ASX
AUSTRALIAN STOCK EXCHANGE

Australian Stock Exchange Limited

ABN 98 008 624 691

CONSOLIDATED FINANCIAL STATEMENTS

INCLUDING ADDITIONAL APPENDIX 4E DISCLOSURES

FOR THE YEAR ENDED

30 JUNE 2006

Released - 17 August 2006

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INTERNET
These results will be available from the ASX Shareholder Centre on the Internet at www.asx.com.au/shareholder by 9.30am Australian Eastern Standard Time (AEST) on Thursday, 17 August 2006. Transcripts of the Analyst and Investor presentation will also be available from the ASX Shareholder Centre .

An audio webcast of the Analyst and Investor presentation will also be available from www.asx.com.au/06results.

ENQUIRIES

Investor and Analyst enquiries should be directed to **Dimitri Burshtein on (02) 9227 0279.**

Media enquiries should be directed to **Gervase Greene on (02) 9227 0464**.

Important Note – Australian Equivalents to International Financial Reporting Standards

The financials of the consolidated entity (ASX Group) and the Company (ASX Limited) for the year ended 30 June 2006 have been determined based on Australian Equivalents to International Financial Reporting Standards (AIFRS). This is the first annual financial report based on AIFRS and the comparatives for the year ended 30 June 2005 have been restated accordingly. The financials were previously prepared based on Australian Generally Accepted Accounting Principles (AGAAP).

A reconciliation between ASX's 2004/2005 AGAAP and AIFRS accounts is presented in Note 31 to the financial statements.

Comparisons referred to in this analysis are relative to prior year results restated for AIFRS. Caution should be applied when comparing results presented under AIFRS against results presented under AGAAP.

APPENDIX 4E (Rule 4.3A)
PRELIMINARY FINAL REPORT
for the year ended 30 June 2006

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to year ended 30 June 2005 and reported under AIFRS for the first time)	$'000	up/down	% movement
Revenues	308,331	up	9.4
Profit after tax attributable to members including significant items	135,503	down[1]	18.9
Normal net profit after income tax excluding significant items	137,058	up	24.6
Net profit for the period attributable to members	135,503	down[1]	18.9

Dividend information	Amount per share	Franked amount per share	Tax rate for franking
Interim dividend per share *(paid 17 March 2006)*	56.2	56.2	30%
Final dividend per share[2] *(paid 9 August 2006)*	63.9	63.9	30%
Total dividends per share for the year	120.1	120.1	

Final dividend dates	
Ex dividend date	12 July 2006
Record date	18 July 2006
Payment date	9 August 2006

	30 Jun 06	30 Jun 05
Net tangible asset backing per share	$3.45	$2.99

This report is based on the consolidated financial report which has been audited.

[1] In March 2005, $71.5 million was received from NGF as part of the restructuring of its clearing support arrangements. These funds are tax exempt, are held as restricted cash assets for clearing and settlement support and are not distributable to ASX shareholders.

[2] Final dividend has been calculated using normal profit of $137.058 million, which excludes gain on sale of APRL and other significant items.

Key ratios & statistics	Note	Year ended 30 June 2006 AIFRS	Year ended 30 June 2005 AIFRS
Normal Earnings per share (EPS)	1	**133.4**	107.1
Basic Earnings per share (EPS) including significant items		**131.9**	162.6
Dividends per share (DPS)			
· interim cents per share		**56.2**	44.2
· final cents per share		**63.9**	50.9
Capital expenditure $'000		**13,881**	10,173
Depreciation and amortisation $'000		**10,483**	15,890
Normalised expenses / Normalised revenue	1	**42.8%**	49.8%
Normalised Earnings before interest and tax (EBIT) (pre equity accounted result) $'000	1	**174,917**	140,274
Normalised Earnings before interest, tax, depreciation & amortisation (EBITDA) (pre equity accounted result) $'000	1	**185,400**	156,164
Normalised EBIT / Normalised revenue	1	**57.2%**	50.2%
Normalised EBITDA / Normalised revenue	1	**60.7%**	55.9%
Net tangible asset backing per share		**$3.45**	$2.99
Shareholders' equity as a % of total assets		**43.8**	51.1
Normalised Return on equity	1		
- period end (operating profit after tax)		**38.5**	37.8
- monthly average (operating profit after tax)		**41.8**	39.4
Weighted average number of ordinary shares		**102,735,112**	102,689,776
Full time equivalent (FTE) permanent staff	2	**493**	492

1 Excludes significant items
2 Includes Orient Capital FTE

Key ratios & statistics (continued)	Note	Year ended 30 June 2006 AIFRS	Year ended 30 June 2005 AIFRS
Number of listed entities	1	**1,930**	1,774
Average annual listing fee		**$18,194**	$17,454
Domestic Market Capitalisation ($b)		**$1,207.3**	$960.0
Capital raised from subsequent listings ($m)		**$28,327**	$22,264
Average fee per $m of subsequent capital		**$988**	$1,153
Number of new listings		**227**	222
Capital raised from initial listings ($m)		**$23,108**	$14,883
Average initial listing fee		**$61,756**	$61,020
Total SEATS trades (000)	2	**31,637**	22,562
Average daily SEATS trades (000)	2	**125.0**	89.2
Average trading & settlement fee (equity, interest rate securities & warrant trades)	2	**$3.79**	$4.69
Total options contracts (000)		**23,102**	22,566
Average daily options contracts (000)		**91.3**	89.2
Average option fee per contract		**$1.43**	$1.47
Number of new warrant series		**4,678**	3,595
Total warrant series		**3,104**	2,318

1 Includes all stapled entities
2 Includes equities, warrants and interest rate securities

ASX Pricing Review Update

On 1 July 2006, ASX's new pricing structure commenced. Please refer to ASX's market announcements of 15 December 2005 and 24 April 2006 for additional information on ASX's new equities trading, clearing and settlement pricing structure.

The following table shows the actual average equities fee per (SEATS) trade for the 12 months to 30 June 2005 and 30 June 2006.

Average fee per trade under pre 1 July 2006 pricing regime:

	Year ended 30 June 2006	Year ended 30 June 2005
Single side (buy or sell)		
Order fee	**$0.16**	$0.15
Trade fee	**$0.45**	$0.53
Clearing and settlement fee net of SVR	**$0.77**	$0.92
Total trading & settlement charge to brokers (one side) for buy or sell trade	**$1.38**	$1.60
Two sides (buy and sell)		
Total of both buy and sell	**$2.76**	$3.20
Other CHESS fees	**$0.14**	$0.15
Non broker participants	**$0.29**	$0.38
Listed entities	**$0.60**	$0.96
Total average fee per trade (both sides)	**$3.79**	$4.69

For the purpose of comparison only, the following simulation is provided estimating what the average fee per trade would have been for the 12 months to 30 June 2006 under the new ASX (value focused) pricing system. It is important to note that this simulation assumes:

- identical levels of trading volume and turnover as occurred during 2005/2006;
- identical trading and settlement patterns as occurred during 2005/2006; and
- payment of a Volume Incentive Payment (VIP) even though VIP thresholds were not set for 2005/2006.

Caution should be exercised when comparing average fees under the different pricing systems as there is an assumption of <u>identical trading and settlement behaviours</u>. Trading and settlement patterns may change for a number of reasons including the implementation of the new pricing structure.

Estimated average fee per trade under post 1 July 2006 pricing regime:

Caution - please note above qualifications prior to using the following information as a guide to estimating future ASX equities trading, clearing and settlement revenue.

	Year ended 30 June 2006
Estimated Average Fee (both sides)	
Trade Fee	**$1.57**
VIP	**-$0.20**
Supplementary VIP	**-$0.25**
Clearing Fee	**$1.05**
Settlement and Other CHESS fee	**$1.31**
Listed entities	**$0.60**
Total average fee per trade (both sides)	**$4.08**

Trading Behaviour Statistics:

	Year ended 30 June 2006	Year ended 30 June 2005
Average turnover per day including crossings ($ billion)	**$3.832b**	$3.071b
Average trades per day (million)	**125.0**	89.2
Total trading days	**253**	253
Percentage of turnover above $2.679m (%) – capped at $75	**8.64%**	9.18%
Percentage of turnover crossed (%)	**31.58%**	35.96%

Non-statutory Format **Consolidated statement of revenue and expenses**	**Year ended 30 June 2006 AIFRS $'000**	Year ended 30 June 2005 AIFRS $'000
Revenues		
Listings	**76,982**	71,507
Equities trading, clearing & settlement	**130,877**	118,249
Derivatives trading, clearing & settlement	**48,372**	44,009
Information services	**35,725**	32,087
Other revenue	**13,675**	13,688
Total normalised revenues (excluding significant items)	**305,631**	279,540
Expenses		
Staff expenses	**68,000**	70,783
Occupancy expenses	**20,352**	23,756
Equipment expenses	**21,411**	26,091
Administration expenses	**20,951**	18,636
Total normalised expenses (excluding significant items)	**130,714**	139,266
Normalised EBIT (excluding significant items)	**174,917**	140,274
Interest earned on own funds	**14,934**	8,042
Interest earned on participants' funds	**17,576**	12,594
Interest paid to participants	**(16,018)**	(11,422)
Net interest income	**16,492**	9,214
Dividend revenue	**2,700**	2,325
Normal net profit pre goodwill and equity accounted result	**194,109**	151,813
Income tax (expense)	**(57,051)**	(44,554)
Normal net profit after income tax expense pre equity accounted result	**137,058**	107,259
Equity accounted result after tax – APRL	**-**	2,767
Normal net profit after income tax expense	**137,058**	110,026
Significant items		
Net gain on sale of APRL investment	**9,760**	-
Receipt from National Guarantee Fund*	**-**	71,489
Redundancy expenses	**(1,301)**	(7,436)
Consultancy and recruitment expenses	**(483)**	(3,999)
Write-off ASX WorldLink	**-**	(7,295)
Write-off other software and fixed assets	**-**	(2,032)
Premises project	**(11,606)**	-
Tax effect on significant items	**2,075**	6,229
Total significant items net of income tax	**(1,555)**	56,956
Net profit after tax and equity accounting	**135,503**	166,982

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

Non-statutory Format **Summary statement of consolidated cash flows**	**Year ended 30 June 2006 AIFRS $'000**	Year ended 30 June 2005 AIFRS $'000
EBIT (excluding significant items)	**174,917**	140,274
Depreciation & amortisation (excluding goodwill)	**10,483**	15,890
Share-based payment expense	**2,257**	1,332
Net interest & dividend revenue	**19,192**	11,539
Income taxes paid	**(49,200)**	(44,423)
(Increase) / decrease in working capital	**(4,682)**	7,268
Loss on sale and write-downs of non-current asset	**882**	9,547
Receipt from National Guarantee Fund*	**-**	71,489
Significant expense items	**(13,390)**	(20,762)
Net cash provided by operating activities	**140,459**	192,154
Expenditure on intangible assets	**(9,185)**	(6,670)
Purchase of plant & equipment	**(4,696)**	(3,503)
Proceeds on sale of non-current assets	**92**	358
Proceeds on sale of equity investment	**60,678**	-
Incidental costs on sale of equity accounted investment	**(1,751)**	-
Deferred acquisition costs	**(6,295)**	-
Repayments from associate	**6,036**	5,539
Net cash (used in) investing activities	**44,879**	(4,276)
Free cash flow	**185,338**	187,878
Dividends paid	**(110,029)**	(98,286)
Cost of financing activity	**(327)**	-
Repayment of loans to employees	**753**	937
Distributable net cash flow	**75,735**	90,529
Other cash receipts		
Net increase in derivative margins received from Participants	**152,233**	50,231
Total net cash flow	**227,968**	140,760

Note: AIFRS adjustments to prior period AGAAP reporting	
EBIT (excluding significant items) per AGAAP	**142,164**
Revenue adjustment – adoption of settlement date accounting	(119)
Expense adjustment – share-based payment expense	(1,332)
Expense adjustment – straightlining of leases	(439)
EBIT (excluding significant items) per AIFRS	**140,274**

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

Management discussion and analysis

The Directors are pleased to report the consolidated results of Australian Stock Exchange Limited (ASX) and the entities it controlled at the end of, or during, the year ended 30 June 2006.

Important Note

There may be differences between ASX's 2004/2005 results as presented in 2005 and comparatives presented in this document. These differences are due to ASX's accounts being restated under AIFRS.

A reconciliation between ASX's 2004/2005 AGAAP and AIFRS is presented in Note 31 to the financial statements.

Profit and earnings per share

Net profit after tax for the year ended 30 June 2006 was $135.5 million. This result includes total significant items after tax of $1.6 million. Significant items included:

- Profit on sale of ASX's interest in APRL – $9.8 million (pre-tax);
- Cost of ASX's Premises Project – $11.6 million (pre-tax); and
- Restructure costs – $1.8 million (pre-tax);

Normal net profit after tax was $137.1 million, an increase of 24.6% on the $110.0 million recorded during the previous corresponding year to 30 June 2005. This profit is a record result for any financial year for the ASX Group.

Record normal profit is largely attributable to strong market conditions over the past 12 months and reduced expenses, which were principally a consequence of decisions flowing from ASX's Profit and Loss Drivers Review. Record equities volumes were seen during 2005/2006 and the performance of the Listings Business was also buoyed by numerous initial and secondary capital raisings and overall market capitalisation growth. Total initial and secondary capital raised during 2005/2006 was $51.4 billion.

Based on 102,735,112 weighted average ordinary shares on issue during the year to 30 June 2006, the normal result represents earnings of 133.4 cents per share. This equates to a growth of 24.6% when compared with 107.1 cents per share for the previous corresponding period.

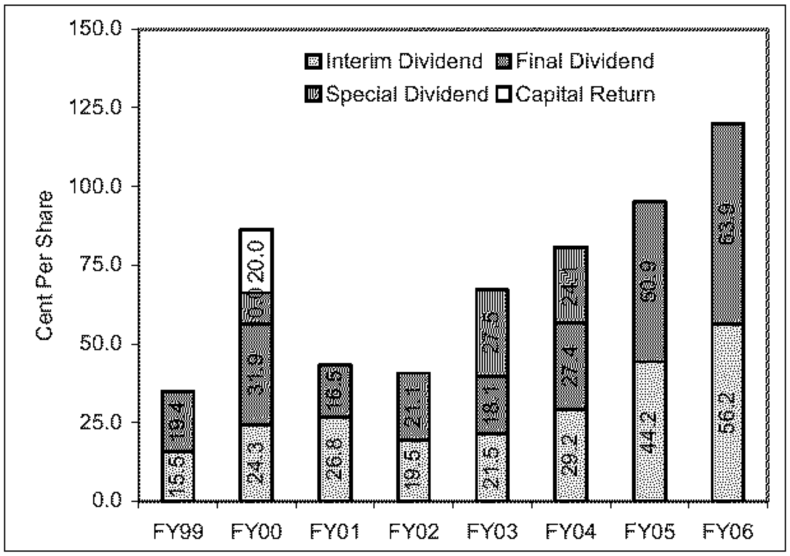
Dividend

On 7 July 2006, ASX Directors declared ASX's final 2005/2006 dividend of 63.9 cents per share, fully franked. This dividend was in line with ASX's policy of paying 90% of Normal net profit after tax as fully franked dividends.

The dividend was declared earlier than normal in accordance with the terms of the Merger Implementation Agreement entered into between ASX and SFE Corporation Limited (SFE).

Combined with ASX's interim dividend of 56.2 cents per share, total dividends for 2005/2006 were 120.1 cents per share, an increase of 26.3% on the 95.1 cents per share declared for 2004/2005. The final dividend was paid on 9 August 2006.

The graph below provides a breakdown of total dividend:

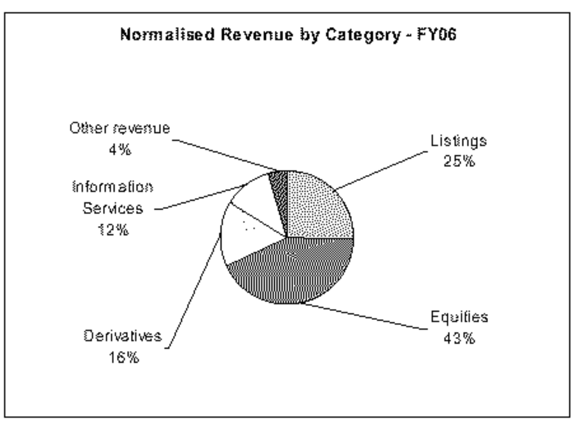


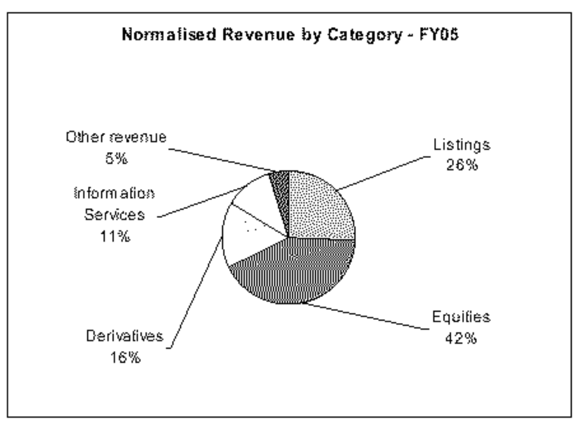
Review of operations

Revenue

Normalised revenue for the year ended 30 June 2006 was \$305.6 million, a 9.3% increase on the \$279.5 million achieved during the previous corresponding period. This figure excludes significant items (2005/2006 total \$3.6 million) and interest and dividend revenue (2005/2006 total \$19.2 million).

