



Australian Stock Exchange Limited
ABN 98 008 624 691
and its controlled entities

HALF-YEAR FINANCIAL REPORT
INCLUDING ADDITIONAL
APPENDIX 4D DISCLOSURES

31 DECEMBER 2004

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INTERNET

These results will be available on the Internet at <http://www.asx.com.au> under the ASX shareholder information menu from 8.30 am Australian Eastern Daylight Saving Time on Tuesday 15 February 2005. A webcast and transcripts of the briefing to analysts will also be available on the ASX website in the evening of 15 February 2005.

ENQUIRIES

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APPENDIX 4D (Rule 4.2A.3)
HALF-YEAR REPORT
for the half-year ended 31 December 2004

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to half-year ended 31 December 2003)

	\$'000	up/down	% movement
Revenues from ordinary activities	141,939	up	10.9
Profit from ordinary activities after tax attributable to members	50,469	up	18.8
Net profit for the period attributable to members	50,469	up	18.8

Dividend information

	amount per share (cents)	franked amount per share (cents)	tax rate for franking
Interim dividend per share (to be paid)	44.2	44.2	30%
Final dividend per share (paid 27 Aug 2004)	27.4	27.4	30%
Special dividend per share (paid 27 Aug 2004)	24.1	24.1	30%
Total dividends per share	95.7	95.7	

Interim dividend dates

Ex dividend date	25 February 2005
Record date	2 March 2005
Payment date	11 March 2005

	31 Dec 04	31 Dec 03
Net tangible assets per security	\$2.03	\$1.99

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

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

DIRECTORS' REPORT

The directors are pleased to present their report together with the consolidated financial report for the half-year ended 31 December 2004 and the review report thereon.

Directors

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

Name	Period of directorship
<i>Chairman</i> Maurice L Newman AC	Director since 1990, Appointed chairman 1994
<i>Current Managing Director and Chief Executive Officer</i> Anthony M D'Aloisio	Appointed 11 October 2004
<i>Previous Managing Director and Chief Executive Officer</i> Richard G Humphry AO	Managing Director since 1994 Retired 10 October 2004
<i>Vice-Chairman</i> Michael H Shepherd	Director since 1988
James J Kennedy AO, CBE	Director since 1990
Trevor C Rowe AM	Director since 2002
Jillian S Segal	Director since 2003
Michael J Sharpe AO	Director since 1995
Catherine M Walter AM	Director since 1996

Profit and earnings per share

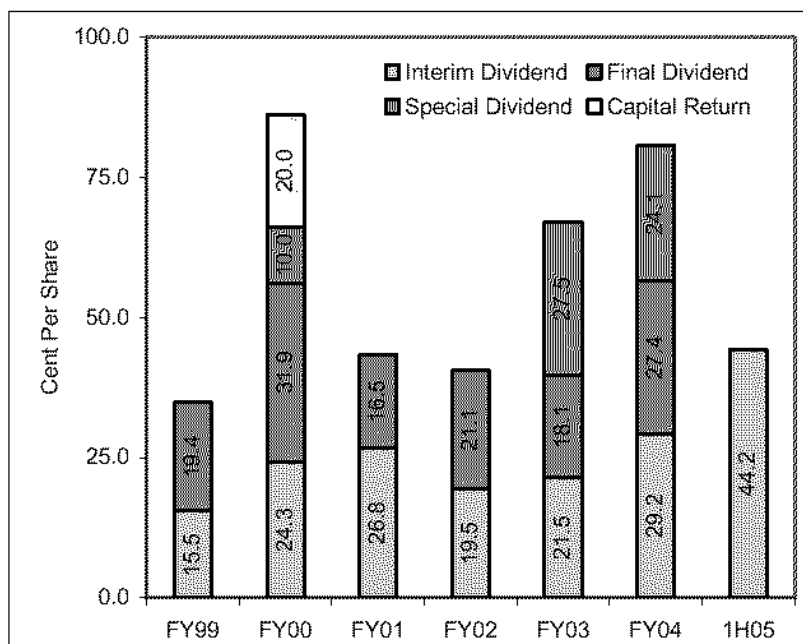
Operating profit after tax and outside equity interest for the six months ended 31 December 2004 was \$50.5 million. This result is an increase of 18.8% on the \$42.5 million achieved during the previous corresponding six-month period to 31 December 2003 and an increase of 25.6% on the \$40.2 million achieved in the previous six-month period to 30 June 2004. This profit is a record result for any six-month period for the ASX group (ASX).

Based on 102,677,565 weighted average ordinary shares on issue during the six-month period to 31 December 2004, the result represents earnings per share of 50.6 cents before goodwill amortisation. This represents a growth in pre-goodwill earnings per share of 17.7% when compared with the 43.0 cents per share achieved for the previous corresponding period and with 40.8 cents per share for the previous six-months. On a post-goodwill basis, earnings per share were 49.2 cents, a growth of 18.0% when compared with 41.6 cents per share for the previous corresponding period and 39.5 cents per share for the previous six-months.

Dividend

The directors have declared a fully franked interim dividend of 44.2 cents per share representing a payout of 90% of first-half profit after tax. This reflects a change in ASX's dividend policy which was previously to pay 70% of net profit after tax.

This dividend compares with the 29.2 cents per share paid for the previous interim dividend in March 2004 and the 27.4 cents per share final dividend paid in August 2004 – both also representing a payout of 70% of profit after tax. ASX also paid a fully franked special dividend of 24.1 cents per share in August 2004.



Review of operations

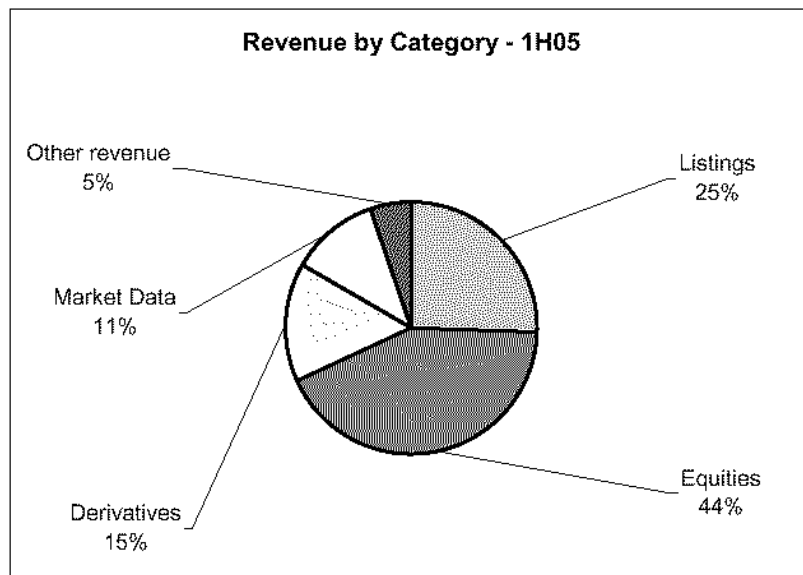
Results – Revenue

Operating revenue for the six months to 31 December 2004 was \$137.0 million, a 10.6% increase on the \$123.9 million recorded for the corresponding six-month period to 31 December 2003. This also compares with a 16.7% increase on the \$117.4 million achieved during the six-month period to 30 June 2004. These figures exclude interest and dividend revenue.

