Australian Stock Exchange Limited

ABN 98 008 624 691

CONSOLIDATED FINANCIAL STATEMENTS

INCLUDING ADDITIONAL APPENDIX 4E DISCLOSURES

FOR THE YEAR ENDED

30 JUNE 2003

RELEASED
27 August 2003

Australian Stock Exchange Limited
Consolidated Financial Results and Dividend Announcement
for the year ended 30 June 2003

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INTERNET

These results will be available on the Internet at http://www.asx.com.au under the ASX shareholder information menu from 9.30am Australian Eastern Standard Time on 27th August 2003. A web cast (video / audio recording) of the briefing to analysts will also be available on the ASX website from 5pm on 27th August 2003.

ENQUIRIES

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APPENDIX 4E (Rule 4.3A)
PRELIMINARY FINAL REPORT
for the year ended 30 June 2003

RESULTS FOR ANNOUNCEMENT TO THE MARKET
(All comparisons to year ended 30 June 2002)

	$'000	**up/down**	**% movement**
Revenues from ordinary activities	214,801	up	2.1%
Profit/(loss) from ordinary activities after tax attributable to members	57,753	down	2.3%
Net profit/(loss) for the period attributable to members	57,753	down	2.3%

Dividend information	**amount per share**	**franked amount per share**	**tax rate for franking**
Interim dividend per share *(paid 28 March 2003)*	21.5c	21.5c	30%
Final dividend per share	18.1c	18.1c	30%
Special dividend	27.5c	27.5c	30%
Total dividends per share for the year	67.1c	67.1c	

Final dividend dates	
Ex dividend date	4 September 2003
Record date	10 September 2003
Payment date	22 September 2003

	30 June 03	**30 June 02**
Net tangible asset backing	$2.03	$1.89

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

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 2003, including a brief financial summary.

Profit and earnings per share

Operating profit after tax and outside equity interest for the year ended 30 June 2003 was $57.8 million, a decrease of 2.3% on the $59.1 million achieved during the previous corresponding period to 30 June 2002. The result includes a one-off write-down of expenditure associated with the ASX FundConnect project amounting to $3.5 million in profit after tax. Removing the effect of this one-off, profit was $61.3 million, an increase of 3.7%.

Based on 101,971,038 weighted average number of ordinary shares on issue during the year to 30 June 2003, the result represents earnings of 59.3 cents per share before goodwill amortisation. This compares with the 60.9 cents per share achieved for the previous corresponding period. Earnings per share were 56.6 cents on a post goodwill basis compared with 58.3 cents per share for the previous corresponding period.

Dividend

Directors have declared a fully franked interim dividend of 18.1 cents per share, representing a payout of 70% of second half profit after tax. This compares with the 21.5 cents per share paid for the interim dividend in March 2003 and the 21.1 cents per share final dividend paid in September 2002.

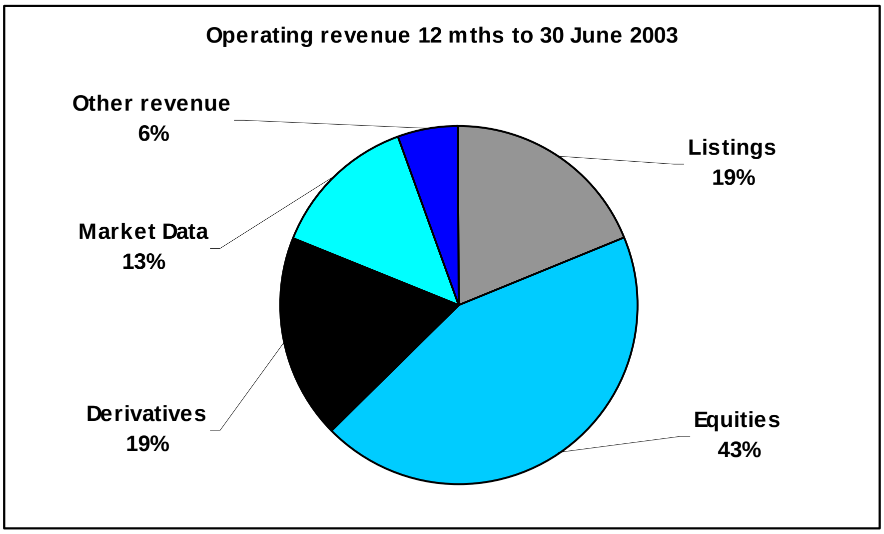
Directors have also declared a fully franked special dividend of 27.5 cents per share. Dividends for the year ended 30 June 2003 total 67.1 cents per share compared with total dividends of 40.6 cents per share last year.

Review of operations

Results – revenue

Revenue from ordinary activities for the year to 30 June 2003 was $214.8 million, a 2.1% increase on the $210.4 million achieved during the year to 30 June 2002. These figures include revenue from interest and dividends. Operating revenue excluding interest and dividend revenue increased to $206.8 million from $205.1 million.

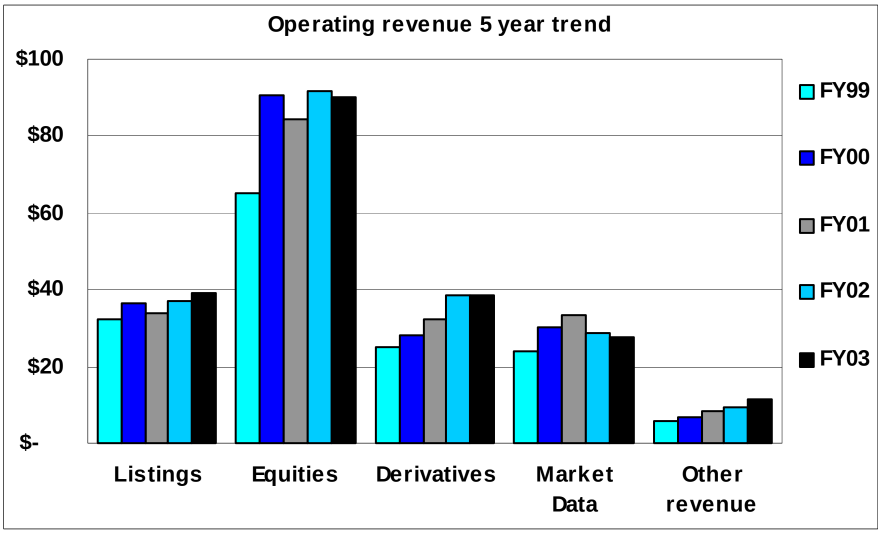
The chart below provides a breakdown of operating revenue (excluding interest and dividend revenue) by category for the year ended 30 June 2003:



Operating revenue for the year ended 30 June 2003, compared with the year ended 30 June 2002 shows:

- Listings revenue increased by 4.8% to $38.8 million from $37.0 million;
- Equities trading, clearing and settlement revenue decreased by 1.4% to $90.2 million from $91.5 million;
- Derivatives revenue increased by 0.3% to $38.4 million from $38.3 million;
- Market data revenue decreased by 4.1% to $27.6 million from $28.8 million;
- Other revenue increased by 24.4% to $11.7 million from $9.4 million.

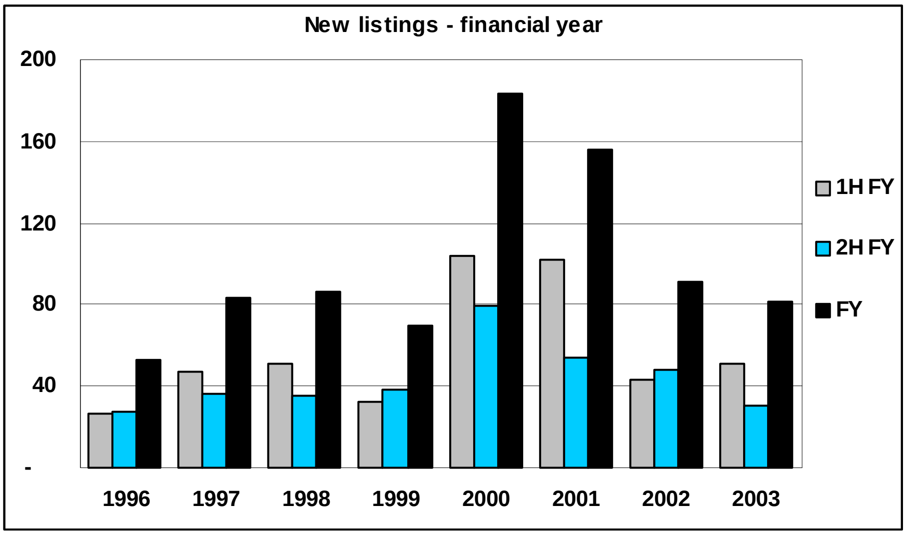
The graph below demonstrates these trends, showing revenue by category across each of the last five consecutive years:



Revenue by category
Revenue from listings was $38.8 million.

During the period there were 81 new listings compared with 91 for the previous corresponding period. The total number of listed entities at 30 June 2003 was 1,516 compared with 1,510 at 30 June 2002.

The graph below shows the number of new listings for each six-month period:

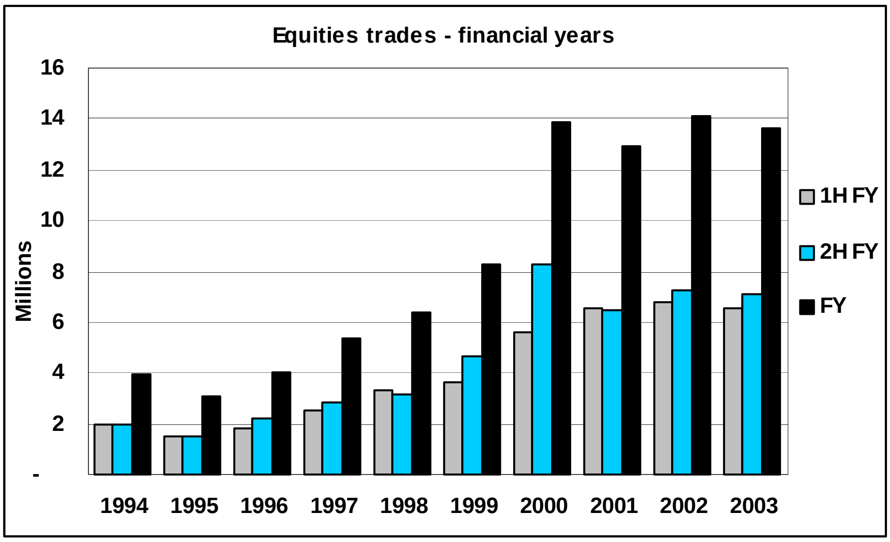


Revenue from equities trading, clearing and settlement was $90.2 million. This revenue was achieved on total SEATS trades during the period of 14.20 million, comprising 13.66 million equities trades, 0.38 million warrants trades and 0.16 million interest rate securities trades. These totals equate to daily averages of 54,018 in equities (down 3.6%), 1,480 in warrants (down 21.7%) and 615 in interest rate securities (up 6.4%).

The average revenue per trade for the period was $5.60, compared with $5.36 for the corresponding year. The full breakdown of this $5.60 financial average is provided on page 16. The increase in average revenue per trade reflects a higher average trade value and completion of the phased removal of the Customer Incentive Plan (CIP) from 1 July 2002. Due to a lower overall level of trades, the increased Settlement Volume Rebate did not fully offset the removal of the CIP. Revenue from other CHESS services including listed company holding statements reduced.

The average fee charged by ASX to a broker for each (buy or sell) side of a trade was $2.01 during the year. The basic fee charged to a broker for a $5,000 trade was on average, $1.39 and for a $10,000 trade was $1.49.

