

# Appendix 4D

Preliminary financial statements for the half-year ended 31 December 2016 as required by ASX listing rule 4.2A

**RESULTS FOR ANNOUNCEMENT TO THE MARKET  
(All comparisons to half-year ended 31 December 2015)**

	\$m	Up/down	Movement %
Revenues from ordinary activities	465.2	up	2.2%
Revenues from ordinary activities excluding interest income	392.5	up	2.7%
Profit after tax from ordinary activities (including significant items)	219.4	up	3.0%
Underlying profit after tax (excluding significant items)	219.4	up	3.0%

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
<b>DIVIDEND INFORMATION</b>			
Final 2016 dividend per share (paid 28 September 2016)	99.0	99.0	30%
Interim 2017 dividend per share determined	102.0	102.0	30%

**Interim dividend dates\***

Ex-dividend date	9 March 2017
Record date	10 March 2017
Payment date	29 March 2017

\* Dates are subject to final ASX Board approval

The Company's Dividend Reinvestment Plan (DRP) will not apply to the interim dividend.

	31 Dec 2016	31 Dec 2015
Net tangible assets per security	\$7.45	\$7.12

This information should be read in conjunction with the 2016 Annual Report.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2016.

This report is based on the consolidated financial statements for the half-year ended 31 December 2016 which have been reviewed by PricewaterhouseCoopers.



ASX Limited and its controlled entities

# 2017 ASX Limited Half-Year Financial Statements

ASX Limited ABN 98 008 624 691 and its controlled entities.



ASX

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# Directors' report

The directors present their report together with the financial statements of ASX Limited (ASX or the Company) and its subsidiaries (together referred to as the Group), for the half-year ended 31 December 2016 and the auditor's report thereon. The financial statements have been reviewed and approved by the directors on the recommendation of the ASX Audit and Risk Committee.

The consolidated net profit after tax for the half-year ended 31 December 2016 attributable to the owners of ASX was \$219.4 million (31 December 2015: \$213.1 million).

## Directors

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

- Mr Rick Holliday-Smith (Chairman)
- Mr Dominic J Stevens<sup>1</sup> (Managing Director and CEO)
- Ms Yasmin A Allen
- Ms Melinda B Conrad<sup>1</sup>
- Dr Ken R Henry AC
- Mr Peter R Marriott
- Mrs Heather M Ridout AO
- Mr Damian Roche
- Mr Peter H Warne

<sup>1</sup>Mr Dominic J Stevens was appointed Managing Director and CEO, and Ms Melinda B Conrad was appointed a director, on 1 August 2016. Mr Stevens was appointed a non-executive director in December 2013.

## Results of operations

The Group's profit after tax for the half-year ended 31 December 2016 (1H17) increased 3.0% to \$219.4 million from the prior comparative period (pcp). A summary income statement in line with the Group's segment note is reflected in the following table:

\$million	1H17	1H16	Variance % fav/(unfav)
Operating revenue	386.6	376.2	2.8
Operating expenses	(90.1)	(85.1)	(6.0)
<b>EBITDA</b>	<b>296.5</b>	<b>291.1</b>	<b>1.9</b>
Depreciation and amortisation	(22.1)	(20.8)	(6.3)
<b>EBIT</b>	<b>274.4</b>	<b>270.3</b>	<b>1.5</b>
Interest and dividend income	37.5	33.7	11.3
<b>Profit before tax</b>	<b>311.9</b>	<b>304.0</b>	<b>2.6</b>
Tax expense	(92.5)	(90.9)	(1.8)
<b>Profit after tax</b>	<b>219.4</b>	<b>213.1</b>	<b>3.0</b>

## Earnings per share

The Group's earnings per share (EPS) in 1H17 was 113.4 cents compared to 110.2 cents in the pcp. The 2.9% increase in EPS compared to the pcp reflects the increase in profit as the number of issued shares remained unchanged.

## Dividends

The Group's dividend policy is to pay 90% of underlying earnings after tax. This measure excludes amounts regarded as significant non-recurring items of revenue and expenses. There were no items classified as significant in the current period or the pcp. The Board determined to pay an FY17 interim dividend of 102.0 cents per share on 29 March 2017, up 2.9% on the 99.1 cents per share paid in the pcp, reflecting the increased profit.