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

Australian Stock Exchange Limited and its controlled entities

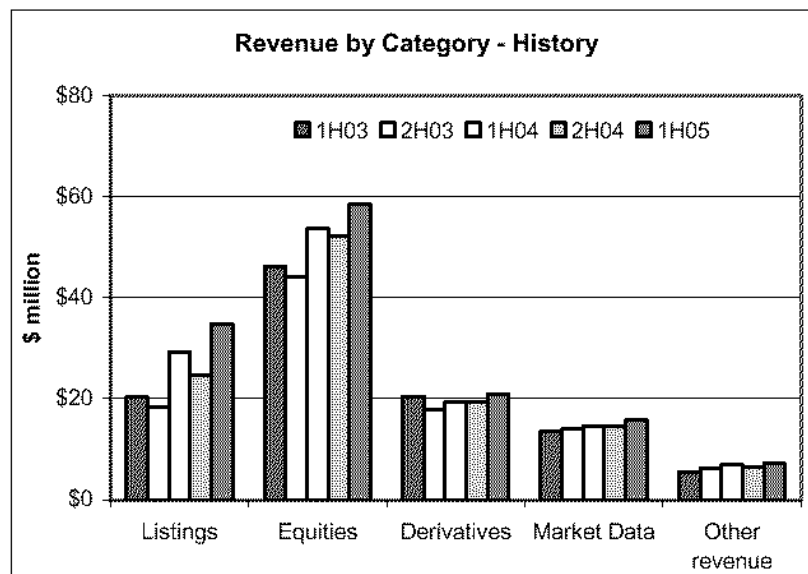
The chart below provides a breakdown of operating revenue by category for the six-month period ended 31 December 2004:



Revenue by category for the six months ended 31 December 2004, compared with the six months ended 31 December 2003 shows:

- Listings revenue increased by 19.1% to \$34.9 million from \$29.3 million;
- Equities trading, clearing and settlement revenue increased by 8.8% to \$58.4 million from \$53.7 million;
- Derivatives revenue increased by 8.3% to \$20.9 million from \$19.3 million;
- Market data revenue increased by 7.5% to \$15.7 million from \$14.6 million;
- Other revenue increased by 1.4% to \$7.1 million from \$7.0 million.

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



Revenue by category

Listings

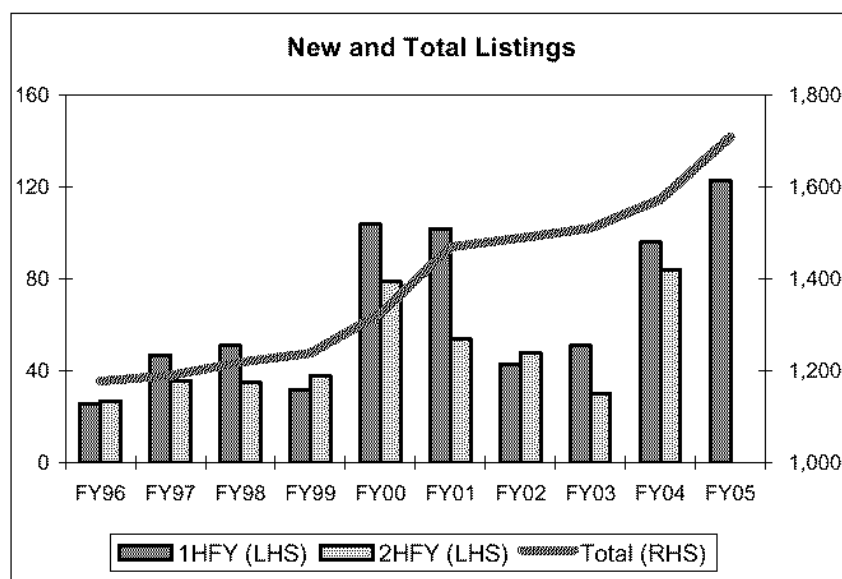
Revenue from listings was \$34.9 million, an increase of 19.1% when compared to the six-months to 31 December 2003. Revenue from each aspect of the listings business, namely annual, initial and subsequent listing fees, were all higher than the previous corresponding period.

The single biggest contributor to listings revenue remains annual listing fees. These fees now range from a minimum of \$6,710 to a maximum of \$133,100 based on a decreasing tiered pricing schedule. The total number of listed entities at 31 December 2004 was 1,709 compared with 1,573 at 31 December 2003. The average annual listing fee is approximately \$18,330.

Revenue earned from subsequent capital raisings, which include rights issues, Dividend Reinvestment Plans (DRPs) and Share Purchase Plans (SPPs) was the second largest contributor to aggregate reported listings revenue. The continued occurrence of primary and secondary capital raisings also supports an increase in annual listings revenue from the higher total number and capitalisation of listed entities.

During the period there were 118 new listings compared with 96 for the previous corresponding period. Significant new listings during the period included ConnectEast Group, Babcock & Brown Limited, Tishman Speyer Office Fund and the Hastings Diversified Utilities Fund.

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



Equities Trading and Clearing

Revenue from equities trading, clearing and settlement was \$58.4 million, an increase of 8.7% when compared to the six-months to 31 December 2003. This revenue was achieved on record total SEATS trades during the period of 10.4 million comprising trades in equities, warrants and interest rate securities. This total equates to a daily average of 79,915 based on 130 trading days during the period. Trading volumes have never previously exceeded 10 million during a six-month period and included a record 117,141 equity trades on 30 November 2004.

The average revenue per trade for the period was \$5.04, compared with \$5.39 for the corresponding six months to 31 December 2003. The full breakdown of this \$5.04 average is provided on page 18.

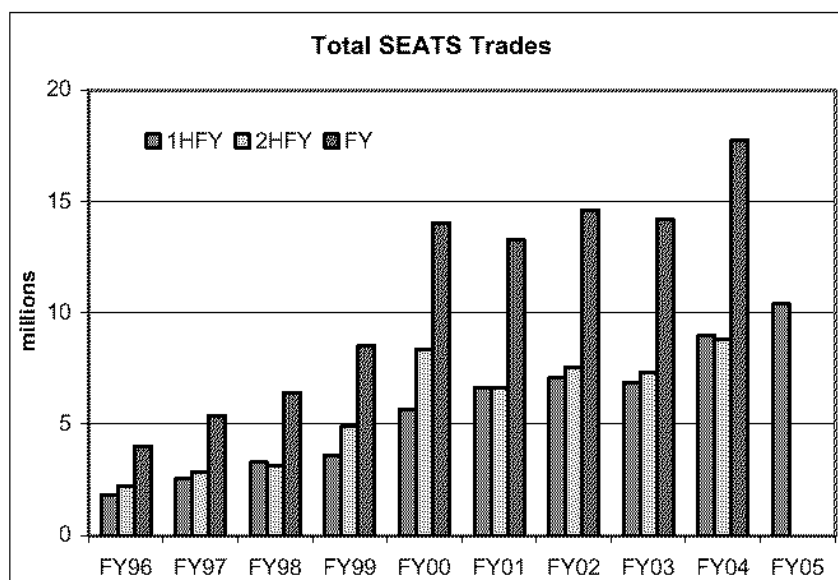
The decrease in average revenue per equities trade results from 2 factors:

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- increased levels of Settlement Volume Rebate (SVR): The SVR is a discount applied to all market settlement charges on a sliding scale according to the average number of trades per day in a given month. The higher trade count the market is now experiencing lead to increased SVR; and
- a changed settlement activity profile: in the most recent half year, these higher levels of market trades have not translated into correspondingly higher levels of other settlement activity, such as additional demand transfers and holding statements. As the breakdown shows, this is not a trend so much as a product of particular market conditions in each half.

