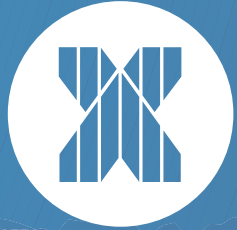


Australian Stock Exchange
Report to Shareholders 2002/03



ASX
AUSTRALIAN STOCK EXCHANGE

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"The line that runs through this report shows movements of our main market index, the All Ordinaries, since the time of ASX's formation – April 1987 – through to the present day.

Through tumultuous events at home and overseas, the line remains: an unbroken, enduring measure of the resilience and constancy of our market.

There have been bumps along the way, but ultimately it traces the story of steady and substantial growth across those 17 years. This story continues."

Maurice Newman, Chairman, and Richard Humphry,
Managing Director and CEO.

Cover image

The All Ordinaries index for each of the financial years since ASX's inception has been superimposed with a gradual change in colour to create this dramatic graphic.

2002/03 highlights

	Year to 30 June 2003 \$m	Year to 30 June 2002 \$m	Year to 30 June 2001 \$m	Year to 30 June 2000 \$m	Year to 30 June 1999 \$m
Financial results summary					
Operating revenue*	206.8	205.1	192.6	192.3	152.1
EBITDA	91.6	96.6	90.2	92.6	48.5
Depreciation and amortisation**	17.2	18.6	18.5	17.9	15.4
EBIT	74.4	78.0	71.7	74.7	33.1
Operating profit after tax	57.8	59.1	51.0	53.6	37.7

* Excludes interest and dividend revenue.

** Excludes goodwill amortisation.

	cents	cents	cents	cents	cents
Earnings per share					
– pre goodwill amortisation	59.3	60.9	52.9	53.5	37.4
– post goodwill amortisation	56.6	58.3	50.4	53.1	37.4

Dividend					
– interim	21.5	19.5	26.8	24.3	15.5
– final	18.1	21.1	16.5	31.9	19.4
– special	27.5	–	–	10.0	–
– capital return	–	–	–	20.0	–

Final dividend information

– ex date	4 September 2003
– record date	10 September 2003
– payment date	22 September 2003

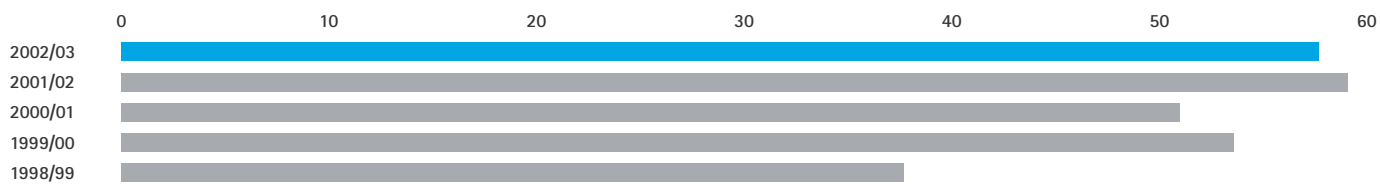
Operational highlights

- Equities trades average 54,018 per day
- Options contracts average 66,596 per day – a new record
- Warrants trades average 1,480 per day
- Interest rate security trades average 615 per day
- 81 new listings, total number reaches 1,516
- 1,289 new warrant series issued, total number reaches 1,080
- Turnover reaches \$535 billion – a new record

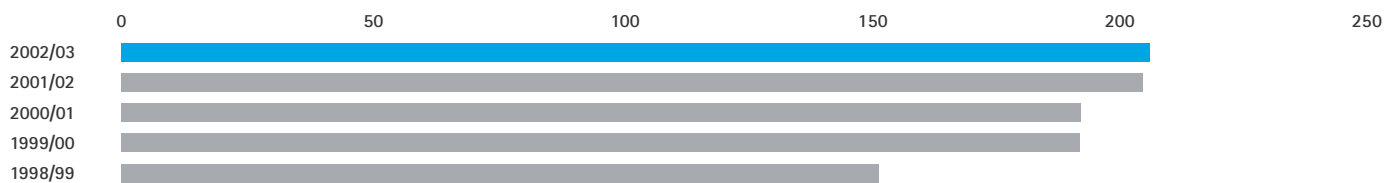
Strategic highlights

- Listed Property Trust futures contract launched
- Agricultural futures contracts launched
- ASX announces planned formation of Australian Clearing House
- Electronic lodgement of company announcements improves efficiency
- Launch of ASX ComNews™
- ASX Corporate Governance Council releases 'Principles of Good Corporate Governance and Best Practice Recommendations'

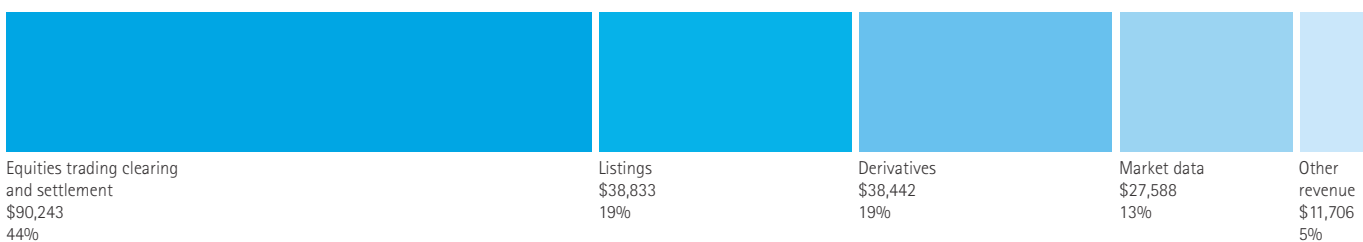
Operating profit after tax (\$m)



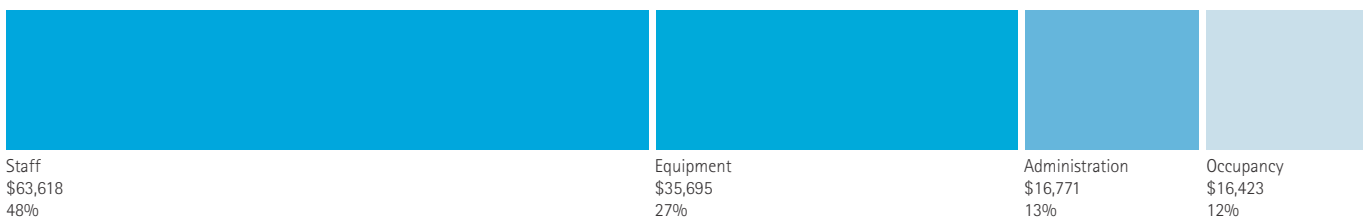
Operating revenue (\$m)



Revenue by category (\$'000)



Expenses by category (\$'000)



Chairman and Managing Director's review

Since the October lows of last year, stock markets around the world have staged an uneven but broad recovery, buoyed by expectations of an upturn in global economic activity. It will take more than a few quarters of better economic news before we can be confident that the recovery is durable. But we welcome the increase in stock prices and sustained volumes, particularly after three down years. Although it should be said that ASX, currency adjusted, was the world's best performing market in 2002.

The year under review also saw ASX reach the ranking of the world's eighth stock market at 2.11% of the Morgan Stanley Capital International Global Index (MSCI), a record for us and ahead of where Australia stands in the global economy. Because of currency changes and an upturn in foreign share markets, we have slipped to ninth place in the latest rankings, but still ahead of where our size should place us. This elevated position is a reflection of the depth and liquidity of our market and is of practical benefit to the companies that list on ASX as it provides access to lower-cost capital. This is important for profits, employment and the competitiveness of the economy as a whole.

Maurice L Newman
Chairman

Richard G Humphry
Managing Director



July 1986

Australian dollar begins a two-year climb from 60 US cents to almost 90 US cents. The Aussie dollar has never been this high since.