The charts below provide a breakdown of normalised revenue by category for 2004/2005 and 2005/2006:





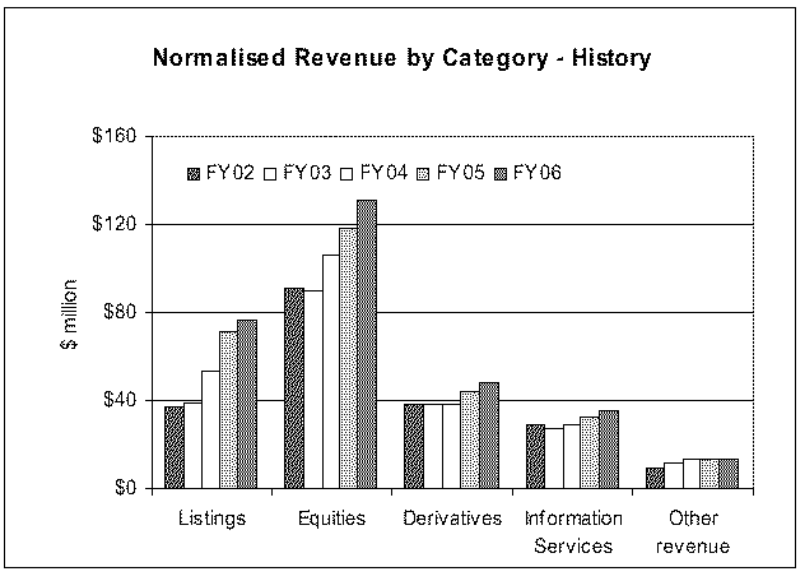
The increase in revenue is attributable to

- record equities volumes;
- strong initial and secondary capital raisings and overall market capitalisation growth driving the performance of the Listings Business; and
- overall growth in other ASX business lines.

Normalised revenue by category for the period ended 30 June 2006, compared with the period ended 30 June 2005 shows:

- Listings revenue increased by 7.7% to $77.0 million from $71.5 million;
- Equities trading, clearing and settlement revenue increased by 10.7% to $130.9 million from $118.2 million, after providing rebates of $33.9 million;
- Derivatives revenue increased by 9.9% to $48.4 million from $44.0 million;
- Information Services revenue increased by 11.2% to $35.7 million from $32.1 million;
- Other revenue remained flat at $13.7 million.

The chart below demonstrates trends in these revenue categories, excluding interest and dividends, across the last five financial years:



Revenue by category

- *Listings*

Revenue from listings contributed $77.0 million, an increase of 7.7% when compared to $71.5 million for the previous corresponding period. The increase in listings revenue can be attributed to growth in the three key listing fee categories of annual, initial and subsequent listing fees. Based on 2005/2006 revenues:

- Annual listing fees accounted for approximately 44% of total listings revenue;
- Secondary listing fees accounted for approximately 36% of total listings revenue;
- Initial listing fees accounted for approximately 18% of total listings revenue; and
- Other listing fees accounted for approximately 2% of total listings revenue.

During 2005/2006, there were 227 new listings raising $23.1 billion of new capital. This compares to 222 listings and $14.9 billion of new quoted capital for the previous corresponding period. Significant new listings in 2005/2006 included SP Ausnet ($2.9 billion), Goodman Fielder ($2.7 billion), Tattersall's ($2.2 billion) and Dyno Nobel ($1.2 billion).

Annual listing fees remain the largest component of total listing fee revenue. From 1 July 2006, annual listing fees were increased so as to recoup ASX's increased investment in Market Supervision. The current listing fee range is from a minimum of $7,450 ($6,710 previously) to a maximum of $147,500 ($133,100 previously).

The total number of listed entities at 30 June 2006 was 1,930 compared with 1,774 at 30 June 2005. Total domestic market capitalisation was $1,207 billion compared with $960 billion for the previous comparison period. The average annual listing fee was $18,194.

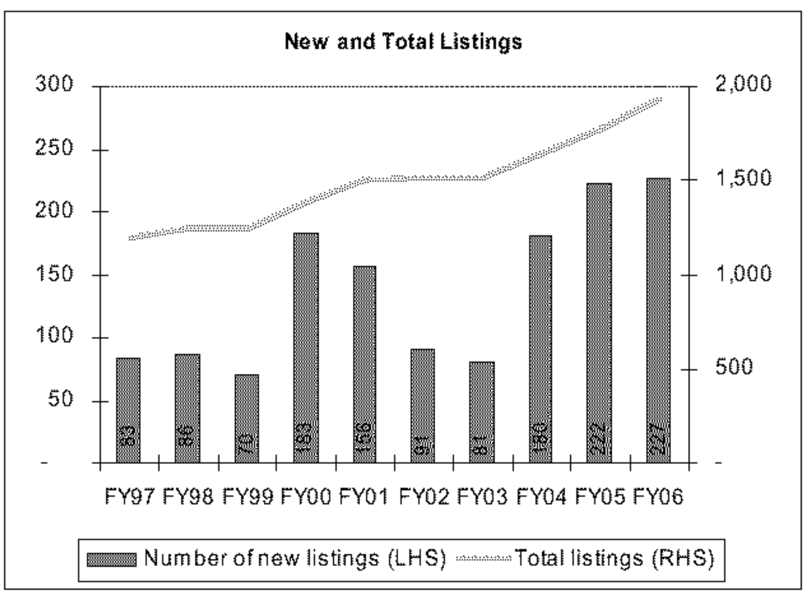
Revenue earned from subsequent capital raisings, which include placements, rights issues, Dividend Reinvestment Plans (DRPs) and Share Purchase Plans (SPPs) was the second largest contributor to aggregate reported listings revenue. Total capital raised from secondary raisings was $28.3 billion in 2005/2006 compared to $22.3 billion in 2004/2005. Significant subsequent capital raisings during 2005/2006 included Babcock & Brown Infrastructure ($0.7 billion), Macquarie Bank ($0.7 billion), Macquarie Infrastructure ($0.7 billion), ABC Learning Centres ($0.6 billion) and Orica ($0.5 billion).

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.

In December 2005, ASX also announced changes to subsequent listing fees to position them closer to international benchmarks. From 1 July 2006, subsequent listing fees were reduced for small to medium sized capital raisings and were increased for larger capital raisings.

Based on observed capital raising patterns between March 2003 and March 2005, ASX expects the changes in subsequent listing fees to generate an additional $2.8 million of revenue.

The chart below shows the number of new listings together with the total number of listings as at 30 June each year.



- *Equities Trading, Clearing and Settlement*

Revenue from equities trading, clearing and settlement contributed $130.9 million during 2005/2006, an increase of 10.7% when compared to $118.2 million for the previous corresponding period. This revenue was earned on a record 31.6 million SEATS trades, representing trades in equities, warrants and interest rate securities. This equates to an average of 125,047 trades per day. During 2005/2006, a single day SEATS trading record was set (19 April 2006) with 206,220 trades.

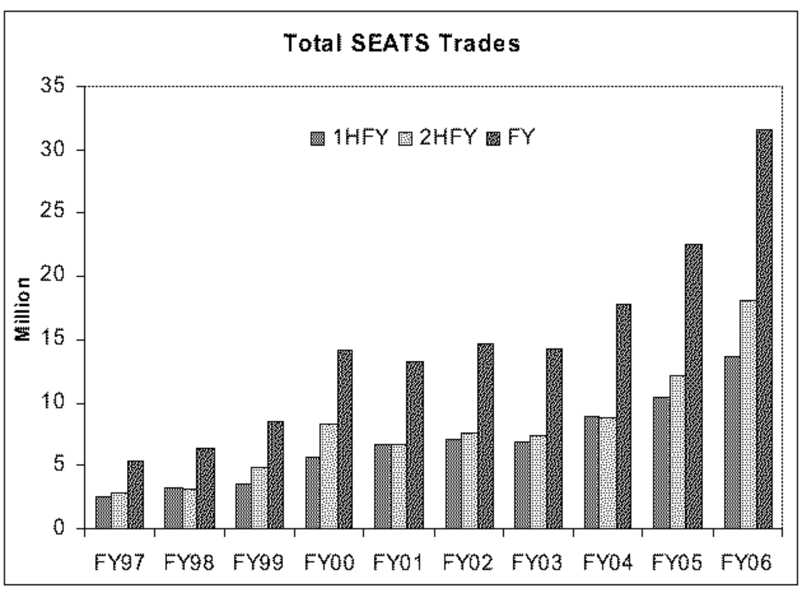
The average revenue per trade was $3.79 compared with $4.69 during the previous corresponding period. The decrease is due to 2 key factors:

- Increased levels of Settlement Volume Rebate (SVR): The SVR discount was 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 the trade count, the higher the SVR. The SVR was abolished on 30 June 2006; and

- Changing Settlement Activity Profile: Higher levels of market trades have not translated into corresponding higher levels of other settlement activity, such as additional demand transfers and holding statements. Essentially, settlement fees and listed entity fees are not highly correlated with volume. Thus as volume grows, even as total settlement and listed entity revenue increases, the average fee declines.

Total rebates provided to market participants under the SVR amounted to $33.8 million in 2005/2006. This compares to $16.1 million provided during the previous corresponding period, an increase of 110%.

The graph below shows the level of SEATS trades for each half year and full year across the past 10 financial years:



- *Derivatives Trading, Clearing and Settlement*

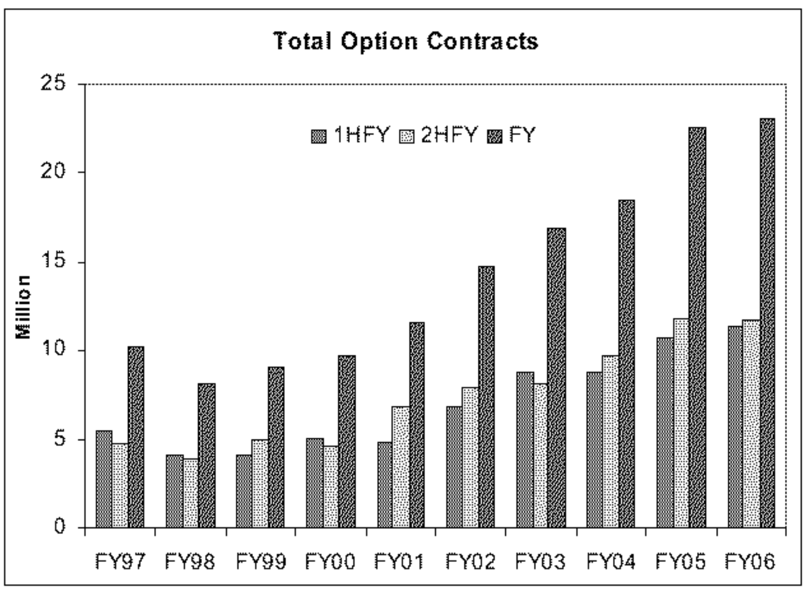
Revenue from derivatives trading, clearing and settlement contributed $48.4 million in 2005/2006, an increase of 9.9% when compared to $44.0 million for the previous corresponding period. The derivatives business comprises ASX's activities in options, warrants and futures products.

Options
The total number of option contracts traded in 2005/2006 was 23.1 million, an increase of 2.2% on the 22.6 million during the previous corresponding period. This equates to a daily average of 91,314 compared with 89,195 for the previous comparison period. The average revenue per contract generated was $1.43 compared with $1.47 during the previous corresponding period.

The lower average fee is a consequence of a relative increase in market maker activity and index option activity. Relative increases in market maker activity and index option volumes can impact the average option contract fee because market makers are charged a lower fee if they meet certain obligations and index option fees are lower than ordinary option fees.

The number of contracts traded was a record for any financial year and includes a new one month record for trading in options, with 2.4 million contracts traded during September 2005.

The graph below shows the level of option contracts traded for each half year and full year period across the past 10 financial years:

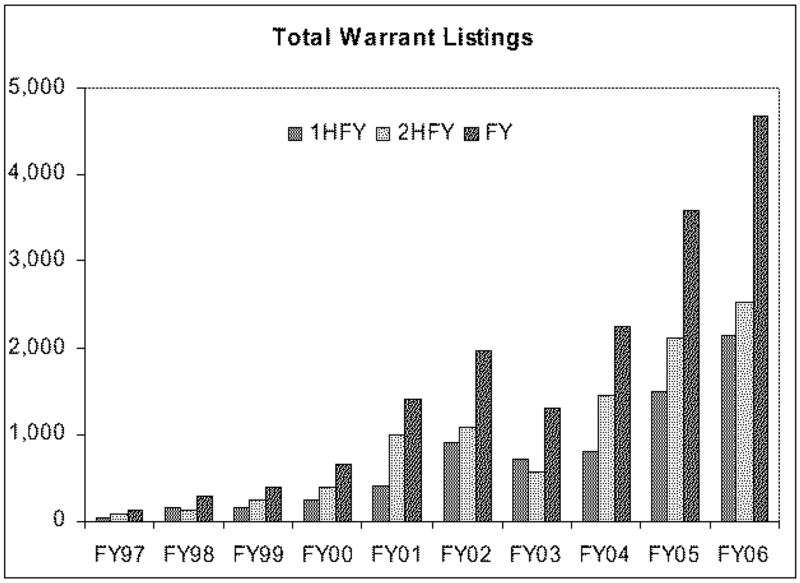


Warrants
The ASX warrants business relies on fees from issuance of new products, annual fees and the value of warrant turnover. As such, the warrants market showed strong growth during 2005/2006.

During 2005/2006, there were a record 4,678 new warrants listed compared to 3,595 during the previous corresponding period. Of these new warrants, 3,314 series were short-dated trading warrants compared to 2,593 warrant series during the previous corresponding period. This growth in issuance resulted in a record number of warrant series on issue of 3,104 at the end of June 2006.

Warrants turnover value reached a record $8.6 billion during 2005/2006, an increase of 77.0% on the previous corresponding period.

The graph below shows the level of warrants listed for each half year and full year period across the past 10 financial years:



- *Information Services*

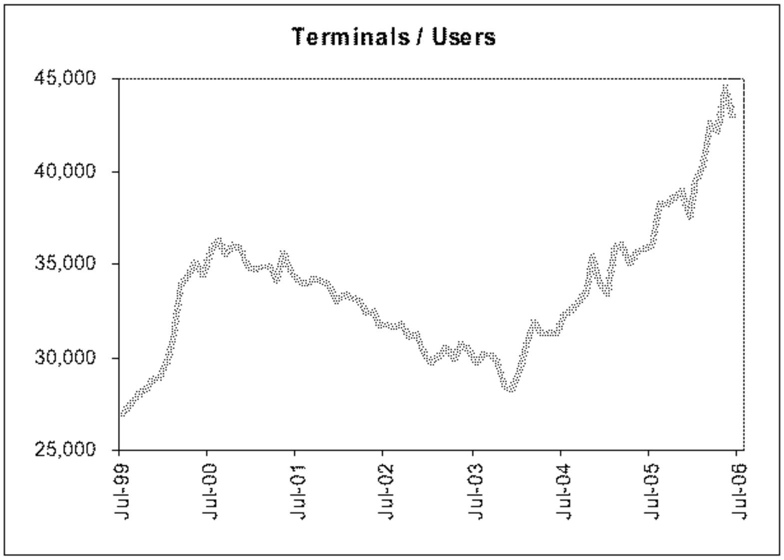
Revenue from Information Services was $35.7 million for 2005/2006, up from $32.1 million for the previous corresponding period, an 11.2% increase. This improved performance is predominantly a consequence of increased sales and distribution of real-time price data and COM News, ASX's real-time company news service.

Growth in revenues has been driven by a number of factors, including:

- Buoyant trading conditions experienced by all sectors of the market; and
- Increased focus on distribution and marketing that has contributed to an increase in the number of vendor "terminals" or end users subscribing to real time price data.

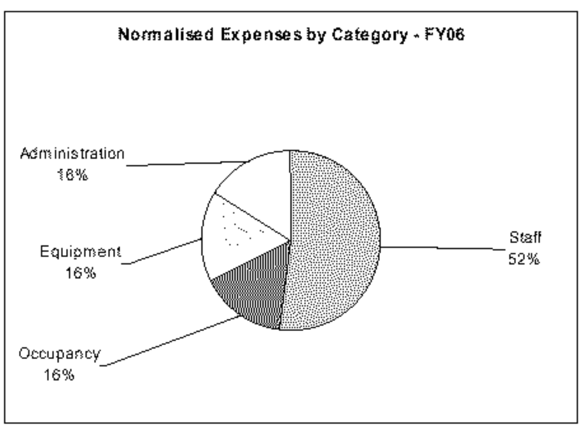
The number of ASX Market Data subscribers reached an end of year record high of 43,000 during 2005/2006. This is a 20% increase on the previous corresponding period. The 43,000 terminals included an additional 2,000 terminals in overseas markets.

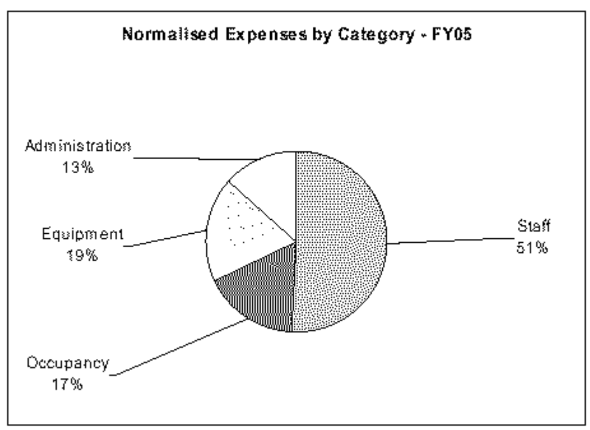
The chart below shows the historical growth of ASX real-time data subscribers.