Total rebates provided to market participants under the ASX SVR amounted to \$6.0 million during the six-month period. This rebate rewards participants for overall market volume above 40,000 equity trades per day. With daily average equity trades averaging almost 80,000, the SVR provides a rebate to market participants of almost 20% on clearing and settlement fees.

The graph below shows the level of SEATS trades (incorporating equities, warrants and interest rate securities) during each six-month period and full financial year across the last 10 financial years:



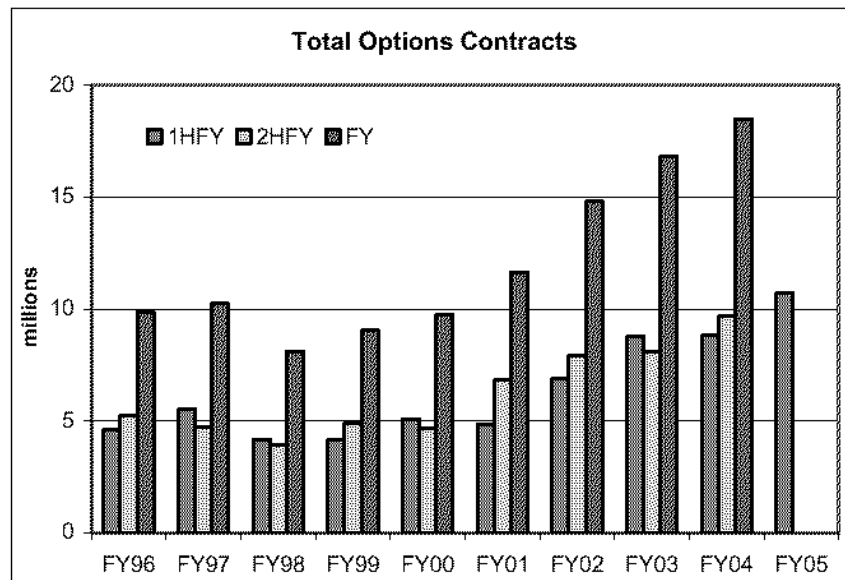
Derivatives

Revenue achieved from derivatives was \$20.9 million, an increase of 8.5% when compared to the six-months to 31 December 2003.

The total number of option contracts traded was 10.7 million, representing a daily average of 82,600. This is 22% higher than the 67,432 daily average contracts traded during the previous corresponding period. The average revenue per contract was \$1.49, compared with \$1.56 during the previous corresponding period. The lower average fee is a consequence of a change in the mix of market maker activity and non market maker activity. Market makers are charged a lower fee if they meet certain obligations.

The number of contracts traded was a record for a six-month period and includes a new single-day record for trading in options, with 231,112 contracts traded on 25 November 2004.

The graph below shows the level of option contracts traded in each six-month period and full financial year across the last 10 financial years:



Warrants

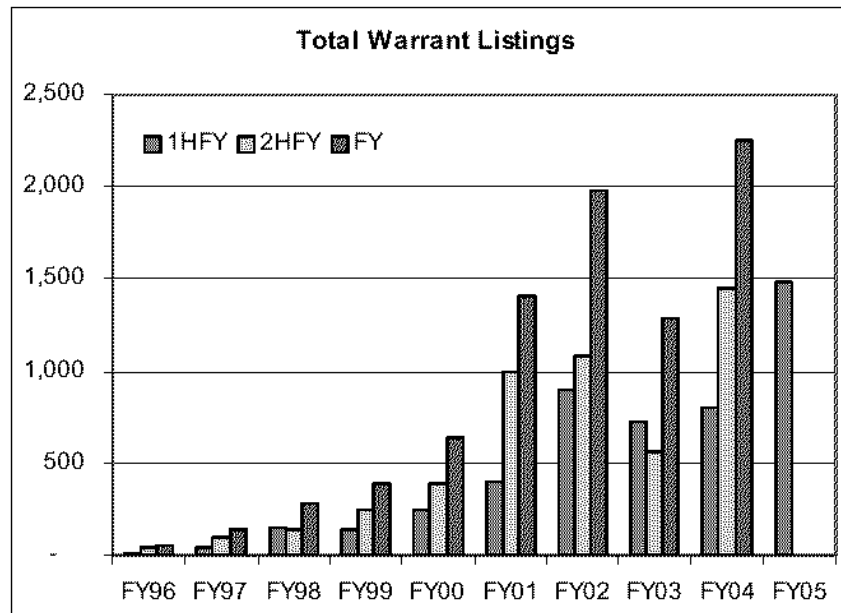
The ASX warrants business relies on fees from issuance of new product, annual fees as well as the value of warrant turnover. As such, the warrants market grew by a healthy amount during the first half of FY05.

A differentiated fee schedule was introduced in November 2003 to stimulate new product innovation and reinvigorate the market for short-dated 'trading' warrants. During the 6 months to 31 Dec 2004 there were 1,835 new warrants listed compared to 1,125 during the previous corresponding period. Of these new warrants, just under 1,500 were short-dated trading warrants compared to 800 during the previous corresponding period.

Warrants turnover value exceeded \$2 billion in the December half, an increase of more than 40% on the previous corresponding period. This increase was driven by strong equity markets, increased product issuance and new product innovation.

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Approval and turnover revenues were down on the previous corresponding period as a result of fee reduction in November 2003 and the departure of a warrants market participant.



Market Data

Revenue from market data was \$15.7 million for the six months to 31 December 2004, up from \$14.6 million for the previous corresponding period. This represents a 7.5% increase. The strong revenue performance reflects stabilised demand for professional real-time price data terminals and strong growth in retail real-time price data sales, largely as a consequence of ASX's partnership with the on-line broker sector.