ASX opts for 'name on register' system for share registry holdings and transfer on the basis of equities settlement and subregister system, CHESS.

November 1986

Secret initiative to send arms to Iran revealed.

US President Reagan denies exchanging arms for hostages and halts arms sales.

1 July 1986
All Ords 1,211.32

Market milestones
Domestic listed companies
1,386

Market capitalisation
A\$225 billion

Equities turnover
A\$59 billion

Options contracts
10,000 daily average

In part, this MSCI ranking is an endorsement by investors of their confidence in the underlying integrity of our markets. Trust is a vital ingredient in investment decisions and at ASX we liken it to airline safety. If airline passengers have doubts about an airline's safety standards, they will fly with another carrier or change to another mode of transport. This is why we put so much of our resources into ensuring the conduct of our markets is honest and fair, and is supported by the best available systems.

From time to time there are calls for ASX to hand over the critical function of market supervision to an outside party. We have continued to resist these calls because we believe there are inherent risks for us if we let go this vital element of market operation. We see market supervision as so integral to our commercial and reputational success, that we cannot allow our control of this function to be surrendered, or somehow separated, from ASX. Indeed, ASX Supervisory Review Pty Limited (ASX SR), with its independent board of directors, was established not only to give additional comfort to the market that we take our oversight responsibilities seriously, but to also be a further check on our practices and resourcing. More recently, ASX SR's work has been complemented by the Australian Securities and Investments Commission (ASIC), which not only regulates and supervises ASX but this year commenced an annual audit to ensure we fulfil our legal obligations under the Corporations Act. The successful outcome of this round of supervisory oversight permits us, we believe, to point with continuing confidence to a consistent and very high level of market integrity.

Of course, the success or otherwise of ASX as a market operator also depends on the compliance of brokers and issuers with ASX Business and Listing Rules. This is why we enforce them so rigorously, without fear or favour. That said, it would be a mistake to leave corporate shareholders with the impression that ASX and government regulatory arrangements have removed the need for them to act as proprietors. It has not.

In the year under review, ASX has played an active role in furthering transparency and disclosure in company reporting through the release of the 'Enhanced Disclosure' amendments to our Listing Rules and the establishment of the ASX Corporate Governance Council, which consists of 21 interested representatives of market participants. In March this year this Council released a set of guidelines, which concentrates on an 'if not, why not' code to ensure transparency and to avoid a one-size-fits-all regime.

Given our pivotal role in the development of these guidelines, we have been an early adopter as will be seen in our Corporate Governance Statement and elsewhere in this annual report, even though it is not a requirement until after 1 July 2004.

The latest set of guidelines is largely a sensible evolution of earlier codes of behaviour. They are intended to allow maximum flexibility, consistent with proper disclosure and transparency. It is often forgotten that ASX lists approximately 1,500 entities, some of which are quite small. It is important that all these entities ultimately report on their adherence to the new guidelines on time, but patience will have to be exercised as they come to grips with the new requirements. We are confident they will. However, the really important work in corporate governance is done in the boardroom itself and is culturally based. Where ASX is important is in identifying real or potential governance weaknesses, by supervising the contractual relationship entities have with us. Rather than get in the way, we believe we help our customers to be truer to their principles.

As champions of better corporate governance, we applaud those organisations who are constantly pushing at the frontiers, to ensure improved practices. However, we also caution that the corporate governance movement should keep in mind the need to avoid governance for governance sake. Process should not substitute for substance.

March 1987
Herald and Weekly Times
is taken over by The News
Corporation Limited.



June 1987
Prime Minister Thatcher
wins rare third term in
Britain.

US entertainer Fred Astaire
dies, aged 88.

Publishing and Broadcasting
Limited (PBL) listed.

30 June 1987
All Ords 1,818.16

April 1987
Formation of the national
Australian Stock Exchange
(ASX) from the six state
exchanges.



Leonard Ian Roach AO (1925–2003)

If ASX was 'born' in April 1987, then its father was surely Ian Roach. As a reward for his vision and initiative in establishing Australia's national exchange, he held the position as ASX's inaugural Chairman from 1987 to 1989.

As Chairman of the Melbourne Stock Exchange from October 1981, it was Roach's great vision and universal respect that allowed him to overcome parochial interests and hurdle discrepancies in state legislation, to achieve a national merger.

It says a tremendous amount for Ian Roach's character that this was perhaps not the greatest of his achievements. A philanthropist by nature, Roach privately paid school fees, bought cars and even houses for people at their times of need. Roach created the Alexander Wright Wales Trust, supported the Centre for Independent Studies and Chaired the William Buckland Foundation from 1986 to 2000.

His personality explained this boundless capacity for great achievements: inclusive, collaborative and laid-back. Importantly he maintained the respect of others through his reputation for integrity, impartiality, professionalism and common sense. Mr Roach was honoured as an Officer of the Order of Australia (AO) in the Queen's birthday honours list in 1986, for his contributions to the financial services industry.

Roach was introduced for membership of the Melbourne Stock Exchange in 1963. His career as a private client adviser began just two years earlier in 1961, at Davies and Dalziel. In 1964, Roach left to establish his own firm, Roach Williams and Company, which became Roach Tilley Grice in the 1980's and Roach McIntosh Private in the 1990's. It was eventually taken over by Merrill Lynch in 1997.

Ian Roach died suddenly, aged 78, on 22 April 2003. His wife of 45 years, Judy, son Richard, daughter Sally Gough, and three grandchildren survive him.



Leonard Ian Roach

The Chairman of the US Securities and Exchange Commission recently sounded a warning in this regard, saying "I hope America's corporate leaders will not use Sarbanes-Oxley (company law) as an excuse for putting off innovations and investment". Even in Australia, there is a danger that in a climate of hostility and confrontation, designed to catch companies out, a risk-averse boardroom culture will be encouraged. This would be helpful to no one and harmful to our markets.

Because of a relative lack of scale, ASX has continued to explore ways in which we can leverage our activities, building on our strengths in technology. ASX FundConnect was one such development, which we abandoned at the end of the year. While this project continues to offer attractive prospects for the automation of funds management processes, the Board was not satisfied that the return was justified by the risk, resulting in a write-off of our investment.

During the year ASX listed its first absolute-return funds, similar to the traditional hedge funds. It provided the world's first securitised gold product. The rise of the absolute-return funds was just one development of several that have led overall equity market liquidity beyond 80%. The gold product created with the World Gold Council, provides investors with an ASX-listed security that tracks the price of a troy ounce of gold bullion. This product was immediately followed by another raw gold exposure developed by the Perth Mint and actively facilitated through the ASX listing process.

We have also strengthened our links with The Singapore Exchange (SGX) and are currently examining collaboration on a number of fronts, including the exchange of senior staff. This relationship is important to ASX and has potential for multi-lateral regional application.

July 1987
Oliver North, Jr., tells congressional inquiry higher officials approved his secret Iran-Contra operations.

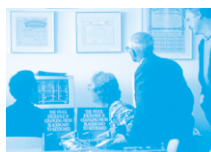
Hawke Labor government wins record third term.

1 July 1987
All Ords 1,828.26

August 1987
Five-year bull market up 244%.

US President Reagan says Iran arms-Contra policy went astray and accepts responsibility.

September 1987
Harvey Norman Holdings Limited lists, ending their first month at \$0.0504 per share.



October 1987
Severe earthquake strikes Los Angeles, leaving 100 injured and six dead.

ASX (Adelaide) celebrates the centenary of stock exchanges in Adelaide.

ASX introduced its new trading system, SEATS, initially trading the securities of 20 listed companies. The fully electronic system transforms share trading in Australia by removing it from the trading floor to screens in the stockbrokers' offices. For the first time Australia has a truly national market for securities.

