk management platform. These are targeted to be delivered in 2016.

The next phase of the technology transformation program will focus on equity post-trade platforms. With the emergence of new technologies, ASX is analysing the use of distributed ledger technology as a possible replacement for equities settlement. This technology provides new opportunities to ASX, and includes an equity investment in a specialist technology company to assess the potential solution and its risks.

## Net interest and dividend income

Net interest and dividend income decreased 2.0% to \$33.7 million.

Interest income on ASX's own cash balances decreased 24.4% to \$11.3 million due to lower interest rates.

Net interest earned from the investment of cash collateral balances increased 20.1% to \$17.5 million. This increase was due to higher average collateral balances partly offset by lower investment earnings. Collateral balances averaged \$4.3 billion in 1H16 up 15.0% as futures derivative open positions increased. The Group's net earning rate on the collateral invested averaged 37 basis points, down from 40 basis points in the pcp.

Dividend income from ASX's shareholding in IRESS was flat on pcp at \$4.9 million.

## Financial position

At 31 December 2015, the net assets of the Group were \$3,787.2 million, up 0.7% from 30 June 2015. Retained earnings increased \$29.2 million from continuing business operations.

A summary balance sheet is presented below.

\$million	31 Dec 2015	30 Jun 2015	Variance %
<b>Assets</b>			
Cash and available-for-sale financial assets	5,356.3	4,879.0	9.8
Goodwill	2,317.6	2,317.6	-
Investments	373.6	376.8	(0.9)
Other assets	527.9	485.2	8.8
<b>Total assets</b>	<b>8,575.4</b>	<b>8,058.6</b>	<b>6.4</b>
<b>Liabilities</b>			
Amounts owing to participants	4,308.5	3,886.2	10.9
Other liabilities	479.7	412.7	16.2
<b>Total liabilities</b>	<b>4,788.2</b>	<b>4,298.9</b>	<b>11.4</b>
<b>Equity</b>			
Capital	3,027.2	3,027.2	-
Retained earnings	555.5	526.3	5.5
Reserves	204.5	206.2	(0.8)
<b>Total equity</b>	<b>3,787.2</b>	<b>3,759.7</b>	<b>0.7</b>

The following balance sheet items contributed to significant movements in assets and liabilities during the half-year:

## Amounts owing to participants – up \$422.3 million or 10.9%

As part of its clearing operations, the Group holds collateral lodged by participants to cover cash market and derivative exposures including OTC transactions. The increase was primarily related to higher futures open positions.

The increase in participant balances resulted in a corresponding 9.8% increase in cash and available-for-sale financial assets, as the balances are invested by ASX.

## 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 5.

## Rounding of amounts

ASX is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998. In accordance with that class order, amounts in the 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

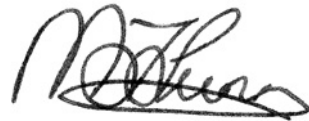
Elmer Funke Kupper  
Managing Director and CEO  
Sydney, 11 February 2016

# Auditor's independence declaration

As lead auditor for the review of ASX Limited for the half-year ended 31 December 2015, 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.



Matthew Lunn  
Partner  
PricewaterhouseCoopers

Sydney, 11 February 2016



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# Consolidated statement of comprehensive income

For the half-year ended	Note	31 Dec 2015 \$m	31 Dec 2014 \$m
<b>Revenue</b>			
Listings and issuer services		106.2	91.7
Trading services		91.8	85.1
Equity post-trade services		51.0	45.6
Derivatives and OTC markets		127.0	126.8
Interest income		72.9	73.9
Dividend income		4.9	4.9
Share of net profit of equity accounted investments		0.4	-
Other		1.0	0.6
	<b>1</b>	<b>455.2</b>	<b>428.6</b>
<b>Expenses</b>			
Staff		(50.7)	(49.9)
Occupancy		(6.8)	(6.7)
Equipment		(14.0)	(12.7)
Administration		(14.8)	(13.1)
Depreciation and amortisation		(20.8)	(18.6)
Finance costs		(44.1)	(44.5)
	<b>1</b>	<b>(151.2)</b>	<b>(145.5)</b>
<b>Profit before income tax expense</b>		<b>304.0</b>	<b>283.1</b>
Income tax expense		(90.9)	(84.5)
<b>Net profit for the half-year attributable to owners of the Company</b>		<b>213.1</b>	<b>198.6</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss:</b>			
Change in the fair value of available-for-sale investments		(2.5)	54.0
Change in the fair value of available-for-sale financial assets		0.5	0.7
Change in the fair value of cash flow hedges		(0.2)	0.9
<b>Other comprehensive income for the half-year, net of tax</b>		<b>(2.2)</b>	<b>55.6</b>
<b>Total comprehensive income for the half-year attributable to owners of the Company</b>		<b>210.9</b>	<b>254.2</b>
<b>Earnings per share</b>			
Basic earnings per share (cents per share)		110.2	102.7
Diluted earnings per share (cents per share)		110.2	102.7