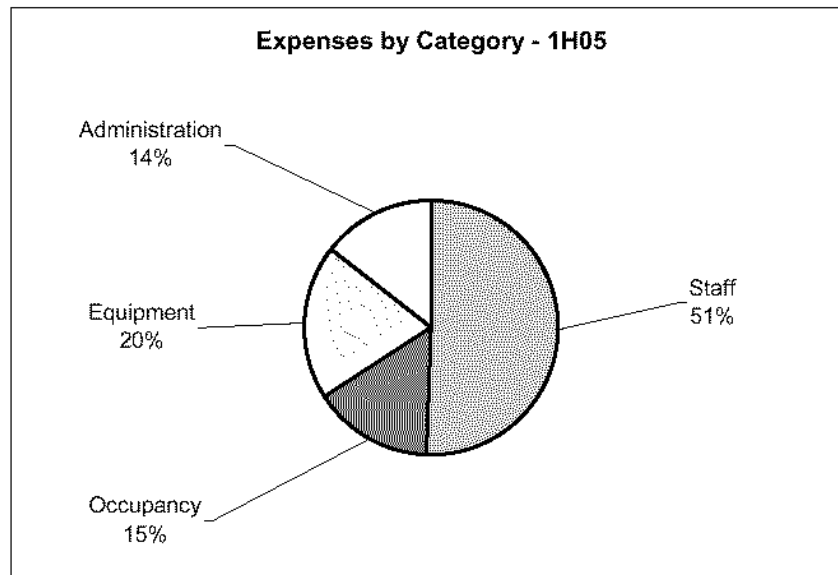
Business revenue drivers included growth for the ASX ComNews product. ASX ComNews is the premier source for company announcements lodgements in the market. It has been widely taken up by the professional investment market via reseller partners. This growth was partially driven by the implementation of a new incentive based pricing structure to strengthen partnerships.

Other revenue of \$7.1 million incorporates revenue from Orient Capital Pty Limited, investor education, facilities management services and market participation fees.

Results - Expenses

Operating expenses for the six months ended 31 December 2004 increased by 5.2% to \$70.1 million from \$66.7 million for the previous corresponding period. The increased expenses have predominantly come from higher staff and administration expenses. Equipment expenses have however reduced, primarily from savings achieved in software maintenance costs.

The graph below shows the proportion of expenses attributable to each category for the six months to 31 December 2004:

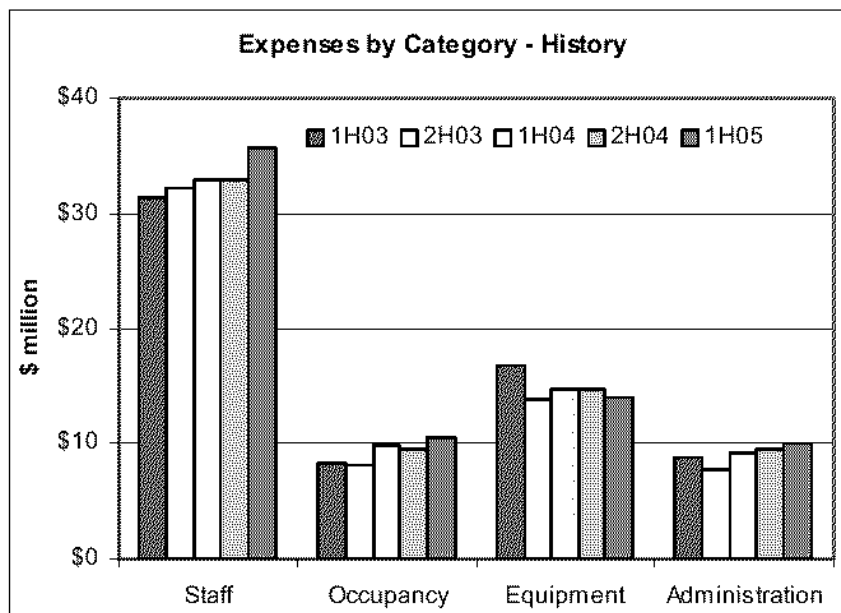


Staff expenses rose by 8.1% to \$35.6 million and are based on full time equivalent permanent staff (FTE) numbers of 560 (including Orient Capital). Increased staff expenses reflects staff departures and a lower level of capitalised expenditure for new projects and system enhancements, with staff costs instead being expensed.

Occupancy expenses have increased due to standard rental increases incurred on ASX's main premises in Sydney. Increases in energy charges, security expenses and a reduction in capitalised expenses associated with projects have also affected the reported occupancy expense.

Administration expenses increased by 7.8% reflecting increased variable expenses mainly associated with the production of additional CHES holding statements. This should be viewed positively as the costs are offset by higher revenue from the corporate and trading activity generating the additional holding statements.

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



Results – Earnings Before Interest and Tax (EBIT)

ASX achieved Earnings Before Interest and Tax (EBIT) of \$66.9 million compared with \$57.2 million for the previous corresponding period, an increase of 17.0%. Interest and dividend revenue of \$4.9 million comprises interest earned on ASX’s cash reserves, which had reached \$122.4 million at 31 December 2004, and the interim dividend earned on ASX’s investment in IRESS Market Technology, equalling \$0.825 million (5.5 cents per share on 15 million shares).

Income tax expense was \$21.3 million, representing 29.7% of pre-tax income.

ASX’s 50% investment in ASX Perpetual Registrars Limited contributed \$1.4 million on a pre goodwill basis. Amortisation of goodwill arising from ASX’s investment and previously held within ASX Perpetual was \$1.3 million (refer to the ASX Perpetual Registrars financial summary on page 22).

Results – Capital expenditure

Capital expenditure was \$4.4 million compared with \$3.1 million for the previous corresponding period to 31 December 2003. This is consistent with ASX’s commitment to maintain annual capital expenditure below around \$10 million to \$15 million per annum. There are no immediate plans to increase this annual level of expenditure, although capital expenditure during the second half of this financial year is expected to be higher than the first half. Depreciation and amortisation expense (excluding goodwill amortisation) for the period was \$8.2 million compared with \$7.8 million during the previous corresponding period. The increase is due to increased amortisation of Orient Capital IT systems following the full acquisition of Orient Capital in 2004.

ASX's main capital project is the Integrated Trading System (ITS) project. The ITS project involves the replacement of ASX's pioneering SEATS equities trading system with the OM developed CLICK XT system. This project will permit ASX to consolidated its current 2 trading systems (equities and options) into a single system. The resultant system is expected to deliver structural cost savings not only to ASX, but also to market participants. The ITS project is expected to go live in the first six months of CY06.

The total cost of the ITS project is estimated at \$11.2 million including \$9.6 million of capitalised expenditure. The cost of the ITS project will be met within the targeted annual Capex of \$10 million to \$15 million per annum. It is expected that this project will result in a higher level of capitalised expenditure in the second half

Results – Cash flow

Due to strong trading conditions and a low level of capitalised expenditure, ASX's cash balance reached \$122.4 million at 31 December 2004.

Equity Investments

ASX has a 50% interest in ASX Perpetual Registrars Limited (APRL), which achieved revenue for the six months ended 31 December 2004 of \$28.5 million, a 0.7% increase on the \$28.3 million achieved during the previous corresponding period. Operating costs were \$19.8 million, a 0.6% decrease on the previous corresponding period. Despite the loss of the IAG contract, APRL cash based earnings improved, with EBITDA increasing by 3.6% to \$8.7 million from \$8.4 million in the previous corresponding period.