Black Tuesday. All Ordinaries index falls by 25%. Altogether it fell by 50% from its high of 2,306.2 on 21 September 1987 to a low of 1,151 on 11 November 1987. The crash follows a similar frenzy in New York, London and other markets.



The Tokyo Stock Exchange (TSE) has recently signalled its interest in proceeding with a two-way link similar to Singapore's. It is pleasing to see the pioneering work we invested in the SGXLink (a world first), proceeding along the lines originally envisaged.

Another investment which is justifying our original confidence is our joint venture with Perpetual Trustees Limited: ASX Perpetual Registrars Limited. Using ASX developed systems, which provide an outstanding platform with great functionality, ASX Perpetual is steadily building its market share at satisfactory margins, despite the heavy price discounting of its major competitor. Indeed, the business is producing significant cash flow, but high levels of depreciation and goodwill charges resulted in an accounting loss. This is a high fixed cost business which has significant capacity. As it continues to win new mandates, the additional revenue will largely fall to the bottom line. We expect this investment to contribute positively to our 2003/04 financial year.

While the write-off of our FundConnect investment has interrupted our pattern of earnings growth, we believe our profit for the year was still an excellent outcome given the market conditions. This was primarily due to our continued concentration on cost control. Our cost to income ratio is still around 60% which is a coveted position for a financial services company. We constantly benchmark our performance against other listed and mutual stock exchanges and are satisfied that on a cost and productivity basis ASX is a leader.

During the year under review, ASX has seen the retirement or resignation of three directors, with Clive Batrouney retiring, John Fraser resigning and Max Fowles not standing for re-election at this year's Annual General Meeting. All have made significant contributions

to ASX during an historic period of transition. Selecting appropriate new directors is vitally important and ASX has added two, Trevor Rowe and Jillian Segal, who will bring important skills to the Board. Mr Rowe stood for election at last year's AGM and Ms Segal will stand this year as required by the Corporations Act.

By the end of this financial year, ASX will have nominated a successor to Richard Humphry, our Managing Director. While we will extend our search to outside the organisation, we are fortunate that our internal succession planning has produced excellent candidates. The Board is conducting the review which will ultimately lead to an appointment.

The line that runs through this report shows movements of our main market index, the All Ordinaries, since the time of ASX's formation – April 1987 – through to the present day. Through tumultuous events at home and overseas, the line remains: an unbroken, enduring measure of the resilience and constancy of our market. There have been bumps along the way, but ultimately it traces the story of steady and substantial growth across those 17 years. This story continues.

Given the uncertain state of the world economy and markets, it is difficult to forecast the operating environment for the year ahead. So far, volumes have held up well, providing a good start to the year. But whatever the conditions, shareholders may be assured we will continue to do all we can to add value, consistent with maintaining the integrity and sound reputation of our markets.

In the meantime, we thank our shareholders, customers and employees for their continuing loyalty and support.



Maurice L Newman AC
Chairman



Richard G Humphry AO
Managing Director and CEO

January 1988
Australia celebrates
Bicentenary.

Bonds Industries taken
over by Pacific Dunlop.



May 1988
Soviet Union quits
Afghanistan.

June 1988
10 millionth call option
traded on the Australian
Options Market, which
was first set up in 1976.

Market milestones

Domestic listed companies
1,510

Market capitalisation
A\$212 billion

Equities turnover
A\$68 billion

Equities trades
11,000 daily average

Options contracts
21,000 daily average

30 June 1988
All Ords 1,602.66

Demutualisation and listing

In 1985 Ian Roach, then Chairman of the Australian Associated Stock Exchanges (AASE), wrote:

"If the (state) stock exchanges fail to bring about desirable changes to adapt to the new environment so as to provide the most efficient service to local and overseas investors, they may either forfeit their right to continue to conduct their own affairs or leave open a window of opportunity for some other group to provide a more efficient service."

Indeed, the expectations on ASX providing efficient, transparent and fair markets for domestic and international investors have intensified significantly in the two decades since Ian Roach made that observation. Demutualisation was a key step in meeting this expectation. The change of governance enforced a discipline, reinforced the determination to ensure effective market supervision to protect the ASX's brand and reputation, and enabled an expansionary program of initiatives to be undertaken by ASX.

The exchange global landscape has changed significantly during the past five years. Interestingly, there are now 12 demutualised and listed exchanges, although ASX was the first to undertake both simultaneously in October 1998. The current listed exchanges are:

- OM (Stockholm);
- ASX;
- Hellenic Exchanges (Athens);
- Singapore;
- Hong Kong Exchanges and Clearing;
- London Stock Exchange;
- Deutsche Boerse;
- Euronext;
- SFE Corporation;
- Chicago Mercantile Exchange;
- Toronto Stock Exchange; and most recently
- New Zealand Exchange.

Each of these exchanges is listed on its own market, with the exception of SFE Corporation, which is listed on ASX, and Chicago Mercantile Exchange, which is listed on New York Stock Exchange.

ASX considers a governance structure, where just one group of customers are represented in the ownership and control of access to the market, as unsustainable. This key determination, to separate ownership and access, was critical in driving the necessary legislative process and subsequent demutualisation of Australian Stock Exchange – ASX.

In listing, ASX undertook a process of compliance with listing rule requirements without the need to raise additional capital. Several exchanges have raised additional capital through the listing process, although some exchanges retain surplus balances of liquid funds.

Another interesting characteristic of the exchanges is the extent to which they have diversified their operations, both prior to and subsequent to listing. Many exchanges were already involved in offering a range of products, spanning equities, interest rate securities and bonds, options, warrants and futures. In addition, the extent of diversification across the transaction cycle varies with some exchanges owning, either jointly or outright, technology companies that develop financial markets operating systems. Ownership of clearing businesses is another distinguishing characteristic. ASX has a highly diversified business compared with this peer group of listed exchanges.

The FTSE/MV Exchanges Index shows the relative constituent weightings of the listed exchanges amongst their peers, as at 11 July 2003.

July 1988
US Navy ship shoots down Iranian airliner in Persian Gulf, mistaking it for jet fighter; 290 killed.

August 1988
Enzo Ferrari dies.

September 1988
Gavin Campbell appointed as Chief Executive and Group Managing Director, Australian Stock Exchange.



Market milestones
Domestic listed companies
1,446

Market capitalisation
A\$209 billion

Equities turnover
A\$49 billion

Equities trades
7,000 daily average

Options contracts
38,000 daily average

Company tax rate drops
from 49% to 39%.

Suncorp lists.

1 July 1988
All Ords 1,606.88

Republicans nominate George Bush senior for president and Indiana senator Dan Quayle for vice president.

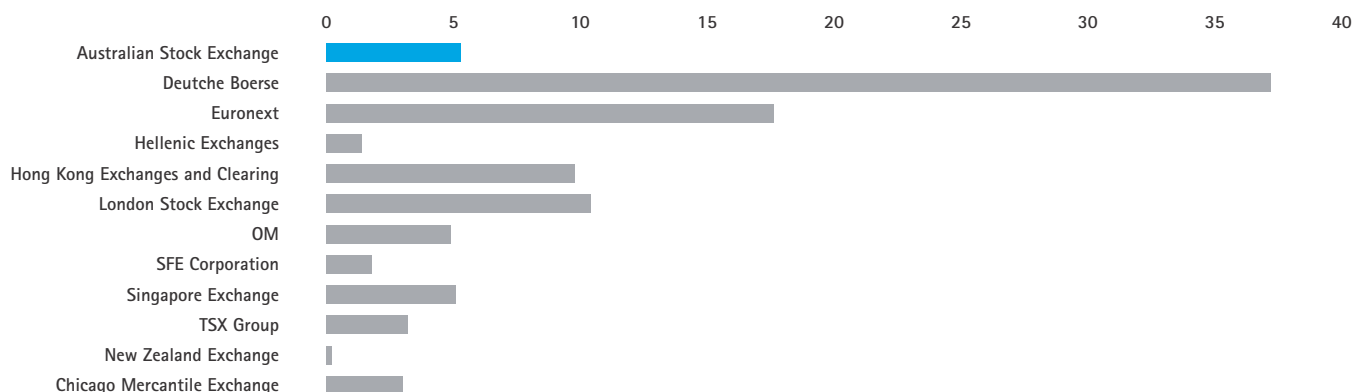
October 1988
Seoul Olympics. Canadian athlete Ben Johnson stripped of gold medal.