Expenses

Normalised operating expenses for the year to 30 June 2006 were $130.7 million, a decrease of 6.1% on the $139.3 million incurred during the previous corresponding period. The charts below provide a breakdown of operating expenses by category for the years ended 30 June 2006 and 30 June 2005:

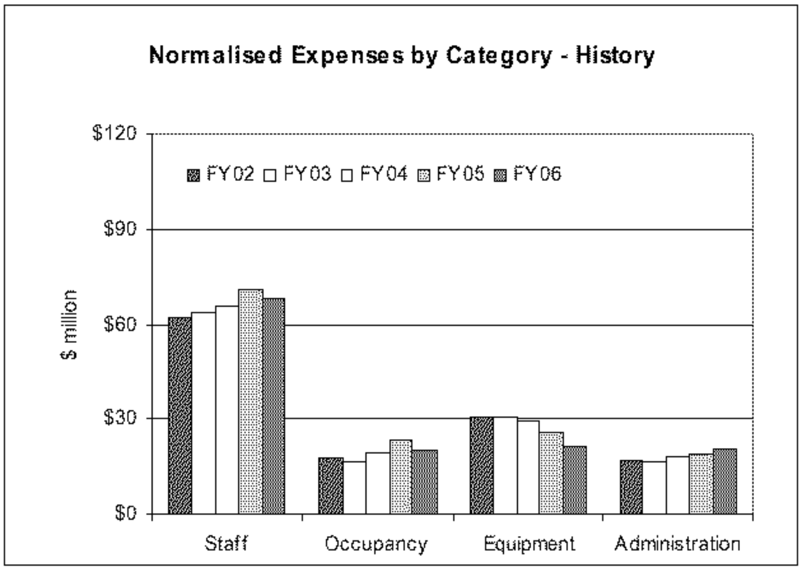




Expenses for the year ended 30 June 2006 show:

- Staff expenses decreased by 3.9% to $68.0 million from $70.8 million;
- Occupancy expenses decreased by 14.3% to $20.4 million from $23.8 million;
- Equipment expenses decreased by 17.9% to $21.4 million from $26.1 million;
- Administration expenses increased by 12.4% to $21.0 million from $18.6 million.

The following graph below illustrates the trend for each category of expenses across each of the last five consecutive financial years:



Expense decreases have primarily come from decisions flowing from ASX's Profit and Loss Drivers review announced on 25 May 2005.

- *Staff Expenses*

ASX staff expenses declined by 3.9% to $68.0 million and are based on full time equivalent (FTE) staff numbers of 493 (492 at 30 June 2005). These figures include 28 for Orient Capital (23 at 30 June 2005). The decrease in staff expenses reflects the full year effect of staff departures following the implementation of the Profit and Loss Drivers review decisions. With the introduction of AIFRS, staff expenses now also include the cost of share-based payments, which were $2.3 million in 2005/2006 compared to $1.3 million in 2004/2005.

- *Occupancy Expenses*

Occupancy costs also declined in 2005/2006 as a consequence of the one-off $2.2 million expense incurred in 2004/2005 for a 'make-good' provision in relation to leases. Additionally, certain fitout assets reached the end of their useful life for depreciation purposes in December 2005.

ASX incurred an after-tax expense of approximately $7.2 million (as a significant item) associated with the lease surrender but will benefit with annual occupancy cost savings. Melbourne, Brisbane, Adelaide and Sydney staff will each occupy smaller premises in the near future.

- *Equipment Expenses*

Equipment expenses declined 17.9% to $21.4 million. The main driver behind this decline is reduced depreciation following a number of write-offs in 2004/2005, including ASX World Link. There was also a reduction in software maintenance costs.

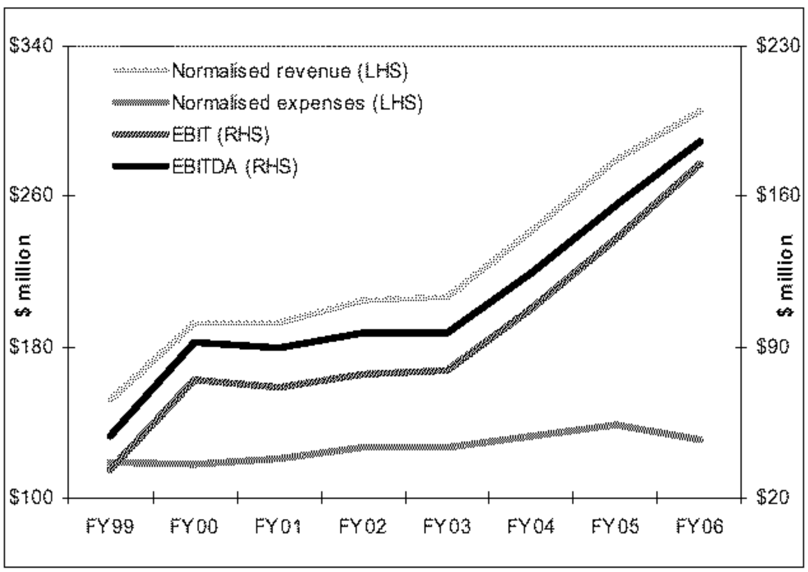
- *Administration Expenses*

Administration expenses increased by 12.4% to $21.0 million reflecting increased variable expenses associated with the production of additional CHESS holding statements and a new cost for clearing default insurance. Default insurance coverage commenced in late calendar year 2005, thus only a part year expense was incurred during 2005/2006. A full year amount for default insurance is expected to be incurred in 2006/2007.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)
Earnings Before Interest and Tax (EBIT)

ASX's 2005/2006 EBITDA (prior to significant items) was $185.4 million, a 18.7% increase on the $156.2 million recorded during the previous corresponding period. EBIT (prior to significant items) was $174.9 million, a 24.7% increase on the previous corresponding period.

Given ASX's high operating leverage, most of ASX's revenue growth flows directly to pre-tax earnings.



Interest and Dividends

Total interest and dividend revenue of $19.2 million comprises:

- net interest earned on ASX's unrestricted ($204.8 million) and restricted ($71.5 million) cash reserves;
- net interest on ASX participant funds; and
- the interim and final dividends earned on ASX's investment in IRESS Market Technology (18.0 cents per share on 15 million shares).

Significant Items including Restructuring Costs

During 2005/2006, ASX experienced several significant items which are not regarded as part of the normal operations of ASX. These items have been excluded from the calculation of dividends which are determined as 90% of Normal Net Profit after Tax.
The pre-tax effect of significant items that occurred during 2005/2006 were:

- Profit on Sale of ASX's interest in ASX-Perpetual Registrars Limited $9.8 million

• Costs associated with ASX's Premises Project	$11.6 million
• Redundancy expenses	$ 1.3 million
• Consultancy and recruitment expenses	$ 0.5 million
• Pre-tax subtotal of significant expense items	$13.4 million

The total pre-tax impact of the significant items was $3.6 million.

Capital expenditure

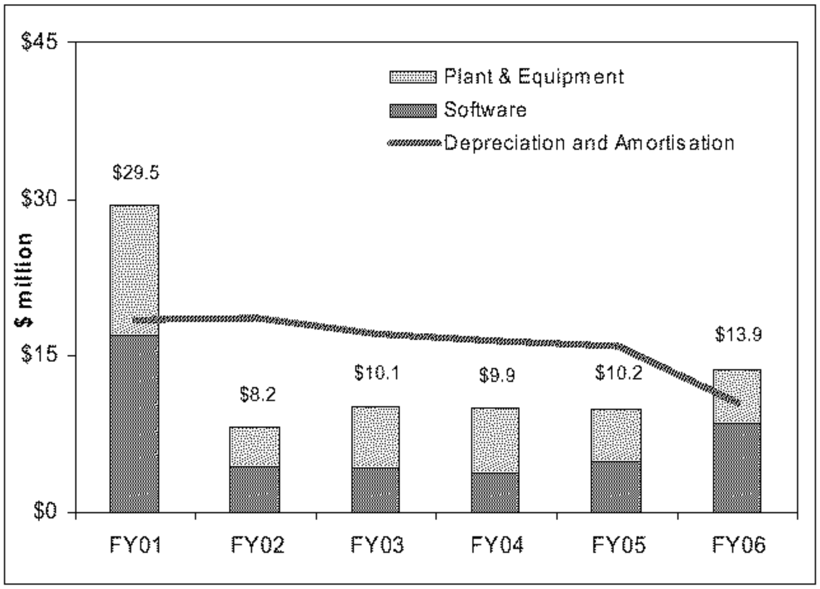
Capital expenditure for 2005/2006 was $13.9 million compared with $10.2 million for the previous corresponding period. This is consistent with ASX's commitment to maintain annual capital expenditure within $10 million to $15 million per annum.

During 2005/2006, ASX's main capital project was the Integrated Trading System (ITS) project. The ITS project involves the replacement of ASX's proprietary SEATS equities trading system with the OMX developed CLICK XT system. This project will permit ASX to consolidate its current 2 trading systems (equities and derivatives) into a single system. The resulting system is expected to deliver structural cost savings not only to ASX, but also to market participants.

Depreciation and amortisation expense for the period was $10.5 million compared with $15.9 million during the previous corresponding period. The decline in depreciation is a direct consequence of a number of write-offs undertaken in 2004/2005, including ASX World Link.

ASX expects depreciation to increase from 2006/2007 due to the completion of the ITS project. The total cost of the ITS project is approximately $15.1 million (some of which has been expensed). ITS will commence amortisation from October 2006.

The following chart shows ASX's capital expenditure and depreciation over the past 6 years.



Cash flow

ASX's clearing house capital requirements are overseen by the Reserve Bank of Australia (RBA). The RBA systemic stability standard requires ASX to hold $110 million in cash to operate its clearing facilities. However, in the interests of prudency, ASX increased this by $15m and is currently holding $125 million. This $125 million comprises $71.5 million received from the NGF and is held as restricted cash, and $53.5 million held as unrestricted cash.

Due to strong trading conditions and a low level of capitalised expenditure, ASX's unrestricted cash balance reached $204.8 million (included in the above noted $53.5 million) at 30 June 2006.

Upon adoption of AIFRS, cash margins required to cover derivatives' positions have been brought onto balance sheet, and as such cash and cash equivalents have increased by $370.6 million to reflect this. This amount is not available to ASX shareholders.

Equity Investments

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

Capital Management

In February 2006, ASX announced a plan to return $50 million of capital to ASX shareholders. The mechanism for the return would have been by way of capital reduction or on-market share buy-back, and would be subject to Australian Taxation Office (ATO) review. Following the completion of ASX's merger with SFE, ASX plans to undertake a capital management initiative returning $100 million to all ASX shareholders, subject to tax advice and shareholder approvals.

Key activities in the last 12 months

During the 12 month period to 30 June 2006, ASX has:

1. Completed Review of Pricing.

   On 15 December 2005, ASX announced the results of its review of pricing. The objectives of the review were to simplify equities pricing, benchmark to international exchanges and to remove the anomalies that existed in the Settlement Volume Rebate.

   From 1 July 2006, ASX's equities pricing model moved to a more value leveraged model (rather than volume).

2. Completed Review of Market Supervision.

   On 15 December 2005, ASX announced the results of its review of Market Supervision. A new subsidiary company, ASX Market Supervision Pty. Limited, commenced operations on 1 July 2006. All of ASX's operational supervisory functions have been placed in this new company.

3. Progressed Implementation of the Integrated Trading System

   As previously announced, ASX will complete its implementation of its Integrated Trading System (ITS) in the first week of October 2006. ITS, which operates on OM's CLICK XT trading system, will result in ASX having a single integrated trading system for all its current equity, debt and derivative products.

4. Progressed Implementation of Premises Review.

   On 12 May 2006, ASX announced that it had surrendered its tenancy at 530 Collins Street, Melbourne. This lease was due to expire in March 2012. ASX also advised that it had relocated its Adelaide office and is soon to relocate its Brisbane office to smaller premises.

5. Maintained 99.9% Systems Uptime

6. Achieved Record Volumes

   During 2005/2006, ASX recorded its highest ever SEATS trading volumes for any:

   - 1 day (206,220 on 19 April 2006);
   - 1 month (3.6 million during May 2006); and
   - 12 month period (31.6 million during July 2005 to June 2006)

Profit and Loss Drivers (P&L Drivers) Review Update

On 25 May 2005, ASX announced the results of its P&L Drivers Review. A key outcome of the review was a commitment to have disciplined management of costs delivering savings approximately $15 to $20 million by end 2007/2008 before allowing for inflationary growth and new initiatives.

Net savings ***after*** inflationary growth and new initiatives of $8.6 million were achieved in 2005/2006 through:

- reduction in employment expenses;
- reduction in premises costs;
- write-off of ASX World Link and other assets; and
- reduced software maintenance costs.

Gross savings were offset by normal inflationary cost increases and new initiatives, including increased costs associated with the expensing of share-based payments (AIFRS implementation), clearing default insurance and printing of CHESS holding statements.

In December 2005, ASX announced that additional expenses in Market Supervision will be incurred from 2006/2007. However, these expenses will be recovered through annual listing fees increases resulting in an EBIT neutral outcome.

In May 2006, ASX provided an update on its Premises Review noting the relocation of ASX's Melbourne, Brisbane and Adelaide offices. The ongoing occupancy expense benefits of the Premises Review will commence from 2006/2007. However, other prospective P&L Drivers Review savings will largely be subsumed given the materiality of the merger with SFE.

ASX/SFE Merger and Outlook

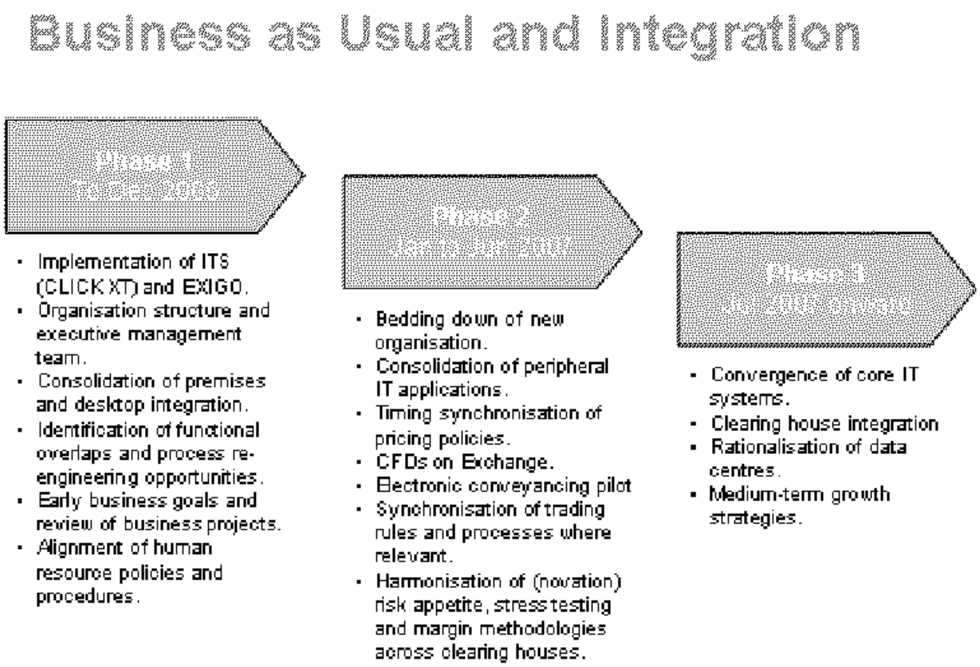
On 27 March 2006, ASX announced a proposal to merge with SFE Corporation Limited (SFE). SFE shareholders approved the merger on 5 July 2006 and the Federal Court of Australia approved the merger on 7 July 2006. Although the merger was completed on 25 July 2006, SFE became a wholly owned subsidiary of ASX on 11 July 2006, being the date when ASX obtained the power to control the financial and operating policies of SFE. Robert Elstone, the former Managing Director and Chief Executive Officer of SFE was appointed Managing Director and Chief Executive Officer of the new ASX Group of Companies on 25 July 2006.

ASX is aiming to deliver cost synergies for the merged group in the order of $14 million to $18 million by the end of December 2008. These merger synergy estimates reflect approximately 10-12% of the June 2006 pre-merger combined cost base of both ASX and SFE.

The one-off integration costs associated with delivering synergy benefits are expected to be incurred in the earlier years. ASX expects these to amount to approximately $18 to $20 million for the 2 years ending 30 June 2008. These one-off integration costs will be treated as significant items and therefore will be excluded from normalised net profit after tax.

Over the coming 12 to 36 months, ASX will be focused on successfully integrating the activities of ASX and SFE, including delivering on the target cost synergies at a minimum. Preliminary integration planning work has already commenced but is still at an early stage.

The integration process will take place in 3 phases. The key milestones and dates can be seen in the following diagram.



A market announcement on 26 July 2006 described an executive management structure for the merger integration. The announcement was preceded earlier in July 2006 by two senior executive departures (Mr Angus Richards and Ms Christine Jones) and the appointment of a new General Counsel and Company Secretary (Mr Anthony D'Arcy).
The incumbent ASX and SFE Chief Financial Officers (Mr John Hayes and Mr Martin Davey) will leave the ASX group at the end of 2006. An executive search is currently underway with a new Group Chief Financial Officer expected to be appointed during the final quarter of calendar 2006. This key appointment will further underpin the transformation and strength of the senior executive management team of the new ASX, as well as bolster internal CEO succession candidature over the next 3 to 5 years.