ASX Perpetual won contracts for a number of new clients including Coles-Myer and Babcock and Brown, and also retained the contract for Telstra's business.

APRL remains well positioned with excellent technology capabilities. ASX expects APRL to build on the existing strong foundations with several opportunities for expansion arising during the next six months.

Key activities

During the period, ASX has:

- Welcomed a new Managing Director and Chief Executive Officer.

On 11 October 2004, Tony D'Aloisio succeeded Richard Humphry as ASX Managing Director and Chief Executive Officer. Mr D'Aloisio was the former Managing Partner of the Australian legal firm of Mallesons Stephen Jacques. Mr D'Aloisio's term is for a period of 3 years in the first instance. It may, at the ASX Board's discretion, be extended for a further 2 years.

- Achieved Record Volumes.

During the six months to 31 December 2004, ASX recorded its highest ever trading volumes for 1 day, a 1 month and a 6 month period.

Period	Equities	Options
1 Day – November 2004	117,333 (30 November)	231,112 (25 November)
1 Month – November 2004	2.0 million	2.2 million
6 Months – July to December 2004	10.1 million	10.7 million

- Progressed the restructure of the National Guarantee Fund, which, if implemented, will involve the transfer of an estimated \$70 million to Australian Clearing House Pty Limited (ACH) on or about 31 March 2005. This amount is required to be ring fenced and only be available for clearing risks of ACH.
- Initiated (for report and decision in April 2005) a review of the "Profit and Loss Drivers" of the ASX i.e. revenue, expenses and capital management.
- Initiated (for report in October 2005) a broader strategic review of the ASX (i.e. beyond the next 3 years).
- Initiated a review of Market Supervision.
- Approved the replacement of ASX's core trading system from SEATS to OM.
- Approved a new senior management structure.

Outlook

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

Impact of IFRS

ASX will be required to prepare financial statements using Australian equivalents to International Financial Reporting Standards (IFRS) for the first time for the half-year ended 31 December 2005 and the year ended 30 June 2006. Refer also to Note 1 (b) in the financial statements.

Rounding of amounts

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

Dated at Sydney this 14th day of February 2005.

Signed in accordance with a resolution of the directors:

Maurice L Newman AC
Chairman

Anthony M D'Aloisio
Managing Director

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

I declare that, to the best of my knowledge and belief, in relation to the review for the financial half-year ended 31 December 2004 there have been:

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

KPMG

NT Davis
Partner

Sydney, 14th day of February 2005

Australian Stock Exchange Limited and its controlled entities

Key ratios & statistics	Half year ended 31 Dec 2004	Half year ended 31 Dec 2003	Half year ended 31 Dec 2002
Earnings per share (EPS)			
· pre-goodwill amortisation cps	50.6	43.0	32.1
· post-goodwill amortisation cps	49.2	41.6	30.8
Dividends per share (DPS)			
· interim cps	44.2	29.2	21.5
Earnings before interest, tax, depreciation & amortisation (EBITDA) \$'000 (pre equity accounted result)	75,098	65,018	49,891
Depreciation and amortisation \$'000	8,193	7,810	8,997
Earnings before interest and tax (EBIT) \$'000 (pre equity accounted result)	66,905	57,208	40,894
EBITDA / Operating revenue %	*	54.8	52.5
EBIT / Operating revenue %	*	48.8	46.2
Profit before goodwill amortisation and tax / Operating revenue %	*	53.4	50.1
Total expenses / Operating revenue %	*	51.2	53.8
Capital expenditure for period \$'000	4,368	3,116	5,703
Net tangible asset backing per share	\$2.03	\$1.99	\$2.00
Shareholders' equity as a % of total assets	74.3	74.7	77.5
Return on equity:			
- period end (operating profit after tax pre-goodwill amortisation) %	23.9	20.9	15.7
- period end (operating profit after tax) %	23.2	20.3	15.1
- monthly average (operating profit after tax pre-goodwill amortisation) %	25.4	21.6	16.2
- monthly average (operating profit after tax) %	24.8	21.0	15.6
Weighted average number of ordinary shares	102,677,565	102,019,933	101,922,941
Full time equivalent (FTE) permanent staff	**	560	555

* Operating revenue excludes interest and dividend revenue.

** FTE staff includes Orient Capital

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Key ratios & statistics (continued)	Half year ended 31 Dec 2004	Half year ended 31 Dec 2003	Half year ended 31 Dec 2002
Number of listed entities *	1,709	1,573	1,509
Average annual listing fee	\$18,330	\$15,584	\$14,520
Market capital raised from subsequent listings (\$M)	\$11,889	\$18,045	\$9,467
Average fee per \$M of subsequent capital	\$968	\$587	\$537
Number of new listings	118	96	53
Market Capital raised from IPOs (\$M)	\$8,367	\$6,478	\$3,266
Average initial listing fee	\$62,253	\$64,059	\$70,678
SEATS trades (000)	10,389	8,970	6,849
Average daily SEATS trades (000)	79.9	69.0	52.7
Average trading & settlement fees (equity & warrant trades)	\$5.04	\$5.39	\$5.88
Option contracts (000)	10,738	8,803	8,766
Average daily option contracts (000)	82.6	67.7	67.4
Average option fee per contract	\$1.49	\$1.56	\$1.55
Number of new warrant series	1,484	800	724
Total warrant series	1,771	1,395	1,201

Average trading & settlement fee:

Single side (buy or sell)	Half year ended 31 Dec 2004 One side	Half year ended 31 Dec 2003 One side	Half year ended 31 Dec 2002 One side
Order fee	\$0.15	\$0.15	\$0.15
Trade fee	\$0.56	\$0.56	\$0.64
Clearing & settlement**	\$1.02	\$1.14	\$1.31
Total trading & settlement charge to brokers (one side) for buy or sell trade	\$1.73	\$1.85	\$2.10
Total of both buy and sell	\$3.46	\$3.70	\$4.20
Other CHES fees	\$0.16	\$0.16	\$0.17
Non broker participants	\$0.38	\$0.40	\$0.44
Listed companies	\$1.04	\$1.13	\$1.07
Total average trading & settlement fee per trade	\$5.04	\$5.39	\$5.88

* Includes all stapled entities.