# Consolidated balance sheet

As at	Note	31 Dec 2015 \$m	30 Jun 2015 \$m
<b>Current assets</b>			
Cash and funds on deposit		1,919.4	1,989.4
Available-for-sale financial assets	5	3,436.9	2,889.6
Receivables		373.5	328.6
Prepayments		9.4	9.4
<b>Total current assets</b>		<b>5,739.2</b>	<b>5,217.0</b>
<b>Non-current assets</b>			
Investments in listed entities	5	307.5	311.1
Equity accounted investments		66.1	65.7
Intangible assets – goodwill		2,317.6	2,317.6
Intangible assets – software		91.6	92.4
Property, plant and equipment		53.4	54.8
<b>Total non-current assets</b>		<b>2,836.2</b>	<b>2,841.6</b>
<b>Total assets</b>		<b>8,575.4</b>	<b>8,058.6</b>
<b>Current liabilities</b>			
Amounts owing to participants		4,108.5	3,686.2
Payables		333.8	312.5
Current tax liabilities		20.8	13.1
Provisions		14.1	13.6
Revenue received in advance		67.2	18.0
Other liabilities		-	0.1
<b>Total current liabilities</b>		<b>4,544.4</b>	<b>4,043.5</b>
<b>Non-current liabilities</b>			
Amounts owing to participants		200.0	200.0
Net deferred tax liabilities		33.8	44.3
Provisions		9.9	10.9
Revenue received in advance		0.1	0.2
<b>Total non-current liabilities</b>		<b>243.8</b>	<b>255.4</b>
<b>Total liabilities</b>		<b>4,788.2</b>	<b>4,298.9</b>
<b>Net assets</b>		<b>3,787.2</b>	<b>3,759.7</b>
<b>Equity</b>			
Issued capital	3	3,027.2	3,027.2
Retained earnings		555.5	526.3
Restricted capital reserve		71.5	71.5
Asset revaluation reserve		123.2	125.4
Equity compensation reserve		9.8	9.3
<b>Total equity</b>		<b>3,787.2</b>	<b>3,759.7</b>

# Consolidated statement of changes in equity

	Note	Issued capital \$m	Retained earnings \$m	Restricted capital reserve \$m	Asset revaluation reserve \$m	Equity compensation reserve \$m	Total equity \$m
<b>For the half-year ended 31 December 2015</b>							
Opening balance at 1 July 2015		3,027.2	526.3	71.5	125.4	9.3	3,759.7
Profit for the period		-	213.1	-	-	-	213.1
Other comprehensive income for the period		-	-	-	(2.2)	-	(2.2)
<b>Total comprehensive income for the period, net of tax</b>		-	213.1	-	(2.2)	-	210.9
<b>Transactions with owners in their capacity as owners:</b>							
Share-based payments		-	-	-	-	0.5	0.5
Dividends paid	2	-	(183.9)	-	-	-	(183.9)
<b>Closing balance at 31 December 2015</b>		<b>3,027.2</b>	<b>555.5</b>	<b>71.5</b>	<b>123.2</b>	<b>9.8</b>	<b>3,787.2</b>
<b>For the half-year ended 31 December 2014</b>							
Opening balance at 1 July 2014		3,027.2	480.9	71.5	82.5	8.8	3,670.9
Profit for the period		-	198.6	-	-	-	198.6
Other comprehensive income for the period		-	-	-	55.6	-	55.6
<b>Total comprehensive income for the period, net of tax</b>		-	198.6	-	55.6	-	254.2
<b>Transactions with owners in their capacity as owners:</b>							
Share-based payments		-	-	-	-	0.7	0.7
Dividends paid	2	-	(173.9)	-	-	-	(173.9)
<b>Closing balance at 31 December 2014</b>		<b>3,027.2</b>	<b>505.6</b>	<b>71.5</b>	<b>138.1</b>	<b>9.5</b>	<b>3,751.9</b>