ASX will continue to keep both ASIC (the corporate regulator) and the RBA (the payments system regulator) fully informed of the progress of the merger consistent with its licence obligation imperatives. ASX will also endeavour to synchronise licence compliance assessments with both regulators.

The merger integration process will dominate the first half of the 2006/2007 year, on top of two systemically important core application system changes – the Integrated Trading System (ITS) to replace ASX's SEATS system and EXIGO to replace SFE Austraclear's FINTRACS system. By any standard, this timing coincidence represents a significant human resource workload and an operational risk management priority for the group over the coming months.

ITS permits the trading of ASX's entire suite of existing products on a single trading system. ITS will be the first integrated cash and derivatives trading system in the world. ASX's options and futures markets have already migrated to ITS, and warrant and interest rate securities will migrate over the coming weeks. The project implementation will be completed in early October 2006 with planned migration of equities trading onto the CLICK XT platform.

EXIGO is the new depository system developed which will replace SFE Austraclear's current FINTRACS system. Given the criticality of Austraclear to the high-value payments system in Australia, SFE's investment in this contemporary application is also an important investment for the nation in robust payments infrastructure important to the functioning of the overall economy. EXIGO is scheduled to go live on 21 August 2006.

On 1 July 2006, ASX's new equities trading clearing and settlement pricing regime commenced. ASX will be closely monitoring trading patterns and the consequential impact on revenues. ASX expects a clearer picture of the impact of the new pricing regime to emerge in the first 6 months of 2006/2007.

In the near term, ASX will also be focused on the development of its new Risk Management System (RMS) which will enhance ASX's clearing risk management capabilities. RMS will improve risk monitoring and quantification, especially in relation to stress testing and intraday risk calculation. Once operational, RMS will undertake key day-to-day clearing risk management activities and collect important new data to assist in future risk policy discussions. The RMS project is scheduled to be completed by the second quarter of calendar 2007 at a total cost of approximately $4.4 million.

A key element of the ASX/SFE merger implementation is to compare clearing risk management policies and practices for both clearing houses as a prerequisite to determining the scope for convergence or offset arrangements. This review will be carried out in conjunction with compliance requirements of the Financial Stability Standards (RBA) and will offer a clearer view of variable (margin) and fixed capital requirements of the group in the future. It is not expected that this review will be completed until towards the end of 2006/2007.

Early calendar year 2007 will see the 'pilot' phase of the Victorian Government's innovative electronic conveyancing system, the Land Exchange (LX), which will provide a secure network for processing and settling property transactions. SFE Austraclear is acting as the financial settlement manager for the LX and is scheduled to be fully operational by the time the LX program commences in earnest later in 2007.

The implementation of the Exchange Traded CFD (Contract For Difference) market previously announced by SFE in association with CommSec remains on schedule with an expected go-live date in the fourth quarter of 2006/2007. The development of what is currently an over the counter (OTC) product offering into an exchange traded environment is expected to deliver to market users enhanced price transparency and liquidity, as well as the comparative efficiency of a centrally cleared market.

ASX and SFE markets have continued to experience strong trade volume growth relative to previous periods. 2005/2006 witnessed record levels of equities trading volumes, debt and equity index futures volumes and a robust capital raising (listing) environment.

The second half of 2005/2006 witnessed relatively volatile equity and commodity markets (particularly for oil), successive US interest rate increases and an increase in the official cash rate in Australia in May 2006. Since balance date, an escalating military conflict in the Middle East and another cash rate increase in Australia in August 2006 has underpinned volatile market sentiments. The New Zealand economy's fundamentals continue to be associated with short term interest rate and currency volatility as well.

Within this context, interest rate and equity index derivative trading volumes have been robust. The interbank cash rate futures contract on the SFE experienced record trading volumes in July 2006 (231K contracts; substantially above the prior comparable period) and the New Zealand bank bill futures contract volume has also been very buoyant. Whilst even greater economic uncertainty has crept into market sentiment since the start of calendar 2006, it is not ASX's practice to make predictions or forecasts of future activity levels in any of its markets.

The coming 12 to 24 months will be particularly challenging for the ASX group. Not only will the integration of the ASX/SFE merger require due care and attention, but key systems upgrades (EXIGO and ITS), and the continued operation of high integrity markets with best practice supervision will remain an absolute focus.

ASX is confident that at the end of this period, it will emerge a much stronger, more vibrant and robust business – one that is greater than the sum of its previous parts and one that remains an integral and important part of the Australian financial system and economy. In scale terms, ASX has already emerged as an increasingly important part of the regional and global financial network.

Importantly, ASX remains committed to not losing sight of longer term growth opportunities during this important integration period.

Income Statements
for the year ended 30 June 2006

	Note	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
Revenues					
Listings		76,982	71,507	-	-
Equities trading, clearing & settlement		130,877	118,249	-	-
Derivatives trading, clearing & settlement		48,372	44,009	-	-
Information services		35,725	32,087	-	-
Dividends		2,700	2,325	52,700	90,325
Receipt from National Guarantee Fund*	2, 4	-	71,489	-	-
Other		13,675	13,688	-	-
	2	308,331	353,354	52,700	90,325
Expenses					
Staff expenses		69,301	78,514	-	-
Occupancy expenses		31,958	23,756	-	-
Equipment expenses		21,411	35,418	-	-
Administration expenses		21,434	22,340	149	77
	3, 4	144,104	160,028	149	77
Interest earned on own funds and restricted cash		14,934	8,042	4,165	2,202
Interest earned on participants' funds		17,576	12,594	-	-
Interest paid to participants		(16,018)	(11,422)	-	-
Net interest income		16,492	9,214	4,165	2,202
Net gain on sale of investment in APRL	10	9,760	-	6,472	-
Share of net gain of associate accounted for using the equity method	10	-	2,767	-	-
Profit before income tax expense		190,479	205,307	63,188	92,450
Income tax (expense)	5(a)	(54,976)	(38,325)	(3,146)	(638)
Net profit attributable to members of the parent entity		135,503	166,982	60,042	91,812
Basic earnings per share (cents per share)	7	131.9	162.6	-	-
Diluted earnings per share (cents per share)	7	131.4	162.1	-	-

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

The Income Statements are to be read in conjunction with the notes to the financial statements.

AUSTRALIAN STOCK EXCHANGE LIMITED AND CONTROLLED ENTITIES

Balance Sheets
as at 30 June 2006

	Note	Consolidated		The Company	
		2006	2005	**2006**	2005
		$000	$000	**$000**	$000
Current assets					
Cash and cash equivalents-unrestricted	24	204,823	129,088	72,776	37,561
Cash and cash equivalents-restricted*	19(a), 24	71,489	71,489	-	-
Cash margins from participants	15, 24	370,610	218,377	-	-
Trade and other receivables	8	22,445	26,371	-	-
Other assets	9	6,996	4,638	327	-
Total current assets		676,363	449,963	73,103	37,561
Non-current assets					
Investments accounted for using the equity method	10	-	49,167	-	-
Investments - other	11	93,295	64,500	101,438	125,098
Net deferred tax assets	5(e)	-	1,133	-	-
Property, plant and equipment	12	17,246	21,177	-	-
Receivables	8	1,124	7,912	52,024	57,588
Intangible assets	13	25,218	18,861	-	-
Total non-current assets		136,883	162,750	153,462	182,686
Total assets		813,246	612,713	226,565	220,247
Current liabilities					
Trade and other payables	14	18,554	14,067	-	-
Amounts owing to participants	15	374,311	222,012	-	-
Current tax liabilities	5(d)	24,248	16,805	24,248	16,789
Provisions	16	18,230	21,417	-	-
Other current liabilities	17	3,979	8,126	-	-
Total current liabilities		439,322	282,427	24,248	16,789
Non-current liabilities					
Net deferred tax liabilities	5(e)	3,950	-	19,362	12,495
Provisions	16	6,757	9,726	-	-
Other non-current liabilities	17	7,310	7,593	28,020	3,507
Total non-current liabilities		18,017	17,319	47,382	16,002
Total liabilities		457,339	299,746	71,630	32,791
Net assets		355,907	312,967	154,935	187,456
Equity					
Issued capital	18	106,282	106,282	106,282	106,282
Retained earnings		129,617	104,143	134	50,121
Restricted capital reserve*	19(a)	71,489	71,489	-	-
Asset revaluation reserve	19(b)	44,835	29,085	44,835	29,085
Equity compensation reserve	19(c)	3,684	1,968	3,684	1,968
Total equity		355,907	312,967	154,935	187,456

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

The Balance Sheets are to be read in conjunction with the notes to the financial statements.

AUSTRALIAN STOCK EXCHANGE LIMITED AND CONTROLLED ENTITIES

Statements of Changes in Equity (Consolidated)

Statement of changes in equity for the year ended 30 June 2005	**Issued capital**	**Retained earnings**	**Restricted capital reserve***	**Asset revaluation reserve**	**Equity compensation reserve**	**Total equity**
	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 July 2004	106,282	106,936	-	17,535	636	231,389
Change in fair value of financial assets available for sale (net of tax)	-	-	-	11,550	-	11,550
Share-based payments	-	-	-	-	1,332	1,332
Total non-profit items recognised directly in equity	-	-	-	11,550	1,332	12,882
Net profit for the period	-	166,982	-	-	-	166,982
Transfer to Restricted Capital Reserve	-	(71,489)	71,489	-	-	-
Dividends paid	-	(98,286)	-	-	-	(98,286)
Closing balance at 30 June 2005	106,282	104,143	71,489	29,085	1,968	312,967

Statement of changes in equity for the year ended 30 June 2006	**Issued capital**	**Retained earnings**	**Restricted capital reserve**	**Asset revaluation reserve**	**Equity compensation reserve**	**Total equity**
	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 July 2005	106,282	104,143	71,489	29,085	1,968	312,967
Change in fair value of financial assets available for sale (net of tax)	-	-	-	15,750	-	15,750
Share-based payments	-	-	-	-	1,716	1,716
Total non-profit items recognised directly in equity	-	-	-	15,750	1,716	17,466
Net profit for the period	-	135,503	-	-	-	135,503
Dividends paid	-	(110,029)	-	-	-	(110,029)
Closing balance at 30 June 2006	106,282	129,617	71,489	44,835	3,684	355,907

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

The Statements of Changes in Equity should be read in conjunction with the notes to the financial statements.

AUSTRALIAN STOCK EXCHANGE LIMITED AND CONTROLLED ENTITIES

Statements of Changes in Equity (Company)

Statement of changes in equity for the year ended 30 June 2005	**Issued capital**	**Retained earnings**	**Asset revaluation reserve**	**Equity compensation reserve**	**Total equity**
	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 July 2004	106,282	56,595	17,535	636	181,048
Change in fair value of financial assets available for sale (net of tax)	-	-	11,550	-	11,550
Share-based payments	-	-	-	1,332	1,332
Total non-profit items recognised directly in equity	-	-	11,550	1,332	12,882
Net profit for the period	-	91,812	-	-	91,812
Dividends paid	-	(98,286)	-	-	(98,286)
Closing balance at 30 June 2005	106,282	50,121	29,085	1,968	187,456

Statement of changes in equity for the year ended 30 June 2006	**Issued capital**	**Retained earnings**	**Asset revaluation reserve**	**Equity compensation reserve**	**Total equity**
	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 July 2005	106,282	50,121	29,085	1,968	187,456
Change in fair value of financial assets available for sale (net of tax)	-	-	15,750	-	15,750
Share-based payments	-	-	-	1,716	1,716
Total non-profit items recognised directly in equity	-	-	15,750	1,716	17,466
Net profit for the period	-	60,042	-	-	60,042
Dividends paid	-	(110,029)	-	-	(110,029)
Closing balance at 30 June 2006	106,282	134	44,835	3,684	154,935

The Statements of Changes in Equity should be read in conjunction with the notes to the financial statements.

Cash Flow Statements
for the year ended 30 June 2006

	Note	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
Cash flows from operating activities					
Receipts from customers		335,527	307,640	-	-
Payments to suppliers and employees		(166,004)	(160,712)	(149)	(77)
Cash generated from operations		169,523	146,928	(149)	(77)
Net increase in derivative margins received from participants	15	152,233	50,231	-	-
Dividends received		2,700	2,325	52,700	90,325
Net interest received		16,492	9,214	4,165	2,202
Income taxes paid	5(d)	(49,200)	(44,423)	(49,184)	(44,119)
Cash received from Financial Industry Development Account		944	6,621	-	-
Receipt from National Guarantee Fund*	24(c)	-	71,489	-	-
Net cash provided by operating activities	24(a)	292,692	242,385	7,532	48,331
Cash flows from investing activities					
Expenditure on intangible assets		(9,185)	(6,670)	-	-
Purchase of plant and equipment		(4,696)	(3,503)	-	-
Proceeds on sale of plant and equipment		92	358	-	-
Proceeds on sale of equity accounted investment		60,678	-	60,678	-
Incidental costs on sale of equity accounted investment		(1,751)	-	(1,751)	-
Deferred acquisition costs		(6,295)	-	(6,295)	-
Loans from subsidiary entities		-	-	78,618	63,194
Repayments from associate		6,036	5,539	6,036	5,539
Net cash provided by/(used in) investing activities		44,879	(4,276)	137,286	68,733
Cash flows from financing activities					
Dividends paid	6	(110,029)	(98,286)	(110,029)	(98,286)
Costs of financing activity		(327)	-	(327)	-
Repayment of loans to employees		753	937	753	937
Net cash (used in) financing activities		(109,603)	(97,349)	(109,603)	(97,349)
Net increase in cash and cash equivalents		227,968	140,760	35,215	19,715
Cash and cash equivalents at beginning of year		418,954	278,194	37,561	17,846
Cash and cash equivalents at end of year	24(c)	646,922	418,954	72,776	37,561

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

The Cash Flow Statements are to be read in conjunction with the notes to the financial statements.

1. Statement of significant accounting policies

Australian Stock Exchange Limited (the "Company") is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2006 comprises the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interest in associates.

The consolidated financial report was authorised for issue by the directors on 16 August 2006.

(a) Statement of compliance

The financial report is a general purpose financial report and complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The report also has been prepared in accordance with the *Corporations Act 2001*.

This is the first annual financial report prepared based on AIFRS. The comparatives for the year ended 30 June 2005 have been restated accordingly.

An explanation of how the transition to AIFRS has affected the reported Income Statements, Balance Sheets and Cash Flow Statements of the consolidated entity is provided in note 31. This note includes reconciliations of the Income Statement and Balance Sheet reported under Australian GAAP (AGAAP) to those reported under AIFRS for the comparative period and the date of transition to AIFRS.

(b) Basis of preparation

The following standards and amendments applicable to ASX were available for early adoption but have not been applied by the consolidated entity and the Company in these financial statements:

- UIG 4 *Determining whether an Arrangement contains a Lease*;
- AASB 2005-5 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), and AASB 139 *Financial Instruments: Recognition and Measurement*. This standard is a consequence of UIG 4, and allows transitional relief to first time adopters should any arrangement existing at the time of relief contain a lease. An 'arrangement' includes a transaction which does not take the legal form of a lease but in substance could be considered a lease.
- AASB 7 *Financial Instruments: Disclosure* (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007;
- AASB 2005-9 *Amendments to Australian Accounting Standards* (September 2005) requires that liabilities arising from the issue of financial guarantee contracts are recognised in the balance sheet. AASB 2005-9 is applicable for annual reporting periods beginning on or after 1 January 2006;
- AASB 2005-10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosures and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 133 *Earnings per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First- time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*, arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.

The initial application of AASB 7 and AASB 2005-10 is not expected to have an impact on the financial results of the Company and the consolidated entity as the standard and the amendment are concerned only with disclosures.

The initial application of AASB 2005-9 could have an impact on the Balance Sheet of the Company and the consolidated entity as the amendment could result in liabilities being recognised for financial guarantee contracts (excluding novated balances) that have been provided by the Company and the consolidated entity. The anticipated impact on the Income Statement is not expected to be material. However, the quantification of the impact is not known or reasonably estimable in the current financial year as an exercise to quantify the financial impact has not been undertaken by the Company and the consolidated entity to date.

The initial application of UIG 4 and AASB 2005-5 are not expected to have an impact on the financial results of the consolidated entity, but nevertheless, further analysis is required to verify this expectation.

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

AASB 3 *Business Combinations*	Not retrospectively applied to business combinations prior to 1 July 2004. Goodwill amortisation recognised up to 1 July 2004 has not been reversed
AASB 2 *Share-based Payment*	Has been applied to equity instruments granted after 7 November 2002 that had not vested by 1 January 2005.
AASB 132 *Financial Instruments: Disclosure and Presentation*; AASB 139 *Financial Instruments: Recognition and Measurement*	AASB 1 provides an exemption from the requirement to restate comparative information for AASB 132 and AASB 139. To facilitate year-on-year comparisons, the consolidated entity has elected not to apply this exemption and has applied AIFRS to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

The financial report is prepared on the historical cost basis except for an available for sale financial asset which has been recognised at fair value.

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

(c) Basis of consolidation

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

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

Associates are entities for which the consolidated entity has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the consolidated entity's share of the total recognised gains and losses of associates on an equity accounted basis. See note 10 for further details on how the investment in associate was accounted for in this period.

(d) Revenue recognition

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

Listings revenue

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

Equities trading, clearing & settlement

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

Derivatives trading, clearing & settlement

Derivatives' registration fee is recognised at time of registration.