** Amount is net of settlement volume discounts.

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Consolidated revenue and expenses	Half year ended 31 Dec 2004 \$'000	Half year ended 30 June 2004 \$'000	Half year ended 31 Dec 2003 \$'000
Revenues			
Listings	34,856	24,765	29,271
Equities trading, clearing & settlement	58,396	52,238	53,730
Derivatives trading, clearing & settlement	20,944	19,351	19,307
Market data	15,703	14,612	14,606
Other revenue	7,130	6,395	6,961
Total revenues	137,029	117,361	123,875
Expenses			
Staff expenses	35,587	32,920	32,895
Occupancy expenses	10,597	9,530	9,932
Equipment expenses	13,976	14,760	14,690
Administration expenses	9,964	9,243	9,150
Total expenses	70,124	66,453	66,667
EBIT	66,905	50,908	57,208
Interest & dividend revenue	4,910	4,988	4,107
Net profit pre goodwill and equity accounted result	71,815	55,896	61,315
Income tax (expense)	(21,270)	(15,172)	(18,178)
Net profit after income tax expense pre goodwill and equity accounted result	50,545	40,724	43,137
Equity accounted result after tax pre goodwill - APRL	1,388	925	1,240
Goodwill amortisation – APRL	(1,325)	(1,308)	(1,291)
Goodwill amortisation – Orient Capital	(139)	(139)	(65)
Net profit after income tax expense	50,469	40,202	43,021
Net (profit) attributable to outside equity interest	-	-	(532)
Net profit after tax and equity accounting	50,469	40,202	42,489

Australian Stock Exchange Limited and its controlled entities

Summary consolidated cash flows	Half year ended 31 Dec 2004 \$'000	Half year ended 30 June 2004 \$'000	Half year ended 31 Dec 2003 \$'000
EBIT	66,905	50,908	57,208
Depreciation & amortisation	8,193	8,559	7,810
Interest & dividend revenue	4,910	4,988	4,107
Income taxes paid	(25,218)	(12,541)	(15,682)
Decrease/(increase) in working capital	12,307	(8,033)	11,896
Loss/(profit) on sale of non-current assets	-	231	-
Net cash provided by operating activities	67,097	44,112	65,339
Expenditure on internally developed assets	(1,634)	(2,693)	(1,047)
Purchase of plant & equipment	(2,734)	(4,102)	(2,069)
Proceeds on sale of plant & equipment	28	53	102
Payment for additional investment in controlled entity	-	(5,347)	-
Repayments from/(loans to) associate	2,016	2,709	299
Net cash (used in) investing activities	(2,324)	(9,380)	(2,715)
Free cash flow	64,773	34,732	62,624
Dividends paid	(52,892)	(29,790)	(46,521)
Receipts from employee share plan loans	460	352	982
Net cash flow	12,341	5,294	17,085

Australian Stock Exchange Limited and its controlled entities

Consolidated taxation information	Half year ended 31 Dec 2004 \$'000	Half year ended 31 Dec 2003 \$'000
(a) Income tax (expense)		
Prima facie income tax (expense) calculated at 30% (2003: 30%) on the operating profit before tax	(21,522)	(18,360)
Movements in income tax (expense) due to:		
Non-tax deductible items	(288)	(530)
Imputation credit gross up	(106)	(87)
Franking offset	353	289
FIDA/SIDA non-assessable income	449	636
Research and development concession	-	54
Equity accounted associate result	416	372
Building allowance	24	24
Amortisation of goodwill	(439)	(407)
	(21,113)	(18,009)
Under provision in prior period	(157)	(169)
Increase in tax base of depreciable assets on tax consolidation	-	-
Total income tax (expense)	(21,270)	(18,178)
Total income tax (expense) is made up of:		
Current income tax provision	(19,963)	(18,169)
Deferred income tax provision	(33)	108
Future income tax benefit	(1,117)	52
Under provision in prior period	(157)	(169)
Total income tax (expense)	(21,270)	(18,178)
(b) Provision for current income tax		
Balance at beginning of period	17,989	10,999
Income tax paid	(25,218)	(15,682)
Current period's income tax expense on operating profit	19,963	18,169
Under provision in prior period	157	169
Provision for current income tax	12,891	13,655
(c) Deferred tax asset		
Future income tax benefit reflects the future benefit at an income tax rate of 30% (2003: 30%) of the following items:		
Provisions for:		
- Doubtful debts	381	308
- Employee benefits	4,854	5,130
- Leased premises	1,563	2,097
- Superannuation	-	109
Accrued expenses	1,438	1,074
Revenue received in advance	174	286
Depreciation timing differences	853	381
Deferred tax asset	9,263	9,385
(d) Deferred tax liability		
Provision for deferred income tax comprises the estimated expense at an income tax rate of 30% (2003: 30%) of the following items:		
Accrued interest	143	183
Capitalised project costs	5,579	5,108
Depreciation timing differences	-	47
Deferred tax liability	5,722	5,338

Australian Stock Exchange Limited and its controlled entities

ASX Perpetual Registrars Limited Statement of revenue and expenses	Half year ended 31 Dec 2004 \$'000	Half year ended 30 June 2004 \$'000	Half year ended 31 Dec 2003 \$'000
Revenues	28,484	25,330	28,261
Operating expenses	19,751	18,453	19,863
EBITDA	8,733	6,877	8,398
Depreciation & amortisation (excluding goodwill)	3,976	3,847	3,846
EBIT	4,757	3,030	4,552
Interest expense	762	972	979
Net profit before tax and goodwill amortisation	3,995	2,058	3,573
Income tax (expense)	(1,219)	(209)	(1,092)
Net profit after tax pre goodwill amortisation *	2,776	1,849	2,481
Goodwill amortisation **	1,542	1,508	1,474
Net profit after income tax expense	1,234	341	1,007

Reconciliation to ASX equity accounted result

	50% share	50% share	50% share
EBITDA	4,367	3,439	4,199
Depreciation & amortisation (excluding goodwill)	1,988	1,924	1,923
EBIT	2,379	1,515	2,276
Interest expense	381	485	490
Net profit before tax and goodwill amortisation	1,998	1,030	1,786
Income tax (expense)	(610)	(105)	(546)
Net profit after tax pre goodwill amortisation *	1,388	925	1,240

ASX equity accounted result

50% of net profit after tax pre goodwill amortisation *	1,388	925	1,240
Goodwill amortisation (50% of APRL's goodwill) **	771	754	737
Goodwill amortisation (on acquisition of APRL)	554	554	554
Total goodwill amortisation	1,325	1,308	1,291
ASX equity accounted result	63	(383)	(51)

Statement of financial performance

Australian Stock Exchange Limited and its controlled entities

for the half-year ended 31 December 2004

	Half year ended 31 Dec 2004 \$'000	Consolidated Half year ended 30 June 2004 \$'000	Half year ended 31 Dec 2003 \$'000
Note			
Revenues from ordinary activities			
Listings	34,856	24,765	29,271
Equities trading, clearing & settlement	58,396	52,238	53,730
Derivatives trading, clearing & settlement	20,944	19,351	19,307
Market data	15,703	14,612	14,606
Interest revenue	4,085	3,788	3,432
Dividend revenue	825	1,200	675
Other revenue	7,130	6,395	6,961
Total revenues from ordinary activities	141,939	122,349	127,982
Expenses from ordinary activities			
Staff expenses	35,587	32,920	32,895
Occupancy expenses	10,597	9,530	9,932
Equipment expenses	13,976	14,760	14,690
Administration expenses	10,103	9,382	9,215
Total expenses from ordinary activities	70,263	66,592	66,732
Share of net profit / (losses) of associate accounted for using the equity method	4 63	(383)	(51)
Profit from ordinary activities before income tax expense	71,739	55,374	61,199
Income tax (expense) relating to ordinary activities	(21,270)	(15,172)	(18,178)
Profit from ordinary activities after income tax expense	50,469	40,202	43,021
Net (profit) attributable to outside equity interest	-	-	(532)
Net profit attributable to members of the parent entity	50,469	40,202	42,489
Total changes in equity other than those resulting from transactions with owners as owners	50,469	40,202	42,489
Basic earnings per share (cents per share)	49.2	39.5	41.6
Diluted earnings per share (cents per share)	48.9	38.9	41.4

The statement of financial performance is to be read in conjunction with the notes to the half-year financial statements.