November 1988
Bush beats Dukakis.

December 1988
Benazir Bhutto, first Islamic woman prime minister, chosen to lead Pakistan.

Pan-Am 747 explodes from terrorist bomb and crashes in Lockerbie, Scotland, killing all 259 aboard and 11 on ground.

FTSE/MV Exchanges Index weightings (%)



Sustaining a global standing

The global relevance of the Australian market was recognised by inclusion of the S&P ASX50 in the S&P Global 1200 during June 2003. Previously, just 26 Australian companies were represented as part of the S&P Asia Pacific 100 within the S&P Global 1200. The Australian market weighting within the S&P Global 1200 was increased to 1.98% at that time from just 1.44%.

ASX also reached its highest ever ranking within the MSCI global index, reaching eighth position in April 2003 with a weighting of 2.11%. At 30 June ASX was again ranked eighth with a weighting of 2.06%, reflecting the month-to-month fluctuations in global capital market activity and values. These new inclusions and increased weightings are important in directing the investment activity of global fund managers who use the indices as a benchmark for their investment performance. The increased weighting for Australian equities results in further allocation of capital to the Australian market, encouraging listed company expansion and growth and more fully valuing the performance of domestic companies.

January 1989
Emperor Hirohito of Japan dead at 87.

George Herbert Walker Bush inaugurated as 41st US president.

Formation of ASX Surveillance Unit.



February 1989
Iran's Ayatollah Khomeini declares author Salman Rushdie's book *The Satanic Verses* offensive and sentences him to death.

March 1989
Ruptured tanker Exxon Valdez sends 11 million gallons of crude oil into Alaska's Prince William Sound.
Rain Man wins four Oscars.



April 1989
Tens of thousands of Chinese students take over Beijing's Tiananmen Square in rally for democracy.

Share Ownership Study discloses that approximately 1 million individuals, or 9% of the adult Australian population, own shares.

Cash interest rates reach 18%, with annualised inflation around 7%

May 1989
US jury convicts Oliver North in Iran-Contra affair.

More than one million in Beijing demonstrate for democracy; chaos spreads across nation.

Mikhail S. Gorbachev named Soviet president.

June 1989
Thousands killed in Tiananmen Square as Chinese leaders take hard line toward demonstrators.

ASX (Perth) hosts the 'running of the bulls' 4km fun run to commemorate its centenary.

The busiest day of the trading year, with 5,571 trades recorded. At this stage, 1,463 companies have their securities trading electronically on SEATS, while the more actively traded stocks continue to be floor traded.

30 June 1989
All Ords 1,567.72

Discussion of financial performance

ASX recorded a net profit after tax and outside equity interests of \$57.8 million. This result was achieved on record operating revenue of \$206.8 million. Including interest and dividend revenue, as required under statutory reporting, ASX revenue was \$214.8 million, a 2.1% increase on the \$210.4 million achieved last year.

This result includes the effect of a one-off write-down of capitalised expenditure on ASX FundConnect amounting to \$5.046 million recorded in equipment expense, having the effect of reducing net profit by \$3.5 million after tax. Excluding this write-down the results show just a 0.2% increase in expenses from the previous year and an increase in profit of 3.7% to \$61.3 million. With revenue growth during a subdued year for trading, corporate and equity capital market activity, the results demonstrate resilience in ASX's performance through different market cycles.

Revenues

ASX produced operating revenue of \$206.8 million, excluding interest and dividend income, an increase of 0.9% on the previous year.

This revenue comprises:

- \$90.2 million from equities trading, clearing and settlement, down 1.4%;
- \$38.8 million from listings, up 4.8%;
- \$38.4 million from derivatives, up 0.3%;
- \$27.6 million from market data, down 4.1%; and
- \$11.7 million from other revenue, up 24.4%.

Revenue from equities was driven lower due to a 2.3% fall in trading volumes, partly offset by an increase in average revenue earned per transaction. Despite a slight reduction in the number of new listings, overall revenue from listings increased. Revenue earned on the subsequent listing of additional securities by listed companies continues to grow, along with a recurring base of annual listings revenue, which is dependent on the market capitalisation of individual companies.

ASX has determined to increase fees across all three categories of listings revenue, in line with substantive increases in the liquidity, efficiency and supervision of ASX's markets. Detailed research of international exchanges demonstrated that ASX's listing fees were not commensurate with the quality of market services and infrastructure supported by ASX and provided for listed entities.

Therefore ASX increased annual and initial fees by 10% prior to the 2002/03 financial year, 10% for the 2003/04 financial year and foreshadowed a further increase of 10% in annual and initial listing fees for the 2004/05 financial year. ASX will increase listing fees for subsequent listing of shares in each of these three financial years, by approximately 33% each year. These are the first increases in the level of listing fees in more than 10 years, although ASX changed the basis of calculation of listing fees when par value shares were abolished in 1999/2000.

Revenue from derivatives was enhanced through strong growth in option contract volumes, but offset by a fall in the number of warrant series listed and lower levels of warrant turnover revenue. The average revenue per options contract fell slightly. The warrants business experienced lower levels of new listings and lower levels of trade activity and turnover. This reflects a change in the dynamics of this market, where the majority of new products issued are longer-dated investment-style warrants, rather than trading-style put and call warrants.

Market data revenue increased during the second half of the 2002/03 financial year from the first half level. This represents the first half-on-half increase in market data revenue for three years. However financial year revenue was lower than during the previous year.

Other revenue has grown strongly again, with improving contributions from ASX's 50% controlling interest in Orient Capital. Interest and dividend revenue has grown with an increasing cash balance held by ASX, receipt of interest from a shareholder loan to ASX's 50% joint venture ASX Perpetual Registrars, and \$1.5 million in dividends earned from ASX's investment in IRESS Market Technology.

July 1989

All-time record day for options contracts. 142,050 contracts traded on the floor.

August 1989

PW Botha quits as South Africa's president.

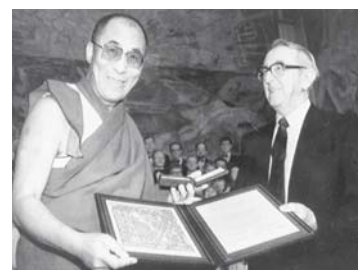
Voyager 2 spacecraft speeds by Neptune after making startling discoveries about the planet and its moons.



November 1989

Deng Xiaoping resigns from China's leadership.

After 28 years, Berlin Wall is open to West.



3 July 1989

All Ords 1,547.21

Laurence G Cox appointed ASX Chairman, following the retirement of Ian Roach.

Submission to government to abolish stamp duty on share transactions.

Bond Corporation collapses.

December 1989

Former Romanian dictator Ceausescu and wife executed.

US troops invade Panama, seeking capture of Gen. Manuel Noriega.

Dalai Lama wins Nobel Peace Prize.

Expenses

ASX's operating expenses were \$132.5 million for the year ended 30 June 2003, a 4.1% increase on the \$127.2 million during the previous year. Excluding the one-off write-down of \$5.046 million capitalised expenditure on ASX FundConnect, ASX's recurrent expenditure was \$127.5 million, a 0.2% increase on the previous year.

Operating expenses totalling \$127.5 million comprises:

- Staff expenses of \$63.6 million, up 2.8%;
- Occupancy expenses of \$16.4 million, down 6.0%;
- Equipment expense of \$30.6 million, down 0.2%; and
- Other expenses of \$16.8 million, down 2.5%.