Information Services

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

(e) Operating leases

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

Lease incentive

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

(f) Net interest income and dividends

Net interest income comprises interest earned on ASX funds and restricted cash, plus net interest earned on participant funds. Interest income is recognised in the Income Statement as it accrues.

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

(g) Income tax

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

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

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

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

Tax consolidation

ASXL elected to form a tax consolidated group for income tax purposes with effect from 1 July 2002. ASXL is the head entity for the purposes of the tax consolidation legislation and therefore is legally liable for the income tax liabilities of the ASXL tax consolidated group.

In accordance with UIG 1052 Tax *Consolidation Accounting*, the consolidated current and deferred tax amounts for a tax consolidated group are required to be allocated among the entities in the group, including the parent entity.

Tax funding agreement

ASXL has entered into a tax funding agreement with the following subsidiaries:
- ASX Operations Pty Limited;
- Australian Clearing House Pty Limited (formerly named Options Clearing House Pty Limited);
- ASX Settlement and Transfer Corporation Pty Limited;
- ASX International Services Pty Limited; and
- Orient Capital Pty Limited.

The agreement has the objective of achieving an appropriate allocation of the group's income tax expense to the main operating subsidiaries within the ASX Group. The tax funding agreement also has the objective of allocating the deferred tax asset relating to tax losses only, and current tax liability of the main operating subsidiaries to ASXL. The subsidiaries will reimburse ASXL for their portion of the group's current tax liability and will recognise this payment as an inter-entity payable / receivable in their financial statements for that financial year. ASXL will reimburse the subsidiaries for the deferred tax asset from any unused tax losses / credits and ASXL will compensate the subsidiaries by making a payment equal to the carrying value of the deferred tax asset (that arose from the unused tax losses / credits).

(h) Earnings per share

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

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

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(j) Cash and cash equivalents

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

Restricted cash assets

Restricted cash assets were created when funds were transferred from the National Guarantee Fund to the Australian Clearing House (ACH), a controlled entity of ASX. Under the terms of the transfer, ACH must not, without first obtaining the consent in writing of the Minister, take action to use these funds for a purpose other than clearing and settlement support. These funds are disclosed on the Balance Sheet as 'Restricted cash assets'. Refer to note 19(a) for further details.

(k) Novation of trades

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

Refer to note 15 for details of equity and derivative trade balances at 30 June 2006.

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

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

(l) Trade and other receivables

Trade receivables

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

Loans to related parties

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

(m) Investments

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

Available for sale investments

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

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

Held-to-maturity investments

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

Unlisted shares in associates and subsidiaries

Unlisted shares in associates and subsidiaries are held at cost.

(n) Property, plant and equipment

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

Depreciation and amortisation

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Depreciation is provided on a straight-line basis on all plant and equipment, over their estimated useful lives. The depreciation periods used for each class of asset, for the current and previous years, are as follows:

	June 2006	June 2005
Property, plant and equipment		
- Plant and equipment	3-7 years	3-7 years
- Leasehold improvements	the lease term	the lease term
Computer equipment and software	3-7 years	3-7 years
Motor vehicles	4-6 years	4-6 years

Leasehold improvements

The cost of improvements to leasehold property is capitalised and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Impairment

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

(o) Intangible assets

Goodwill

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

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

Computer software

Expenditure for major upgrades or enhancements to existing major software systems is capitalised and amortised over the useful life, or if minor enhancements to existing systems, the lesser of five years or the remaining useful life of the system being enhanced. Expenditure on new software projects less than $500,000 is expensed. Internal costs are also included in capitalised expenditure, where appropriate. Computer software is subject to the same impairment testing as described in property, plant and equipment above. The policy for amortisation of computer software is disclosed above at note 1(n).

Capital works in progress

This represents costs-to-date of internally constructed assets. The costs include the costs of materials, direct labour, and an appropriate allocation of direct overheads. This category of intangible asset has been assessed as having a finite useful life. Amortisation will only begin when the asset is ready for use and is transferred to its respective category in the fixed asset register.

(p) Trade and other payables

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

(q) Provisions

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

Surplus lease space

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

Make good provision

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

A provision is recognised when an obligation to make good exists, which can be reliably estimated. When the provision relates to 'wear and tear' the corresponding debit is to the Income Statement.

Dividends

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

(r) Employee benefits

Wages, salaries, annual leave and non-monetary benefits

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

Long service leave

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

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

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

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

	Note	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
2. Revenues					
Included in revenues are the following items:					
Operating revenue		305,631	279,540	-	-
Dividend revenue					
- controlled entities		-	-	50,000	88,000
- other corporations		2,700	2,325	2,700	2,325
Receipt from National Guarantee Fund*	4, 19(a)	-	71,489	-	-
		308,331	353,354	52,700	90,325

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

	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
3. Expenses				
Included in expenses are the following items:				
Depreciation of:				
Plant and equipment	4,342	4,825	-	-
Motor vehicles	19	55	-	-
Computer equipment	3,294	4,363	-	-
Total depreciation	7,655	9,243	-	-
Amortisation of software intangibles *	2,828	6,647	-	-
Total amortisation	2,828	6,647	-	-
Total depreciation and amortisation	10,483	15,890	-	-
Net doubtful debts (recoveries)/expense	(102)	213	-	-
Net loss on sale and write-downs of plant and equipment	882	9,547	-	-
Operating lease rental expense	16,505	15,593	-	-
Employer contribution to superannuation plan	3,407	3,784	-	-
Expense relating to share-based payments	2,257	1,332		

*Amortisation of software intangibles is included in Equipment expenses in the Income Statement.

	Note	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
4. Individually significant income / (expenses) included in profit before income tax expense					
Receipt from National Guarantee Fund*	19(a)	-	71,489	-	-
Net gain on sale of APRL		9,760	-	6,472	-
Restructuring expenses**					
- Premises review		(11,606)	-	-	-
- Redundancy expenses		(1,301)	(7,436)	-	-
- Consultancy & recruitment expenses		(483)	(3,999)	-	-
- Software & other fixed assets write-off		-	(2,032)	-	-
- ASX WorldLink software & equipment write-off		-	(7,295)	-	-
Total		(3,630)	50,727	6,472	-

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

** In the Income Statement for the year ended 30 June 2006, $11.6 million of restructuring expenses have been included within Occupancy expenses and $1.8 million within Staff expenses.

In the Income Statement for the year ended 30 June 2005, $7.7 million of restructuring expenses have been included within Staff expenses, $3.7 million within Administration expenses and $9.3 million within Equipment expenses.

5. Taxation

	Note	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
(a) Income tax (expense)					
Profit before income tax expense		190,479	205,307	63,188	92,450
Prima facie income tax (expense) calculated at 30% (2005: 30%) on the profit before tax		(57,144)	(61,592)	(18,956)	(27,736)
Movement in income tax (expense) due to:					
Non-tax deductible items		(324)	343	-	-
Adjustment arising from sale of associate		987	-	-	-
Dividends from wholly owned subsidiaries		-	-	15,000	26,400
Imputation credit gross up		(347)	(299)	(347)	(299)
Franking credit offset		1,157	997	1,157	997
Receipt from National Guarantee Fund		-	21,447	-	-
FIDA non-assessable income		651	771	-	-
Research and development concession		43	101	-	-
Equity accounted associate result		-	(32)	-	-
		(54,977)	(38,264)	(3,146)	(638)
Over / (under) provision in prior year		1	(61)	-	-
Total income tax (expense)		(54,976)	(38,325)	(3,146)	(638)
(b) Major components of income tax expense					
Current tax expense		(56,644)	(43,178)	(3,029)	(621)
Movement in deferred tax liability		(269)	3,653	(117)	(17)
Movement in deferred tax asset		1,936	1,261	-	-
Over / (under) provision in prior period		1	(61)	-	-
Total income tax (expense)		(54,976)	(38,325)	(3,146)	(638)
(c) Deferred tax recognised directly in equity					
Relating to revaluation of available for sale asset		(6,750)	(4,950)	(6,750)	(4,950)
Total		(6,750)	(4,950)	(6,750)	(4,950)
(d) Provision for current income tax					
Balance at beginning of year		16,805	17,989	16,789	17,673
Income tax paid		(49,200)	(44,423)	(49,184)	(44,119)
Group current year income tax expense		56,644	43,178	56,644	43,178
(Over) / under provision in prior year		(1)	61	(1)	57
Current tax liabilities		24,248	16,805	24,248	16,789
(e) Deferred tax asset / (liability)					
Deferred tax assets comprises the estimated future benefit at an income tax rate of 30% (2005: 30%) of the following items:					
Provisions for:					
- Doubtful debts		320	350	-	-
- Employee benefits		6,314	6,349	-	-
- Leased premises		1,039	1,828	-	-
- Superannuation		(1)	5	-	-
Accrued expenses		2,821	2,982	-	-
Straight-lining of leases		2,313	2,318	-	-
Settlement date accounting revenue adjustment		365	-	-	-
Deferred income		322	233	-	-
Lease surrender		2,508	-	-	-
Deferred tax asset		16,001	14,065	-	-
Deferred tax liability comprises the estimated expense at an income tax rate of 30% (2005: 30%) of the following items:					
Accrued interest		828	297	147	30
Fixed Assets		(92)	170	-	-
Revaluation of available-for-sale asset		19,215	12,465	19,215	12,465
Deferred tax liability		19,951	12,932	19,362	12,495
Net deferred tax		(3,950)	1,133	(19,362)	(12,495)

6. Dividends

Dividends recognised in the current year by the Company are:

	Cents per share	Total amount $000	Date of payment	Franked tax rate	Percentage franked
Final – 2005	50.9	52,289	26 August 2005	30%	100%
Interim – 2006	56.2	57,740	17 March 2006	30%	100%
Total amount	107.1	110,029			

Subsequent events

Since the end of the financial year, the directors declared the following dividend:

	Cents per share	Total amount $000	Date of payment	Franked tax rate	Percentage franked
Final – 2006	63.9	65,652	9 August 2006	30%	100%
Total amount	63.9	65,652			

The final dividend has not been recognised in the financial statements for the year ended 30 June 2006 but will be recognised in subsequent financial reports.

	The Company 2006 $000	The Company 2005 $000
Dividend franking account		
30% franking credits available to shareholders of ASXL for subsequent financial years	36,200	25,573

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for franking credits that will arise from the payment of the current income tax payable.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. Fully franked dividends to the amount of $84,467,000 could potentially be paid to shareholders.

7. Earnings per share

	Consolidated 2006	Consolidated 2005
Basic earnings per share (cents)	131.9	162.6
Diluted earnings per share (cents)	131.4	162.1

	2006 $000	2005 $000
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Earnings used in calculating basic and diluted earnings per share	135,503	166,982

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

	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	102,735,112	102,689,776
Effect of dilutive securities:		
Contingently issuable shares	376,570	307,302
Weighted average number of ordinary shares used in calculating diluted earnings per share	103,111,682	102,997,078
Weighted average number of converted, lapsed or cancelled potential ordinary shares included in the calculation of diluted earnings per share	13,924	17,297

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

	Note	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
8. Receivables					
Current					
Trade debtors		19,209	24,132	-	-
Less: impairment loss		(1,066)	(1,168)	-	-
		18,143	22,964	-	-
Other debtors		4,302	3,407	-	-
		22,445	26,371	-	-
Non-current					
Loan to associate - unsecured	26(b)	-	6,036	-	6,036
Loans to employees	22(e)	1,124	1,876	1,124	1,876
Subordinated loan - controlled entities	26(a)	-	-	50,900	49,676
		1,124	7,912	52,024	57,588
9. Other assets					
Current					
Prepayments		3,671	2,501	327	-
Accrued revenue		3,325	2,137	-	-
		6,996	4,638	327	-

10. Investment in Associate

Name	Principal Activities	Country	Reporting Date	Ownership	
				2006	2005
ASX Perpetual Registrars Limited (now Link Market Services Limited)	Provider of share registry services	Australia	30 June	-	50%

$000s	Revenues (100%)	Profit after tax (100%)	Share of associates net gain recognised	Total Assets (100%)	Total Liabilities (100%)	Net assets as reported by associate (100%)	Share of associate's net assets equity accounted
2006	8,378	330	-	-	-	-	-
2005	54,792	5,539	2,767	86,575	(23,603)	62,972	49,167

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

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

	Consolidated $000	Company $000
Consideration received	60,678	60,678
Costs of disposal	(1,751)	(1,751)
Carrying amount of asset sold	(49,167)	(52,455)
Gain on sale before income tax	9,760	6,472
Tax effect	(1,939)	(1,939)
Gain on sale after income tax	7,821	4,533

	Note	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
11. Investments - other					
Non-current					
Controlled entities					
Deferred acquisition costs		6,295	-	6,295	-
Unlisted shares at cost		-	-	8,143	8,143
Investment in associate - at cost		-	-	-	52,455
Other corporations					
Listed shares at fair value*		87,000	64,500	87,000	64,500
		93,295	64,500	101,438	125,098

* ASXL owns shares in the following listed company:

Name of the entity:	IRESS Market Technology Limited
Principal activity:	The provision of equity and related market services to professional market participants.
Percentage ownership interest held:	13.7%
Original cost of investment:	$22,950,000

Investment in IRESS is classified as an "available-for-sale" financial asset. Its fair value is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

12. Property, plant and equipment

The movements in the consolidated property, plant and equipment balances are as follows:

	Property, plant and equipment	Computer equipment	Motor vehicles	Total
	$000	$000	$000	$000
Cost				
Balance at 1 July 2005	60,892	30,566	330	91,788
Additions	731	3,965	-	4,696
Disposals and write-downs	(19,018)	(1,406)	(207)	(20,631)
Balance at 30 June 2006	42,605	33,125	123	75,853
Accumulated depreciation				
Balance at 1 July 2005	46,716	23,654	241	70,611
Depreciation/amortisation expense	4,342	3,294	19	7,655
Write back of disposals	(18,149)	(1,371)	(139)	(19,659)
Balance at 30 June 2006	32,909	25,577	121	58,607
Net book value at 30 June 2006	9,696	7,548	2	17,246

	Property, plant and equipment	Computer equipment	Motor vehicles	Total
	$000	$000	$000	$000
Cost				
Balance at 1 July 2004	60,279	29,911	286	90,476
Additions	1,199	2,161	143	3,503
Disposals and write-downs	(586)	(1,506)	(99)	(2,191)
Balance at 30 June 2005	60,892	30,566	330	91,788
Accumulated depreciation				
Balance at 1 July 2004	41,995	20,407	217	62,619
Depreciation/amortisation expense	4,825	4,363	55	9,243
Write back on disposals	(104)	(1,116)	(31)	(1,251)
Balance at 30 June 2005	46,716	23,654	241	70,611
Net book value at 30 June 2005	14,176	6,912	89	21,177

The Company, ASXL, had $Nil property, plant and equipment at 30 June 2006 (2005: $Nil) and $Nil movements occurred during the year (2005: $Nil).

The gross carrying amount of fully depreciated Property, plant and equipment which is still in use as at 30 June 2006 is $41,796,000 (2005: $47,965,000).

Refer to note 31(a)(i) for transfer of software from Property, plant and equipment to Intangible Assets.

13. Intangible assets and goodwill

	Goodwill	Software Intangibles	Capital works in progress	Total
	$000	$000	$000	$000
Cost				
Balance at 1 July 2005	5,034	45,833	6,168	57,035
Additions	-	1,047	8,138	9,185
Disposals	-	(38)	-	(38)
Balance at 30 June 2006	5,034	46,842	14,306	66,182
Accumulated amortisation				
Balance at 1 July 2005	-	38,174	-	38,174
Amortisation expense	-	2,828	-	2,828
Write back on disposals	-	(38)	-	(38)
Balance at 30 June 2006	-	40,964	-	40,964
Net book value at 30 June 2006	5,034	5,878	14,306	25,218

	Goodwill	Software Intangibles	Capital works in progress	Total
	$000	$000	$000	$000
Cost				
Balance at 1 July 2004	5,034	65,836	2,292	73,162
Additions	-	1,768	4,902	6,670
Disposals	-	*(22,797)	-	(22,797)
Transfers	-	1,026	(1,026)	-
Balance at 30 June 2005	5,034	45,833	6,168	57,035
Accumulated amortisation				
Balance at 1 July 2004	-	44,996	-	44,996
Amortisation expense	-	6,647	-	6,647
Write back on disposals	-	*(13,469)	-	(13,469)
Balance at 30 June 2005	-	38,174	-	38,174
Net book value at 30 June 2005	5,034	7,659	6,168	18,861

The aggregate amount of research and development expenditure recognised as an expense during the period which was not capitalised as Capital Works in Progress was $618,000 (2005:$77,000).

At 30 June 2006, Software Intangibles includes assets that are fully amortised but still in use. These assets include the Clearing House Electronic Sub-register System (CHESS) which is used to clear equity, fixed interest and other underlying financial product transactions, the Derivatives Clearing System (DCS) which is used to clear derivatives transactions and Stock Exchange Automated Trading System (SEATS) which is the electronic system provided for the trading of securities on ASX.

*In May 2005, ASX decided to scale down ASX WorldLink. The investment of $7.3m was written off during the 2005 year (cost $14.3m, written down value $7.3m)

Impairment test for goodwill

Goodwill relates to the Orient Capital Pty Ltd cash generating unit (CGU). The recoverable amount of this CGU is determined based on the value-in-use calculation. This calculation uses a discounted cash flow projection for five years based on financial budgets approved by management covering a five year period using a growth rate of 5% and a discount rate of 6%. The recoverable amount calculated exceeds the carrying value of the unit including goodwill.