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

Type	Cents per share	Total amount \$m	Date of payment
<b>In respect of the current financial year:</b>			
Interim	102.0	197.5	29 March 2017
<b>In respect of the prior financial year:</b>			
Interim	99.1	191.9	23 March 2016
Final	99.0	191.7	28 September 2016
<b>Total</b>	<b>198.1</b>	<b>383.6</b>	

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

### Operating revenue

Group operating revenue as reported in the segment note increased 2.8% to \$386.6 million in 1H17 compared to the pcp.

The operating revenue from each business activity is reflected in the table below.

Revenue category	1H17 \$m	1H16 \$m	Variance % fav/(unfav)
Listings and Issuer Services	103.3	105.6	(2.1)
Trading Services	96.0	91.4	5.0
Equity Post-Trade Services	52.9	51.0	3.8
Derivatives and OTC Markets	133.0	126.8	4.9
Other revenue	1.4	1.4	0.2
<b>Total operating revenue</b>	<b>386.6</b>	<b>376.2</b>	<b>2.8</b>

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

### Listings and Issuer Services – \$103.3 million, down 2.1%

During 1H17, the number of new listings increased, while the amount of capital raised was lower when compared to a strong pcp.

- Annual listing revenue – up 7.3% to \$39.3 million. There were 2,215 listed entities at 31 December 2016 compared to 2,238 a year earlier. Increases in market capitalisation and fee changes were the main drivers supporting the increase in revenue.
- Initial listing revenue – down 17.2% to \$9.7 million. While the number of new listings increased from 77 to 86, the capital raised in 1H17 was \$11.1 billion compared to \$13.5 billion in the pcp. This was mainly due to fewer larger listings in 1H17.
- Secondary capital raisings revenue – down 8.0% to \$26.7 million. This follows a 37.3% decrease in the amount of capital raised to \$25.8 billion compared to \$41.1 billion in the pcp. The prior half-year included \$18.1 billion of capital raised by the four major Australian banks.
- Issuer services revenue – down 2.4% to \$22.6 million. The decrease in revenue resulted from fewer holding statements, partially offset by an increase in the fee due to increased postage costs.

### Trading Services – \$96.0 million, up 5.0%

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

- Cash market trading – up 14.7% to \$23.3 million. The increase in revenue resulted from:
  - Centre Point activity increased 51.2% leading to a higher average fee as this service is charged at a premium.
  - Higher daily average on-market value traded on ASX of \$4.2 billion compared to \$4.1 billion in the pcp.
  - The participant trading rebate was discontinued from 1 July 2016, where in the pcp ASX rebated \$1.0 million.

ASX's market share of on-market trading averaged 87.9% in 1H17 compared to 88.4% in the pcp.

- Information services – down 1.8% to \$39.9 million. The decrease in revenue resulted primarily from reduced index royalties against the pcp.
- Technical services – up 7.6% to \$32.8 million.
  - Community and connectivity – up 7.5% to \$9.2 million. Total revenue grew from increased service connections.
  - Liquidity access – up 6.1% to \$16.2 million due to increased automated data feeds and lower latency order entry services.
  - Application services – down 0.3% to \$2.7 million primarily due to lower installation fees from futures cross-connects.
  - Hosting – up 19.1% to \$4.7 million. The number of customer cabinets hosted in the ALC increased from 219 to 270.

### Equity Post-Trade Services – \$52.9 million, up 3.8%

Equity Post-Trade Services revenue includes fees for clearing and settlement of ASX-quoted securities including equities, debt securities, warrants and exchange-traded funds.

- Cash market clearing revenue – down 1.4% to \$26.8 million. ASX reduced clearing fees by 10% from 1 July 2016. The daily average value cleared increased 3.9% to \$4.6 billion reflecting the increase in trading across all venues in Australia. The lower fee revenue resulted in no revenue sharing rebate, compared to \$1.7 million in the pcp.
- Cash market settlement revenue – up 9.8% to \$26.1 million. Settlement messages increased with a 10.3% increase in the dominant settlement message. The settlement revenue sharing rebate was \$1.1 million compared to \$0.8 million in the pcp.

### Derivatives and OTC Markets – \$133.0 million, up 4.9%

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

- Equity options – down 3.0% to \$11.0 million. Total volume of contracts increased 1.1%. The decrease in revenue was due to a change in product mix: single stock option volumes were up 2.7% while index option volumes were down 10.0%.
- Futures and OTC – up 6.2% to \$97.2 million. The increase in revenue was due to a 8.8% increase in futures volumes and a significant increase in OTC clearing. The value cleared through the OTC Clearing Service increased to \$2,159.7 billion compared to \$817.4 billion in the pcp. ASX also provided \$8.2 million (\$7.6 million pcp) in interest rate rebates to large customers. Rebates paid to proprietary traders also increased in 1H17.
- Austraclear – up 3.7% to \$24.8 million. The increase in revenue was primarily due to an increase in registry activity and an increase in certain fees. At 31 December 2016, the value of assets in the ASX Collateral service increased to \$11.7 billion compared to \$4.8 billion at 30 June 2016.