Separately recorded is the write-off of project expenditure on ASX FundConnect of \$5.046 million. ASX had full-time equivalent (FTE) employees of 568 at 30 June 2003.

Occupancy expense has reduced following the reversal of a provision for subleasing income relating particularly to ASX's Melbourne premises. ASX has been able to more effectively sublet surplus space than originally provided for, which also explains some volatility in ASX's occupancy expense during the past few years.

Equipment expenses have been well contained during a period of rising prices and pressure to continually reinvest in ASX's systems. Within equipment expenses is the majority of ASX's depreciation expense and amortisation of capitalised assets including software and technology. Total depreciation and amortisation expense amounted to \$17.2 million, down from \$18.6 million during the previous year.

Other expenses includes administration, travel, legal and professional fees, advertising, promotion and marketing. These expenses have again been well contained through tight controls and the prudent allocation of resources, reducing by 2.5% from the previous year.

Cash flow and capital expenditure

ASX is a business that generates strong levels of free cash flow. In part this reflects that ASX manages little or no inventory and therefore working capital demands from free cash flow generally remain stable. During the past three years ASX has also focused on the level of capital invested into maintenance and enhancement of systems, infrastructure and assets. This reduction in the level of fixed capital investment is evidenced through a declining depreciation and amortisation charge.

During the year, ASX had capital expenditure of \$10.1 million compared with \$8.2 million the previous year. Depreciation and amortisation (excluding goodwill) reduced to \$17.2 million from \$18.6 million last year.

As a result, ASX's cash balance reached \$87.7 million at 30 June 2003.

Dividends

The Board declared a fully franked final dividend of 18.1 cents per share, consistent with ASX's policy to pay 70% of reported profit after tax. In addition, the Board has been able to declare a special dividend of 27.5 cents per share, also full franked.

Together with the full franked interim dividend of 21.5 cents per share, total dividends for the 2002/03 financial year reached 67.1 cents per share.

After payment of the final and special dividend in September 2003, ASX will hold a cash balance of approximately \$60 million at that time. The Board has previously indicated that it considers it necessary to maintain a significant balance of cash pending resolution of structural issues associated with the clearing contract guarantee backing provided by the National Guarantee Fund.

January 1990
World Wide Web debuts,
popularises Internet.

February 1990
South Africa frees Nelson
Mandela, imprisoned
27.5 years.



May 1990
Single German currency.

Commonwealth Bank
of Australia listed, with
the Federal Government
privatising 30% of equity
in the company.

Market milestones
Domestic listed companies
1,318

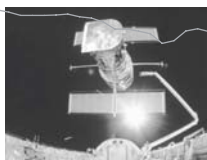
Market capitalisation
A\$219 billion

Equities turnover
A\$57 billion

Equities trades
7,000 daily average

Options contracts
46,000 daily average

March 1990
'Clean up Australia' day
inaugurated, following
the successful clean up
Sydney Harbour day one
year earlier.



April 1990
Hubble Space Telescope
launched.

June 1990
ASX records a loss of
\$23.7 million for the
financial year ended
30 June 1990.

Establishment of exchange
traded warrants market.

Hawke government
re-elected for fourth term.

29 July 1990
All Ords 1,546.69

Markets and products

Markets

ASX operates two software systems for market trading and two software systems for transaction clearing and settlement. SEATS, an ASX developed system, trades equities, warrants, interest rate products and listed managed investments, which are subsequently cleared and settled by CHES, another ASX developed system.

ASX licenses 'Click' software from OM Gruppen to trade all options and futures contracts, which are cleared and settled using the Derivatives Clearing System, an ASX and Palion jointly designed and developed system.

Equities

SEATS handled a total of 14.2 million trades during the 12 months ended 30 June 2003, comprising 0.4 million warrant trades, 0.2 million interest rate security trades and 13.6 million equities trades. The fee charged per trade for execution, clearing and settlement, averaged just \$2.01 during the year.

This total of 14.2 million transactions compares with 14.6 million for the previous 12-month period, a reduction of 2.7%. This reduction is consistent with the experience of overseas markets, although activity levels on ASX have proven far more resilient than many global markets. Declining activity in equity trading in part reflected a weaker market, with the S&P ASX200 index falling 5.9% during the 12-month period.

The equities market had \$535 billion of traded value during the year ending 30 June 2003, compared with \$518 billion during the previous year. Given the reduced market capitalisation during the year, this increase in value also increased market liquidity, which measures the velocity of trading. Market liquidity increased to 80% of average market capitalisation from 72% during the previous year. Liquidity is an important indicator of the efficiency of the market, because it reflects the relative ease with which an investor can enter or exit a holding of stock.

Revenue from equities trading, clearing and settlement appears in the equities category, which accounts for 44% of ASX's operating revenue.

Options

Offsetting the lower level of activity in equities trading, option contract volumes grew strongly. A record total of 16.9 million contracts were traded, increasing by almost 14% from the 14.8 million contracts traded during the previous year.

Additional functionality within the options trading system, which now accommodates tailor-made combinations, has assisted in building the attractiveness of the market for a diverse range of participants. ASX earned average revenue of \$1.58 on each contract traded, which covers trading, contract registration and any subsequent exercise of that contract.

Retail participation continues to grow steadily, with more than 90,000 individual investor accounts maintained within the Options Clearing House. Options have experienced strong growth during a turbulent period for equity market returns. This is no coincidence, as options are a flexible investment product where investors can profit from upwards, downwards and even sideways movement in underlying share prices or index levels.

A decade ago, retail participation was considered to account for a small fraction of activity. Today, retail activity accounts for the majority of options trading volume. Together with an increasing number of companies held in the average investor's portfolio and an increase in the value of the retail portfolio, options become a useful tool to earn extra income. In recent times, a share portfolio using covered call strategies has significantly outperformed a portfolio passively held.

The fastest growing contract within the options market has been the S&P ASX200 index options. This contract, which has quarterly expiry dates, allows investors to take a particular view (positive, negative or stable) on the overall market and leverage their exposure to that expected movement. Index options are cash settled contracts (as opposed to deliverable contracts) and have a European expiry, which means that they cannot be exercised before expiry.

Revenue earned from options contract trading appears within the derivatives revenue category for ASX, which contributes 19% of ASX's operating revenue.

July 1990

Western Alliance ends cold war and proposes joint action with Soviet Union and Eastern Europe.



September 1990

American Pete Sampras youngest US Open winner aged 19.

All securities are converted to electronic trading on SEATS.

Agreement reached among market participants to develop electronic clearing via CHES.

Amid market calls for quarterly reporting of financial results by all listed companies, ASX proposes the concept of 'continuous disclosure' to require companies to disclose material events as and when they happen.

ASX develops standards of corporate conduct. 12 years later the ASX Corporate Governance Council would undertake a similar exercise in collaboration with 20 industry groups.

ASX's first warrant is listed, sponsored by Macquarie Bank Limited over shares in Boral. This was quickly followed by the first index warrant issued by BT Australia Limited.

ASX records a loss of \$8 million after tax.

October 1990

East and West Germany reunited.

Closure of the trading floors and conversion of all stocks to SEATS trading from October.

November 1990

Gorbachev assumes emergency powers.

Margaret Thatcher resigns as British prime minister, John Major succeeds her.