	Note	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
14. Payables					
Current					
Trade creditors		6,888	6,046	-	-
Other creditors and accruals		11,666	8,021	-	-
		18,554	14,067	-	-

15. Novation

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

As at 30 June 2006 ACH had a right to receive from participants payments of $742.5 million (2005: $628.8m) and a corresponding obligation to make payments of $742.5 million (2005: $628.8m) relating to cash market securities. Furthermore, total collateral required by ACH to cover participants derivatives exposures was $1,080.9 million (2005: $694.2m). This was made up of cash of $370.6 million (2005: $218.4m), bank guarantees of $116.0m (2005: $84.8) and the remainder in equity and debt securities. As at that date, participants had lodged collateral with ACH in the form of equity and debt securities of $2,605.4 million (2005: $2,026.8m).

Reconciliation to Balance Sheet

	2006 $000s	2005 $000s
Cash margins from participants	370,610	218,377
Daily variation margin – receivable	3,701	3,635
Amounts owing to participants	374,311	222,012
Net increase in derivative margins received from participants		152,233

At the date of this financial report, all net delivery and net payment obligations relating to cash market securities owing to or by participants at 30 June 2006 were settled. Previously under AGAAP no part of these amounts were recorded as assets and corresponding liabilities in the Balance Sheet or Income Statement.

Under AIFRS unsettled cash market securities are not recognised until settlement date which means that trades occurring in the last three trading days before balance date are not recognised as a financial asset or liability. Legally there is no contractual change. As a consequence, revenue on cash market securities traded in the last three trading days before balance date is not recognised.

The fair value of derivative trades at trade date is zero. Movements in the fair value of derivatives after trade date are margined and the fair value of the derivatives is again zero. Margin monies received are recognised on the Balance Sheet and a corresponding liability to the participant is also recognised. Bank guarantees and non cash collateral continue to be recorded off Balance Sheet under AIFRS.

	Note	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
16. Provisions					
Current					
Employee benefits	20(a)	17,503	19,468	-	-
Leased premises		727	1,949	-	-
		18,230	21,417	-	-
Non-current					
Employee benefits	20(a)	4,022	3,337	-	-
Leased premises		2,735	6,389	-	-
		6,757	9,726	-	-

The movements in the consolidated provision balances shown above are as follows:

	Employee benefits $000	Leased premises $000	Total $000
Balance at 1 July 2005	22,805	8,338	31,143
- made during the year	14,265	143	14,408
- used during the year	(15,424)	(700)	(16,124)
- released during the year	(121)	(4,319)	(4,440)
Balance at 30 June 2006	21,525	3,462	24,987

The provision for employee benefits relates mainly to bonus provision and annual and long service leave.
The leased premises provision comprises make good provisions, surplus lease space provisions and lease incentive.

	Note	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
17. Other liabilities					
Current					
Straight-lining of leases		394	135	-	-
Revenue received in advance		3,541	7,908	-	-
Other		44	83	-	-
		3,979	8,126	-	-
Non-current					
Straight-lining of leases		7,310	7,593	-	-
Loans from controlled entities	26(a)	-	-	28,020	3,507
		7,310	7,513	28,020	3,507

	Note	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
18. Contributed equity					
Share capital					
Ordinary shares - fully paid		106,282	106,282	106,282	106,282

Effective 1 July 1998, the *Company Law Review Act* abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

(a) Ordinary shares

Movements in ordinary shares during the year	Number of shares	
Balance at beginning of year	102,702,190	102,019,933
Shares issued under executive share plans	39,625	649,757
Shares issued to employees ($1,000 to each employee)	-	*32,500
Balance at end of year	102,741,815	102,702,190

* Issued $1,000 free shares to staff in August 2004

Terms and conditions of ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up the Company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation.

	2006 No.	2005 No.
(b) Conditional entitlements and performance rights		
Movements during the year		
Balance at beginning of year	545,200	1,027,900
Number issued during the year	117,000	111,800
Number cancelled, lapsed or vested during the year	(121,500)	(594,500)
Balance at end of year	540,700	545,200

Conditional entitlements and performance rights are options issued with a zero exercise price. The expected future volatility is based on the historic volatility. This analysis is adjusted, as appropriate, for anomalies in the historic data due to non-recurring significant events or changes in the underlying business. Judgement is then applied to the historic analysis, for example, applying more weight to recent experience or incorporating likely future changes in volatility, based on publicly available information, to arrive at a future volatility estimate. One conditional entitlement equals one ordinary share, subject to the achievement of performance hurdles. The Board of Directors has discretion to increase or decrease the amount by up to 20 percent taking into account the participant's performance. At the end of the year, no conditional entitlements or performance rights were exercisable.

Terms and conditions of conditional entitlements

For details of the terms and conditions refer to the Remuneration Report.

19. Reserves

(a) Restricted Capital Reserve

Nature and purpose of the reserve
The restricted capital reserve was created when "ring-fenced" funds were transferred from the National Guarantee Fund to ACH, part of the ASX Group. Under the terms of the transfer, ACH must not, without first obtaining the consent in writing of the Minister, take action to use these funds for a purpose other than clearing and settlement support. These funds are disclosed on the Balance Sheet as 'Restricted cash assets'.

	Note	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
Movements during the year					
Balance at beginning of year		71,489	-	-	-
Transfer from Retained Earnings		-	71,489	-	-
Balance at end of year		71,489	71,489	-	-

On 31 March 2005, ASX received approval to restructure the clearing support arrangements of the NGF. As part of this restructure, ACH, a wholly owned subsidiary of ASX, received a payment of $71,489,000 from the NGF as provided for under s891A of the Act.

(b) Asset Revaluation Reserve

Nature and purpose of the reserve
The asset revaluation reserve was created as a result of revaluing the investment in IRESS to market value. Under AIFRS, ASXL's investment in IRESS must be restated to fair value and the difference in fair value is to be recognised in the asset revaluation reserve under equity.

	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
Movements during the year				
Balance at beginning of year	29,085	17,535	29,085	17,535
Revaluation of IRESS for the year (net of tax)	15,750	11,550	15,750	11,550
Balance at end of year	44,835	29,085	44,835	29,085

(c) Equity compensation reserve

Nature and purpose of the reserve
The equity compensation reserve was created as a result of ASXL being required to recognise expenses in relation to shares and conditional entitlements provided to staff. A corresponding entry to the equity compensation reserve is made each time an expense is recognised.

	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
Movements during the year				
Balance at beginning of year	1,968	636	1,968	636
Share-based payment expense for the year	1,716	1,332	1,716	1,332
Balance at end of year	3,684	1,968	3,684	1,968

20. Employee benefits

(a) Aggregate employee benefits, including on-costs

The aggregate employee benefits recognised in the Balance Sheet are as follows:

	Note	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
Current	16	17,503	19,468	-	-
Non-current	16	4,022	3,337	-	-
		21,525	22,805	-	-

The present value of employee benefits not expected to be settled within twelve months of balance date has been calculated using the following weighted averages:

	Consolidated 2006	Consolidated 2005	The Company 2006	The Company 2005
Assumed rate of increase in salary and wages rates	4.0%	3.0%	-	-
Discount rate applied to non-current portion	6.3%	5.7%	-	-
Settlement term (years)	6	6	-	-

The total number of full-time equivalent employees at 30 June 2006 was 493 (2005: 492).

(b) Executive share plan

Refer to note 22(e) for details.

	Consolidated		The Company	
	2006	2005	2005	2004
	$000	$000	$000	$000
21. Commitments				
(a) Capital and operating commitments				
Commitments contracted for but not yet incurred as at balance date are as follows:				
Due:				
Not later than one year	15,443	13,204	-	-
Later than one year but not later than five years	17,355	16,907	-	-
Later than five years	19,536	23,016	-	-
	52,334	53,127	-	-
(b) Non-cancellable operating lease rental commitments				
Future operating lease rental of premises not provided for in the financial statements:				
Due:				
Not later than one year	15,330	18,571	-	-
Later than one year but not later than five years	62,304	69,904	-	-
Later than five years	7,802	30,775	-	-
	85,436	119,250	-	-

The consolidated entity's major leases are in respect of premises from which it operates. These leases are all generally long-term with unexpired periods ranging from one to seven years with options to extend for further periods. Future rentals are subject to indexation and periodical rental reviews.

22. Contingent liabilities

(a) Support for ACH due to participant default

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

In the event of such a loss, the financial resources available to ACH include:

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

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

3. ASX has funded the initial difference between the amount that ACH received from the NGF and the capital amount held by ACH to meet the RBA Stability Standard for Central Counterparties (the "Reserve Requirement"). Currently the Reserve Requirement is $110 million. As a result, ASX has contributed capital of $38.5 million to ACH. However, in the interests of prudency, ASX increased this by $15 million to $53.5 million and is currently holding $125 million in cash. The Reserve Requirement may vary from time to time and ASX has an ongoing obligation to provide any shortfall between the Reserve Requirement and the Restricted Capital Reserve. Alternatively, ACH may decide to replace some of the capital contributed by ASX with contributions from participants, thereby reducing the amount of capital which ASX is obliged to provide to ACH. To date ACH has not sought contributions from participants.

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

4. External insurance cover up to $100 million, in addition to the cash support of $110m, with an insurer rated AA by Standard and Poor's.

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

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

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

(b) Fidelity risk levy to SEGC

If the amount of the National Guarantee Fund ('NGF') falls below the minimum amount determined in accordance with *Corporations Act 2001*, 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 that amount payable by ASX to SEGC. However, the amount in the NGF has not fallen below the applicable minimum amount since the NGF was formed and SEGC has not imposed any levies. Failure by either ASX or a participant in the market to pay a levy may give rise to a civil action, but does not constitute an offence under the Act.

(c) Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit, and lodgement of financial reports, and directors' reports.

It is a condition of the Class Order that the company and each of the participating subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed, dated 1 June 1992, is that the company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act 2001, the company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the company is wound up.

The subsidiaries subject to the Deed are:

- ASX Operations Pty Limited (ABN: 42 004 523 782)
- Options Clearing House Pty Limited (ABN: 29 003 435 014)
- SECH Nominees Pty Limited (ABN: 53 008 610 660)

Consolidated Income Statement and Balance Sheet, comprising the company and the subsidiaries that are party to the Deed, after eliminating all transactions between parties to the Deed, at 30 June 2006, are shown below.

Summarised Income Statement, Balance Sheet and Retained Earnings
For parties to the Deed of Cross Guarantee

	Consolidated 2006 $000	Consolidated 2005 $000
Income Statement		
Profit before related income tax expense	228,476	97,827
Income tax (expense)	(51,863)	(27,251)
Profit after related income tax expense	176,613	70,576
Retained earnings at beginning of the year	61,424	89,135
Net profit for the year	176,613	70,576
Dividends recognised during the year	(110,029)	(98,285)
Retained earnings at end of the year	128,008	61,426
Balance Sheet		
Current assets		
Cash and cash equivalents	148,486	80,660
Trade & other receivables	20,293	23,747
Other assets	3,614	2,427
Total current assets	172,393	106,834
Non-current assets		
Investments - other	111,439	135,098
Deferred tax assets	-	1,550
Property, plant and equipment	16,989	20,928
Intangible assets	18,306	11,160
Receivables	52,024	57,588
Total non-current assets	198,758	226,324
Total assets	371,151	333,158
Current liabilities		
Trade and other payables	18,357	13,546
Current tax liabilities	24,248	16,489
Provisions	18,150	20,576
Other current liabilities	2,513	7,264
Total current liabilities	63,268	57,875
Non-current liabilities		
Deferred tax liabilities	3,330	-
Provisions	6,654	10,392
Other non-current liabilities	7,315	7,675
Loans – related parties	7,775	58,455
Total non-current liabilities	25,074	76,522
Total liabilities	88,342	134,397
Net assets	282,809	198,761
Equity		
Contributed equity	106,282	106,282
Asset revaluation reserve	44,835	29,085
Equity compensation reserve	3,684	1,968
Retained earnings	128,008	61,426
Total equity	282,809	198,761

(d) Litigation
The consolidated entity is a defendant from time to time in legal proceedings. Where appropriate, the consolidated entity takes legal advice. The consolidated entity does not consider that the outcome of any current proceedings is likely to have a material effect on its operations or financial position.

(e) Employee share plans
Employees have been provided with non-recourse loans to acquire ordinary shares under an ASX employee share purchase plan. Under this plan, employees may elect not to repay the loan thereby forgoing ownership in the shares. Where this occurs, the shares are sold on the market with the net proceeds utilised to offset the outstanding loan balance. A contingent liability arises where the proceeds from sale are insufficient to meet any outstanding loan balance net of dividends. Details specific to offers made under this plan are outlined below:

	Plan 2 – offer 1	Plan 2 – offer 2	Plan 2 – offer 3	Total
Issue price of shares	$8.34	$13.85	$12.51	
Contingent liability will arise if ASXL share price falls to	$3.50	$9.60	$8.95	
	$000	**$000**	**$000**	**$000**
Market value of shares	1,586	1,517	1,892	4,995
Loan balance outstanding	157	450	517	1,124
Contingent liability	-	-	-	-

The ASXL share price at 30 June 2006 was $32.58 (2005: $23.13). At 30 June 2006, there was no contingent liability relating to any of the above Plan 2 offers (2005: $ nil).

(f) SGX Link
ASX and Singapore Stock Exchange Limited (SGX) are operating a cross-border trading link using wholly owned subsidiaries. The activities of each subsidiary operating the trading link have reciprocal financial guarantees from ASX and SGX.

ASX has given a guarantee of SG$4.8 million to SGX in respect of its operating subsidiary, ASX International Services Pty Limited. SGX has given a guarantee of AUD$4.8 million in respect of its operating subsidiary, SGXLink.

(g) Employee benefits

	Consolidated		The Company	
	2006	2005	**2006**	2005
	$000	$000	**$000**	$000
Employee benefits under service agreements with directors and officers who take part in the management of the consolidated entity, which have not been provided in the accounts:	659	3,395	-	2,755

23. Segment reporting

ASX provides stock exchange and ancillary services in Australia. The revenue streams derived from those services are shown in the Income Statement.

24. Notes to the Cash Flow Statement

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

	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
Net profit for the period after tax	135,503	166,982	60,042	91,812
Add non-cash items:				
Depreciation and amortisation	10,483	15,890	-	-
Share of associate's profits	-	(2,767)	-	-
Gain on sale of APRL	(9,760)	-	(6,472)	-
Net loss on sale and write-downs of non-current assets	882	9,547	-	-
Share-based payment expense	1,819	1,332	-	-
Changes in assets and liabilities during the financial year:				
Increase in derivative margins	152,233	50,231	-	-
Increase/(Decrease) in tax balances	5,776	(6,098)	(46,038)	(43,481)
Decrease in current receivables	4,887	526	-	-
(Increase)/decrease in other current assets	(2,032)	416	-	-
Increase in payables	4,384	2,136	-	-
(Decrease)/increase in other current liabilities	(4,149)	1,516	-	-
(Decrease)/increase in current provisions	(3,187)	2,213	-	-
(Decrease)/increase in non-current provisions	(3,864)	157	-	-
(Decrease)/increase in other non-current liabilities	(283)	304	-	-
Net cash provided by operating activities	292,692	242,385	7,532	48,331

(b) Financing facilities available

At balance date, the following financing facilities had been negotiated and were available:

	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
Total facilities:				
Bank overdraft	50,000	-	50,000	-
Bridging finance	150,000	-	150,000	-
Term debt facility	425,000	-	425,000	-
Standby Letter of Credit	100,000	-	100,000	-
Facilities utilised at balance date:				
Bank overdraft	-	-	-	-
Bridging finance	-	-	-	-
Term debt facility	-	-	-	-
Standby Letter of Credit	-	-	-	-
Facilities not utilised at balance date:				
Bank overdraft	50,000	-	50,000	-
Bridging finance	150,000	-	150,000	-
Term debt facility	425,000	-	425,000	-
Standby Letter of Credit	100,000	-	100,000	-

(c) Reconciliation of cash

Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated 2006 $000	Consolidated 2005 $000	The Company 2006 $000	The Company 2005 $000
Cash and cash equivalents – unrestricted	204,823	129,088	72,776	37,561
Cash and cash equivalents - restricted	71,489	71,489	-	-
Cash margins from participants	370,610	218,377	-	-
Cash at end of year	646,922	418,954	72,776	37,561

Refer to Note 1(j) for restrictions placed on restricted cash assets.

25. AASB 124 remuneration disclosures

Corporations Act Regulations 2M.3.03 and 2M.6.04 have been amended to reduce duplication in the annual report of listed entities and as such, certain disclosures required by AASB 124 Related Party Disclosures have been transferred to the Remuneration Report and are subject to audit.

(a) Identity of Key Management Personnel
The following were Key Management Personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were Key Management Personnel for the entire period:

Non-executive directors	Executives	
Mr ML Newman (Chairman)	Mr JM Hayes	Group Executive Shared Services and Chief Financial Officer
Mr MH Shepherd (Vice-Chairman)	Mr ES Mayne	Group Executive Market Supervision and Chief Supervision Officer
Mr RA Aboud	Mr JJ Olsson	Group Executive Technology
Mr JJ Kennedy	Mr AG Richards	Group Executive Strategy
Mr TC Rowe	Mr CR Scully	Deputy CEO and Group Executive Markets
Ms JS Segal		
Mr MJ Sharpe	**Executive director**	
Ms CM Walter	Mr AM D'Aloisio	Former Managing Director and Chief Executive Officer

(b) Key Management Personnel compensation
The Key Management Personnel compensation included in Staff expenses in the Income Statement are as follows:

	Consolidated	
	2006	2005
	$	$
Short-term employee benefits	6,589,960	4,667,426
Post-employment benefits	143,547	112,503
Other long-term benefits	32,701	68,431
Share-based payments	917,592	512,102
Total	7,683,800	5,360,462

Compensation for all Key Management Personnel is expensed through ASX Operations Pty Limited, therefore Company disclosures are Nil balances.