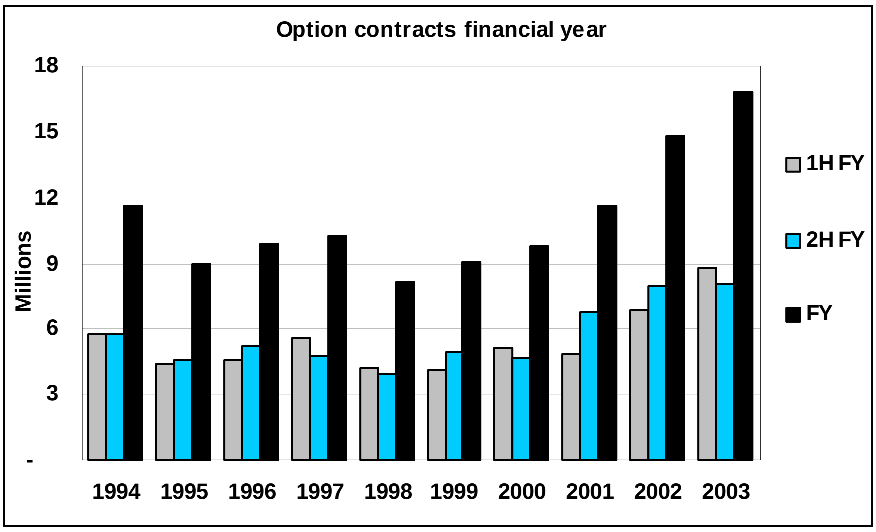
The graph below shows the level of equity trades for each year across the last 10 financial years:



Revenue achieved from derivatives was $38.4 million. This result reflects the continued strong growth in option contract volumes, offset by the warrants business experiencing a period of transition. Investment-style warrants now make up the majority of products issued, which will earn recurring annual listing fees. However these investment-style products have traditionally experienced lower turnover than short-dated trading-style warrants.

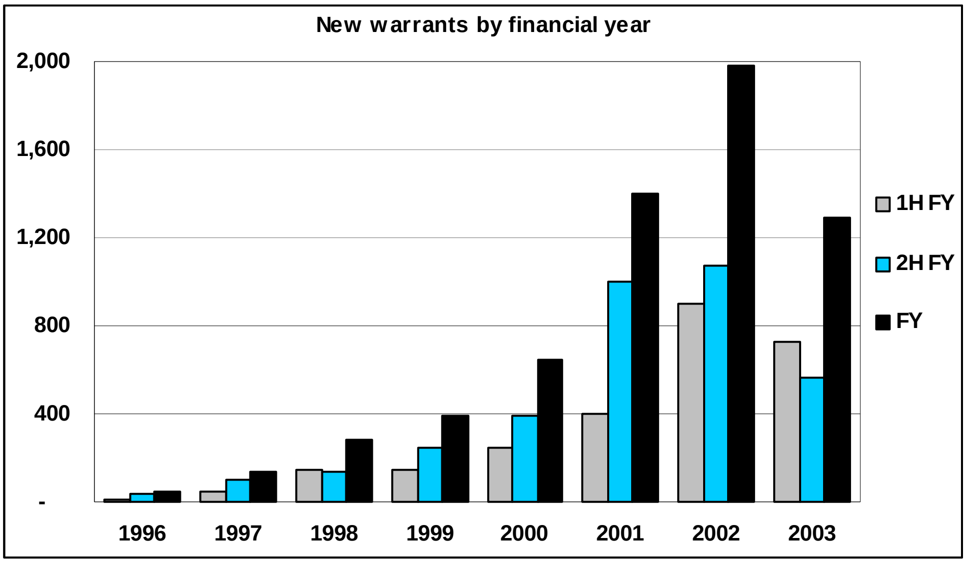
The total number of options contracts traded was 16.9 million, a new record for a financial year, representing a daily average of 66,596. This is a 13.3% increase on the 58,759 daily average contracts traded during the previous year. The average revenue per contract was $1.58 compared with $1.62 for the previous year.

The graph below shows the level of option contracts traded in each year:



The number of new warrants issued was 1,289 compared with 1,978 for the previous financial year. The majority of warrant products now listed represent longer-dated investment-style products which are subject to an annual fee equivalent to the new warrant listing fee of $2,500. This shifting dynamic has altered the income profile of the warrants business, which has also experienced a reduction in daily trading levels.

The graph below shows the level of new warrants issued across each year:



Revenue from market data was $27.6 million for the year ended 30 June 2003. The majority of this revenue is achieved through wholesale distribution of market data to the professional financial services market, generally earned on a 'per terminal' basis.

Market data revenue performance reflects a stabilisation of the losses seen across consecutive half-year periods since the June 2001 half-year. The market data business continues to be reviewed and appropriately re-engineered, with resulting improvements in costs, efficiencies and product offerings.

ASX has recently launched ASX ComNews, an enhanced service providing quality live or (20-minute delayed) reproductions of all company announcements. The service captures electronically lodged announcements in full colour and clarity and redistributes these on a royalty per user basis. The marketing of this new product has coincided with the decommissioning of outdated infrastructure associated with the Image Dissemination Service (IDS) and Signal G. This service and infrastructure re-engineering has led to a small number of redundancies.

At the same time, ASX has improved its provision of company announcement information via asx.com.au to ensure basic provision of free market information to the general investing public.

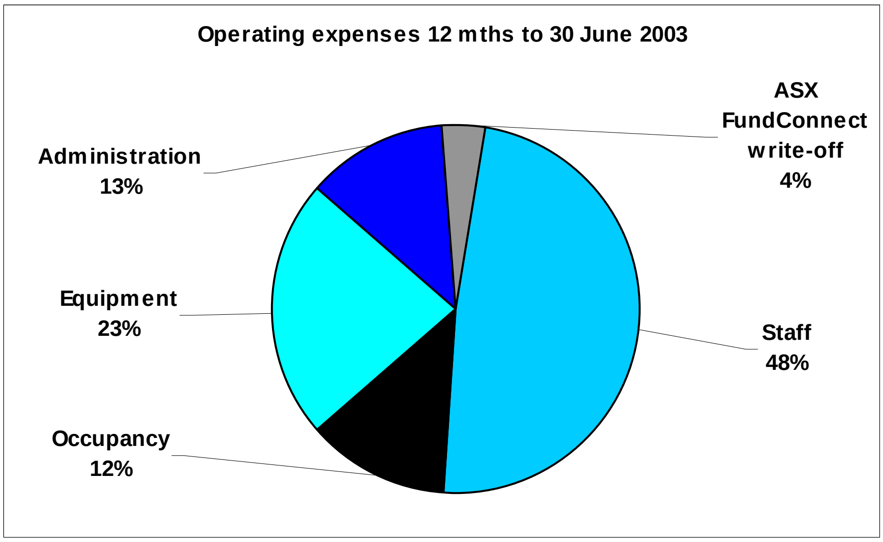
ASX has also entered into an alliance with Aspect Financial Services, who will produce and market a new information service called Signal G Digest. The new service will replace the previous ASX-produced Signal G in a brief text-based format. Signal G Digest will provide a 'quick-grab' summary of price sensitive announcements made by listed companies.

The other revenue category incorporates revenue from Orient Capital Pty Limited, participation fees and investor services including education courses.

Results - expenses

Operating expenses for the year ended 30 June 2003 increased by 4.1% to $132.5 million from $127.2 million for the previous corresponding year. Excluding the ASX FundConnect write-off ($5.046 million), operating expenses were $127.5 million, an increase of just 0.2%.

The graph below shows the proportion of expenses attributable to each category for the year to 30 June 2003:

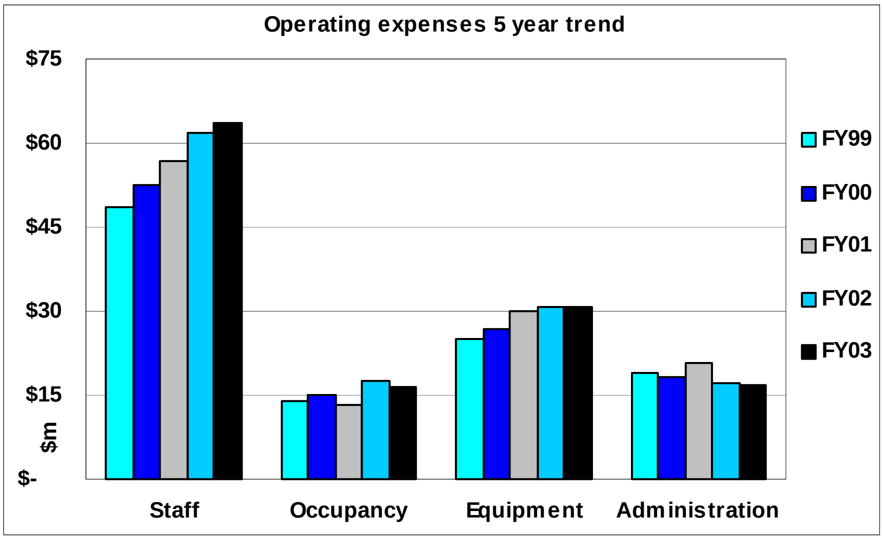


Staff expenses have risen by 2.8% to $63.6 million and are based on full time equivalent permanent staff (FTE) numbers of 568 (excluding 17 for Orient Capital). The number of FTE's compares with 559 at 30 June 2002 and 606 at 30 June 2001.

Occupancy expense reduced by 6.0% to $16.4 million, partly reflecting the reversal of a provision for surplus lease space, particularly within ASX's Melbourne offices. The provision has proven conservative with additional subleasing of available space.

Equipment expense (excluding the write-off of capitalised expenditure on ASX FundConnect) is almost unchanged from the previous year. Administration expenses include advertising and promotion charges, travel, and professional consulting fees. Administration expenses were reduced further during the year by 2.5% to $16.8 million.

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



ASX achieved Earnings Before Interest and Tax (EBIT) of $74.4 million compared with $78.0 million for the previous corresponding period, a decrease of 4.5%. Interest and dividend revenue of $8.0 million comprises interest earned on ASX's cash reserves, which had reached $87.7 million at 30 June 2003, and the dividends earned on ASX's investment in IRESS Market Technology, equalling $1.53 million (2.8 cents per share interim dividend, and 7.4 cents per share final dividend on 15 million shares). ASX also earns interest income on a shareholder loan to ASX Perpetual Registrars Limited at a commercial rate.

Income tax expense was $22.4 million, an effective tax rate of 27.8%.

ASX's 50% investment in ASX Perpetual Registrars Limited contributed $0.9 million pre goodwill. Amortisation of goodwill arising from ASX's investment and previously held within ASX Perpetual amounted to $2.6 million. ASX's interest in Orient Capital contributed an after tax profit of $0.4 million before goodwill amortisation of $0.13 million.

These adjustments result in a net profit after tax and equity accounting of $57.8 million, a decrease of 2.3% on the $59.1 million achieved in the previous corresponding period.

The level of capital expenditure has also remained low during the period, consistent with the level during the 2002 financial year. There are no immediate plans to increase this level of expenditure. Capital expenditure was $10.1 million compared with $8.2 million for the previous corresponding period. As a result, depreciation and amortisation expense has reduced to $17.2 million from $18.6 million, reflecting a lower level of capital expenditure across the last two years.

Other activities

During the period, ASX has also:

- Withdrawn from the ASX FundConnect initiative, aimed at providing industry-wide electronic transaction infrastructure to the funds management industry. The decision led to the write-off of capitalised expenditure on the project of $5.046 million, amounting to $3.5 million after tax.
- Continued to expand the range of futures products provided by ASX Futures Exchange Pty Limited, a wholly owned subsidiary of ASX.

  Commencing in January 2002, ASX offered 'Mini' index futures using the S&P ASX50 and S&P ASX200 indices. These products continue to gradually gain traction, encouraged by inclusion of the all S&P ASX50 constituents within the S&P global 1200 index. ASX has sought and received the necessary regulatory approvals from the Commodities and Futures Trading Commission (CFTC) for US investors to trade these products. These approvals allow ASX to promote these products to US investors and for ASX futures market participants to act as intermediaries for US investors trading these products.

  Property trust index futures commenced trading during August 2002 and have proven the most successful ASX futures contract so far. The attractiveness of this product reflects the highly developed listed property trust sector within the Australian market.

  During 2002, a consortium of electricity industry participants approached ASX with funding for the development of a futures contract for trading electricity. These contracts began trading during October 2002 allowing electricity market participants to effectively manage risk.

  Most recently ASX has announced its intention to offer a wool futures contract following the successful introduction of agricultural futures contracts over barley, canola, sorghum and wheat. ASX has contracted Australian Commodity Investments (ACI) to assist in the development of these commodity futures. ACI's principals include Man Financial, the world's largest independent futures broker.

  Each of these products requires interaction with ASIC for the regulatory approval of contract specifications and business rules relating to the trading, clearing and settlement of these futures products by ASX Futures Exchange Pty Limited and Options Clearing House Pty Limited. This regulatory interaction has been constructive and effective in facilitating the expansion of product offered by ASX.