# Consolidated statement of cash flows

For the half-year ended	31 Dec 2015 \$m	31 Dec 2014 \$m
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	466.4	424.7
Payments to suppliers and employees (inclusive of GST)	(147.5)	(123.3)
	<b>318.9</b>	<b>301.4</b>
Interest received	74.4	74.6
Interest paid	(43.0)	(42.7)
Dividends received	4.9	4.9
Income taxes paid	(92.7)	(82.9)
<b>Net cash inflow from operating activities</b>	<b>262.5</b>	<b>255.3</b>
<b>Cash flows from investing activities</b>		
Increase/(decrease) in participants' margins and commitments	398.2	(29.4)
Payments for equity accounted investments	-	(65.3)
Payments for investments in listed entities	-	(1.6)
Payments for other non-current assets	(24.0)	(16.4)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>374.2</b>	<b>(112.7)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(183.9)	(173.9)
<b>Net cash (outflow) from financing activities</b>	<b>(183.9)</b>	<b>(173.9)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>452.8</b>	<b>(31.3)</b>
Increase in fair value of cash and cash equivalents	0.4	2.3
Increase in cash and cash equivalents due to changes in foreign exchange rates	24.1	40.7
Cash and cash equivalents at the beginning of the financial period	4,879.0	5,015.6
<b>Cash and cash equivalents at the end of the financial period</b>	<b>5,356.3</b>	<b>5,027.3</b>
<b>Cash and cash equivalents consist of:</b>		
ASX Group funds	1,047.8	1,029.9
Participants' margins and commitments	4,308.5	3,997.4
<b>Total cash and cash equivalents</b>	<b>5,356.3</b>	<b>5,027.3</b>

For the half-year ended	31 Dec 2015 \$m	31 Dec 2014 \$m
<b>Reconciliation of the operating profit after income tax to the net cash flows from operating activities:</b>		
<b>Net profit after tax</b>	<b>213.1</b>	<b>198.6</b>
<b>Add non-cash items:</b>		
Depreciation and amortisation	20.8	18.6
Share-based payments	0.5	0.7
Net loss on disposal and impairment of non-current assets	0.1	-
Share of net profit of equity accounted investments	(0.4)	-
Tax on fair value adjustment of available-for-sale financial assets	(0.2)	(0.3)
Tax on fair value adjustment of cash flow hedges	0.1	(0.4)
<b>Changes in operating assets and liabilities:</b>		
(Decrease)/Increase in tax balances	(1.8)	2.3
Decrease/(increase) in current receivables	5.1	(7.6)
Decrease in prepayments	-	0.9
(Decrease) in payables	(23.3)	(4.7)
Increase in revenue received in advance	49.1	47.8
(Decrease) in other current liabilities	(0.1)	-
Increase in current provisions	0.5	0.2
(Decrease) in non-current provisions	(1.0)	(0.8)
<b>Net cash inflow from operating activities</b>	<b>262.5</b>	<b>255.3</b>

# Notes to the financial statements

ASX Limited (the Company or ASX) is a for-profit company limited by shares, incorporated and 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). They were authorised for issuance by the Board of Directors on 11 February 2016. 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 Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*
- have been prepared on a historical cost basis, except for available-for-sale financial assets and investments in listed entities, which have been measured at fair value
- are presented in Australian dollars (being ASX's functional and presentation currency) with all values rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with ASIC Class Order 98/100.

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 2015 and any public announcements made by the Company during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Significant accounting policies and key judgements and estimates are contained in shaded text and are included within the relevant note. These policies have been consistently applied to all years presented, unless otherwise stated.

## 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 Managing Director and CEO assesses performance of the Group as a single segment, being a vertically integrated organisation (eg providing services to the primary and secondary financial markets as well as post-trade activities) that provides a multi-asset class product offering.

Vertical integration includes the:

- exchange issuer services offered to public companies and other issuers
- trading venue or exchange activities for trading
- clearing and settlement activities
- exchange-traded and OTC products

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 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, doubtful debt provisions and arrangements where revenue is shared with external parties are reclassified from expenses to operating revenues; certain expenses are reclassified within operating expenses; and gross interest income and expense is reclassified to net interest income. The reporting provided to the CODM presents interest income net of interest expense.