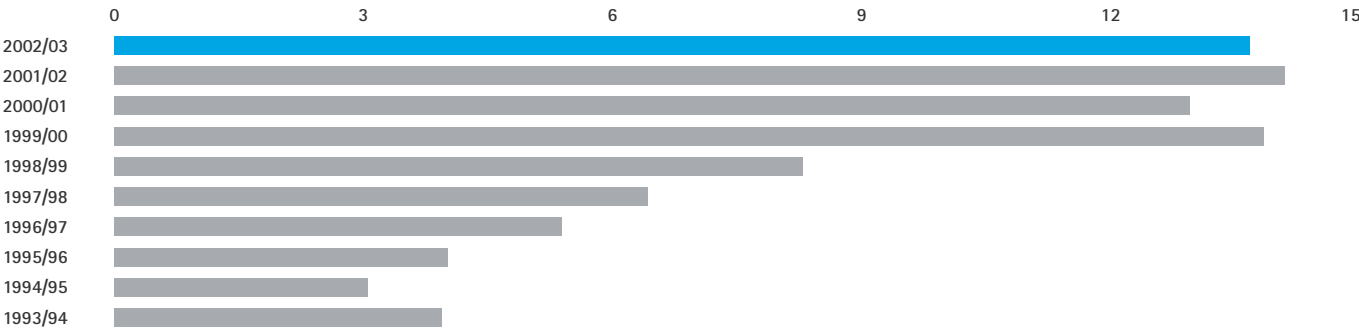
2 July 1990

All Ords 1,514.64

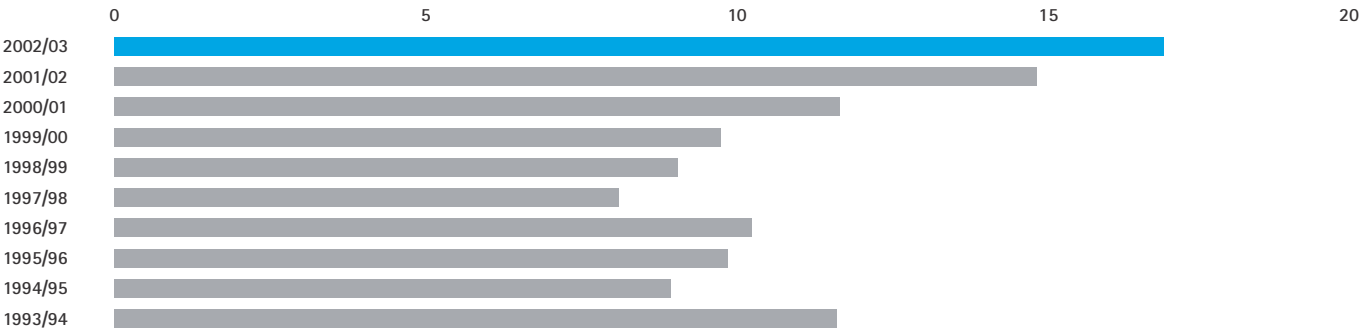
August 1990

Iraqi troops invade Kuwait and seize petroleum reserves, setting off Persian Gulf War.

Equities trades (million)



Options contracts (million)



January 1991
US and Allies at war with Iraq, Operation 'Desert Storm'.

Australian Securities Commission (ASC) formed to administer the Corporations Law, replacing the previous co-operative scheme built around complementary State and Federal legislation. Tony Hartnell is the initial Chairman.

Treasurer Paul Keating declares Australia is experiencing the 'recession we had to have'.



June 1991
South African Parliament repeals apartheid laws.

Bush-Gorbachev summit negotiates strategic arms reduction treaty.

April 1991
Cease-fire ends Persian Gulf War; UN forces are victorious.

Markets and products

Markets must offer a range of products to attract a diversity of users. Through the competitive tension of investors, speculators, hedgers and arbitrageurs, efficient price discovery and markets with depth and liquidity are created. Each of these users is attracted to a different range of products, just as some investors are attracted to mining companies in preference to industrial companies.

New product listings

ASX had 81 new listings during the year ended 30 June 2003, a slight reduction on the 91 during the previous year. This brought the total number of listed entities to 1,516 at 30 June 2003. The chart opposite shows the level of listings across the past 10 years.

These 81 new listings raised capital in excess of \$5.8 billion, with the Promina float being at the time the biggest of the year with a value of \$2.1 billion. Interest rate securities continue to grow, with 22 new issues during the year bringing total products listed to 92. Trading and turnover growth in this category is consistent with the expansion in product range. Large issues from AMP, Westpac and Transurban were listed during the year.

The number of listed managed investment products has increased during the year as well, with 14 new listings in this sector helping to grow market capitalisation to \$73 billion, from \$65 billion one year earlier. Listed managed investments incorporate property trusts, investment companies and trusts, infrastructure funds, exchange traded funds, pooled development funds and absolute return funds.

The property trust sector, perhaps the best-known form of listed managed investment, has had significant corporate activity and growth in turnover during the year. Turnover in property trust securities increased to \$41 billion during the year ended 30 June 2003, from \$28 billion during the previous year.

The creative use of ASX's listing platform and rules framework saw the first securitised product anywhere in the world with direct exposure to gold. ASX worked together with Gold Bullion Limited and the World Gold Council to develop this new product. Under the ASX code 'GOLD', one security provides a gold bullion share of nominal value and a beneficial interest in approximately 1/10 of a troy ounce of gold held by a custodian in a vault in London. A similar securitised offering from Perth Mint Gold closely followed this development.

Recognising the importance of building the size and breadth of the listed market, ASX has put together a team of business development executives to actively seek unlisted, emerging or established corporate businesses. A key task is to articulate a clear value proposition that comes from listing on ASX and promote the services available to listed companies.

Revenue from the listing of new products, the subsequent quotation of additional securities and annual listing fees are recorded within the listings category of revenue. Listings achieved revenue of \$38.8 million, representing 19% of ASX's operating revenue (excluding interest and dividend revenue).

Futures products

ASX has quickly expanded its range of traded futures products. The past year has seen the commencement of trading in:

- Listed property trust index futures during August 2002;
- Electricity futures during October 2002; and
- Agricultural futures, including milling wheat, feed wheat, barley, canola and sorghum during May 2003.

Each of these new products is associated with either a highly developed or developing sector of the Australian economy. Australia is a major global exporter of these agricultural products as well as being active traders of agricultural futures products listed overseas. The evolution of these industries lends itself to the availability of an active derivative market, where producers, agents, buyers, users and speculators can manage their risk. In the case of property trust futures, listed property in Australia represents approximately 8% of listed property globally.

Revenue from the trading of futures products is allocated to the derivatives category of ASX's operating revenue. Derivatives contributed \$38.4 million, representing 19% of ASX's operating revenue during the year ended 30 June 2003.

July 1991
Boris Yeltsin inaugurated as first freely elected president of Russian Republic.

August 1991
Lithuania, Estonia, and Latvia win independence.

September 1991
Full listing of Commonwealth Bank of Australia.

ASX Second Boards were closed.

ASX Share Ownership Study shows that 1.9 million adult Australians, or 15.5%, own shares. The survey shows that direct share ownership had increased to 10.2% with the part-privatisation of the Commonwealth Bank bringing 80,000 new investors to the market.

November 1991
US indicts two Libyans in 1988 bombing of Pan Am Flight 103 over Lockerbie, Scotland.

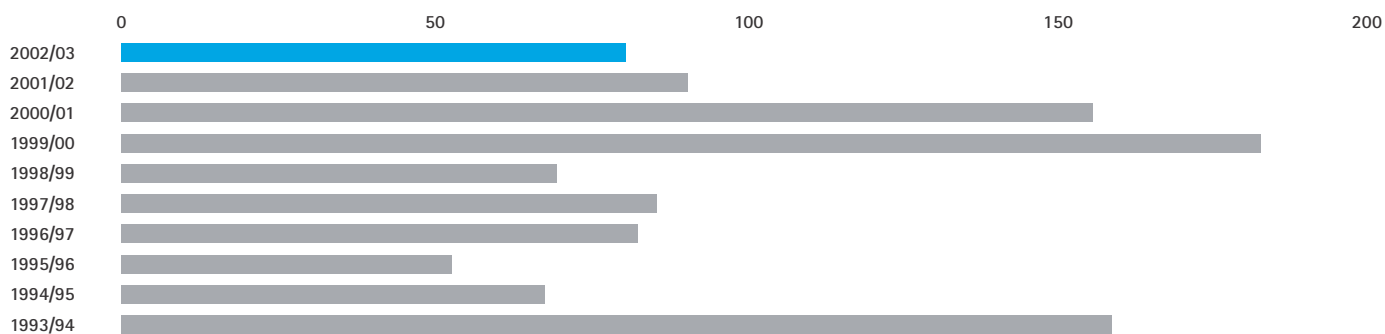
Australia wins Rugby World Cup.