- Expanded the list of stocks that can be traded via the ASX/SGX co-trading link. This increases the list to 100 stocks in each market accessible directly through the co-trading link to investors in each respective market. This expansion in product is consistent with the expansion of US securities made available with all securities in the S&P 500 tradeable and virtually any other listed security available on request.

- Released results from the ASX Shareownership survey conducted during November 2002. The results showed continued strong participation from retail investors, with 50% of adult Australians owning shares directly or indirectly. The average value of portfolio holdings increased by 25%, with the average number of shares held increasing from 3 to 6 since the last survey in 2000.
- Released the Towers Perrin investment report showing the continued outperformance of listed investments across a 10-year period, with listed property trusts and equities outperforming investment property, cash and bonds, on an after tax basis.
- Committed to maintain the level of investor confidence in the market, through the establishment of the ASX Corporate Governance Council and subsequent publication of 'Principles of Good Corporate Governance and Best Practice Recommendations'.
- Introduced a range of enhanced disclosure initiatives to maintain integrity and reinforce the importance of transparency and disclosure to the effective operation of the market.
- Enhanced ASX investor education activities through partnerships with Exhibitions and Trade Fairs, who conduct the Channel 9 Money Expo, and Telstra Countrywide who sponsor a national program of ASX investor education regional roadshows.

Equity investments
ASX's 50% interest in ASX Perpetual Registrars Limited contributed $0.9 million on a pre goodwill basis for the year ended 30 June 2003. This compares with $2.0 million for the previous corresponding period. ASX's share of goodwill amortisation from ASX's acquisition of 50% of the joint venture and previously held from the Perpetual acquisition of the entity from Coopers and Lybrand, amounted in total to $2.6 million.

ASX Perpetual achieved revenue for the year ended 30 June 2003 of $48.9 million, a 12.2% increase on the $43.6 million achieved during the previous year. Operating expenses increased by 4.8% to $36.7 million, although average FTE employees reduced by 20.

EBITDA increased by 42.8% to $12.1 million, with depreciation and amortisation including a charge for the new technology infrastructure, equalling $7.6 million for the year ended 30 June 2003. ASX Perpetual also recorded increased interest expense associated with shareholder loans to ASX and Perpetual, and increased tax expense.

ASX Perpetual won significant new clients during the year, including Brambles, John Fairfax Holdings, Australian Agricultural Company, Incitec Pivot, and most recently Westpac Banking Corporation, which will be transferred during September 2003.

ASX's 50% controlling interest in Orient Capital contributed $0.4 million for the year ended 30 June 2003. This compares with the $0.1 million for the previous corresponding period. Amortisation of goodwill amounted to $0.1 million. Orient Capital recorded strong revenue growth, which combined with stable costs to produce a strong increase in consolidated contribution to ASX. Orient Capital's performance was driven by growth in both its Shareholder Services division and sales of the *mIRacle*™ investor relations database.

Outlook

ASX is actively engaged to ensure compliance with the Financial Services Reform Act. Transition to new licensing arrangements for market operators and clearing and settlement facility providers must be completed by March 2004. Associated with this process of compliance, ASX has undertaken broad reforms and structural enhancement of its business, particularly within clearing and settlement.

As evidenced by ASX's announcement during November 2002, ASX is progressing towards the formation of the Australian Clearing House (ACH). This project includes application to the Federal Minister for the separation of funds held for investor protection and systemic stability within the National Guarantee Fund (NGF). This application is made under s891A of the Corporations Act and regulation 7.5.85 of the Corporations Regulations.

This split will complement ASX's progression towards the formation of a single central counterparty for all trades on ASX's markets, by properly resourcing the clearinghouse with adequate levels of capital backing. As the clearinghouse responsible for all clearing services in ASX markets, ACH will perform integrated risk management and will carry the corresponding counterparty risk.

Payment of funds held for systemic stability to ACH will contribute significantly to the creation of an improved structure for clearing support in the Australian marketplace, further enhancing the domestic and international reputation and attractiveness of Australian financial markets. The new structure will provide a properly capitalised central counterparty, which gives investors confidence that bargains struck on that market will be honoured. It will also provide a more flexible structure to allow ACH to take immediate action to protect systemic stability in the event of a default by a clearing participant. The new structure will improve clearing system risk management consistent with the Financial Stability Standards issued by the Reserve Bank of Australia.

Any payment to ACH would not alter the original underlying purpose nor the quantum of funds provided by the NGF; that is for the protection of Australian investors through fidelity and clearing support. Rather, the proposed payment from NGF to ACH simply reflects the transferral of clearing support funding, liabilities and ongoing responsibilities from NGF to ACH. This division of the NGF will permit more efficient and effective use of funds in a structure better designed to achieve this underlying purpose in the future.

ASX continues to explore opportunities to maintain organic growth within its markets. Given the relatively high levels of retail share ownership in Australia, there is a perception of market saturation and therefore limited scope for future growth. During the past five years, ASX has witnessed significant increased participation from retail investors in terms of the average number of equity holdings, the value of the average direct portfolio held by retail investors and exposure to new products including interest rate securities.

The demand for ASX investor education courses continues to be strong, particularly in derivatives. This steady progress in the sophistication of investor activity underlies ASX's potential for future growth. An inhibitor has clearly been the performance of equity markets during the past two years. ASX's retail advertising campaign addresses these inhibitions and barriers to participation in the market, emphasising that knowledge through education is the key to greater wealth.

Australian Stock Exchange Limited
Consolidated Financial Results and Dividend Announcement
for the year ended 30 June 2003

Key ratios & statistics		**Year ended 30 June 2003**	Year ended 30 June 2002	Year ended 30 June 2001
Earnings per share (EPS)				
· pre-goodwill amortisation cps		**59.3**	60.9	52.9
· post-goodwill amortisation cps		**56.6**	58.3	50.4
Dividends per share (DPS)				
· interim cps		**21.5**	19.5	26.8
· final cps		**18.1**	21.1	16.5
· special cps		**27.5**	-	-
Earnings before interest, tax, depreciation & amortisation (EBITDA) $'000 (pre equity accounted result)		**91,591**	96,525	90,103
Depreciation and amortisation $'000		**17,157**	18,572	18,451
Earnings before interest and tax (EBIT) $'000 (pre equity accounted result)		**74,434**	77,953	71,652
EBITDA / Operating revenue %	*	**44.3**	47.1	46.8
EBIT / Operating revenue %	*	**36.0**	38.0	37.2
Profit before goodwill amortisation and tax / Operating revenue %	*	**40.1**	41.6	40.0
Total expenses (excluding FundConnect expenses) / Operating revenue %	*	**61.6**	62.0	62.8
Capital expenditure for period $'000		**10,142**	8,173	29,489
Net tangible asset backing per share	^	**$2.03**	$1.89	$1.67
Shareholders' equity as a % of total assets	^	**78.3**	74.8	71.8
Return on equity:				
- period end (operating profit after tax pre-goodwill amortisation) %	^	**28.4**	31.2	30.5
- period end (operating profit after tax) %	^	**27.1**	29.9	29.1
- monthly average (operating profit after tax pre-goodwill amortisation) %	^	**30.0**	34.7	29.9
- monthly average (operating profit after tax) %	^	**28.6**	33.2	31.3
Weighted average number of ordinary shares		**101,971,038**	101,476,027	101,252,339
Full time equivalent (FTE) permanent staff (In addition, Orient Capital has 17 FTEs (2002: 17, 2001: 20)).		**568**	559	606

* Operating revenue excludes interest and dividend revenue.
^ The 30 June 2001 comparatives have been recalculated after excluding the dividend provided for in that period.

Key ratios & statistics (continued)	**Year ended 30 June 2003**	Year ended 30 June 2002	Year ended 30 June 2001
Number of new listings	**81**	91	156
Number of listed entities *	**1,516**	1,510	1,499
Equity trades (000)	**13,821**	14,148	12,950
Average daily equity trades (000)	**54.6**	56.1	51.4
Warrant trades (000)	**375**	476	308
Average daily warrant trades (000)	**1.5**	1.9	1.2
Average trading & settlement fees (equity & warrant trades)	**$5.60**	$5.36	$5.37
Option contracts (000)	**16,851**	14,808	11,649
Average daily option contracts (000)	**66.6**	58.8	46.2
Average option fee per contract	**$1.58**	$1.62	$1.69
Number of new warrant series	**1,289**	1,978	1,403
Total warrant series	**1,080**	1,266	1,010

An indication of the basic fee charged to brokers for a retail trade of $5,000 is $1.39 and a $10,000 trade is $1.49. The total average fee for trading, clearing & settlement which incorporates all fees charged to brokers and all other market participants is set out in the table below.

Average trading & settlement fee:

Single side (buy or sell)	**Year ended 30 June 2003 One side**	Year ended 30 June 2002 One side	Year ended 30 June 2001 One side
Order fee	**$0.15**	$0.15	$0.14
Trade fee	**$0.61**	$0.54	$0.49
Clearing & settlement**	**$1.25**	$1.28	$1.33
Customer incentive plan	**-**	-$0.15	-$0.17
Total trading & settlement charge to brokers (one side) for buy or sell trade	**$2.01**	$1.82	$1.79
Total of both buy and sell	**$4.02**	$3.64	$3.58
Other CHESS fees	**$0.20**	$0.18	$0.29
Non broker participants	**$0.41**	$0.38	$0.40
Listed companies	**$0.97**	$1.16	$1.10
Total average trading & settlement fee per trade	**$5.60**	$5.36	$5.37

* Includes all stapled entities.
** Amount is net of settlement volume discounts.

Australian Stock Exchange Limited
Consolidated Financial Results and Dividend Announcement
for the year ended 30 June 2003

Consolidated statement of revenue and expenses

	Year ended 30 June 2003 $'000	Year ended 30 June 2002 $'000	Year ended 30 June 2001 $'000
Revenues			
Listings	**38,833**	37,039	34,052
Equities trading, clearing & settlement	**90,243**	91,488	84,407
Derivatives trading, clearing & settlement	**38,442**	38,346	32,514
Market data	**27,588**	28,775	33,273
Other revenue	**11,706**	9,407	8,356
Total revenues	**206,812**	205,055	192,602
Expenses			
Staff expenses	**63,618**	61,858	56,674
Occupancy expenses	**16,423**	17,467	13,380
Equipment expenses	**30,649**	30,707	30,172
Administration expenses	**16,642**	17,070	20,724
Total expenses (excluding FundConnect)	**127,332**	127,102	120,950
FundConnect expenses	**5,046**	-	-
Total expenses	**132,378**	127,102	120,950
EBIT	**74,434**	77,953	71,652
Interest & dividend revenue	**7,989**	5,332	5,182
Net profit pre goodwill and equity accounted result	**82,423**	83,285	76,834
Income tax (expense)	**(22,415)**	(23,448)	(23,438)
Net profit after income tax expense pre goodwill and equity accounted result	**60,008**	59,837	53,396
Equity accounted result after tax pre goodwill	**869**	2,030	148
Goodwill amortisation – APRL	**(2,582)**	(2,506)	(2,472)
Goodwill amortisation – Orient Capital	**(129)**	(129)	(54)
Net profit after income tax expense	**58,166**	59,232	51,018
Net (profit)/loss attributable to outside equity interest	**(413)**	(100)	2
Net profit after tax and equity accounting	**57,753**	59,132	51,020

Included within the above figures is Orient Capital Pty Limited which contributed profit of $413,000 after outside equity interest (2002: $100,000).