### (b) Segment results

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 presented on the following page.

The revenue categories within the note have been re-aligned to better reflect the main business activities of the Group and are consistent with internal reporting. This change has also been reflected in the statement of comprehensive income. The prior year has also been restated for comparability.

ASX derives all external customer revenue within Australia and some services are accessible from offshore.

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

Half-year ended 31 December 2015	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
<b>Revenue</b>			
Listings	82.4	0.6	83.0
Issuer services	23.2	-	23.2
	<b>105.6</b>	<b>0.6</b>	<b>106.2</b>
Cash market trading	20.3	-	20.3
Information services	40.6	-	40.6
Technical services	30.5	0.4	30.9
	<b>91.4</b>	<b>0.4</b>	<b>91.8</b>
Cash market clearing	27.2	-	27.2
Cash market settlement	23.8	-	23.8
	<b>51.0</b>	-	<b>51.0</b>
Equity options	11.3	-	11.3
Futures and OTC	91.6	0.1	91.7
Austraclear	23.9	0.1	24.0
	<b>126.8</b>	<b>0.2</b>	<b>127.0</b>
Other	1.4	(0.4)	1.0
<b>Operating revenues</b>	<b>376.2</b>		
Interest income		72.9	72.9
Dividend income		4.9	4.9
Share of net profit of equity accounted investments		0.4	0.4
<b>Total revenue</b>		<b>79.0</b>	<b>455.2</b>
<b>Expenses</b>			
Staff	(50.7)	-	(50.7)
Occupancy	(6.8)	-	(6.8)
Equipment	(13.1)	(0.9)	(14.0)
Administration	(9.9)	(4.9)	(14.8)
Variable	(3.1)	3.1	-
ASIC supervision levy	(1.5)	1.5	-
<b>Operating expenses</b>	<b>(85.1)</b>		
<b>EBITDA</b>	<b>291.1</b>		
Finance costs	-	(44.1)	(44.1)
Depreciation and amortisation	(20.8)	-	(20.8)
<b>Total expenses</b>	<b>(20.8)</b>	<b>(45.3)</b>	<b>(151.2)</b>
<b>EBIT</b>	<b>270.3</b>		

Half-year ended 31 December 2015	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
<b>Net interest and dividend income</b>			
Net interest income	11.3	(11.3)	-
Net interest on participant balances	17.5	(17.5)	-
Dividend income	4.9	(4.9)	-
<b>Net interest and dividend income</b>	<b>33.7</b>	<b>(33.7)</b>	<b>-</b>
<b>Profit before tax</b>	<b>304.0</b>	<b>-</b>	<b>304.0</b>
Income tax expense	(90.9)	-	(90.9)
<b>Net profit after tax</b>	<b>213.1</b>	<b>-</b>	<b>213.1</b>

Half-year ended 31 December 2014	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
<b>Revenue</b>			
Listings	70.9	0.4	71.3
Issuer services	20.4	-	20.4
	<b>91.3</b>	<b>0.4</b>	<b>91.7</b>
Cash market trading	17.7	-	17.7
Information services	36.7	-	36.7
Technical services	30.2	0.5	30.7
	<b>84.6</b>	<b>0.5</b>	<b>85.1</b>
Cash market clearing	23.1	-	23.1
Cash market settlement	22.5	-	22.5
	<b>45.6</b>	-	<b>45.6</b>
Equity options	12.8	-	12.8
Futures and OTC	90.4	-	90.4
Austraclear	23.6	-	23.6
	<b>126.8</b>	-	<b>126.8</b>
Other	<b>0.4</b>	<b>0.2</b>	<b>0.6</b>
<b>Operating revenues</b>	<b>348.7</b>		
Interest income		73.9	73.9
Dividend income		4.9	4.9
<b>Total revenue</b>		<b>79.9</b>	<b>428.6</b>
<b>Expenses</b>			
Staff	(49.9)	-	(49.9)
Occupancy	(6.7)	-	(6.7)
Equipment	(11.8)	(0.9)	(12.7)
Administration	(8.4)	(4.7)	(13.1)
Variable	(2.8)	2.8	-
ASIC supervision levy	(1.8)	1.8	-
<b>Operating expenses</b>	<b>(81.4)</b>		
<b>EBITDA</b>	<b>(267.3)</b>		
Finance costs	-	(44.5)	(44.5)
Depreciation and amortisation	(18.6)	-	(18.6)
<b>Total expenses</b>	<b>(18.6)</b>	<b>(45.5)</b>	<b>(145.5)</b>
<b>EBIT</b>	<b>248.7</b>		