### Operating expenses

Underlying operating expenses (excluding finance costs and depreciation and amortisation) increased by 6.0% to \$90.1 million compared to the pcp.

Operating expenses	1H17 \$m	1H16 \$m	Variance % fav/(unfav)
Staff	55.2	50.7	(8.9)
Occupancy	7.3	6.8	(7.9)
Equipment	14.6	13.1	(11.2)
Administration	8.1	9.9	17.8
Variable	3.4	3.1	(10.8)
ASIC supervision levy	1.5	1.5	2.4
<b>Total operating expenses</b>	<b>90.1</b>	<b>85.1</b>	<b>(6.0)</b>

Staff costs increased 8.9% to \$55.2 million. This was due to salary increases and higher average headcount. The average full-time equivalent (FTE) headcount increased from 523 in the pcp to 556 in the current period. The increase in FTE reflects investment in new staff to support customer and growth related projects including expanding the listings franchise and launching new derivatives products and services.

Other operating costs increased 1.6% to \$34.9 million. This was due to higher equipment costs to support new technology platforms and higher variable costs driven by increased postage costs. Administration costs were lower as a result of reduced discretionary costs partly attributable to timing of expenditure.

### Depreciation and amortisation

Depreciation and amortisation expenses increased 6.3% to \$22.1 million. This included increased capital investment in prior periods in new services as well as ongoing technology maintenance and refresh of existing platforms.

### Capital expenditure

The Group incurred \$20.3 million on capital expenditure during the half-year, compared to \$18.7 million in the pcp. Expenditure was focused on upgrading technology platforms, particularly the new futures trading platform, and is inclusive of distributed ledger technology development.

### Net interest and dividend income

Net interest increased 13.2% to \$32.6 million. Net interest consists of two components: interest on ASX's cash balances and net interest earned from the investment of collateral balances lodged by clearing participants.

Interest income on ASX's own cash balances decreased 16.9% to \$9.4 million as a result of lower interest rates.

Net interest earned from the investment of participant balances increased 32.7% to \$23.2 million. This increase was driven by a 28.5% increase in average collateral balances to \$5.6 billion. Investment earnings on this portfolio averaged 41 basis points above the official overnight cash rate, up from 37 basis points in the pcp.

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

### Financial position

At 31 December 2016, the net assets of the Group were \$3,874.1 million, up 1.3% from 30 June 2016. Retained earnings increased \$27.9 million from continuing business operations.

A summary balance sheet is presented below.

\$million	31 Dec 2016	30 Jun 2016	Variance %
<b>Assets</b>			
Cash and available-for-sale financial assets	7,002.2	7,072.8	(1.0)
Intangible assets	2,431.2	2,420.7	0.4
Property, plant and equipment	47.3	51.6	(8.4)
Investments	473.2	424.8	11.4
Other assets	301.9	481.7	(37.3)
<b>Total assets</b>	<b>10,255.8</b>	<b>10,451.6</b>	<b>(1.9)</b>
<b>Liabilities</b>			
Amounts owing to participants	5,987.7	6,088.2	(1.7)
Other liabilities	394.0	539.3	(27.0)
<b>Total liabilities</b>	<b>6,381.7</b>	<b>6,627.5</b>	<b>(3.7)</b>
<b>Equity</b>			
Capital	3,027.2	3,027.2	-
Retained earnings	604.8	576.9	4.8
Reserves	242.1	220.0	10.0
<b>Total equity</b>	<b>3,874.1</b>	<b>3,824.1</b>	<b>1.3</b>

Notable movements in the balance sheet during the half-year were as follows.

#### Intangible assets – up \$10.5 million or 0.4%

The increase in intangible assets reflects continued investment in software assets and the BBSW intangibles following ASX's appointment as administrator of the index late in the half-year.

#### Amounts owing to participants – down \$100.5 million or 1.7%

As part of its clearing operations, the Group holds a significant amount of collateral lodged by clearing participants to cover exposures on cash market and derivative open positions. The decrease in margins followed a reduction in margin rates near the end of the year. As noted earlier, the average collateral lodged by participants over the half-year was significantly higher compared to the pcp.