Australian Stock Exchange Limited
Consolidated Financial Results and Dividend Announcement
for the year ended 30 June 2003

Summary statement of consolidated cash flows	**Year ended 30 June 2003 $'000**	Year ended 30 June 2002 $'000	Year ended 30 June 2001 $'000
EBIT	**74,434**	77,953	71,652
Depreciation & amortisation	**17,157**	18,572	18,451
Interest & dividend revenue	**7,989**	4,889	5,340
Income taxes paid	**(19,873)**	(21,921)	(32,768)
(Increase) in working capital	**(7,162)**	(3,048)	(3,643)
Loss/(profit) on sale of non-current assets	**1**	(98)	281
Net cash provided by operating activities	**72,546**	76,347	59,313
Expenditure on internally developed assets	**(4,295)**	(4,475)	(16,960)
Purchase of plant and equipment	**(5,847)**	(3,698)	(12,529)
Proceeds on sale of plant and equipment	**147**	665	276
Payments for investments	**(1,050)**	(1,002)	(25,712)
Proceeds from disposal of investments	**-**	-	5,413
Loans from/(to) associate	**527**	(7,460)	(7,650)
Net cash (used in) investing activities	**(10,518)**	(15,970)	(57,162)
Free cash flow	**62,028**	60,377	2,151
Dividends paid	**(43,448)**	(36,535)	(59,416)
Receipts from employee share plan loans	**682**	704	754
Net cash flow	**19,262**	24,546	(56,511)

ASX Perpetual Registrars Limited Statement of revenue and expenses	**Year ended 30 June 2003 $'000**	Year ended 30 June 2002 $'000
Revenues	**48,888**	43,555
Operating expenses	**36,744**	35,051
EBITDA	**12,144**	8,504
Depreciation & amortisation (excluding goodwill)	**7,564**	3,634
EBIT	**4,580**	4,870
Interest expense	**2,138**	897
Net profit before tax and goodwill amortisation	**2,442**	3,973
Income tax (expense)/benefit	**(704)**	86
Net profit after tax pre goodwill amortisation *	**1,738**	4,059
Goodwill amortisation **	**(2,948)**	(2,950)
Net (loss)/profit after income tax expense	**(1,210)**	1,109

Reconciliation to ASX equity accounted result

	50% share	**50% share**
EBITDA	**6,072**	4,252
Depreciation & amortisation (excluding goodwill)	**3,782**	1,817
EBIT	**2,290**	2,435
Interest expense	**1,069**	448
Net profit before tax and goodwill amortisation	**1,221**	1,987
Income tax (expense)/benefit	**(352)**	43
Net profit after tax pre goodwill amortisation *	**869**	2,030

ASX equity accounted result

50% of net profit after tax pre goodwill amortisation *	**869**	2,030
Goodwill amortisation (50% of APRL's goodwill) **	**(1,474)**	(1,476)
Goodwill amortisation (on acquisition of APRL)	**(1,108)**	(1,030)
Total goodwill amortisation	**(2,582)**	(2,506)
ASX equity accounted result	**(1,713)**	**(476)**

Statements of financial performance
for the year ended 30 June 2003

	Note	Consolidated		The Company	
		2003	2002	**2003**	2002
		$000	$000	**$000**	$000
Revenues from ordinary activities					
Listings		38,833	37,039	-	-
Equities trading, clearing & settlement		90,243	91,488	-	-
Derivatives trading, clearing & settlement		38,442	38,346	-	-
Market data		27,588	28,775	-	-
Dividend revenue		1,530	1,017	52,530	34,801
Interest revenue		6,459	4,315	2,840	1,168
Other revenue		11,706	9,407	-	-
Total revenues from ordinary activities	2	214,801	210,387	55,370	35,969
Expenses from ordinary activities					
Staff expenses		63,618	61,858	-	-
Occupancy expenses		16,423	17,467	-	-
Equipment expenses		35,695	30,707	-	-
Administration expenses		16,771	17,199	538	557
Total expenses from ordinary activities	3, 4	132,507	127,231	538	557
Share of net profits/(losses) of associate accounted for using the equity method	12	(1,713)	(476)	-	-
Profit from ordinary activities before income tax expense		80,581	82,680	54,832	35,412
Income tax (expense) relating to ordinary activities	5(a)	(22,415)	(23,448)	(691)	(182)
Profit from ordinary activities after income tax expense		58,166	59,232	54,141	35,230
Net (profit)/loss attributable to outside equity interest	20	(413)	(100)	-	-
Net profit attributable to members of the parent entity	19	57,753	59,132	54,141	35,230
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners		57,753	59,132	54,141	35,230
Basic earnings per share (cents per share)	7	56.6	58.3		
Diluted earnings per share (cents per share)	7	56.2	57.7		

The statements of financial performance are to be read in conjunction with the notes to the financial statements.

AUSTRALIAN STOCK EXCHANGE LIMITED AND CONTROLLED ENTITIES

Statements of financial position
at 30 June 2003

	Note	Consolidated		The Company	
		2003	2002	**2003**	2002
		$000	$000	**$000**	$000
Current assets					
Cash assets	25	87,669	68,407	53,917	21,399
Receivables	8	21,830	23,545	-	-
Other assets	9	7,084	5,260	-	-
Total current assets		116,583	97,212	53,917	21,399
Non-current assets					
Investments accounted for using the equity method	12	47,741	49,454	-	-
Investments - other	10	22,950	22,950	132,877	132,877
Deferred tax assets	5(c)	9,333	9,092	9,060	-
Property, plant and equipment	13	54,304	63,782	-	-
Receivables	8	18,730	19,938	18,730	19,939
Intangible assets	11	2,276	2,405	-	-
Total non-current assets		155,334	167,621	160,667	152,816
Total assets		271,917	264,833	214,584	174,215
Current liabilities					
Payables	14	10,366	14,010	-	1,050
Interest bearing liabilities	15	9	32	-	-
Current tax liabilities	5(b)	10,999	7,968	10,585	178
Provisions	16	17,804	22,655	-	-
Other liabilities	17	4,878	5,787	6	-
Total current liabilities		44,056	50,452	10,591	1,228
Non-current liabilities					
Interest bearing liabilities	15	-	23	-	-
Deferred tax liabilities	5(d)	5,446	5,694	5,406	29
Provisions	16	9,616	10,583	-	-
Other liabilities	17	-	-	62,489	47,553
Total non-current liabilities		15,062	16,300	67,895	47,582
Total liabilities		59,118	66,752	78,486	48,810
Net assets		212,799	198,081	136,098	125,405
Equity					
Parent entity interest					
Contributed equity	18	106,282	106,282	106,282	106,282
Retained profits	19	105,899	91,594	29,816	19,123
Total parent entity interest in equity		212,181	197,876	136,098	125,405
Total outside equity interest	20	618	205	-	-
Total equity		212,799	198,081	136,098	125,405

The statements of financial position are to be read in conjunction with the notes to the financial statements.

Statements of cash flows
for the year ended 30 June 2003

	Note	Consolidated		The Company	
		2003	2002	**2003**	2002
		$000	$000	**$000**	$000
Cash flows from operating activities					
Receipts from customers		227,158	225,744	-	-
Payments to suppliers and employees		(148,295)	(136,357)	(532)	(557)
Dividends received		1,530	1,017	52,530	34,801
Interest received		6,459	3,872	2,840	1,168
Income taxes paid	5(b)	(19,873)	(21,921)	(12,069)	(626)
Receipts from subsidiaries under tax funding agreement		-	-	18,102	-
Cash received from Financial Industry Development Account		5,567	3,992	-	-
Net cash provided by operating activities	25(a)	72,546	76,347	60,871	34,786
Cash flows from investing activities					
Expenditure on internally developed assets		(4,295)	(4,475)	-	-
Purchase of plant and equipment		(5,847)	(3,698)	-	-
Proceeds on sale of plant and equipment	2	147	665	-	-
Payments for non-current investments		(1,050)	(1,002)	(1,050)	(2,003)
Loans from subsidiary entities		-	-	14,936	26,999
Loans from/(to) associate		527	(7,460)	527	(7,460)
Net cash (used in) / provided by investing activities		(10,518)	(15,970)	14,413	17,536
Cash flows from financing activities					
Dividends paid	6	(43,448)	(36,535)	(43,448)	(36,535)
Proceeds from employee share plans		682	704	682	704
Net cash (used in) financing activities		(42,766)	(35,831)	(42,766)	(35,831)
Net increase in cash held		19,262	24,546	32,518	16,491
Cash at the beginning of the financial year		68,407	43,861	21,399	4,908
Cash at the end of the financial year		87,669	68,407	53,917	21,399

The statements of cash flows are to be read in conjunction with the notes to the financial statements.

1. Statement of significant accounting policies

The significant accounting policies that have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there has been a change in accounting policy, are consistent with those of the previous year.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

(b) Principles of consolidation

Controlled entities

The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

Outside interests in the equity and results of the entities that are controlled by the company are shown as a separate item in the consolidated financial statements.

ASXL owns 100% of Securities Exchanges Guarantee Corporation Limited (SEGC). The financial statements of SEGC have not been included in the consolidated financial statements because ASXL is not entitled to the entity's assets, nor is it able to control the entity so as to pursue ASXL objectives.

Associates

Associates are those entities, other than partnerships, over which the consolidated entity exercises significant influence and which are not intended for sale in the near future.

In the consolidated financial statements, investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's equity accounted share of the associates' net profit or loss after tax is recognised in the consolidated statement of financial performance from the date significant influence commences until the date significant influence ceases. Other movements in reserves are recognised directly in consolidated reserves.

Transactions eliminated on consolidation

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

Unrealised gains resulting from transactions with associates are eliminated to the extent of the consolidated entity's interest. Unrealised gains relating to associates are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence a recoverable amount impairment.

(c) Revenue recognition

Operating revenue

Operating revenue comprises amounts earned (net of returns, rebates and allowances) from the provision of products or services to entities outside the consolidated entity. Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority, when the goods are provided or, in relation to the provision of services, when services have been performed.

Interest revenue

Interest revenue is recognised as it accrues. It includes gains or losses on short-term bills when revaluing them to market.

Dividend revenue

Dividends are recognised when they are received.

1. Statement of significant accounting policies (continued)

(c) Revenue recognition (continued)

Sale of non-current assets
The profit and loss on disposal of assets is brought to account at the date when ownership passes to a party external to the consolidated entity.

The gain/(loss) on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net of proceeds on disposal.

(d) Goods and Services Tax

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 ATO is included as a current asset or liability in the statement of financial position.

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

(e) Taxation

The consolidated entity adopts the income statement liability method of tax-effect accounting.

Income tax expense for the year is calculated on the operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, are carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt, or in relation to tax losses, when realisation is virtually certain.

ASXL elected to form a tax consolidated group for income tax purposes with effect from 1 July 2002. ASXL, the head entity, therefore recognises all of the deferred tax assets and liabilities of the tax consolidated group (after elimination of intragroup transactions). Refer to note 5 for further details.

(f) Earnings per share

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

Diluted EPS is calculated by dividing net profit attributable to members of the parent entity for the reporting period by the weighted average number of ordinary shares and dilutive potential ordinary shares.

(g) Cash and cash equivalents

Cash assets are stated at market value.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 1 working day, with a term to maturity of less than three months.

(h) Receivables

The collectibility of debts is assessed at reporting date and specific provision is made for any doubtful accounts. Trade debtors to be settled within thirty days are carried at amounts due.

(i) Investments

Controlled entities
Investments in controlled entities are carried in the company's financial statements at the lower of cost and recoverable amount.

Associates
In the company's financial statements, investments in unlisted shares of associates are carried at the lower of cost and recoverable amount.

Other companies
Other investments are carried at the lower of cost or recoverable amount.

1. Statement of significant accounting policies (continued)

(j) Property, plant and equipment

Cost and valuation
All classes of property, plant and equipment are measured at cost.

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

Depreciation and amortisation
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:

	Years
- Plant and equipment	3-7
- Computer equipment & software development	3-7
- Motor vehicles	4-6
- Leased motor vehicles capitalised	3-4
- Leasehold improvements	The lease term

Leased plant and equipment
Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases
The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the elapsed items, are recognised as an expense on a straight-line basis.

Leased premises
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 future accounting periods. The provision has been calculated on the basis of discounted net future cash flows. The net lease costs are charged against the results for those periods to permit a proper matching of expenditure and revenue. Refer note 1(s) for further details.

Capitalisation and amortisation of software expenditure
Expenditure for major upgrades or enhancements to existing major systems is capitalised and written off over seven years, or if minor enhancement 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.

(k) Software development for third parties

Work in progress for the development of software for parties external to the company is carried at cost less progress billings, less any provision for foreseeable losses. Profit is not recognised until it is assessed by the company as being earned beyond any reasonable doubt.

(l) Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity.

For associates the consolidated financial statements include the carrying amount of goodwill in the equity accounted investment carrying amount.

Goodwill is amortised on a straight-line basis over the period during which benefits are expected to arise. This period of amortisation is 20 years.

(m) Recoverable amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds the recoverable amount, the asset is written down. In determining recoverable amount, the relevant cash flows have been discounted to their present value.

1. Statement of significant accounting policies (continued)

(n) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the company or consolidated entity. Trade accounts payable are settled on normal commercial terms.

(o) Employee benefits

Wages, salaries, annual leave, sick leave and non-monetary benefits
Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided up to reporting date. The provisions have been calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs.

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. Refer note 1(s) for further details.