Half-year ended 31 December 2014	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
<b>Net interest and dividend income</b>			
Net interest income	14.9	(14.9)	-
Net interest on participant balances	14.6	(14.6)	-
Dividend income	4.9	(4.9)	-
<b>Net interest and dividend income</b>	<b>34.4</b>	<b>(34.4)</b>	<b>-</b>
<b>Profit before tax</b>	<b>283.1</b>	<b>-</b>	<b>283.1</b>
Income tax expense	(84.5)	-	(84.5)
<b>Net profit after tax</b>	<b>198.6</b>	<b>-</b>	<b>198.6</b>

## 2. Dividends

Dividends recognised and paid by the Company in the half-years ended 31 December 2015 and 2014:

	Cents per share	Total amount \$m
<b>Half-year ended 31 December 2015</b>		
Final dividend for the year ended 30 June 2015	95.1	184.1
<b>Half-year ended 31 December 2014</b>		
Final dividend for the year ended 30 June 2014	89.9	174.0

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 of \$0.2 million (31 December 2014: \$0.1 million) has been eliminated on consolidation.

Since the end of the half-year, the directors have determined the below interim dividend which is expected to be paid on 23 March 2016. The dividend will be fully franked based on tax paid at 30%.

	Cents per share	Total amount \$m
Interim dividend for the half-year ended 31 December 2015	99.1	191.9

The interim dividend has not been recognised in the financial statements for the half-year ended 31 December 2015, and will be recognised in the following reporting period.

## 3. Issued capital

### (a) Movements in ordinary share capital

The closing balance for ordinary share capital as at 31 December 2015 was \$3,027.2 million (31 December 2014: \$3,027.2). There was no movement in ordinary share capital in the half-years ended 31 December 2015 and 2014.

The number of shares outstanding as at 31 December 2015 was 193,595,162 (31 December 2014: 193,595,162). There was no movement in the number of shares outstanding in the half-years ended 31 December 2015 and 2014.

### (b) Treasury shares

The number of treasury shares as at 31 December 2015 was 181,269 (31 December 2014: 181,269). There was no movement in the number of treasury shares in the half years ended 31 December 2015 and 2014.

The cost of treasury shares at 31 December 2015 was \$8.0 million (31 December 2014: \$8.0 million).

The Group's LTIP holds treasury shares for the benefit of employees under the ASX LTI plan. The shares, net of any tax effect, are deducted from the equity compensation reserve in equity.

## 4. Clearing risk management

The Group provides central clearing and settlement for a range of instruments and contracts including cash market and derivatives. Participants lodge collateral with the Group to support their open exposures.

Participants' margins and commitments recognised on balance sheet at report date comprised:

	31 Dec 2015 \$m	30 June 2015 \$m
Cash	3,955.9	3,595.1
Debt securities	152.6	91.1
<b>Current amounts owing to participants</b>	<b>4,108.5</b>	<b>3,686.2</b>
Participant financial backing	200.0	200.0
<b>Non-current amounts owing to participants</b>	<b>200.0</b>	<b>200.0</b>
<b>Total participants' margins and commitments</b>	<b>4,308.5</b>	<b>3,886.2</b>

Subsections (a) and (b) below discuss participants' obligations and the nature of collateral lodged and commitments, as well as ASX's recognition principles concerning these liabilities.

### (a) Novation

The Group has the following wholly-owned subsidiaries that provide central counterparty (CCP) clearing services:

- ASX Clear Pty Limited (ASX Clear), which provides novation of cash market securities and equity options
- ASX Clear (Futures) Pty Limited (ASX Clear (Futures)), which provides novation of both exchange-traded and OTC derivatives.

Transactions between two clearing participant organisations are replaced by novation. This makes the CCPs contractually responsible for the obligations entered into by clearing participants on ASX and other markets, on both the buying and

selling legs of the same transaction. Through novation, the respective CCP assumes the credit risk of the underlying clearing participant in the event of a participant default. The novation process results in all positions held by the CCPs being matched.