Anglican envoy Terry Waite and US Prof. Thomas M Sutherland freed by Lebanese.

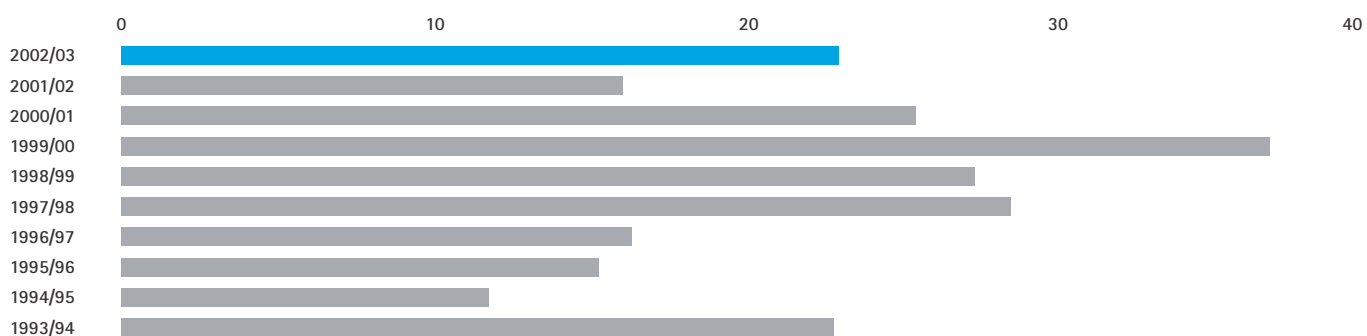
December 1991
Paul Keating ousts Bob Hawke in leadership ballot; becomes Australia's 24th Prime Minister.



New listings



Total equity capital raised (\$billion)



January 1992
T+5 settlement for
ASX transactions.

February 1992
US lifts trade sanctions
against China.

March 1992
High Court determines
Torres Strait Islander
Eddie Mabo held ancestral
land by 'native title'.

13 March, ASX moves into
new premises
in Melbourne at
530 Collins Street.

Superannuation Guarantee
introduced.

ASX returns to profitability,
earning \$1.8 million after
tax.

April 1992
Four police officers
acquitted in Los Angeles
beating of Rodney King;
rioting erupts in South-
Central Los Angeles.



Market milestones

Domestic listed companies
1,168

Market capitalisation
A\$275 billion

Equities turnover
A\$63 billion

Equities trades
7,500 daily average

Options contracts
33,000 daily average

30 June 1992
All Ords 1,690.11

Structure and efficiency

In November 2002, ASX announced its intention to form Australian Clearing House (ACH), to act as the central counterparty for all transactions on ASX markets. ACH is then the seller to every buyer, and the buyer to every seller. In July 2003, ASX made formal application to the Treasurer for approval to split the National Guarantee Fund into separate capital components, one for fidelity purposes and the other for clearing support.

Although seemingly unrelated, these two events are integral to broader reforms within ASX focused on clearing and settlement. The project has been two years in process and has been timed to coincide with ASX's transition to the new licensing requirements for all clearing and settlement facilities, introduced by the Financial Services Reform Act (FSR Act). Indeed, a key objective of the internal reform has been to anticipate and ensure full compliance with the new regulatory framework. In particular, this incorporates new financial stability standards established by the Reserve Bank of Australia for clearing houses and settlement systems.

Clearing is a valuable part of ASX's business, and an essential infrastructure for all financial markets. Clearing all transactions in ASX markets through a single central counterparty provides practical assurance to market participants that bargains struck in the market will always be honoured. Indirectly, all investors benefit from this assurance. The effect of this assurance is that market participants (and their clients) need not consider the financial strength of the counterparty to each of their market trades, but instead examine the financial and operational stability of the central counterparty. In ASX markets, this central counterparty will be Australian Clearing House, a wholly owned subsidiary of ASX. In turn, of course, this makes the markets operated by ASX safer and more attractive to market participants and their clients.

ACH will bring together under one roof a comprehensive set of risk management activities already performed within the ASX group, and provide greater certainty, flexibility and transparency to those activities. The prime objective of these activities is to ensure that financial difficulties encountered by any one participant are prevented from affecting other participants or the market generally (i.e. counterparty and systemic risks are minimised).

ASX monitors the capital liquidity and general financial position of all market participants through a sophisticated measurement and reporting process. Active oversight involves query and follow-up wherever financial parameters are breached. ASX monitors the overall counterparty risks in the market to ensure risk issues are addressed early, and requires margins (cash or securities lodged as collateral) from derivatives market participants to ensure risks are appropriately covered.

The final part of a comprehensive risk management program is active management of the central counterparty's own financial resources. This ensures that the central counterparty is always in a position to step in if, despite other measures, a participant defaults. Because ASX currently relies on the segregated resources of the National Guarantee Fund, which is available not only for clearing house protection but to meet investor fidelity claims against participants, its ability to manage its own capital has been limited. This reduces flexibility to respond to new market situations and creates uncertainty in relation to the specific financial protection available for clearing.

The structure is also unique in global terms, perhaps limiting the attraction of global players to our markets. Such considerations led to ASX's application to the Minister to split the fund, and pay an amount representing the clearing support component to ACH under enabling legislation introduced with the FSR Act. The legislation ensures that sufficient funds will be left in the Guarantee Fund to meet any future fidelity claims.

If the Minister authorises the split, ACH will hold the resulting funds for exactly the same purpose as they are currently used: to provide the market assurance described above. The funds will appear on ASX's consolidated balance sheet, but ASX cannot withdraw the funds from ACH or allow ACH to use them for any new purpose without Government approval.

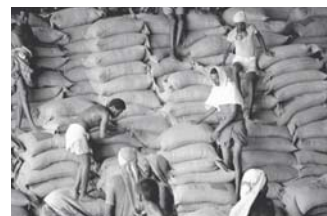
It is important to understand that these changes deal with the legal entities and the structural framework underpinning clearing and settlement. ASX's technology systems that provide efficient and reliable transaction processing remain unchanged, if not continually enhanced. Once ACH is established with its own capital infrastructure, ASX will have world-class clearing infrastructure with which to support market growth and increasing international reach, and to explore new product and service opportunities.

July 1992
US Democrats nominate Bill Clinton and Al Gore for presidential campaign.

Court clears Exxon Valdez skipper.

Olympics games in Barcelona.

St George Bank lists after converting from a building society to a bank.



August 1992
Police officers acquitted in April on criminal charges in Rodney King beating are indicted on federal civil rights charges.

US Republicans renominate Bush and Quayle for presidential campaign.

\$1.3 billion float of GIO Australia with a public and institutional offer. Founded in 1927 as the Government Insurance Office, the business would be majority acquired by AMP in January 1999 then sold to Suncorp in June 2001.

Sydney Harbour Tunnel opens for traffic. The 2.3km tunnel was built over 4.5 years at a cost of \$554 million.

Australian unemployment nears 11%.

November 1992
Bill Clinton elected US president, Al Gore vice president; Democrats keep control of Congress.

December 1992
UN approves US-led force to guard food for Somalia.

Prince and Princess of Wales agree to separate.