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. The unwinding of the discount is treated as long service leave expense.

Employee and executive share plans
The value of equity based compensation schemes as described in note 21(b) and 21(c) are not recognised as an employee benefits expense. It is anticipated this policy will change with the introduction of International Financial Reporting Standards.

(p) Superannuation fund

ASX employees are members of the ASX Superannuation Plan (the plan), which is part of an externally managed multi-employer trust. The plan exists to provide benefits for employees and their dependants on retirement, disability or death. The consolidated entity contributes to the plan in addition to contributions made by employees. Employer contributions are recognised as an expense as they are made.

A provision exists that was created by continuing company contributions when the former internally managed fund was in surplus. The provision is being amortised against future company committed contributions. Details of the utilisation of the provision are contained in note 16.

(q) Financial Industry Development Account (FIDA) and Securities Industry Development Account (SIDA)

SEGC holds the assets of the National Guarantee Fund (the Fund) in trust for the purposes set out in the provisions of Part 7.5 Division 4 of the Corporations Act 2001 and administers the Fund in accordance with those provisions. SEGC is able to determine that, without limiting its guarantee capacity, funds in excess of the Fund's "minimum amount" may be transferred to ASXL to be paid into a separate account designated as FIDA (previously SIDA). Money held by ASXL in the SIDA/FIDA account may only be used for a purpose that has been approved by the Federal Treasurer. In relation to FIDA funding, the Minister may approve purposes relating to programs for the development of the financial industry that are conducted primarily for a public benefit. Previously, in relation to SIDA funding, the Minister could approve purposes relating to programs for the development of the securities industry. SIDA and FIDA receipts are recognised on an accruals basis.

(r) Foreign currency

Foreign currency transactions are translated to Australian currency at the rates of exchange prevailing at the dates of the transactions. At 30 June 2003 there were no significant foreign currency exposures (2002: $nil).

(s) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, being risk free rates of government bonds most closely matching the expected future payments. The unwinding of the discount is treated as part of the expense related to the particular provision.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

1. Statement of significant accounting policies (continued)

(s) Provisions (continued)

Surplus lease space
Provision is made for surplus 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;
- currently occupies the premises, but the premises have been assessed to be of no substantive benefit beyond a known future date.

The provision has been calculated on the basis of discounted estimated net future cash flows.

	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
2. Revenues from ordinary activities					
Revenues from operating activities					
Operating revenue		206,812	205,055	-	-
Interest revenue					
- associated companies	26	1,013	765	1,013	765
- other parties		5,446	3,550	1,827	403
Dividend revenue					
- controlled entities		-	-	51,000	33,784
- other corporations		1,530	1,017	1,530	1,017
Revenues from ordinary activities		214,801	210,387	55,370	35,969
Proceeds on sale of plant and equipment		147	665	-	-
3. Expenses/(gains) from ordinary activities					
Included in expenses from ordinary activities are the following items:					
Depreciation of:					
Plant and equipment		4,040	4,393	-	-
Motor vehicles		113	165	-	-
Computer equipment and software		6,632	7,525	-	-
Total depreciation		10,785	12,083	-	-
Amortisation of:					
Computer software		6,360	6,409	-	-
Leased motor vehicles		12	80	-	-
Goodwill		129	129	-	-
Total amortisation		6,501	6,618	-	-
Total depreciation and amortisation expenses		17,286	18,701	-	-
Net bad & doubtful debts expense/(write-back & recoveries)		(334)	289	-	-
Net loss/(gain) on sale of plant and equipment		1	(98)	-	-
Operating lease rental expense		14,827	15,145	-	-
4. Individually significant items included in profit from ordinary activities before income tax expense					
ASX FundConnect expenses (including write-off)		5,046	-	-	-
Total		5,046	-	-	-

5. Taxation

	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
(a) Income tax (expense)				
Prima facie income tax (expense) calculated at 30% (2002: 30%) on the operating profit before tax	(24,174)	(24,804)	(16,450)	(10,624)
Movement in income tax (expense) due to				
- Non-tax deductible items	(367)	(517)	-	-
- Dividends from wholly owned subsidiaries	-	-	15,300	-
- Imputation credit gross up	(197)	-	(197)	-
- Franking credit offset	656	-	656	-
- Rebatable dividend income	-	305	-	10,442
- FIDA / SIDA non-assessable income	1,053	997	-	-
- Research and development concession	494	585	-	-
- Equity accounted associate result	(514)	(143)	-	-
- Building allowance	48	48	-	-
- Amortisation of goodwill	(39)	(39)	-	-
Income tax expense related to current and deferred tax transactions of the wholly-owned subsidiaries in the tax consolidated group	-	-	(21,348)	-
	(23,040)	(23,568)	(22,039)	(182)
Over provision in prior year	625	120	-	-
Recovery of income tax under a tax funding agreement	-	-	21,348	-
Total income tax (expense)	(22,415)	(23,448)	(691)	(182)
Total income tax (expense) is made up of:				
Current income tax provision	(23,529)	(20,933)	(22,476)	(153)
Deferred tax liability	248	(893)	(5,377)	(29)
Deferred tax asset	241	(1,742)	9,060	-
Over provision in prior year	625	120	-	-
Tax related receivable from wholly owned subsidiaries	-	-	21,348	-
Deferred tax balances transferred on 1 July 2002	-	-	(3,246)	-
Total income tax (expense)	(22,415)	(23,448)	(691)	(182)
(b) Provision for current income tax				
Balance at beginning of year	7,968	9,076	178	651
Current year’s income tax expense on operating profit	23,529	20,933	22,476	153
Income tax paid	(19,873)	(21,921)	(12,069)	(626)
(Over) provision in prior year	(625)	(120)	-	-
Provision for current income tax	10,999	7,968	10,585	178
(c) Deferred tax asset				
Deferred tax asset reflects the future benefit at an income tax rate of 30% (2002: 30%) of the following items:				
Provisions for:				
- Doubtful debts	199	323	199	-
- Employee entitlements	5,843	5,073	5,772	-
- Leased premises	2,289	2,882	2,289	-
- Superannuation	163	269	163	-
Accrued expenses	550	306	527	-
Revenue received in advance	289	239	110	-
Deferred tax asset	9,333	9,092	9,060	-

5. Taxation (continued)

	Consolidated		The Company	
	2003	2002	**2003**	2002
	$000	$000	**$000**	$000
(d) Deferred tax liability				
Deferred tax liability comprises the estimated expense at an income tax rate of 30% (2002: 30%) of the following items:				
Deferred income	147	190	147	29
Prepayments	62	124	62	-
Capitalised project costs	4,579	4,672	4,574	-
Depreciation timing differences	658	708	623	-
Deferred tax liability	5,446	5,694	5,406	29

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 Urgent Issues Group Abstract 52 "Income Tax Accounting under the Tax Consolidation System" the deferred tax balances of the subsidiaries in the tax consolidated group have been transferred to ASXL at their carrying value on 1 July 2002. ASXL has compensated the subsidiaries for those amounts based on the carrying value of the deferred tax balances. ASXL will now recognise the current and deferred income tax liabilities and assets of all the entities within the tax consolidated group.

Tax funding agreement

ASXL entered into a tax funding agreement with the following subsidiaries:
- ASX Operations Pty Limited;
- Options Clearing House Pty Limited;
- ASX Settlement and Transfer Corporation Pty Limited; and
- ASX International Services Pty Limited.

The tax funding agreement is effective from 1 July 2002. 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 subsidiaries party to the tax funding agreement will reimburse ASXL for their portion of the group's tax expense based on a formula set out in the agreement, and will recognise this amount as tax expense in their financial statements. All deferred tax balances for the group will now be recognised in ASXL. As a result the deferred tax balances within ASXL are significantly higher than in the prior financial year.

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 – 2002	21.1	21,514	27 September 2002	30%	100%
Interim – 2003	21.5	21,934	28 March 2003	30%	100%
Total amount		43,448			

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 – 2003	18.1	18,466	22 September 2003	30%	100%
Special – 2003	27.5	28,055	22 September 2003	30%	100%
Total amount	45.6	46,521			

The final and special dividend have not been brought to account in the financial statements for the year ended 30 June 2003 but will be recognised in subsequent financial reports.

6. Dividends (continued)

	Consolidated 2003 $000	Consolidated 2002 $000
Dividend franking account		
30% franking credits available to shareholders of ASXL for subsequent financial years	19,363	14,510

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:
(a) franking credits that will arise from the payment of the current income tax payable; and
(b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

Change in measurement of dividend franking amount
In accordance with the New Business Tax System (Imputation) Act 2002, the measurement basis of the dividend franking account changed on 1 July 2002 from an after-tax profits basis to an income taxes paid basis.

The amount of franking credits available to shareholders disclosed as at 30 June 2003 has been measured under the new legislation and represents income tax paid amounts available to frank distributions.

The change in the basis of measurement does not change the underlying value of franking credits or tax offsets available to shareholders from the dividend franking account.

Comparative information has been restated for this change in measurement.

7. Earnings per share

	Consolidated 2003	Consolidated 2002
Basic earnings per share (cents)	56.6	58.3
Diluted earnings per share (cents)	56.2	57.7

	2003 $000	2002 $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	57,753	59,132
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	101,971,038	101,476,027
Effect of dilutive securities: Contingently issuable shares	729,424	1,040,445
Weighted average number of ordinary shares used in calculating diluted earnings per share	102,700,462	102,516,472
Weighted average number of converted, lapsed or cancelled potential ordinary shares included in the calculation of diluted earnings per share	3,140	11,749

	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
8. Receivables					
Current					
Trade debtors		20,240	20,796	-	-
Less: Provision for doubtful debts		(661)	(1,069)	-	-
		19,579	19,727	-	-
Other debtors		2,251	3,818	-	-
		21,830	23,545	-	-
Non-current					
Loan to associate - unsecured		14,583	15,110	14,583	15,110
Employee share plan trust loans	21(c)	4,147	4,828	4,147	4,829
		18,730	19,938	18,730	19,939
9. Other assets					
Current					
Prepayments		2,637	1,845	-	-
Accrued revenue		4,447	3,415	-	-
		7,084	5,260	-	-
10. Investments - other					
Non-current					
Controlled entities					
Unlisted shares at cost		-	-	7,796	7,796
Subordinated loan - controlled entities		-	-	49,676	49,676
Investment in associate - at cost		-	-	52,455	52,455
Other corporations					
Listed shares at cost*		22,950	22,950	22,950	22,950
		22,950	22,950	132,877	132,877

* 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:	15%
Carrying amount of investment:	$22,950,000

The market value of shares held in IRESS Market Technology Limited at 30 June 2003 was $34,350,000 (2002: $39,000,000).

	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
11. Intangible assets				
Goodwill	2,588	2,588	-	-
Accumulated amortisation	(312)	(183)	-	-
	2,276	2,405	-	-

12. Investments accounted for using the equity method

	Consolidated		The Company	
	2003	2002	**2003**	2002
	$000	$000	**$000**	$000
Non-current				
Investment in associate	47,741	49,454	-	-

Details of the investment in associate, ASX Perpetual Registrars Limited (APRL), are as follows:

Principal activity:	Share registry services
Balance date:	30 June 2003
Ownership interest:	50%

ASX Perpetual Registrars Limited	**2003**	2002
Statement of revenue and expenses	**$000**	$000
Revenues	48,888	43,555
Operating expenses	36,744	35,051
EBITDA	12,144	8,504
Depreciation and amortisation (excluding goodwill)	7,564	3,634
EBIT	4,580	4,870
Interest expense	2,138	897
Net profit before tax and goodwill amortisation	2,442	3,973
Income tax (expense)/benefit	(704)	86
Net profit after tax pre goodwill amortisation	1,738	4,059
Goodwill amortisation	(2,948)	(2,950)
Net (loss)/profit after income tax expense	(1,210)	1,109

Reconciliation of associate's reported result to equity accounted result

ASXL's 50% share of APRL (loss)/profit	(605)	554
Goodwill amortisation	1,474	1,476
Income tax expense/(benefit)	352	(43)
Share of associate's operating profit before income tax and goodwill	1,221	1,987
Share of associate's income tax (expense)/benefit attributable to operating profit	(352)	43
Net profit after tax pre goodwill	869	2,030
Adjustments:		
Amortisation of goodwill arising from investment	(2,582)	(2,506)
Share of associate's net loss - equity accounted	(1,713)	(476)

The consolidated entity's share of aggregate assets, liabilities and profits/(losses) of associate is as follows:

Current assets	4,898	5,551
Non-current assets	41,197	44,239
Total assets	46,095	49,790
Current liabilities	2,318	4,946
Non-current liabilities*	14,684	15,146
Total liabilities	17,002	20,092
Net assets - as reported by associate	29,093	29,698
Adjustments arising from equity accounting:		
Goodwill (net of amortisation)	18,648	19,756
Net assets - equity adjusted	47,741	49,454

* Part of a shareholder subordinated loan facility to fund the development of a new registry system. ASXL share of funding facility is $14 million. Refer note 26(c) for further details.