### (b) Participant margins

Clearing participants are required to lodge an amount (initial margin) on open cash market and derivative positions novated to the Group's CCPs. These margins are based on risk parameters attached to the underlying product at trade date. These are subject to regulatory standards requiring a high level of confidence based on historical events, however there could be circumstances where losses are greater than the margins held.

In addition to the initial margin, participants must also settle changes in fair value of derivatives contracts (variation margin). Participants must settle both initial and variation margins daily. The amounts owing to participants are repayable on settlement or closure of the contracts. In the event of default by a clearing participant on its obligations under contracts, ASX Clear and ASX Clear (Futures) have the authority to retain collateral deposited by the defaulting clearing participant to satisfy its obligations.

As at 31 December 2015, collateral lodged by clearing participants was as follows:

	ASX Clear		ASX Clear (Futures)	
	31 Dec 2015 \$m	30 Jun 2015 \$m	31 Dec 2015 \$m	30 Jun 2015 \$m
Cash	583.5	673.7	3,372.4	2,921.4
Bank guarantees	14.7	16.0	-	-
Equity securities	3,493.8	3,625.2	-	-
Debt securities	-	-	152.6	91.1

All net delivery and net payment obligations relating to cash market and derivative securities owing to or by participants as at 31 December 2015 were subsequently settled.

### (c) Financial resources available to central counterparties

In accordance with the Financial Stability Standards (FSS), each CCP must have adequate financial resources to support the loss of the two participants with the largest exposures in extreme but plausible circumstances. Financial resources include the below mentioned resources as well as collateral lodged by participants. The level of financial resources may therefore increase from time to time. The Group may utilise a number of alternatives to provide these financial resources including its own cash reserves.

The FSS include a recovery and resolution regime to deal with allocation of losses and replenishment of financial resources in the event these resources are depleted. Under certain circumstances losses may be allocated to participants. ASX is required to replenish a portion of its current contribution to these financial resources following depletion.

#### ASX Clear

	31 Dec 2015 \$m	30 June 2015 \$m
Restricted capital reserve	71.5	71.5
Equity provided by the Group	103.5	103.5
Subordinated debt provided by the Group	75.0	75.0
<b>Paid in resources</b>	<b>250.0</b>	<b>250.0</b>
Emergency assessments	300.0	300.0
<b>Total financial resources</b>	<b>550.0</b>	<b>550.0</b>

The financial resources at 31 December 2015 available to ASX Clear in the event of a clearing participant default would be applied in the following order:

1. collateral or other margin or contributions lodged by the defaulting participant
2. restricted capital reserve of \$71.5 million
3. equity capital of \$103.5 million and subordinated debt of \$75.0 million

4. contributions lodged by non-defaulting participants under the ASX Clear operating rules. No contributions were lodged in the current or prior period.
5. emergency assessments of \$300.0 million which can be levied on participants (nil has been levied for the period ended 31 December 2015 and for the year ended 30 June 2015).

#### ASX Clear (Futures)

	31 Dec 2015 \$m	30 June 2015 \$m
Equity provided by the Group	30.0	30.0
Subordinated debt provided by the Group	90.0	90.0
Participant financial backing	100.0	100.0
Equity provided by the Group	150.0	150.0
Participant financial backing	100.0	100.0
Equity provided by the Group	180.0	180.0
<b>Total financial resources</b>	<b>650.0</b>	<b>650.0</b>

The financial resources at 31 December 2015 available to ASX Clear (Futures) in the event of a clearing participant default would be applied in the following order:

1. collateral and participant financial backing lodged by the defaulting participant
2. equity capital of \$30.0 million and intra-group subordinated debt of \$90.0 million
3. participant financial backing lodged by participants, totalling \$100.0 million. Any defaulting participant's financial backing in this total will be included in amounts previously applied as part of (1) above
4. equity capital of \$150.0 million
5. participant financial backing lodged by participants, totalling \$100.0 million
6. equity capital of \$180.0 million.

With respect to items 3 and 5 above, participant financial backing refers to commitments provided

by futures participants and OTC participants. A participant may be both a futures and OTC participant. The order of application in the event of a default will depend on the status of the defaulting participant. Where a participant default is only a single category (ie futures or OTC), then the non-defaulting participants' commitments from the same category are utilised in item 3, with the other category utilised in item 5. Where a defaulting participant is a participant in both futures and OTC, the other non-defaulting participants' commitments are apportioned for the purposes of 3 and 5.