(c) Individual directors and executives compensation disclosures
Information regarding individual directors and executives compensation is provided in the Remuneration Report section of the Directors' report on pages 16 and 21.
Apart from the details disclosed in this note, no director has entered into a material contract with the company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

(d) Loans to Key Management Personnel
No Key Management Personnel has entered into any loans with any company in the ASX Group except to participate in ASX share acquisition schemes.

Interest free loans have been offered to all ASX staff, excluding the Chief Executive Officer, as part of employee share purchase plans (refer Note 22(e)). This plan is no longer in use by ASXL and the balances relate to issues made in prior years. Executives were eligible to participate in these share purchase plans, and consequently took out interest free loans. ASX Directors including the Managing Director and Chief Executive Officer were not eligible to participate in the share acquisition plans and therefore have no loan balances.

Details regarding the aggregate of loans made by any entity in the economic entity to Key Management Personnel, and the number of individuals who held a loan during the year are as follows:

		Opening balance[2] $	Repayments $	Interest charged $	Closing balance $	Interest not charged[1] $	Number in the group
Key Management	2006	144,099	(8,557)	0	135,542	10,714	4
Personnel	2005	160,187	(16,088)	0	144,099	12,007	4

1. Interest not charged represents a notional interest amount which would be payable if interest was charged on an arms length's basis. The assumed arms length interest rate used was 7.95%.
2. The 2005 comparatives have been restated to reflect only those Key Management Personnel included in 2006 analysis.

The disclosures above are in aggregate as no individual loan balance exceeded $100,000 at any time during the financial year.

(e) Conditional entitlements and performance rights granted as compensation

The following shows the movement during the reporting period in the number of conditional entitlements and performance rights over ordinary shares in ASXL held directly, indirectly or beneficially, by each Key Management Personnel, including their related parties:

	Held at 1 July 2005	Granted as compensation	Held at 30 June 2006
Directors			
AM D'Aloisio	97,900	34,300	132,200
Executives			
JM Hayes	29,200	7,600	36,800
ES Mayne*	-	-	-
JJ Olsson	19,700	4,800	24,500
AG Richards	29,400	9,000	38,400
CR Scully	40,900	12,300	53,200

* ES Mayne (Chief Supervision Officer) does not receive equity-settled based long-term incentives. Instead he is entitled to a cash-based long-term incentive – see Remuneration Report for further details.

The only movement during the year in the number of conditional entitlements and performance rights related to the issue of performance rights as part of the December 2005 plan – see Remuneration Report for further details. No conditional entitlements or performance rights were vested at the reporting date.

(f) Holdings of ordinary shares

The following table shows the movement during the reporting period in the number of ordinary shares in ASXL held directly, indirectly or beneficially, by each Key Management Personnel, including their related parties:

	Holding at 1 July 2005	Net change – other *	Holding at 30 June 2006
Directors			
AM D'Aloisio	3,000	-	3,000
ML Newman	83,000	(23,000)	60,000
MH Shepherd	30,000	(10,000)	20,000
RA Aboud	-	10,000	10,000
JJ Kennedy	1,000	-	1,000
TC Rowe	4,300	-	4,300
JS Segal	2,000	-	2,000
MJ Sharpe	2,000	-	2,000
CM Walter	8,000	-	8,000
Executives			
JM Hayes	201	-	201
ES Mayne	-	-	-
JJ Olsson	46,652	-	46,652
AG Richards	33,855	(10,000)	23,855
CR Scully	10,276	-	10,276

* 'Net change – other' includes purchases and sales of shares.

(g) Changes in Key Management Personnel in the period and after the reporting date and prior to the date when the financial report was authorised for issue:

Change in Managing Director and Chief Executive Officer

With effect from 25 July 2006, Mr AM D'Aloisio resigned as Managing Director and Chief Executive Officer of ASX and Mr RG Elstone commenced his duties in this position.

Change in Directors of the consolidated entity

With effect from 25 July 2006, Mr R Holliday-Smith and Mr PH Warne joined the ASX Board of Directors.

Departure of Key Management Personnel

Mr AG Richards ceased employment with effect from 21 July 2006.

26. Related party disclosures

The consolidated entity has a related party relationship with its:

- Subsidiaries (see note 28);
- Associates (see note 10);
- Key Management Personnel (see note 25);
- SEGC and others (see note 26(d)).

Other related party transactions

(a) Subsidiaries
The ultimate parent entity in the wholly-owned group is Australian Stock Exchange Limited.

ASX Operations Pty Limited (ASXO) acts as the operating entity for most of the transactions of the consolidated entity. Expenses paid, revenues collected and purchases of capital items on behalf of other entities within the consolidated entity are booked to inter-entity trading accounts. Interest is not charged on any inter-entity trading accounts.

ASXL has a subordinated loan agreement with ACH for $50,000,000 (2005: $20,000,000). Repayment obligations are subordinated, in the event of default, to all other creditors of ACH under an associated trust deed. No interest is charged on the loan. This loan has no fixed repayment date and is not repayable in the foreseeable future. This loan is held in cash and liquid securities by ACH to provide capital backing for ASX's clearing business and to meet the Reserve Bank of Australia's Financial Stability Standard for Central Counterparties.

ASXL previously held a subordinated loan agreement with ASX Settlement and Transfer Corporation Pty Limited (ASTC) for $28,776,000. This loan was fully repaid during the year as it was no longer required.

	Note	The Company	
		2006	2005
		$000	$000
Balances with entities within the wholly-owned group			
The aggregate amount payable/receivable to wholly-owned controlled entities by the company at balance date is as follows:			
Non – current			
Subordinated loan to controlled entities	8	50,900	49,676
Loans from controlled entities	17	28,020	3,507

Interest is not paid on any inter-company loans.

Dividends			
Dividends received or due and receivable by the company from wholly-owned controlled entities		50,000	88,000
(b) Associates			
The aggregate amounts receivable from associates of the company at balance date are as follows:			
Non - current			
Loan to associate	8	-	6,036

ASXL previously agreed to provide ASX-Perpetual Registrars Limited (now Link Market Services Pty Limited) a shareholder loan facility of $15 million to fund the development of a new registry system. When ASXL sold its share in APRL in August 2005, this loan was fully repaid as it was no longer required.

(c) Key Management Personnel
Mr ML Newman is an Advisor to the Marsh Group of Companies, a subsidiary of which rendered services to ASX in the ordinary course of business.

Mr MH Shepherd is a Member of the UBS Global Asset Management (Australia) Ltd Responsible Entity Compliance Committee. UBS Global Asset Management (Australia) Ltd provides funds management services to SEGC in the ordinary course of business.

Mr JJ Kennedy is a former director of Qantas Airways Limited, which has an established commercial relationship with ASX in the ordinary course of business.

Messrs RA Aboud, JJ Kennedy, TC Rowe and MJ Sharpe, Ms JS Segal, and Mrs CM Walter were directors of either participating organisations and/or listed entities during the year. Products purchased by, and fees levied on, both participating organisations and listed entities are on the standard terms and conditions available to all participating organisations and listed companies.

Ms JS Segal is a director of National Australia Bank Limited, which renders banking and financial services to ASX in the ordinary course of business.

Mr MJ Sharpe was, from 1968 to 1998, a partner in Coopers & Lybrand. He receives retirement benefits including an office and secretarial services, negotiated at the time of his retirement, from PricewaterhouseCoopers, who render consulting services in the ordinary course of business.

Mrs CM Walter is a member of the Financial Reporting Council, which subleased office space from ASX in the ordinary course of business.

(d) Balances with other related parties
ASX Reuters Charity Foundation Limited is a joint venture company sponsored by the Australian Stock Exchange Limited and Reuters Australia Pty Limited. Its principal activity is to raise funds for charity. ASX provides on-going management assistance and resources to the foundation. No income is derived by ASXL from the foundation.

ASXO received a management fee of $301,000 exclusive of GST (2005: $369,000) in respect of administration, accounting and legal services provided to SEGC. Included in other debtors is an amount receivable from SEGC of $106,000 (2005: $100,000). Settlement of the account with SEGC occurs regularly.

ASXO received $944,000 (2005: $6,621,000) from FIDA during the year. An amount of $892,000 is receivable from FIDA at 30 June 2006 (2005: $18,000).

27. Auditor's remuneration

	Consolidated 2006 $	Consolidated 2005 $	The Company 2006 $	The Company 2005 $
Auditors of the company - KPMG				
Audit services required by *Corporations Act 2001*:				
Audit and review of the financial reports	534,450	486,085	-	-
Non-audit services:				
CHESS and DCS industry audits	200,000	190,000	-	-
Other audit services	89,419	3,825	-	-
Taxation services				
Tax compliance services:				
- Review of income tax returns	25,000	23,000	-	-
- Goods and Services Tax	15,900	14,250	-	-
- FBT assistance	2,550	-	-	-
- Research and development tax concessions	-	9,390	-	-
- Consolidated income tax regime	-	5,150	-	-
Corporate tax advisory services:				
- General corporate tax	52,521	34,710	-	-
- Employee benefits	2,500	12,900	-	-
- ASX WorldLink	-	6,000	-	-
Accounting advisory services:				
- International Financial Reporting Standards	53,700	38,500	-	-
- National Guarantee Fund	-	44,500	-	-
Total non-audit services	441,590	382,225	-	-
Total auditor's remuneration	976,040	868,310	-	-

All amounts shown above are exclusive of GST.

The parent entity's audit fees were paid by ASX Operations Pty Limited, a wholly-owned subsidiary.

Non-audit services are any services provided, excluding audits required by the *Corporations Act 2001*.

Refer to the Directors' report for details on compliance with the auditor independence requirements of the *Corporations Act 2001*.

28. Controlled entities

Particulars in relation to controlled entities

Name of entity	Note	Parent entity's investment (a) 2006 %	2005 %
Parent entity: Australian Stock Exchange Limited			
Controlled entities:			
ASX Operations Pty Limited (ASXO)*	(b)	100	100
ASX Futures Exchange Pty Limited*		100	100
ASX International Services Pty Limited		100	100
ASX Markets Supervision Pty Limited* (formerly ASX FundConnect Pty Limited)		100	100
ASX Supervisory Review Pty Limited *		100	100
CHESS Depositary Nominees Pty Limited		100	100
Orient Capital Pty Limited*		100	100
Controlled entities of ASXO:			
ASX Settlement and Transfer Corporation Pty Limited (ASTC)*		100	100
ASX Pty Limited*		100	100
Australian Clearing House Pty Limited		100	100
Australian Securities Exchange Pty Limited*		100	100
Options Clearing House Pty Limited *	(b)	100	100
SECH Nominees Pty Limited*	(b)	100	100
Controlled entities of ASTC:			
TNS Clearing Pty Limited*		100	100

Notes:

(a) Parent entity refers to the immediate controlling entity of the entity in which the investment is shown.

(b) A controlled entity that has entered into a Deed of Cross Guarantee with Australian Stock Exchange Limited in respect of relief granted from specified accounting and financial reporting requirements in accordance with ASIC Class Order 98/1418. Refer note 22(c) for details of the Deed of Cross Guarantee.

Although ASXL owns 100% of Securities Exchanges Guarantee Corporation Limited (SEGC), SEGC has not been consolidated into the ASX Group financial statements. SEGC is governed by the *Corporations Act 2001* and ASXL is not able to control the entity so as to pursue ASX objectives nor is it entitled to the entity's assets.

All controlled entities were incorporated in Australia.

* Denotes those controlled entities for which an audit of their financial statements is not required.

29. Financial instruments

(a) Credit risk

The credit risk on financial assets of the consolidated entity, which has been recognised in the balance sheet, other than investments in shares, is generally the carrying amount net of any impairment losses.

Credit risk relating to short-term and investment securities is managed by placing certain funds with a minimum of two professional fund managers who invest the portfolio in accordance with investment agreements approved by the Board. The investment agreements provide guidelines limiting the exposure of the portfolio to an optimum level of liquidity in investments with a number of counterparties. These guidelines include restricting the maximum value of the portfolios held by each counterparty dependent upon each of those counterparties' published credit ratings.

(b) Interest-rate risk

The consolidated entity's value of securities are not exposed to interest-rate risk. Interest-rate risk arises in relation to short-term and investment securities comprising short-term deposits, bank bills and fixed interest securities. The consolidated entity's exposure to interest-rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out below:

		Weighted average interest rate		Floating interest rate		Fixed interest rate*		Non-interest bearing		Total	
	Note	**2006** %	2005 %	**2006** **$000**	2005 $000	**2006** **$000**	2005 $000	**2006** **$000**	2005 $000	**2006** **$000**	2005 $000
Restricted cash assets	24	5.68	5.52	-	-	71,489	71,489	-	-	71,489	71,489
Unrestricted cash assets	24	5.66	5.50	26,248	14,691	178,574	114,253	-	144	204,822	129,088
Cash margins from participants	15	5.62	5.46	88,728	66,422	281,882	151,955	-	-	370,610	218,377
Trade and other receivables	8	-	7.13	-	6,036	-	-	23,569	28,247	23,569	34,283
Deferred acquisition costs	11	-	-	-	-	-	-	6,295	-	6,295	-
Other financial assets	9	-	-	-	-	-	-	3,325	2,137	3,325	2,137
Investments in listed shares	11	-	-	-	-	-	-	87,000	64,500	87,000	64,500
				114,976	87,149	531,945	337,697	120,189	95,028	767,110	519,874
Financial liabilities											
Trade and other payables	14	-	-	-	-	-	-	18,554	14,067	18,554	14,067
Amounts owing to participants	15	5.62	5.46	88,728	66,422	281,882	151,955	3,701	3,635	374,311	222,012
Other liabilities	17	-	-	-	-	-	-	3,979	8,126	3,979	8,126
				88,728	66,422	281,882	151,955	26,234	25,828	396,844	244,205
Net financial assets				26,248	20,727	250,063	185,742	93,955	69,200	370,266	275,669

* **All fixed interest securities have a term to maturity of less than 12 months.**

(c) Financial futures contracts

There were no futures contracts entered into at 30 June 2006 (2005: $Nil).

(d) Foreign currency risk

The consolidated entity has no significant exposure to foreign currency risk for the year ended 30 June 2006 (2005: $Nil)

(e) Net fair values of financial assets and financial liabilities

Valuation approach

All financial assets and financial liabilities are carried at amortised cost or fair value. Carrying amount approximates net fair value in all cases except for investments in subsidiaries and associates which are held at cost.

There were no unrecognised financial instruments for the year ended 30 June 2006 (2005: $Nil).

30. Subsequent events

Dividend

For dividends declared after 30 June 2006, refer to note 6.

Acquisition of SFE Corporation Limited

(a) Summary of acquisition

On 7 July 2006, ASX Limited announced that the proposed merger with SFE Corporation Limited (the holding company for the Sydney Futures Exchange) would proceed, after the SFE shareholders approved the merger on 5 July 2006 and the Federal Court of Australia granted its approval on 7 July 2006. The court order was lodged with ASIC on 11 July 2006 and SFE shares ceased trading on the same day. SFE became a wholly-owned subsidiary of ASXL on 11 July 2006, being the date when ASX obtained the power to control the financial and operating policies of SFE.

(b) Purchase consideration (estimated)

Under the terms of the merger, SFE shareholders were able to receive either:

- 0.51 fully paid ASX shares per SFE share; or
- $2.58 cash per SFE share plus a variable ratio of fully paid ASX shares for the parcel of SFE shares held by an SFE shareholder at 7pm on 18 July 2006, such that the alternatives deliver equivalent value based on the VWAP* of $32.319 for ASX shares over the five business days ending on 3 July 2006.

Actual number of ordinary shares issued were: 68,004,817.

	$000's
Amounts already capitalised at 30 June 2006	
Costs incidental to the acquisition to 30 June 2006	6,295
Amounts to be capitalised after 30 June 2006	
Underlying purchase consideration:	
Shares consideration 68,004,817 shares @ $32.319	2,197,848
Cash consideration	33,308
Related purchase consideration:	
Estimated acquisition costs to complete – advisory, legal etc	10,000
Former CEO termination payment	7,779
Consideration for transfer of vested SFE options of former SFE CEO and other senior executives	6,430
Deferred consideration for transfer of vested SFE options of former SFE CEO	4,450
Total consideration	**2,266,110**

(c) Assets and liabilities acquired

The carrying amounts of the assets and liabilities of SFE Corporation Limited immediately prior to the acquisition are as follows:

	Acquiree's carrying amount
	$000's
Cash	82,886
Available-for-sale financial assets	3,169,763
Receivables	145,364
Other	4,966
Investments	1
Plant and equipment	9,218
Intangibles	22,400
Goodwill	24,391
Payables	(172,037)
Financial liabilities	(3,048,437)
Provisions	(49,443)
Current tax liabilities	(10,362)
Deferred income	(4,901)
Deferred tax liabilities	(4,448)
Net assets acquired	**169,361**

The fair values of the assets and liabilities of the acquiree are yet to be determined. Under AASB 3 *Business Combinations*, adjustments to the fair values assigned to the identifiable assets, liabilities or contingent liabilities must be recognised within twelve months of the acquisition date.