12. Investments accounted for using the equity method (continued)

	2003 $000	2002 $000
Share of post-acquisition retained (losses) attributable to associate		
Share of associate's retained (losses) at the beginning of the year	(3,001)	(2,525)
Share of associate's net (losses) accounted for using the equity method	(1,713)	(476)
Share of associate's retained (losses) at the end of the year	(4,714)	(3,001)
Movement in carrying amount of investment		
Carrying amount of investment in associate at the beginning of the financial year	49,454	48,928
Additional purchase consideration paid	-	1,002
Share of associate's net loss	(1,713)	(476)
Carrying amount of investment in associate at the end of the financial year	47,741	49,454
Commitments		
Share of associate's operating lease commitments payable:	4,057	4,650
Share of associate's capital commitments:	-	1,241

13. Property, plant and equipment

	Consolidated		The Company	
	2003 $000	2002 $000	**2003 $000**	2002 $000
Non-current				
Property, plant and equipment - at cost				
Opening value	59,677	61,665	-	-
Additions	258	1,046	-	-
Transfers to computer equipment and software	-	(950)	-	-
Disposals	(1,295)	(2,084)	-	-
Other	150	-	-	-
Closing value	58,790	59,677	-	-
Accumulated depreciation				
Opening value	35,170	32,663	-	-
Depreciation expense	4,040	4,393	-	-
Depreciation written back on disposals	(1,295)	(1,886)	-	-
Closing value	37,915	35,170	-	-
Property, plant and equipment at net book value	20,875	24,507	-	-
Computer equipment and software - at cost				
Opening value	76,772	88,739	-	-
Additions	3,819	2,652	-	-
Transfers from capital works in progress	10,153	10,093	-	-
Transfers from property, plant and equipment	-	950	-	-
Disposals	(9,326)	(25,662)	-	-
Closing value	81,418	76,772	-	-
Accumulated depreciation				
Opening value	49,659	61,988	-	-
Depreciation expense	12,992	13,934	-	-
Depreciation written back on disposals	(9,151)	(25,472)	-	-
SIDA write-back	-	(791)	-	-
Closing value	53,500	49,659	-	-
Computer equipment and purchased software at net book value	27,918	27,113	-	-

13. Property, plant and equipment (continued)

	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Motor vehicles - at cost				
Opening value	1,071	1,319	-	-
Disposals	(389)	(248)	-	-
Closing value	682	1,071	-	-
Accumulated depreciation				
Opening value	570	576	-	-
Depreciation expense	113	165	-	-
Depreciation written back on disposals	(282)	(171)	-	-
Closing value	401	570	-	-
Motor vehicles at net book value	281	501	-	-
Leased motor vehicles - at cost				
Opening value	242	572	-	-
Disposals	(217)	(330)	-	-
Closing value	25	242	-	-
Accumulated amortisation				
Opening value	203	351	-	-
Amortisation expense	12	80	-	-
Amortisation written back on disposals	(201)	(228)	-	-
Closing value	14	203	-	-
Leased motor vehicles at net book value	11	39	-	-
Capital works in progress - at cost				
Opening value	11,622	17,240	-	-
Additions	6,065	4,475	-	-
Transfers to plant and equipment	(10,153)	(10,093)	-	-
Write-off	(2,315)	-	-	-
Closing value	5,219	11,622	-	-
Total property, plant and equipment at net book value	54,304	63,782	-	-
Total property, plant and equipment				
- At cost	146,134	149,384	-	-
- Accumulated depreciation and amortisation	(91,830)	(85,602)	-	-
Total property, plant and equipment at net book value	54,304	63,782	-	-

14. Payables

	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Current				
Trade creditors	5,961	5,737	-	-
Other creditors and accruals	4,405	8,273	-	1,050
	10,366	14,010	-	1,050

	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
15. Interest bearing liabilities					
Current					
Lease liabilities	22(c)	9	32	-	-
Non-current					
Lease liabilities	22(c)	-	23	-	-
16. Provisions					
Current					
Employee entitlements	21(a)	16,568	20,167	-	-
Leased premises		1,236	2,488	-	-
		17,804	22,655	-	-
Non-current					
Employee entitlements	21(a)	2,858	1,999	-	-
Leased premises		6,216	7,687	-	-
Superannuation		542	897	-	-
		9,616	10,583	-	-

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

	Employee entitlements $000	Leased premises $000	Superannuation $000	Total $000
Balance at 1 July 2002	22,166	10,175	897	33,238
- made during the year	11,600	-	-	11,600
- used during the year	(14,340)	(2,723)	(355)	(17,418)
Balance at 30 June 2003	19,426	7,452	542	27,420

	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
17. Other liabilities					
Current					
Listing fees received in advance		591	968	-	-
Other revenue received in advance		4,235	4,654	-	-
Other		52	165	6	-
		4,878	5,787	6	-
Non-current					
Loans from controlled entities	26(b)	-	-	62,489	47,553

	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
18. Contributed equity				
Share capital				
102,019,933 fully paid ordinary shares (2002: 101,518,760)	106,282	106,282	106,282	106,282

Ordinary shares	Number of shares	
Balance at the beginning of the financial year	101,518,760	101,450,227
Shares issued to managing director (3rd tranche approved by shareholders)	-	55,333
Shares issued under executive share plans	396,983	13,200
Shares issued to employees under short-term incentive plan	58,425	-
Shares issued to employees ($1,000 to each employee)	45,765	-
Balance at the end of the financial year	102,019,933	101,518,760

The above share issues were not recognised as an expense during the financial year.

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

	2003 No.	2002 No.
Conditional entitlements		
Movements in conditional entitlements during the financial year were as follows:		
Balance at the beginning of the financial year	569,000	600,300
Number issued during the financial year	58,400	532,600
Number maturing at the end of the financial year	-	(379,000)
Number cancelled or lapsed during the financial year	(64,800)	(184,900)
Balance at the end of the financial year	562,600	569,000

Terms and conditions of conditional entitlements

All entitlements have a price at offer date of $11.97, and expire on 30 June 2004. The Board may increase or decrease the amount of shares awarded to participants by 20% at the end of the financial performance period.

	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
19. Retained profits				
Balance at the beginning of the financial year	91,594	52,258	19,123	3,689
Net profit attributable to members of the parent entity	57,753	59,132	54,141	35,230
Dividends paid	(43,448)	(19,796)	(43,448)	(19,796)
Balance at the end of the financial year	105,899	91,594	29,816	19,123

	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
20. Outside equity interest					
Reconciliation of outside equity interest in a controlled entity comprise:					
Balance at the beginning of the financial year		205	105	-	-
Add share of operating profits		413	100	-	-
Total outside equity interest		618	205	-	-
Interest in share capital		107	107	-	-
Interest in retained profits at the end of the year		511	98	-	-
Total outside equity interest		618	205	-	-

Outside equity interest relates to Orient Capital Pty Limited.

21. Employee entitlements

(a) Aggregate employee entitlements, including on-costs

The aggregate employee entitlements recognised in the statement of financial position are as follows:

	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Current	16	16,568	20,167	-	-
Non-current	16	2,858	1,999	-	-
		19,426	22,166	-	-

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

	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
Assumed rate of increase in salary and wages rates	3.0%	3.0%	-	-
Discount rate applied to non-current portion	5.7%	5.7%	-	-
Settlement term (years)	6	6	-	-

The total number of full-time equivalent employees including Orient Capital Pty Limited as at 30 June 2003 was 585 (2002: 576).

(b) Employee share plans

The consolidated entity has implemented two general employee share plans. These are detailed below:

- *ASX employee share acquisition plan (plan 1)*

Two parcels of ordinary shares, having a market value of $1,000 each, were offered to all eligible employees at no cost. The first offer was made in December 1998 and the second offer in September 2002. As with the first offer, dealing in the second offer shares is not permitted for a period of three years from date of issue, unless the participant ceases to be an employee.

- *ASX employee share purchase plan (plan 2)*

Eligible employees were entitled to acquire ordinary shares up to a maximum market value of 10% of their fixed remuneration package, the total allocation being capped at a market value of approximately $2,500,000 for each of the three offers made so far under this plan. Employees were offered a 10-year interest-free, non-recourse loan to facilitate the share purchase. Ordinary shares issued under this facility are held in trust on the employees' behalf, with any dividends paid on those shares being applied against any outstanding loan balance. No term restrictions apply to plan 2 shares. Where employees elect to sell their shares, they become entitled to the excess of the proceeds over the amount outstanding on the loan and any costs of sale. Where sale proceeds fall short of loan balances plus selling costs, the trustee, ASX Operations Pty Limited, a controlled entity, underwrites the resulting loss. Further details of any contingent liabilities relating to the above employee share purchase plans can be found at note 23(h). The last offer made under this plan was April 2001.

21. Employee entitlements (continued)

(b) Employee share plans (continued)

Details of the ordinary shares allocated under both plans are as follows:

Plan	Number of eligible employees	Date of issue	Issue price $	Number of shares issued	Market value on issue $
Plan 1:					
- offer 1	536	5 Dec 1998	8.34	64,320	536,429
- offer 2	587	12 Sep 2002	12.37	45,765	566,113
Plan 2:					
- offer 1	470	5 Dec 1998	8.34	300,112	2,502,934
- offer 2	449	31 Mar 2000	13.85	179,374	2,484,330
- offer 3	592	20 Apr 2001	12.51	199,755	2,498,935
Total				**789,326**	**8,588,741**

Shares issued under Plan 1 – offer 1 vested with employees on 4 December 2001.

The details of plan 1 (offer 2) and plan 2 (offers 1, 2 and 3) are as follows:

	Plan 1 offer 2 No.	Plan 2 offer 1 No.	Plan 2 offer 2 No.	Plan 2 offer 3 No.	Total No.
Shares remaining at 30 June 2002	45,765	139,381	136,237	178,298	499,681
Shares disposed of during the financial year	3,888	18,773	14,060	16,707	53,428
Shares remaining at 30 June 2003	41,877	120,608	122,177	161,591	446,253
	$000	**$000**	**$000**	**$000**	**$000**
Loan balance at 30 June 2002	-	903	1,758	2,168	4,829
Loan repayments	-	120	180	200	500
Dividends paid (offset against loan balance)	-	54	55	73	182
Loan balance at 30 June 2003	-	729	1,523	1,895	4,147
Market value of shares at 30 June 2003	524	1,510	1,530	2,023	5,587

ASXL share price at 30 June 2003 $12.52 (2002: $13.40)

(c) Executive share plan

Shareholders have previously approved an executive share plan for senior executives and the managing director at the company's annual general meetings in October 1999 and October 2000. Under this plan, conditional entitlements to ordinary shares are awarded to senior executives and the managing director based on approved performance criteria. The number of ordinary shares ultimately issued at the end of the relevant performance period will depend on the extent to which stated performance criteria have been met. There have been three offers of conditional entitlements under this plan. On 24 July 2002, 396,983 shares were issued under the plan. The conditional entitlements are awarded for no consideration, and any ordinary shares subsequently issued will be for no consideration. A conditional entitlement to ordinary shares does not entitle a participant in the plan to participate in new issues of securities or to receive dividends. At the date of this report, conditional entitlements to 562,600 ordinary shares are outstanding (2002: 569,000). Under the plan, the number of ordinary shares to be provided may be increased or decreased by 20% at the discretion of the Board.

21. Employee entitlements (continued)

(d) Superannuation plans

The consolidated entity and employees contribute to the ASX Superannuation Plan (the plan) which is part of the Mercer Retirement Trust (MRT), a multi-employer trust. Within the plan, all members participate in the defined contribution fund except for seven members who remain in the defined benefit fund category. The plan complies with all the requirements of the Superannuation Industry (Supervision) Act 1993.