The decrease in participant balances resulted in a corresponding 1.0% decrease in cash and available-for-sale financial assets, as the balances are invested by ASX.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

### Rounding of amounts

ASX is a company of the kind referred to in ASIC Legislative Instrument 2016/191 dated 24 March 2016. In accordance with that instrument, amounts in the financial statements and the directors' report have been rounded to the nearest hundred thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors:



Rick Holliday-Smith  
Chairman



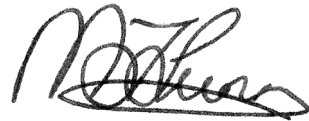
Dominic J Stevens  
Managing Director and CEO  
Sydney, 17 February 2017

# Auditor's independence declaration

As lead auditor for the review of ASX Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

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

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



Matthew Lunn  
Partner  
PricewaterhouseCoopers

Sydney, 17 February 2017



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# Consolidated statement of comprehensive income

For the half-year ended	31 Dec 2016 \$m	31 Dec 2015 \$m
<b>Revenue</b>		
Listings and Issuer Services	103.6	106.2
Trading Services	96.3	91.8
Equity Post-Trade Services	52.9	51.0
Derivatives and OTC Markets	133.1	127.0
Interest income	72.7	72.9
Dividend income	4.9	4.9
Share of net profit of equity accounted investments	0.5	0.4
Other	1.2	1.0
	<b>465.2</b>	<b>455.2</b>
<b>Expenses</b>		
Staff	(55.2)	(50.7)
Occupancy	(7.3)	(6.8)
Equipment	(15.3)	(14.0)
Administration	(13.3)	(14.8)
Depreciation and amortisation	(22.1)	(20.8)
Finance costs	(40.1)	(44.1)
	<b>(153.3)</b>	<b>(151.2)</b>
<b>Profit before income tax expense</b>	<b>311.9</b>	<b>304.0</b>
Income tax expense	(92.5)	(90.9)
<b>Net profit for the half-year attributable to owners of the Company</b>	<b>219.4</b>	<b>213.1</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit or loss<sup>1</sup>:</b>		
Change in the fair value of available-for-sale investments	22.2	(2.5)
Change in the fair value of available-for-sale financial assets	(0.8)	0.5
Change in the fair value of cash flow hedges	0.5	(0.2)
<b>Other comprehensive income for the half-year, net of tax</b>	<b>21.9</b>	<b>(2.2)</b>
<b>Total comprehensive income for the half-year attributable to owners of the Company</b>	<b>241.3</b>	<b>210.9</b>
<b>Earnings per share</b>		
<b>Basic earnings per share (cents per share)</b>	<b>113.4</b>	<b>110.2</b>
<b>Diluted earnings per share (cents per share)</b>	<b>113.4</b>	<b>110.2</b>

<sup>1</sup> \$0.2 million (2016: \$0.1 million) was reclassified from equity to profit or loss during the half-year following the sale of available-for-sale financial assets prior to their maturity.

# Consolidated balance sheet

As at	Note	31 Dec 2016 \$m	30 Jun 2016 \$m
<b>Current assets</b>			
Cash and funds on deposit		3,099.3	3,276.4
Available-for-sale financial assets	5	3,902.9	3,796.4
Receivables		285.0	469.1
Prepayments		14.1	12.6
<b>Total current assets</b>		<b>7,301.3</b>	<b>7,554.5</b>
<b>Non-current assets</b>			
Available-for-sale investments	7	406.1	358.2
Equity accounted investments		67.1	66.6
Intangible assets		2,431.2	2,420.7
Property, plant and equipment		47.3	51.6
Prepayments		2.8	-
<b>Total non-current assets</b>		<b>2,954.5</b>	<b>2,897.1</b>
<b>Total assets</b>		<b>10,255.8</b>	<b>10,451.6</b>
<b>Current liabilities</b>			
Amounts owing to participants	4	5,787.7	5,888.2
Payables		225.1	437.8
Current tax liabilities		27.4	9.9
Provisions		15.8	14.5
Revenue received in advance		66.9	16.4
<b>Total current liabilities</b>		<b>6,122.9</b>	<b>6,366.8</b>
<b>Non-current liabilities</b>			
Amounts owing to participants	4	200.0	200.0
Net deferred tax liabilities		51.5	51.6
Provisions		7.2	9.0
Revenue received in advance		0.1	0.1
<b>Total non-current liabilities</b>		<b>258.8</b>	<b>260.7</b>
<b>Total liabilities</b>		<b>6,381.7</b>	<b>6,627.5</b>
<b>Net assets</b>		<b>3,874.1</b>	<b>3,824.1</b>
<b>Equity</b>			
Issued capital		3,027.2	3,027.2
Retained earnings		604.8	576.9
Restricted capital reserve		71.5	71.5
Asset revaluation reserve		161.6	139.7
Equity compensation reserve		9.0	8.8
<b>Total equity</b>		<b>3,874.1</b>	<b>3,824.1</b>