Australian Stock Exchange Limited and its controlled entities

Statement of financial position at 31 December 2004

	Note	31 Dec 2004 \$'000	Consolidated 30 June 2004 \$'000	31 Dec 2003 \$'000
Current assets				
Cash assets		122,389	110,048	104,754
Receivables		22,650	23,741	19,632
Other assets		3,880	5,054	6,769
Total current assets		148,919	138,843	131,155
Non-current assets				
Investments accounted for using the equity method		47,370	47,307	47,690
Investments – other		22,950	22,950	22,950
Deferred tax assets		9,263	10,380	9,385
Property, plant & equipment		47,393	50,988	49,510
Receivables		11,912	14,388	17,449
Intangible assets		4,895	5,034	2,211
Total non-current assets		143,783	151,047	149,195
Total assets		292,702	289,890	280,350
Current liabilities				
Payables		13,583	11,931	11,116
Current tax liabilities		12,891	17,989	13,655
Provisions		12,864	19,204	14,586
Other liabilities		21,581	6,610	16,544
Total current liabilities		60,919	55,734	55,901
Non-current liabilities				
Deferred tax liabilities		5,722	5,689	5,338
Provisions		8,688	8,671	9,812
Total non-current liabilities		14,410	14,360	15,150
Total liabilities		75,329	70,094	71,051
Net assets		217,373	219,796	209,299
Equity				
Parent entity interest				
- Contributed equity		106,282	106,282	106,282
- Retained profits	3	111,091	113,514	101,867
Total parent entity interest in equity		217,373	219,796	208,149
Total outside equity interest		-	-	1,150
Total equity		217,373	219,796	209,299

The statement of financial position is to be read in conjunction with the notes to the half-year financial statements.

Australian Stock Exchange Limited and its controlled entities

Statement of cash flows for the half-year ended 31 December 2004

	Half year ended 31 Dec 2004 \$'000	Consolidated Half year ended 30 June 2004 \$'000	Half year ended 31 Dec 2003 \$'000
Cash flows from operating activities			
Receipts from customers	170,300	114,612	153,263
Payments to suppliers and employees	(85,351)	(64,803)	(79,807)
Interest received	4,086	3,788	3,432
Dividends received	825	1,200	675
Income taxes paid	(25,218)	(12,541)	(15,682)
Cash received from Financial Industry Development Account	2,455	1,856	3,458
Net cash provided by operating activities	67,097	44,112	65,339
Cash flows from investing activities			
Expenditure on internally developed assets	(1,634)	(2,693)	(1,047)
Purchase of plant and equipment	(2,734)	(4,102)	(2,069)
Payments for additional investment in controlled entity	-	(5,347)	-
Proceeds on sale of plant and equipment	28	53	102
Repayments from associate	2,016	2,709	299
Net cash (used in) investing activities	(2,324)	(9,380)	(2,715)
Cash flows from financing activities			
Dividends paid	(52,892)	(29,790)	(46,521)
Receipts from employee share plan loans	460	352	982
Net cash (used in) financing activities	(52,432)	(29,438)	(45,539)
Net increase in cash held	12,341	5,294	17,085
Cash at the beginning of the financial period	110,048	104,754	87,669
Cash at the end of the financial period	122,389	110,048	104,754

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

Notes to the financial statements for the half-year ended 31 December 2004

1. Statement of significant accounting policies

a) Basis of preparation of half-year financial report

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This half-year financial report is to be read in conjunction with the 30 June 2004 Annual Financial Report and any public announcements by Australian Stock Exchange Limited and its controlled entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 30 June 2004 Annual Financial Report.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

b) Adoption of Australian equivalents to International Financial Reporting Standards

Overview

ASX will be required to prepare financial statements using Australian equivalents to International Financial Reporting Standards (IFRS) for the first time for the half-year ending 31 December 2005 and the year ending 30 June 2006. This note explains the anticipated impacts of this change in reporting requirements.

Management of the transition to IFRS

ASX has established a project team to manage the transition to the new reporting regime. Dedicated resources have been assigned to the project and expert consultants are used to assist in some areas. The ASX IFRS project team has approached the project in three phases as follows:

1. Assessment and planning phase

This phase involves assessing the key anticipated impacts of conversion to IFRS based on ASX's existing accounting and reporting policies and procedures, systems and processes. The company considers the assessment and planning stage to be complete as at 31 December 2004.

2. Design phase

This phase involves formulating the changes required to accounting policies and procedures, systems and processes in order to transition to IFRS. This phase also involves reliably estimating the quantitative impacts of conversion to IFRS. Substantial progress has been made in the design phase and it will be finalised by 30 June 2005.

3. Implementation phase

This phase will include implementation of the identified IFRS changes to accounting and business procedures, processes and systems and operational training for staff. It is anticipated the implementation phase will be performed and substantially completed by 30 June 2005.

This financial report has been prepared in accordance with Australian Accounting Standards and other financial reporting requirements (Australian GAAP) as set out in note 1a) of this report. The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS.

The Regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the current assessed impacts on ASX identified to date. In addition, the impact of IFRS on future years will depend on the particular circumstances prevailing in those years.

Key differences

The key differences identified to date are as follows:

(i) AASB 1: First time adoption of Australian IFRS

AASB 1 is the standard that deals with the transition into the IFRS reporting regime. There is a general requirement in this standard to retrospectively apply any changes in accounting policy as a result of the adoption of IFRS. This is a significant change from Australian GAAP, which takes a prospective approach to changes in accounting policy. AASB 1 also requires the restatement of comparative financial information using Australian equivalents to IFRS, subject to certain exemptions set out in that standard. One of these exemptions allows companies not to restate their comparative information for AASB 132 "Financial Instruments: Disclosure and Presentation, and AASB 139 "Financial Instruments: Recognition and Measurement". It is ASX's intention to defer the adoption of AASB 132 and AASB 139 until 1 July 2005 and therefore we will not be restating comparative information in relation to these standards.

AASB 1 requires all opening adjustments on entry to the new reporting regime to be made directly to retained earnings, or another category of equity, if appropriate, at the date of transition.

(ii) AASB 2: Share-based payment

ASX currently provides equity-based compensation to staff in the form of shares and conditional entitlements for remuneration purposes. At present no expense is being recognised for any shares or conditional entitlements issued to staff for no consideration. Under AASB 2, however, issues of shares and conditional entitlements to staff will require expensing based on the fair value of the instruments and this amount will be recognised over the relevant period of service.