	2003 $000	2002 $000
At 31 May 2003, the latest available unaudited information relating to the fund is:		
Net market value of assets	28,215	26,920
Accrued benefits	28,047	26,862
Excess of net assets over accrued benefits	168	58
Vested benefits	28,035	26,824

An actuarial valuation of the fund was requested at 31 May 2003 in lieu of 30 June 2003. There was no significant change in the defined benefit fund category in June 2003, and there were no unfunded liabilities as at that date.

22. Commitments

(a) Capital and operating commitments

	Consolidated		**The Company**	
	2003 $000	2002 $000	**2003 $000**	2002 $000
Capital expenditure commitments contracted for but not yet incurred as at balance date are as follows:				
Due:				
Not later than one year	10,511	8,921	-	-
Later than one year but not later than two years	3,095	2,947	-	-
Later than two years	6,338	9,433	-	-
	19,944	21,301	-	-

(b) Operating lease rental commitments

	Consolidated		**The Company**	
	2003 $000	2002 $000	**2003 $000**	2002 $000
Future operating lease rental of premises not provided for in the financial statements:				
Due:				
Not later than one year	18,576	16,650	-	-
Later than one year but not later than five years	70,558	70,292	-	-
Later than five years	62,408	81,336	-	-
	151,542	168,278	-	-

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 nine years with options to extend for further periods. Future rentals are subject to indexation and periodical rental reviews.

(c) Finance lease commitments

Lease commitments in respect of capitalised finance leases are payable as follows:

	2003			2002		
	Gross lease payment $000	**Interest $000**	**Present value $000**	Gross lease payment $000	Interest $000	Present value $000
Due:						
Not later than one year	10	(1)	9	36	(4)	32
Later than one year but not later than five years	-	-	-	24	(1)	23
	10	(1)	9	60	(5)	55

22. Commitments (continued)

(c) Finance lease commitments (continued)

The consolidated entity enters into finance leases over motor vehicles expiring after three to four years for salary packaging purposes. Ownership passes to the consolidated entity when the lease is terminated or at the end of the lease. The vehicles are then sold either to employees or third parties at fair market value.

23. Contingent liabilities

(a) Support for National Guarantee Fund

If the amount of the National Guarantee Fund falls below the minimum amount determined in accordance with the Corporations Act 2001, SEGC may determine that ASXL must pay a levy to SEGC. Where a levy becomes payable, ASXL may determine that participants in the market must pay a levy, provided that the total amounts payable under this levy do not exceed the amount payable by ASXL to SEGC. Failure by either ASXL or a participant in the market to pay a levy does not constitute an offence under the Corporations Act 2001.

(b) Related entities

Pursuant to 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' report.

It is a condition of the Class Order that the company and each participating controlled entity enters into a Deed of Cross Guarantee (Deed). 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 controlled entities under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the law (or the Act), 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
- Australian Clearing House Pty Limited
- SECH Nominees Pty Limited

A consolidated statement of financial performance and consolidated statement of financial position, comprising the company and the subsidiaries that are party to the Deed after eliminating all transactions between parties to the Deed, at 30 June 2003, is shown below.

Summarised statement of financial performance and retained profits

for parties to the Deed of Cross Guarantee

	Consolidated	
	2003	2002
	$000	$000
Profit from ordinary activities before related income tax expense	74,364	50,784
Income tax (expense) relating to ordinary activities	(14,587)	(12,055)
Profit from ordinary activities after related income tax expense	59,777	38,729
Retained profits at beginning of the year	67,480	48,547
Net profit for the year	59,777	38,729
Dividends recognised during the year	(43,448)	(19,796)
Retained profits at end of the year	83,809	67,480

23. Contingent liabilities (continued)

(b) Related entities (continued)

Statement of financial position

for parties to the Deed of Cross Guarantee

	Consolidated	
	2003	2002
	$000	$000
Current assets		
Cash assets	84,928	67,050
Receivables	21,019	21,823
Other financial assets	4,497	5,255
Total current assets	110,444	94,128
Non-current assets		
Investments - other	137,877	137,877
Deferred tax assets	9,059	8,773
Property, plant and equipment	53,953	80,068
Receivables	18,731	19,939
Total non-current assets	219,620	246,657
Total assets	330,064	340,785
Current liabilities		
Payables	9,798	13,238
Interest bearing liabilities	9	32
Current tax liabilities	10,583	6,196
Provisions	18,402	22,544
Other	4,281	5,267
Total current liabilities	43,073	47,277
Non-current liabilities		
Interest bearing liabilities	-	23
Deferred tax liabilities	5,407	5,550
Provisions	8,336	10,543
Loans – related parties	83,157	103,630
Total non-current liabilities	96,900	119,746
Total liabilities	139,973	167,023
Net assets	190,091	173,762
Equity		
Contributed equity	106,282	106,282
Retained profits	83,809	67,480
Total equity	190,091	173,762

23. Contingent liabilities (continued)

(c) Transaction netting service

A controlled entity, TNS Clearing Pty Limited (TNSC), operated a facility (transaction netting service) for the purpose of enhancing the efficiency of the settlement of transactions in marketable securities. Under this facility, transactions between participating organisations through SEATS trades are replaced by a novation. The novation replaces the original contract between the two participating organisations with a contract between the selling participating organisation and TNSC and a contract between TNSC and the buying participating organisation.

The selling participating organisation's obligation to deliver the securities is an obligation owed to TNSC, and in turn TNSC has a corresponding obligation to deliver the same quantity of securities to the buying participating organisation.

Similarly, the buying participating organisation's obligation to pay for the securities is an obligation owed to TNSC, and in turn TNSC has a corresponding obligation to pay the selling participating organisation for the securities.

On 22 November 2002, ASX announced its decision to restructure its clearing and settlement functions. The restructure centres on creating a single central counterparty that will provide contract guarantee support for clearing across all ASX markets. That central counterparty will be called the Australian Clearing House (ACH). On 2 December 2002 an interim step in the restructure had TNSC replaced by the Options Clearing House Pty Ltd (OCH), a subsidiary of ASXL.

Pursuant to this facility and the replacement of TNSC, OCH had a total obligation of $292.8 million (2002: $247.9 million) due to the selling participating organisations as at 30 June 2003, which was matched by a right to receive funds of $292.8 million (2002: $247.9 million) from the buying participating organisations.

Pursuant to changes to the Corporation Regulations, OCH received the same rights and privileges that TNSC had with regard to claiming from the National Guarantee Fund. Specifically, where a participating organisation fails to meet its net delivery obligation or net payment obligation, OCH has the right to claim on the National Guarantee Fund to the extent of the failed obligations pursuant to section 954N and section 954P of the Corporations Act 2001 up to 10 March 2002, and thereafter pursuant to section 888E and the regulation made pursuant to that section.

(e) Options Clearing House (OCH)

As the clearing house for exchange traded options traded on ASX and futures traded on ASX Futures Exchange Pty Limited (ASXF), OCH becomes the novated central counterparty for these derivative instruments. On 1 December 2002, OCH also became the novated central counterparty for transferable derivative instruments (i.e. warrants), securities and managed investments (referred to as "equities").

Under the OCH derivatives clearing rules, clearing participants must provide cover (collateral or cash) for margin, mark to market, and other obligations in respect of the accounts which they are required to maintain with OCH. The total margins required by OCH at 30 June 2003 were $606.45 million (2002: $513.7 million). As at that date, clearing participants had lodged collateral with OCH in the form of securities with a market value of $1,266.7 million (2002: $1,815.5 million), bank guarantees for the amount of $51.95 million (2002: $45.3 million), and cash of $213.6 million (2002: $174.1 million).

Where a clearing participant fails to meet a net payment obligation for exchange traded options or equities, OCH has a right to claim on the National Guarantee Fund (NGF) to the extent of the failed obligation pursuant to Division 4 of Part 7.5 of the Corporations Act 2001 (in particular, see section 888A and regulation 7.5.40). As at 30 June 2003 there were no clearing participants who breached their margin settlement obligation for exchange traded options (2002: $nil) and no claims were made by OCH on the NGF for exchange traded options or equities.

No part of these amounts have been recorded as assets and corresponding liabilities in the statement of financial position of OCH or the consolidated entity as at 30 June 2003 (2002: $nil).

(f) Employee benefits

	Consolidated		The Company	
	2003	2002	**2003**	2002
	$	$	**$**	$
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:	655,150	2,902,156	655,150	2,902,156

23. Contingent liabilities (continued)

(g) 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.

(h) Employee share plans

Employees have been provided with non-recourse loans to acquire ordinary shares under ASX employee share purchase plan – plan 2 as detailed in note 21. 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**
Issue price of shares	$8.34	$13.85	$12.51
Contingent liability will arise if ASXL share price falls to	$6.28	$12.38	$11.72
	$000	**$000**	**$000**
Market value of shares	1,510	1,530	2,023
Loan balance outstanding	729	1,523	1,896
Contingent liability	-	-	-

The ASXL share price at 30 June 2003 was $12.52 (2002: $13.40). At 30 June 2003, there was no contingent liability relating to any of the above plan 2 offers (2002: $ nil).

(i) SGX Link

ASX and Singapore Stock Exchange Limited (SGX) are operating cross-border trading links using wholly owned subsidiaries. The activities of each subsidiary operating the trading links 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 A$4.8 million in respect of its operating subsidiary, SGXLink.

24. Segment reporting

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

25. Notes to and forming part of the statements of cash flows

	Consolidated		The Company	
	2003	2002	**2003**	2002
	$000	$000	**$000**	$000
(a) Reconciliation of the operating profit from ordinary activities after income tax to the net cash flows from operating activities				
Profit from ordinary activities after tax	58,166	59,232	54,141	35,230
Add/(subtract) non-cash items:				
Depreciation and amortisation	17,157	18,572	-	-
Share of associates losses	1,713	476	-	-
Net (gain)/loss on sale of non-current assets	1	(98)	-	-
Write-off of Capital projects	2,315	-	-	-
SIDA write-back	-	(791)	-	-
Amortisation of goodwill	129	129	-	-
Changes in assets and liabilities during the financial year:				
Increase/(decrease) in tax items	2,542	1,527	6,724	(444)
Decrease/(increase) in current receivables	1,715	(1,710)	-	-
(Increase)/decrease in other current assets	(1,824)	1,019	-	-
(Decrease) in payables	(2,595)	(2,245)	-	-
(Decrease)/increase in other current liabilities	(909)	(1,453)	6	-
(Decrease)/increase in employee entitlements provisions	(2,740)	4,922	-	-
(Decrease) in other provisions	(3,078)	(3,007)	-	-
(Decrease) in other non-current liabilities	(46)	(226)	-	-
Net cash provided by operating activities	72,546	76,347	60,871	34,786

(b) Financing facilities available
At balance date, the following financing facilities had been negotiated and were available:

	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Total facilities:				
Revolving bills discount facility (unsecured)	50,000	50,000	50,000	50,000
Used at balance date:				
Revolving bills discount facility (unsecured)	-	-	-	-
Unused at balance date:				
Revolving bills discount facility (unsecured)	50,000	50,000	50,000	50,000

(c) Reconciliation of cash
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Total cash assets	87,669	68,407	53,917	21,399

26. Related party disclosures

Transactions between related parties are on normal terms and conditions unless otherwise stated.

(a) Directors
The directors of ASXL during the financial year were:

Maurice Lionel Newman
Richard George Humphry
Clive Michael Batrouney (retired 31 July 2002)
Michael Henry Shepherd
Max Fowles
John Arthur Fraser (retired 30 June 2003)
James Joseph Kennedy
Trevor Cyril Rowe (appointed 1 July 2002)
Michael John Sharpe
Catherine Mary Walter

Mr ML Newman is the Chairman of The Taronga Foundation. During the year, the consolidated entity made a contribution to this body. In addition, Mr Newman was a member of the advisory Board of MARSH Inc., a subsidiary of which rendered services to ASX in the ordinary course of business.

Mr RG Humphry is a director of The Garvan Medical Research Foundation and Deputy Chairman of the Zoological Parks Board of NSW. During the year, the consolidated entity made a contribution to those bodies. Mr Humphry was also President of the Commonwealth Remuneration Tribunal until March 2003.

Messrs JJ Kennedy, TC Rowe, MH Shepherd and Mrs CM Walter are or 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.

Mr JA Fraser is Global Chairman and Chief Executive of UBS Global Asset Management, whose Australian company provides funds management services to SEGC in the ordinary course of business.

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

Mrs CM Walter is a director of National Australia Bank Limited, which renders banking and financial services to ASX in the ordinary course of business.