*VWAP (volume weighted average price) means the ratio of the total value of shares traded to the total volume of shares traded over the period.

31. Impact of adoption of AIFRS

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

- the consolidated and the Company's financial statements for the year ended 30 June 2006;
- the restated financial statements for the year ended 30 June 2005; and
- the preparation of an opening AIFRS balance sheet at 1 July 2004 (date of transition to AIFRS).

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

The following tables and the notes that accompany the tables explain how the transition from AGAAP to AIFRS has affected the consolidated entity's and the Company's Income Statement and Balance Sheet. Since there are no material differences between the Cash Flow Statement under AIFRS and the Cash Flow Statement presented under AGAAP (apart from the recognition of novated cash balances by the consolidated entity - refer note (a) in explanatory table at end of note 31), no reconciliation for the Cash Flow Statement is presented for either the consolidated entity or the Company.

(a) Consolidated Balance Sheet (i) As at 30 June 2005	Per AGAAP	Adjustment for novation	Adjustment for IRESS	Lease adjustments	Share-based payment	Revenue adjustment	APRL adjustment	Reclass of software	Reversal of goodwill amortisation	Income Taxes	Per AIFRS
See note below		*(a)*	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*	*(h)*	*(i)*	
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Current assets											
Unrestricted cash assets	129,088	-	-	-	-	-	-	-	-	-	129,088
Restricted cash assets	71,489	-	-	-	-	-	-	-	-	-	71,489
Cash margins from participants	-	218,377	-	-	-	-	-	-	-	-	218,377
Receivables	23,696	3,635	-	-	-	(960)	-	-	-	-	26,371
Other assets	4,638	-	-	-	-	-	-	-	-	-	4,638
Total current assets	228,911	222,012	-	-	-	(960)	-	-	-	-	449,963
Non-current assets											
Investments accounted for using the equity method	47,202	-	-	-	-	-	1,965	-	-	-	49,167
Investments – other	22,950	-	41,550	-	-	-	-	-	-	-	64,500
Deferred tax assets	9,352	-	(12,465)	-	-	-	-	-	-	4,246	1,133
Property, plant and equipment	35,004	-	-	-	-	-	-	(13,827)	-	-	21,177
Receivables	7,912	-	-	-	-	-	-	-	-	-	7,912
Intangible assets	4,756	-	-	-	-	-	-	13,827	278	-	18,861
Total non-current assets	127,176	-	29,085	-	-	-	1,965	-	278	4,246	162,750
Total assets	356,087	222,012	29,085	-	-	(960)	1,965	-	278	4,246	612,713
Current liabilities											
Payables	14,067	-	-	-	-	-	-	-	-	-	14,067
Amounts owing to participants	-	222,012	-	-	-	-	-	-	-	-	222,012
Current tax liabilities	16,805	-	-	-	-	-	-	-	-	-	16,805
Provisions	21,417	-	-	-	-	-	-	-	-	-	21,417
Other liabilities	7,991	-	-	135	-	-	-	-	-	-	8,126
Total current liabilities	60,280	222,012	-	135	-	-	-	-	-	-	282,427
Non-current liabilities											
Provisions	8,828	-	-	898	-	-	-	-	-	-	9,726
Other liabilities	-	-	-	7,593	-	-	-	-	-	-	7,593
Total non-current liabilities	8,828	-	-	8,491	-	-	-	-	-	-	17,319
Total liabilities	69,108	222,012	-	8,626	-	-	-	-	-	-	299,746
Net assets	286,979	-	29,085	(8,626)	-	(960)	1,965	-	278	4,246	312,967
Equity											
Contributed equity	106,282	-	-	-	-	-	-	-	-	-	106,282
Retained profits	109,208	-	-	(8,626)	(1,968)	(960)	1,965	-	278	4,246	104,143
Restricted capital reserve	71,489	-	-	-	-	-	-	-	-	-	71,489
Asset revaluation reserve	-	-	29,085	-	-	-	-	-	-	-	29,085
Equity compensation reserve	-	-	-	-	1,968	-	-	-	-	-	1,968
Total equity	286,979	-	29,085	(8,626)	-	(960)	1,965	-	278	4,246	312,967

(ii) As at 1 July 2004 – date of transition to AIFRS	Per AGAAP	Adjustment for novation	Adjustment for IRESS	Lease adjustments	Share-based payment	Revenue adjustment	APRL adjustment	Reclass of software	Reversal of goodwill amortisation	Income Taxes	Per AIFRS
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
See note below		*(a)*	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*	*(h)*	*(i)*	
Current assets											
Unrestricted cash assets	110,048	-	-	-	-	-	-	-	-	-	110,048
Restricted cash assets	-	-	-	-	-	-	-	-	-	-	-
Cash margins from participants	-	168,146	-	-	-	-	-	-	-	-	168,146
Receivables	23,741	1,160	-	-	-	(841)	-	-	-	-	24,060
Other assets	5,054	-	-	-	-	-	-	-	-	-	5,054
Total current assets	138,843	169,306	-	-	-	(841)	-	-	-	-	307,308
Non-current assets											
Investments accounted for using the equity method	47,307	-	-	-	-	-	(907)	-	-	-	46,400
Investments – other	22,950	-	25,050	-	-	-	-	-	-	-	48,000
Deferred tax assets	4,691	-	(7,515)	-	-	-	-	-	-	3,995	1,171
Property, plant and equipment	50,988	-	-	-	-	-	-	(23,131)	-	-	27,857
Receivables	14,388	-	-	-	-	-	-	-	-	-	14,388
Intangible assets	5,034	-	-	-	-	-	-	23,131	-	-	28,165
Total non-current assets	145,358	-	17,535	-	-	-	(907)	-	-	3,995	165,981
Total assets	284,201	169,306	17,535	-	-	(841)	(907)	-	-	3,995	473,289
Current liabilities											
Payables	11,931	-	-	-	-	-	-	-	-	-	11,931
Amounts owing to participants	-	169,306	-	-	-	-	-	-	-	-	169,306
Current tax liabilities	17,989	-	-	-	-	-	-	-	-	-	17,989
Provisions	19,204	-	-	-	-	-	-	-	-	-	19,204
Other liabilities	6,610	-	-	-	-	-	-	-	-	-	6,610
Total current liabilities	55,734	169,306	-	-	-	-	-	-	-	-	225,040
Non-current liabilities											
Provisions	8,671	-	-	900	-	-	-	-	-	-	9,571
Other liabilities	-	-	-	7,289	-	-	-	-	-	-	7,289
Total non-current liabilities	8,671	-	-	8,189	-	-	-	-	-	-	16,860
Total liabilities	64,405	169,306	-	8,189	-	-	-	-	-	-	241,900
Net assets	219,796	-	17,535	(8,189)	-	(841)	(907)	-	-	3,995	231,389
Equity											
Contributed equity	106,282	-	-	-	-	-	-	-	-	-	106,282
Retained profits	113,514	-	-	(8,189)	(636)	(841)	(907)	-	-	3,995	106,936
Restricted capital reserve	-	-	-	-	-	-	-	-	-	-	-
Asset revaluation reserve	-	-	17,535	-	-	-	-	-	-	-	17,535
Equity compensation reserve	-	-	-	-	636	-	-	-	-	-	636
Total equity	219,796	-	17,535	(8,189)	-	(841)	(907)	-	-	3,995	231,389

b) Consolidated Income Statement Year ended 30 June 2005	Per AGAAP	Lease adjustments	Share-based payment	Revenue adjustment	APRL adjustment	Reversal of goodwill amortisation	Income Taxes	Per AIFRS
See note below		*(c)*	*(d)*	*(e)*	*(f)*	*(h)*	*(i)*	
	$000	$000	$000	$000	$000	$000	$000	$000
Revenues								
Listings	71,507	-	-	-	-	-	-	71,507
Equities trading, clearing & settlement	118,368	-	-	(119)	-	-	-	118,249
Derivatives trading, clearing & settlement	44,009	-	-	-	-	-	-	44,009
Information services	32,087	-	-	-	-	-	-	32,087
Interest revenue	9,214	-	-	-	-	-	-	9,214
Dividend revenue	2,325	-	-	-	-	-	-	2,325
Revenue from NGF	71,489	-	-	-	-	-	-	71,489
Other revenue	13,688	-	-	-	-	-	-	13,688
	362,687	-	-	(119)	-	-	-	362,568
Expenses								
Staff expenses	77,182	-	1,332	-	-	-	-	78,514
Occupancy expenses	23,317	439	-	-	-	-	-	23,756
Equipment expenses	35,418	-	-	-	-	-	-	35,418
Administration expenses	22,618	-	-	-	-	(278)	-	22,340
	158,535	439	1,332	-	-	(278)	-	160,028
Share of net profit / (losses) of associated accounting for using the equity method	(105)	-	-	-	2,872	-	-	2,767
Profit before income tax expense	204,047	(439)	(1,332)	(119)	2,872	278	-	205,307
Income tax expense relating to ordinary activities	(38,578)	-	-	-	-	-	253	(38,325)
Net profit attributable to members of the parent entity	165,469	(439)	(1,332)	(119)	2,872	278	253	166,982

(c) Company Balance Sheet (i) As at 30 June 2005	Per AGAAP	Adjustment for IRESS	Share-based payment	Income taxes	Per AIFRS
See note below		*(b)*	*(d)*	*(i)*	
	$000	$000	$000	$000	$000
Current assets					
Unrestricted cash assets	37,561	-	-	-	37,561
Total current assets	37,561	-	-	-	37,561
Non-current assets					
Investments – other	83,548	41,550	-	-	125,098
Receivables	57,588	-	-	-	57,588
Total non-current assets	141,136	41,550	-	-	182,686
Total assets	178,697	41,550	-	-	220,247
Current liabilities					
Current tax liabilities	16,789	-	-	-	16,789
Total current liabilities	16,789	-	-	-	16,789
Non-current liabilities					
Deferred tax liabilities	(9,352)	12,465	-	9,382	12,495
Other liabilities	14,857	-	(1,968)	(9,382)	3,507
Total non-current liabilities	5,505	12,465	(1,968)	-	16,002
Total liabilities	22,294	12,465	(1,968)	-	32,791
Net assets	156,403	29,085	1,968	-	187,456
Equity					
Contributed equity	106,282	-	-	-	106,282
Retained profits	50,121	-	-	-	50,121
Asset revaluation reserve	-	29,085	-	-	29,085
Equity compensation reserve	-	-	1,968	-	1,968
Total equity	156,403	29,085	1,968	-	187,456

Company Balance Sheet (ii) As at 1 July 2004	Per AGAAP	Adjustment for IRESS	Share-based payment	Income taxes	Per AIFRS
See note below		*(b)*	*(d)*	*(i)*	
	$000	$000	$000	$000	$000
Current assets					
Unrestricted cash assets	17,846	17,846	-	-	17,846
Total current assets	17,846				17,846
Non-current assets					
Investments – other	83,548	25,050	-	-	108,598
Receivables	74,471	-	636	-	75,107
Total non-current assets	158,019	25,050	636	-	183,705
Total assets	175,865	25,050	636	-	201,551
Current liabilities					
Current tax liabilities	17,673	-	-		17,673
Other liabilities	6	-	-	-	6
Total current liabilities	17,679	-	-	-	17,679
Non-current liabilities					
Deferred tax liabilities	(4,691)	7,515	-	-	2,824
Total non-current liabilities	(4,691)	7,515	-	-	2,824
Total liabilities	12,988	7,515	-	-	20,503
Net assets	162,877	17,535	636	-	181,048
Equity					
Contributed equity	106,282	-	-	-	106,282
Retained profits	56,595	-	-	-	56,595
Asset revaluation reserve	-	17,535	-	-	17,535
Equity compensation reserve	-	-	636	-	636
Total equity	162,877	17,535	636	-	181,048

(d) There was no impact of AIFRS on the Company Income Statement for year ended 30 June 2005.

Note		Explanation
(a)	Adjustment for novation (refer note 15 for further details)	This comprises two adjustments: 1. Cash margins required to cover open derivatives' positions being brought onto balance sheet. 2. Daily variation margins relating to the cash settlement which is yet to be received. Previously such amounts were disclosed as contingent assets and liabilities. However, these now fall within the definition of financial assets and liabilities in AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* and must be recognised on balance sheet, which is consistent with industry practice.
(b)	Adjustment for IRESS	Under previous AGAAP, ASX accounted for its investment in IRESS on a cost basis. On adoption of AASB 139 *Financial Instruments: Recognition and Measurement*, ASX has opted to account for the IRESS investment as an available-for-sale financial asset. Under this option, the carrying value of IRESS is adjusted to fair value and the movement in value is recognised in the asset revaluation reserve account in equity. However, if the asset becomes impaired, any fall in value below cost will be recognised as an expense. The adjustment to Asset Revaluation Reserve is net of tax.
(c)	Lease adjustments	This comprises two adjustments: 1. Under AASB 117 *Leases,* where lease agreements contain fixed and determinable rate increases, the total payments to be made under the lease agreement must be expensed on a straight-line basis over the term of the lease. This impacts the accounting of operating leases for office space by smoothing the total rent expense evenly over each year of the lease term even though the rental payments are increasing over time. 2. Another adjustment arises where a rent-free period at lease inception is no longer discounted under AIFRS.
(d)	Share-based payment	Previously under AGAAP, no expense was recognised in relation to employee share-based payments. AASB 2 *Share-based Payment* requires an expense to be recognised for these type of transactions.
(e)	Revenue adjustment	ASX has elected under AASB 139 *Financial Instruments: Recognition and Measurement* to account for equity trades on a settlement date basis. Thus an adjustment is necessary to de-recognise the revenue from equity trading for the last three days of the reporting period and recognise the revenue in the subsequent reporting period.
(f)	APRL adjustment	These adjustments reflect revised equity accounting of the financial results of APRL after they were restated to comply with AIFRS. Since APRL was sold in August 2005, there will be no impact going forward.
(g)	Reclassification of software	Under AASB 138 *Intangible Assets*, software which is separately identifiable from hardware is now classified as an intangible asset on the balance sheet. Previously it was disclosed as Plant and Equipment. This change has no impact on the income statement.
(h)	Reversal of goodwill amortisation	Under AGAAP, goodwill was amortised. However, under AASB 3 *Business Combinations,* it is not amortised and instead is subject to impairment testing. As ASX opted not to retrospectively apply AASB 3 prior to 1 July 2004, only goodwill amortisation expensed since this date has been reversed.
(i)	Income taxes	Previously under AGAAP, ASX used the income statement liability method of tax-effect accounting. Under AIFRS, income tax is calculated based on the balance sheet approach. In general, ASX has recognised additional deferred tax balances than those required under AGAAP. In accordance with UIG 1052 *Tax Consolidation Accounting*, the consolidated current and deferred tax amounts for a tax consolidated group are required to be allocated among the entities in the group, including the parent entity.

Directors' declaration

1. In the opinion of the directors of Australian Stock Exchange Limited (the company):

   (a) the financial statements and notes (including the remuneration disclosures that are contained in sections 11.2, 11.3, 11.4, 11.5, 11.6, 11.7, 11.8, 11.9.1, 11.10.1, 11.10.2, 11.10.3, 11.10.4, 11.10.6 and 11.10.7 of the Remuneration Report in the Directors' Report), are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the financial position of the company and consolidated entity as at 30 June 2006 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

   (b) the remuneration disclosures that are contained in section s 11.2, 11.3, 11.4, 11.5, 11.6, 11.7, 11.8, 11.9.1, 11.10.1, 11,10.2, 11.10.3, 11.10.4, 11.10.6 and 11.10.7 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and

   (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the company and the controlled entities identified in notes 28 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the company and those controlled entities pursuant to ASIC Class Order 98/1418.

3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2006.

Dated at Sydney this 16 day of August 2006.

Signed in accordance with a resolution of the directors:

Maurice L Newman AC
Chairman

INDEPENDENT AUDIT REPORT
to the members of Australian Stock Exchange Limited

Scope

The financial report, remuneration disclosures and directors' responsibility

The financial report comprises the income statements, statements of changes in equity, balance sheets, statement of cash flows, accompanying notes 1 to 31 to the financial statements and the directors' declaration for both Australian Stock Exchange Limited (the "Company") and the Australian Stock Exchange and its Controlled Entities (the "Consolidated Entity"), for the year ended 30 June 2006. The Consolidated Entity comprises both the Company and the entities it controlled during that year.

As permitted by the Corporations Regulations 2001, the Company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Australian Accounting Standard AASB 124 Related Party Disclosures, under the heading "Remuneration report" in sections 11.2, 11.3, 11.4, 11.5, 11.6, 11.7, 11.8, 11.9.1, 11.10.1, 11.10.2, 11.10.3, 11.10.4, 11.10.6 and 11.10.7 of the directors' report and not in the financial report.

The Remuneration report also contains information in sections 11.1, 11.9.2 and 11.10.5 not required by Australian Accounting Standard AASB 124 which is not subject to our audit.

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

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement and that the remuneration disclosures comply with AASB 124. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures comply with Australian Accounting Standard AASB 124.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

Audit opinion

(1) In our opinion the financial report of Australian Stock Exchange Limited is in accordance with:

a) the Corporations Act 2001, including:

i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2006 and of their performance for the financial year ended on that date; and;

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia; and

(2) the remuneration disclosures that are contained in sections 11.2, 11.3, 11.4, 11.5, 11.6, 11.7, 11.8, 11.9.1, 11.10.1, 11.10.2, 11.10.3, 11.10.4, 11.10.6 and 11.10.7 of the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures.

KPMG

N T Davis
Partner
Sydney, 16 August 2006