# Consolidated statement of changes in equity

	Note	Issued capital \$m	Retained earnings \$m	Restricted capital reserve \$m	Asset revaluation reserve \$m	Equity compensation reserve \$m	Total equity \$m
<b>For the half-year ended 31 December 2016</b>							
Opening balance at 1 July 2016		3,027.2	576.9	71.5	139.7	8.8	3,824.1
Profit for the period		-	219.4	-	-	-	219.4
Other comprehensive income for the period		-	-	-	21.9	-	21.9
<b>Total comprehensive income for the period, net of tax</b>		-	<b>219.4</b>	-	<b>21.9</b>	-	<b>241.3</b>
<b>Transactions with owners in their capacity as owners:</b>							
Employee share schemes - value of employee services		-	-	-	-	0.2	0.2
Dividends paid	2	-	(191.5)	-	-	-	(191.5)
<b>Closing balance at 31 December 2016</b>		<b>3,027.2</b>	<b>604.8</b>	<b>71.5</b>	<b>161.6</b>	<b>9.0</b>	<b>3,874.1</b>
<b>For the half-year ended 31 December 2015</b>							
Opening balance at 1 July 2015		3,027.2	526.3	71.5	125.4	9.3	3,759.7
Profit for the period		-	213.1	-	-	-	213.1
Other comprehensive income for the period		-	-	-	(2.2)	-	(2.2)
<b>Total comprehensive income for the period, net of tax</b>		-	<b>213.1</b>	-	<b>(2.2)</b>	-	<b>210.9</b>
<b>Transactions with owners in their capacity as owners:</b>							
Employee share schemes - value of employee services		-	-	-	-	0.5	0.5
Dividends paid	2	-	(183.9)	-	-	-	(183.9)
<b>Closing balance at 31 December 2015</b>		<b>3,027.2</b>	<b>555.5</b>	<b>71.5</b>	<b>123.2</b>	<b>9.8</b>	<b>3,787.2</b>

# Consolidated statement of cash flows

For the half-year ended	31 Dec 2016 \$m	31 Dec 2015 \$m
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	471.8	466.4
Payments to suppliers and employees (inclusive of GST)	(151.9)	(147.5)
	<b>319.9</b>	<b>318.9</b>
Interest received	73.9	74.4
Interest paid	(40.3)	(43.0)
Dividends received	4.9	4.9
Income taxes paid	(84.4)	(92.7)
<b>Net cash inflow from operating activities</b>	<b>274.0</b>	<b>262.5</b>
<b>Cash flows from investing activities</b>		
(Decrease)/increase in participants' margins and commitments	(66.4)	398.2
Payments for available-for-sale investments	(16.2)	-
Payments for other non-current assets	(36.0)	(24.0)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(118.6)</b>	<b>374.2</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(191.5)	(183.9)
<b>Net cash (outflow) from financing activities</b>	<b>(191.5)</b>	<b>(183.9)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(36.1)</b>	<b>452.8</b>
<b>(Decrease)/increase in fair value of cash and cash equivalents</b>	<b>(0.4)</b>	<b>0.4</b>
<b>(Decrease)/increase in cash and cash equivalents due to changes in foreign exchange rates</b>	<b>(34.1)</b>	<b>24.1</b>
Cash and cash equivalents at the beginning of the financial period	7,072.8	4,879.0
<b>Cash and cash equivalents at the end of the financial period</b>	<b>7,002.2</b>	<b>5,356.3</b>
<b>Cash and cash equivalents consist of:</b>		
ASX Group funds	1,014.5	1,047.8
Participants' margins and commitments	5,987.7	4,308.5
<b>Total cash and cash equivalents</b>	<b>7,002.2</b>	<b>5,356.3</b>