Details of directors' remuneration, superannuation and retirement payments are disclosed in note 27.

Directors' holdings of shares
The interests of directors of the reporting entity in shares within the consolidated entity are set out below:

Australian Stock Exchange Limited	**Ordinary shares**
ASXL shares held by directors at 1 July 2002	403,499
Shareholdings of directors who resigned during the year	(80,000)
Allocation of shares to the managing director (issued July 2002)	136,294
Disposal of shares	-
ASXL shares held by directors at 30 June 2003	459,793

26. Related party disclosures (continued)

(b) Wholly-owned group transactions

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 loan accounts. No settlement of inter-entity accounts occurs except for SEGC. Interest is not charged on any inter-entity loan accounts.

ASXO received a management fee of $386,697 exclusive of GST (2002: $480,402) in respect of administration, accounting and legal services provided to SEGC. Included in other debtors is an amount receivable from SEGC of $105,584 (2002: $407,412).

ASXL received $5,567,379 (2002: $3,992,182) from FIDA (previously SIDA) during the year. An amount of $1,856,743 is receivable from FIDA at 30 June 2003 (2002: $2,039,029).

In a prior year, ASXL entered into a subordinated loan agreement with OCH for $20,000,000. Repayment obligations are subordinated, in the event of default, to all other creditors of OCH 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.

In a prior year, ASXL entered into a subordinated loan agreement with ASX Settlement and Transfer Corporation Pty Limited (ASTC) for $28,776,000. Repayment obligations are subordinated, in the event of default, to all other creditors of ASTC under an associated trust deed. No interest is charged on the loan.

	Note	The Company	
		2003	2002
		$000	$000
Balances with entities within the wholly-owned group			
The aggregate amount payable to wholly-owned controlled entities by the company at balance date is as follows:			
Non - current			
Loans from controlled entities	17	62,489	47,553

Interest is not paid on any inter-company loans.

	Note	2003 $000	2002 $000
Dividends			
Dividends received or due and receivable by the company from wholly-owned controlled entities		51,000	33,784

(c) Other related parties

	Note	2003 $000	2002 $000
Balances with other related parties			
The aggregate amounts receivable from associates of the company at balance date are as follows:			
Non - current			
Loan to associate	8	14,583	15,110

ASXL agreed to provide ASX Perpetual Registrars Limited the above loan facility of $14 million plus accrued interest. Accumulated interest receivable on the loan of $0.583 million remains outstanding at 30 June 2003.

Interest on the loan is based on normal commercial terms. During the year, interest revenue on the above loan amounted to $1.013 million (2002: $0.765 million).

The loan is subordinated to the Australian Securities and Investments Commission.

	Consolidated		The Company	
	2003	2002	**2003**	2002
	$	$	**$**	$
27. Directors' and executives' remuneration				
(a) Directors' remuneration				
Total income paid or payable, or otherwise made available, to all directors of the company and controlled entities from the company or any related party:	3,487,582	2,801,495	2,707,447	2,039,117

These amounts are disclosed in aggregate, as the directors believe that the provision of full particulars would be unreasonable, having regard to the number of persons involved.

	Consolidated		The Company	
	2003	2002	**2003**	2002
	$	$	**$**	$
Retirement benefits				
Retirement benefits paid to directors of the company and controlled entities, being amounts that have been previously approved by the members of ASX in a general meeting	223,944	-	223,944	-

	The Company	
	2003	2002
	no.	no.

The number of directors of the company whose income from the company or any related party falls within the following bands is:

$ 60,000 - $ 69,999	-	2
$ 70,000 - $ 79,999	-	2
$ 90,000 - $ 99,999	1	-
$ 100,000 - $ 109,999	2	2
$ 110,000 - $ 119,999	1	-
$ 130,000 - $ 139,999	1	1
$ 140,000 - $ 149,999	1	-
$ 180,000 - $ 189,999	-	1
$ 190,000 - $ 199,999	2	-
$ 270,000 - $ 279,999	1	-
$1,230,000 - $ 1,239,999	-	1
$1,340,000 - $ 1,349,999	1	-

An amount of $655,150 (2002: $548,800) has been provided for the retirement of the managing director which will be paid at a future date provided agreed service conditions are met. This is not included in the above amounts nor do they include a value for conditional entitlements to shares provided to the managing director. Refer to the directors' report for further details.

27. Directors' and executives' remuneration (continued)

(b) Executives' remuneration

	Consolidated 2003 $	Consolidated 2002 $	The Company 2003 $	The Company 2002 $
Total income paid or payable, or otherwise made available, from the company and controlled entities to executive officers, including the executive director, whose income exceeds $100,000:	8,103,640	12,267,098	1,348,978	1,235,603

The number of executive officers, including the executive director, whose income from the company and controlled entities falls within the following bands is:

	Consolidated 2003 no.	Consolidated 2002 no.	The Company 2003 no.	The Company 2002 no.
$ 170,000 - $ 179,999	1	-	-	-
$ 190,000 - $ 199,999	-	1	-	-
$ 200,000 - $ 209,999	4	-	-	-
$ 210,000 - $ 219,999	1	1	-	-
$ 220,000 - $ 229,999	-	-	-	-
$ 230,000 - $ 239,999	1	1	-	-
$ 250,000 - $ 259,999	1	-	-	-
$ 280,000 - $ 289,999	-	1	-	-
$ 290,000 - $ 299,999	1	-	-	-
$ 300,000 - $ 309,999	1	1	-	-
$ 330,000 - $ 339,999	1	-	-	-
$ 340,000 - $ 349,999	1	-	-	-
$ 380,000 - $ 389,999	-	3	-	-
$ 460,000 - $ 469,999	1	-	-	-
$ 470,000 - $ 479,999	1	-	-	-
$ 480,000 - $ 489,999	1	2	-	-
$ 490,000 - $ 499,999	1	1	-	-
$ 500,000 - $ 509,999	-	1	-	-
$ 530,000 - $ 539,999	-	1	-	-
$ 540,000 - $ 549,999	1	-	-	-
$ 600,000 - $ 609,999	-	1	-	-
$ 640,000 - $ 649,999	1	-	-	-
$ 670,000 - $ 679,999	1	-	-	-
$ 780,000 - $ 789,999	-	2	-	-
$ 910,000 - $ 919,999	-	1	-	-
$ 950,000 - $ 959,999	-	1	-	-
$1,020,000 - $1,029,999	-	1	-	-
$1,050,000 - $1,059,999	-	1	-	-
$1,230,000 - $1,239,999	-	1	-	1
$1,340,000 - $1,349,999	1	-	1	-

An amount of $655,150 (2002: $548,800) has been provided for the retirement of the managing director (and chief executive officer), which will be paid at a future date provided agreed service conditions are met. This is not included in the above amounts nor do they include a value for conditional entitlements to shares provided to the managing director and senior executives. Refer to the directors' report for further details.

The prior year amounts include retention payments made to senior executives in July 2002.

	Consolidated		The Company	
	2003	2002	**2003**	2002
	$	$	**$**	$
28. Auditors' remuneration				
Audit services:				
Auditors of the company - KPMG				
Audit and review of the financial reports	379,220	373,500	-	-
Regulatory audit services				
- Industry audit services	173,000	166,972	-	-
- Share registry audit	3,500	3,580	-	-
- Other audit services	38,325	10,225	-	-
	594,045	554,277	-	-
Other services:				
Auditors of the company - KPMG				
Taxation services				
- Tax compliance	231,927	284,477	-	-
- Research and development	48,710	32,912	-	-
- International taxation advice	30,595	87,300	-	-
- Other taxation advice	54,610	21,700	-	-
Information technology services	-	5,880	-	-
Consultancy services	-	-	-	-
	365,842	432,269	-	-
Total auditors' remuneration	959,887	986,546	-	-

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.

In relation to other services, refer to the Corporate Governance statement in the Report to Shareholders.

29. Particulars in relation to controlled entities

Name of entity	Note	Parent entity's investment (a) 2003 %	2002 %
Parent entity: Australian Stock Exchange Limited			
Controlled entities:			
ASX Operations Pty Limited (ASXO)*	(b)	100	100
Options Clearing House Pty Limited		100	100
ASX Futures Exchange Pty Limited*		100	100
ASX International Services Pty Limited		100	100
ASX FundConnect Pty Limited*	(c)	100	-
ASX Supervisory Review Pty Limited *		100	100
Orient Capital Pty Limited		50	50
Controlled entities of ASXO:			
Australian Clearing House Pty Limited *	(b)	100	100
SECH Nominees Pty Limited*	(b)	100	100
ASX Settlement and Transfer Corporation Pty Limited (ASTC)		100	100
Australian Securities Exchange Pty Limited*		100	100
Australasian Securities Exchange Pty Limited*	(c)	-	100
CHESS Depositary Nominees Pty Limited*		100	100
ASX Pty Limited*	(d)	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.

(c) Australasian Securities Exchange Pty Limited changed its name to ASX FundConnect Pty Limited on 18 February 2003. The company was sold from ASX Operations Pty Limited to Australian Stock Exchange Limited on 28 January 2003.

(d) ASX Pty Limited is a new company incorporated on 9 December 2002.

ASXL owns 100% of Securities Exchanges Guarantee Corporation Limited (SEGC). The financial statements of SEGC have not been included in the consolidated financial statements because ASXL is not entitled to the entity's assets, nor is it able to control the entity so as to pursue ASX objectives.

On 16 July 2003, OCH was transferred from ASXL to ASX Operations Pty Limited.

All entities in the consolidated entity were incorporated in Australia.

* Denotes those controlled entities for which an audit is not required.

30. Financial instruments

(a) Credit risk

The credit risk on financial assets of the consolidated entity, which has been recognised in the statements of financial position, other than investments in shares, is generally the carrying amount net of any provisions for doubtful debts.

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.

30. Financial Instruments (continued)

(b) Interest-rate risk

The consolidated entity has minimal exposure 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	
		2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
	Note	%	%	$000	$000	$000	$000	$000	$000	**$000**	$000
Financial assets											
Cash assets	25	4.88	4.47	14,970	25,768	72,677	42,612	22	27	87,669	68,407
Trade and other receivables	8	6.55	6.32	14,583	15,110	-	-	25,977	28,373	40,560	43,483
Other financial assets	9	-	-	4,447	3,415	-	-	-	-	4,447	3,415
Investments in listed shares	10	-	-	-	-	-	-	22,950	22,950	22,950	22,950
				34,000	44,293	72,677	42,612	48,949	51,350	155,626	138,255
Financial liabilities											
Trade and other payables	14	-	-	-	-	-	-	10,366	14,010	10,366	14,010
Interest bearing liabilities	15	11.7	9.50	-	-	9	55	-	-	9	55
Employee entitlements payable	16	5.74	5.70	-	-	2,858	1,999	16,568	20,167	19,426	22,166
Other liabilities	17	-	-	-	-	-	-	4,878	5,787	4,878	5,787
				-	-	2,867	2,054	31,812	39,964	34,679	42,018
Net financial assets				34,000	44,293	69,810	40,558	17,137	11,386	120,947	96,237

* All fixed interest securities have a term to maturity of less than 12 months, other than the non-current long service leave portion of the employee entitlements balance. The term to maturity for this financial liability is as follows:

Fixed interest rate maturing in:		
Greater than 1 year less than 5 years	1,517	1,079
Greater than 5 years	1,341	920
	2,858	1,999

(c) Financial futures contracts

There were no futures contracts entered into at 30 June 2003 (2002: $nil).

(d) Net fair values of financial assets and liabilities

Valuation approach

Short-term and investment securities are valued at market value. Other non-current investments are carried at cost, which approximates net fair values. The consolidated entity does not hold any financial assets or liabilities which are not recognised in the financial statements.

There were no unrecognised financial instruments for the year ended 30 June 2003 (2002: $nil).

31. Subsequent events

For dividends declared after 30 June 2003 refer to note 6.

No other matter or circumstance has arisen since the end of the financial year to the date of this report which has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in future financial years.

Directors' declaration

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

   (a) the financial statements and notes, set out on pages xx to xx, 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 2003 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 Accounting Standards in Australia and the Corporations Regulations 2001; 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.

2. There are reasonable grounds to believe that the company and the controlled entities identified in notes 23(b) and 29 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.

Dated at Sydney this 26th day of August 2003.

Signed in accordance with a resolution of the directors:

Maurice L Newman AC
Chairman

Richard G Humphry AO
Managing Director