## 5. Financial risk management

### Fair value measurements

#### (a) Fair value hierarchy

The following tables present the Group's financial assets measured and recognised at fair value at 31 December 2015 and 30 June 2015. The Group did not have any financial liabilities measured at fair value at 31 December 2015 or 30 June 2015.

	Level 1 \$m	Level 2 \$m	Total \$m
<b>31 December 2015</b>			
<b>Assets</b>			
Investments in listed entities	307.5	-	307.5
Available-for-sale financial assets			
- Bank bills	-	10.0	10.0
- Negotiable certificates of deposit	-	961.4	961.4
- Floating rate notes	-	1,424.2	1,424.2
- Bonds	112.2	440.6	552.8
- Promissory notes	-	488.5	488.5
<b>Total assets</b>	<b>419.7</b>	<b>3,324.7</b>	<b>3,744.4</b>

	Level 1 \$m	Level 2 \$m	Total \$m
<b>30 June 2015</b>			
<b>Assets</b>			
Investments in listed entities	311.1	-	311.1
Available-for-sale financial assets			
- Bank bills	-	34.9	34.9
- Negotiable certificates of deposit	-	1,028.5	1,028.5
- Floating rate notes	-	1,161.0	1,161.0
- Bonds	91.1	184.9	276.0
- Promissory notes	-	389.2	389.2
<b>Total assets</b>	<b>402.2</b>	<b>2,798.5</b>	<b>3,200.7</b>

The Group uses the following hierarchy to categorise its financial instruments measured and carried at fair value:

- quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting date.

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 2015.

## (b) Valuation techniques used to determine fair values

**Investments in listed entities** The fair value of the Group's external listed equity investment is determined by reference to the ASX-quoted closing price at reporting date.

**Australian Government bonds** Fair values are determined by reference to published bond yields. As the fair value of investments in listed entities and government bonds are based on quoted market prices in active markets, these instruments fall within level 1 of the fair value hierarchy.

**Available-for-sale financial assets (excluding Australian Government bonds)** Discounted cash flow analysis is used as the primary valuation technique for fair value measurement of available-for-sale financial assets. The fair value of bank bills, negotiable certificates of deposit, floating rate notes and promissory notes are determined by reference to money market bid rates, while the fair value of bank-issued and semi-government bonds are determined by reference to the respective bond yields.

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

## (c) 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 other liabilities are assumed to approximate their fair value. The carrying amount of non-current payables approximates their fair value as the impact of discounting is not significant.

## 6. Intangible assets

### Software

During the half-year ended 31 December 2015, the Group incurred \$13.4 million of capital expenditure for intangible assets - software (31 December 2014: \$9.0 million).

### Goodwill

With respect to goodwill, there have been no changes in the assumptions detailed in the 2015 financial report supporting the carrying value.

## 7. Contractual commitments and contingencies

ASX has an agreement with ASX Clear for the provision of a \$150 million standby loan facility that may be used in limited and specific circumstances following default of clearing participants.

ASX has an agreement with CHES Depository Nominees Pty Limited (CDN) which provides \$10 million (31 December 2014: \$10 million) in funds to support CDN's licence obligations.

No payments were made under either facility in the current or prior half-year.

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*. If the net assets of the NGF fall below the minimum amount determined by the Minister, 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. No levies were called in the current or prior year.

In accordance with the Australian Financial Services Licence of ASX Collateral Management Services Pty Limited, the Group has an obligation to fund any amounts required to the subsidiary.

## 8. New and amended standards and interpretations adopted by the Group

There are no new or amended standards applicable for the first time for the December 2015 half-year report that affect the Group's accounting policies or any of the amounts recognised in the financial statements.

## 9. 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.

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# Directors' declaration

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

(a) the financial statements and notes that are contained in pages 6 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 2015 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



Elmer Funke Kupper  
Managing Director and CEO

Sydney, 11 February 2016



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



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Professional Standards Legislation.

## Report on the half-year financial report

We have reviewed the accompanying half-year financial report of ASX Limited (the company), which comprises the consolidated balance sheet as at 31 December 2015, 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 explanatory notes and the directors' declaration for the ASX Limited Group (the consolidated entity). The consolidated entity comprises 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 Australian 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 half-year 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 2015 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 the company, 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 the consolidated entity 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 2015 and of its performance for the half-year ended on that date, and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Matthew Lunn  
Partner  
Sydney, 11 February 2016