For the half-year ended	31 Dec 2016 \$m	31 Dec 2015 \$m
<b>Reconciliation of the operating profit after income tax to the net cash flows from operating activities:</b>		
<b>Net profit after tax</b>	<b>219.4</b>	<b>213.1</b>
<b>Add non-cash items:</b>		
Depreciation and amortisation	22.1	20.8
Share-based payments	0.2	0.5
Share of net profit of equity accounted investments	(0.5)	(0.4)
Tax on fair value adjustment of available-for-sale financial assets	0.3	(0.2)
Tax on fair value adjustment of cash flow hedges	(0.2)	0.1
<b>Changes in operating assets and liabilities:</b>		
Increase/(decrease) in tax balances	8.0	(1.7)
(Increase)/decrease in current receivables	(1.8)	5.1
(Increase) in prepayments	(4.3)	-
(Decrease) in payables	(19.2)	(23.3)
Increase in revenue received in advance	50.5	49.1
(Decrease) in other current liabilities	-	(0.1)
Increase in current provisions	1.3	0.5
(Decrease) in non-current provisions	(1.8)	(1.0)
<b>Net cash inflow from operating activities</b>	<b>274.0</b>	<b>262.5</b>

# Notes to the financial statements

ASX is a for-profit company limited by shares, incorporated and domiciled in Australia.

The condensed consolidated financial statements of the Group for the half-year ended 31 December 2016 were authorised for issue by the Board of Directors on 17 February 2017. The directors have the power to amend and reissue the financial statements.

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

- have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*
- have been prepared on a historical cost basis, except for available-for-sale financial assets and investments, which have been measured at fair value
- are presented in Australian dollars (being ASX's functional and presentation currency) with all values rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with ASIC Legislative Instrument 2016/191.

The half-year financial statements do not include all of the information required for full-year financial statements. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 June 2016 and any public announcements made by the Company during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Group's accounting policies have been consistently applied to all years presented, unless otherwise stated.

## 1. Segment reporting

### (a) Description of segment

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

The CODM assesses performance of the Group as a single segment, being a vertically integrated organisation that provides a multi-asset class product offering.

Vertical integration includes the:

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

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

In addition to reviewing performance based on statutory profit after tax, the CODM assesses the performance of the Group based on underlying profit after tax. This measure excludes amounts regarded as significant items of revenue and expenses such as those that may be associated with significant business restructuring or individual transactions of an infrequent nature. There were no items reported as significant in the current or prior financial period.

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

### (b) Segment results

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

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

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

Half-year ended 31 December 2016	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
<b>Revenue</b>			
Listings	80.7	0.3	81.0
Issuer services	22.6	-	22.6
<b>Listings and Issuer Services</b>	<b>103.3</b>	<b>0.3</b>	<b>103.6</b>
Cash market trading	23.3	-	23.3
Information services	39.9	-	39.9
Technical services	32.8	0.3	33.1
<b>Trading Services</b>	<b>96.0</b>	<b>0.3</b>	<b>96.3</b>
Cash market clearing	26.8	-	26.8
Cash market settlement	26.1	-	26.1
<b>Equity Post-Trade Services</b>	<b>52.9</b>	-	<b>52.9</b>
Equity options	11.0	-	11.0
Futures and OTC	97.2	-	97.2
Austraclear	24.8	0.1	24.9
<b>Derivatives and OTC Markets</b>	<b>133.0</b>	<b>0.1</b>	<b>133.1</b>
<b>Other</b>	<b>1.4</b>	<b>(0.2)</b>	<b>1.2</b>
<b>Operating revenue</b>	<b>386.6</b>		
Interest income		72.7	72.7
Dividend income		4.9	4.9
Share of net profit of equity accounted investments		0.5	0.5
<b>Total revenue</b>		<b>78.6</b>	<b>465.2</b>
<b>Expenses</b>			
Staff	(55.2)	-	(55.2)
Occupancy	(7.3)	-	(7.3)
Equipment	(14.6)	(0.7)	(15.3)
Administration	(8.1)	(5.2)	(13.3)
Variable	(3.4)	3.4	-
ASIC supervision levy	(1.5)	1.5	-
<b>Operating expenses</b>	<b>(90.1)</b>		
<b>EBITDA</b>	<b>296.5</b>		
Finance costs	-	(40.1)	(40.1)
Depreciation and amortisation	(22.1)	-	(22.1)
<b>Total expenses</b>	<b>(22.1)</b>	<b>(41.1)</b>	<b>(153.3)</b>
<b>EBIT</b>	<b>274.4</b>		