AASB 2 applies to all equity instruments issued after 7 November 2002, which have not vested as at 1 January 2005. At the date of this report ASX has two conditional entitlement plans that will be subject to AASB 2 and will therefore require expensing. The conditional entitlements subject to AASB 2 were issued 15 December 2003 and 2 November 2004. Details of these plans can be found at www.asx.com.au in the shareholder information section of the website. It is anticipated ASX will have an opening adjustment on transition to IFRS for these plans that will reduce retained earnings and create an equity compensation reserve. These current plans and all similar equity instruments issued to staff in the future will require expensing.

(iii) AASB 3: Business combinations

Current ASX accounting policy is to amortise goodwill on a straight-line basis over 20 years. Under AASB 3, the amortisation of goodwill is prohibited but the balance will now be subject to impairment testing (refer to point (f) below). Therefore ASX will not recognise goodwill amortisation as an expense for the year ended 30 June 2006, and all future years.

Goodwill is also currently amortised in APRL's financial accounts. The equity accounted result of APRL is expected to improve since APRL will have a reduction in expenses relating to goodwill amortisation.

(iv) AASB 132: Financial Instruments: Disclosure and Presentation AASB 139: Financial Instruments: Recognition and Measurement

Investments in listed entities

IFRS introduces new measurement requirements for financial assets and financial liabilities. One of the changes identified will be the accounting for investments in listed entities, namely ASX's investment in IRESS Market Technology (IRESS). ASX currently recognises IRESS at cost (\$23,000,000). Under IFRS this investment will be recognised at fair value in the balance sheet and any movements in the fair value between reporting periods will be recognised in a reserve account in equity. The fair value of IRESS at 31 December 2004 was \$60,000,000. There will be no impact on the profit or loss account from year to year unless the asset is impaired or disposed of.

As explained above, AASB 132 and AASB 139 will not be applied to ASX until the financial year beginning 1 July 2005, therefore it is not possible to quantify the opening adjustment required at this time. However, on initial adoption of AASB 132 and AASB 139 on 1 July 2005, ASX will restate the carrying value of IRESS from the cost basis to fair value basis and the opening adjustment will go to a reserve account in equity. Refer to part (v) of this note for the tax effect of this change.

Novation

A review of the accounting treatment of the novation arrangements is continuing to determine whether the value of contracts subject to novation require recognition on the face of the balance sheet. The current accounting treatment is to disclose novated contracts as contingent assets and contingent liabilities in the notes to the accounts. If the novated contracts were to be recognised on the balance sheet, there will be no profit or loss impact because the novated contracts would net to nil.

Australian Stock Exchange Limited and its controlled entities

There is no consistent treatment of novated contracts within the overseas entities contacted or reviewed so far, and communication is continuing with external parties, which includes three of the big four accounting firms and their client entities.

(v) AASB 112: Income taxes

Income tax balances will be calculated based on the "balance sheet approach" replacing the "income statement approach" currently used under Australian GAAP. This method recognises deferred tax balances when there is a difference between the carrying value of an asset or liability for accounting purposes and its tax base. In addition, as tax effects follow the underlying transaction, some tax effects will be recognised in equity.

One material difference and many minor differences have been identified under AASB 112. The material difference identified relates to the change in accounting for investments in listed securities (as discussed in part (iv) above), which will result in the recognition of a deferred tax liability equivalent to the tax effect of the difference in the carrying value of IRESS and its tax base. This adjustment will be offset against a reserve account in equity. Given ASX intends to apply AASB 132 and AASB 139 from 1 July 2005, this adjustment cannot be measured at this time.

(vi) AASB 136: Impairment of assets

AASB 136 requires goodwill balances to be tested at least annually for impairment. All other assets subject to the standard must be tested for impairment only when there is an indication of impairment. An asset is considered impaired if its carrying value is greater than its recoverable amount. The standard contains detailed guidelines for determining whether an asset has been impaired, using discounted cash flow analysis. If an asset is determined to be impaired, the difference between the carrying value of the asset and the recoverable amount must be booked as an expense.

ASX is currently in the process of reviewing all significant assets in accordance with AASB 136.

2. Dividends

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

	Cents per share	Total amount \$'000	Percentage franked	Date of payment
Final dividend	27.4	28,141	100%	27 August 2004
Special dividend	24.1	24,751	100%	27 August 2004
	51.5	52,892		

Subsequent events

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

Interim dividend	44.2	45,394	100%	11 March 2005
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The above dividends relate to ordinary share capital.

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

	31 Dec 2004 \$'000	30 June 2004 \$'000	31 Dec 2003 \$'000
3. Retained profits			
Balance at the beginning of the period	113,514	101,867	105,899
Net Profit attributable to members of the parent entity	50,469	40,202	42,489
Dividends paid	(52,892)	(29,790)	(46,521)
Transfer from asset revaluation reserve	-	1,235	-
Balance at the end of the period	111,091	113,514	101,867

Australian Stock Exchange Limited and its controlled entities

4. Associates

Investments in Associates

Name	Ownership Interest (consolidated)			Share of net profits / (losses) (consolidated)		
	Dec 2004	June 2004	Dec 2003	Dec 2004	June 2004	Dec 2003
	%	%	%	\$'000	\$'000	\$'000
ASX Perpetual Registrars Limited	50	50	50	63	(384)	(51)

5. Segment reporting

ASX provides stock exchange and ancillary services in Australia. The revenue streams derived from those services are shown in the statement of financial performance.

6. Contingent liabilities

There has been no significant change in contingent liabilities or contingent assets since the last annual reporting date.

7. Subsequent events

Interim dividend

For details of the interim dividend declared after 31 December 2004 refer to note 2.

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

National Guarantee Fund

Progressed the restructure of the National Guarantee Fund, which, if implemented, will involve the transfer of an estimated \$70 million to Australian Clearing House Pty Limited (ACH) on or about 31 March 2005. This amount is required to be ring fenced and only be available for clearing risks of ACH.

DIRECTORS' DECLARATION

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

1. the financial statements and notes set out on pages 23 to 29, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2004 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that ASXL will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 14th day of February 2005.

Signed in accordance with a resolution of the directors:

Maurice L Newman AC
Chairman

Anthony M D'Aloisio
Managing Director

INDEPENDENT REVIEW REPORT

to the members of Australian Stock Exchange Limited

Scope

The financial report and directors' responsibility

The financial report for Australian Stock Exchange Limited consolidated entity (the "Consolidated Entity") for the half-year ended 31 December 2004 comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration as set out on pages 23 to 30. The Consolidated Entity comprises both Australian Stock Exchange Limited (the "Company") and the entities it controlled during that half year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

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

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

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

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

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

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

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

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

INDEPENDENT REVIEW REPORT
to the members of Australian Stock Exchange Limited

Statement

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

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2004 and of its performance for the half year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) other mandatory financial reporting requirements in Australia.

KPMG

N T Davis
Partner

Sydney, 14th day of February 2005.