Half-year ended 31 December 2016	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
<b>Net interest and dividend income</b>			
Net interest income	9.4	(9.4)	-
Net interest on participant balances	23.2	(23.2)	-
Dividend income	4.9	(4.9)	-
<b>Net interest and dividend income</b>	<b>37.5</b>	<b>(37.5)</b>	<b>-</b>
<b>Underlying profit before tax</b>	<b>311.9</b>	<b>-</b>	<b>311.9</b>
Income tax expense	(92.5)	-	(92.5)
<b>Underlying profit after tax</b>	<b>219.4</b>	<b>-</b>	<b>219.4</b>
Significant items, net of tax	-	-	-
<b>Net profit after tax</b>	<b>219.4</b>	<b>-</b>	<b>219.4</b>

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

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

## 2. Dividends

Dividends recognised and paid by ASX for the half-years ended 31 December 2016 and 2015:

	Cents per share	Total amount \$m
<b>2016</b>		
Final dividend for the year ended 30 June 2016	99.0	191.7
<b>2015</b>		
Final dividend for the year ended 30 June 2015	95.1	184.1

The above dividends paid by ASX include amounts attached to certain shares held by the Group's Long-Term Incentive Plan Trust (LTIP). The dividend revenue recognised by LTIP of \$0.2 million (31 December 2015: \$0.2 million) has been eliminated on consolidation.

Since the end of the half-year, the directors have determined the below interim dividend. The dividend will be fully franked based on tax paid at 30%.

	Cents per share	Total amount \$m
Interim dividend for the half-year ended 31 December 2016	102.0	197.5

The interim dividend has not been recognised in the financial statements for the half-year ended 31 December 2016, and will be recognised in the following reporting period.

## 3. Issued capital

There was no movement in ordinary share capital. The following table presents the movement in treasury shares during the period.

	31 Dec 2016	30 Jun 2016
<b>Number of treasury shares</b>		
Opening balance	181,269	181,269
Issue of deferred shares	(5,419)	-
Shares transferred to LTIP	1,376	-
<b>Closing balance</b>	<b>177,226</b>	<b>181,269</b>

## 4. Amounts owing to participants

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

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

	31 Dec 2016 \$m	30 Jun 2016 \$m
Cash	5,603.8	5,674.9
Debt securities	183.9	213.3
<b>Current amounts owing to participants</b>	<b>5,787.7</b>	<b>5,888.2</b>
Commitments	200.0	200.0
<b>Non-current amounts owing to participants</b>	<b>200.0</b>	<b>200.0</b>
<b>Total participants' margins and commitments</b>	<b>5,987.7</b>	<b>6,088.2</b>

As at 31 December 2016, collateral lodged by clearing participants was as follows:

	ASX Clear		ASX Clear (Futures)	
	31 Dec 2016 \$m	30 Jun 2016 \$m	31 Dec 2016 \$m	30 Jun 2016 \$m
Cash	445.5	815.7	5,158.3	4,859.2
Bank guarantees	4.5	14.6	-	-
Equity securities	3,754.0	3,385.7	-	-
Debt securities	-	-	183.9	213.3

Collateral lodged as bank guarantees or equities are not recognised on the balance sheet as the Group is not party to the contractual provisions of the instruments other than in the event of a default.

All net delivery and net payment obligations relating to cash market and derivative securities owing to or by participants as at 31 December 2016 were subsequently settled.

## 5. Fair value measurements of financial instruments

### (a) Fair value hierarchy and valuation techniques

The following tables present the Group's financial assets measured and recognised at fair value at 31 December 2016 and 30 June 2016. The Group did not have any financial liabilities measured at fair value at 31 December 2016 or 30 June 2016.

31 December 2016	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Assets</b>				
Available-for-sale financial assets				
- Negotiable certificates of deposit	-	848.0	-	848.0
- Promissory notes	-	1,590.5	-	1,590.5
- Treasury notes	-	26.9	-	26.9
- Floating rate notes	-	426.8	-	426.8
- Bonds	581.5	429.2	-	1,010.7
Available-for-sale investments	382.0	-	24.1	406.1
<b>Total assets</b>	<b>963.5</b>	<b>3,321.4</b>	<b>24.1</b>	<b>4,309.0</b>

### 30 June 2016

30 June 2016	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Assets</b>				
Available-for-sale financial assets				
- Negotiable certificates of deposit	-	1,179.5	-	1,179.5
- Promissory notes	-	1,123.1	-	1,123.1
- Treasury notes	-	114.8	-	114.8
- Floating rate notes	-	1,012.9	-	1,012.9
- Bonds	213.3	152.8	-	366.1
Available-for-sale investments	334.9	-	23.3	358.2
<b>Total assets</b>	<b>548.2</b>	<b>3,583.1</b>	<b>23.3</b>	<b>4,154.6</b>

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

There were no transfers between levels for recurring measurements during the period. The Group did not measure any financial assets at fair value on a non-recurring basis as at 31 December 2016.

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

### Level 1

Level 1 inputs are unadjusted quoted prices in active markets at the measurement date for identical assets and liabilities. Financial instruments included in this category are the Group's external listed equity investment and Australian Government bonds.

The fair value of the listed investment is determined by reference to the ASX-quoted closing price at reporting date and the fair value of Australian Government bonds are determined by reference to readily observable quoted prices for identical assets in active markets.

### Level 2

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). All current available-for-sale financial assets other than Australian Government bonds as noted above are classified as level 2 financial instruments as their fair values are determined using either discounted cash flow models or observable market prices for identical assets that are not actively traded.

### Level 3

Level 3 inputs are based on unobservable market data. The fair value of the Group's external unlisted equity investment is determined by reference to the most recent purchase price (inclusive of the cost of any rights to acquire) for the same class of securities held at reporting date. As this is an unobservable input, the investment is classified as a level 3 financial instrument.

### (b) Fair values of other financial instruments

The Group has a number of financial instruments which are not measured at fair value on the balance sheet. Due to their short-term nature, the carrying amounts of current receivables and current payables are assumed to approximate their fair value. The carrying amount of non-current payables approximates their fair value as the impact of discounting is not significant.

### (c) Level 3 fair value instruments

The following table presents the changes in level 3 instruments for the periods ended 31 December and June 2016.

	31 Dec 2016 \$m	30 Jun 2016 \$m
Opening balance	23.3	-
Additions	-	24.4
FX revaluation gain/(loss) <sup>1</sup>	0.8	(1.1)
Closing balance	24.1	23.3

<sup>1</sup>The gain/(loss), net of tax, recognised as a result of changes in foreign exchange rates has been recognised within the asset revaluation reserve.

There were no gains or losses recognised in profit or loss for the periods ended 31 December 2016 and 30 June 2016.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. This analysis assumes all other variables, in particular foreign exchange rates, remain constant.

Description	Investment in unlisted entities
Fair value at 31 Dec 2016	\$24.1 million
Unobservable inputs*	Purchase price
Change in inputs	10%
Relationship of unobservable inputs to fair value	A 10% increase/decrease in the purchase price would increase/decrease fair value by \$2.4 million

\*There were no significant inter-relationships between unobservable inputs that materially affect fair values.

## 6. Intangible assets

### Software

During the half-year ended 31 December 2016, the Group incurred \$17.8 million of capital expenditure for software (31 December 2015: \$13.4 million).

### Goodwill

The pre-tax discount rate for all cash generating units (CGUs) used in the value-in-use calculations changed from 9.5% at 30 June 2016 to 9.25% at 31 December 2016. There were no other changes in the assumptions detailed in the 2016 annual financial report to support the carrying value of goodwill.

## 7. Available-for-sale investments

	31 Dec 2016 \$m	30 Jun 2016 \$m
Investments in listed entities	382.0	334.9
Investments in unlisted entities	24.1	23.3
Total available-for-sale investments	406.1	358.2

During the current half-year, ASX purchased 1,429,639 shares in IRESS as part of the IRESS placement offer. The total purchase cost of the share capital was \$16.2 million.

## 8. Contractual contingencies

In December 2016, ASX entered into a contract with the Australian Financial Markets Association to become the new administrator of the Bank Bill Swap (BBSW) benchmark rate. In accordance with this contract, an amount may be payable in June 2017. No provision has been recognised in relation to this as the amount is contingent upon future events. The maximum amount payable is not material.

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

There are no new or amended standards applicable for the first time for the December 2016 half-year report that affect the Group's accounting policies or any of the amounts recognised in the financial statements.

## 10. Subsequent events

From the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group.

# Directors' declaration

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

(a) the financial statements and notes that are contained in pages 6 to 14 are in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

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

Signed in accordance with a resolution of the directors:



Rick Holliday-Smith  
Chairman



Dominic J Stevens  
Managing Director and CEO

Sydney, 17 February 2017



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



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## Report on the half-year financial report

We have reviewed the accompanying half-year financial report of ASX Limited (the company), which comprises the consolidated balance sheet as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the ASX Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

## Directors' responsibility for the half-year financial report

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

## Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## Independence

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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the consolidated entity is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date, and

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

PricewaterhouseCoopers

Matthew Lunn  
Partner  
Sydney, 17 February 2017