1 July 1992
All Ords 1,692.76

Finding company information

ASX's website is the best source of company information and data for Australia's more than 1,500 listed companies.

Every company announcement submitted to ASX is reproduced and replicated live and free of charge to all investors. Share prices for every listed company are available on a 20-minute delayed basis and index levels are available live during market hours.

ASX's website, www.asx.com.au, has again won a Top 10 award from Hitwise for ranking second in the 'Business and Finance – Stocks and Shares' category for the three months from April to June 2003. The award again demonstrates the demands from investors for unbiased and accessible information from ASX. These demands require robust infrastructure and systems that provide stability and continuity of service delivery to all users.



Re-engineering market data and information

ASX's market data business has been subject to a strategic review during the past 12 months, leading to the introduction of a range of new products and services, the decommissioning of old and less efficient infrastructure and a customer service repositioning.

Many of the market data services offered by ASX remained unchanged since ASX's mutual days. The services had been developed with a small target market of member broking organisation users. The infrastructure and the labour-intensive processes defied the rapid growth in market trading activity, the expansive international distribution of ASX information and data and the development of alternative broking models including online and discount broking.

A major change in product has been the decommissioning of Signal G and Image Dissemination Service, which both provided company announcement information. Together with a new requirement for listed companies to lodge announcements electronically, ASX has rebuilt the distribution platform to improve speed, efficiency and quality of company announcement availability. Equally, ASX has enhanced the delivery of information through asx.com.au, with the free provision of all company announcements.

ASX has also entered into a strategic alliance with Aspect Huntley, for the joint marketing and development of new and innovative market information products. The first will be Signal G Digest, capitalising on the service recognition from ASX's previous product. The service will differentiate itself by focusing only on material announcements and providing summary extracts rather than full-text duplication of all announcements. Further new products are being developed jointly including the ASX FinData database of historical company information.

The quality of the technology infrastructure behind the visible market data and information services has enabled greater flexibility in compiling new data products. A major task has been to reduce the number of products offered from the several hundred still offered since ASX's mutual days. This means examining both demands for information, and the method of delivery. A shift to online delivery also improves the efficiency and cost of distribution.

January 1993

Clinton agrees to compromise on US military's ban on homosexuals.

March 1993

Five arrested, sixth sought in bombing of World Trade Center in New York.

Prime Minister Paul Keating re-elected for Labor's fifth term in office.

April 1993

Fire kills 72 as cult standoff in Texas ends with federal assault.



May 1993

Sri Lankan President Ranasinghe Premadasa assassinated.



Market milestones

Domestic listed companies
1,168

Market capitalisation
A\$228 billion

Equities turnover
A\$73 billion

Equities trades
9,000 daily average

Options contracts
29,000 daily average

30 June 1993
All Ords 1,765.97

Continuous supervision

Markets must operate with integrity to attract companies, retain capital and build investor confidence. ASX's strong brand and international reputation for conducting markets of integrity has been founded on many years of consistent and constant supervision. Sustaining that reputation requires a framework that is robust and steadily enhanced, supervision that is visible and adequately resourced, and enforcement that is effective.

Oversight and assurance

ASX has long held the view that its effectiveness as a market supervisor has been enhanced by the demutualisation and listing of ASX. This is based on the inextricable link between ASX's success in operating a market of integrity and its success as a listed company responsible to shareholders. A failure of integrity would not only damage the market, it would also damage the interests of ASX shareholders.

This year, for the first time, this view – and ASX's performance as a market supervisor – was subject to two intensive rounds of external scrutiny and oversight.

ASX Supervisory Review (ASX SR) undertook a comprehensive audit of ASX's supervision in line with its mandate to provide an additional layer of transparency to ASX's supervisory work. ASX SR reports directly to the ASX Board on ASX's supervisory policies and procedures, expressing an objective and independent opinion on the adequacy of funding and resources for supervision within ASX. Looking at each of ASX's supervisory requirements under the Corporations Act, the ASX SR report found that ASX's performance was satisfactory in all relevant respects.

Under the Corporations Act, ASX is required to ensure its markets are fair, orderly and transparent. ASX must also have adequate arrangements for monitoring and enforcing its rules for the expulsion, suspension or disciplining of market participants, for the settlement of transactions due to trading in securities, for investigating complaints by investors, and conflict handling.

ASX SR's report stated that, "ASX had in place numerous effective and efficient processes for ensuring compliance with its operating rules on a day-to-day real time basis and for dealing with suspected breaches of these rules and the law".

ASX SR also concluded that "the level of funding and resourcing devoted by the ASX Group to supervisory activities was substantial".



Australia – a nation of shareholders
ASX released the latest instalment of its Share Ownership Study in February 2003. The survey, conducted during November 2002, involved over 2,400 interviews and 21 focus groups across Australia.

ASX has conducted the surveys since 1997, examining trends and drivers in Australian share ownership. The survey highlighted that 50% of adult Australians own shares either directly or indirectly through managed funds or self-managed superannuation. The result was slightly lower than the previous survey, which showed 52% owning shares – however, investors own on average a larger number of shares with a higher average volume.

The survey examines the characteristics of investment decisions by different investors and highlights the different sources of information for their investment decisions.

Overall the survey demonstrates the continued strong attachment that Australians have with listed investment, with the great diversity of the investing population increasingly matched with a broad range of product accessible and available for immediate investment on the listed market.

More information about the survey is available on www.asx.com.au.

July 1993
Iraq accepts UN weapons monitoring.



Woolworths Limited \$2.45 billion float. Shares trade at \$2.45 after trading is extended by 3.5 hours until 7:30 pm to accommodate the high levels of trading volume. Woolworths first store, the Woolworths Stupendous Bargain Basement, was opened in Pitt St, Sydney on 5 December 1924.



October 1993
China breaks nuclear test moratorium.

All listed companies have their securities made available for settlement using ASX's Flexible Accelerated Security Transfer (FAST) system. Only six companies have fully electronic registers at this stage.

All Ordinaries index finally passes previous high reached during September 1987.

November 1993
Jean Chretien sworn in as Canada's 20th prime minister.

1 July 1993
All Ords 1,783.99

Market milestones

Domestic listed companies 1,125

Market capitalisation A\$288 billion

Equities turnover A\$128 billion

Equities trades 15,500 daily average

Options contracts 46,000 daily average

Further, ASX must have adequate arrangements in place for handling conflicts of interest between its commercial interests and its responsibilities to operate a market that is fair, orderly and transparent. In respect of ASX's clearing and settlement facilities, ASX is obliged to reduce systemic risk and to provide clearing and settlement services in a fair and effective way. On these responsibilities, ASX SR concluded that "such arrangements are numerous and operate throughout the Exchange at various levels and degrees", and that, "appropriate conflict handling arrangements" are in place.

ASX SR's full report, along with details of its operations and directorate, are all available at www.asxsr.com.au.

This year also marked the first of what will be annual audits of ASX undertaken by the market regulator ASIC. This audit arises from ASX's licensed status as a market operator and clearing and settlement facility provider. The ASIC audit assesses ASX's level of compliance with its licence conditions as a market operator, and covers ASX from many angles including supervision, policies, procedures, and communications with market participants. The audit, provided to the Parliamentary Secretary to the Treasurer, Sen Ian Campbell, gave an overall positive assessment of ASX's compliance.

ASX believes that these reports provide welcome and valuable confirmation of the high level of integrity maintained in ASX's markets.

Setting rules

ASX draws on the skills of its own Board and of the wider financial services industry to enhance the supervisory framework and assist in developing market structure. Proposed amendments and enhancements to business rules (relating to the conduct of market participants) the listing rules (representing a contract between listed companies and ASX), and the clearing and settlement rules are all informed by extensive industry consultation.

Proposed rule changes are submitted to the market for comment. Only after this feedback is collated and discussed with ASIC can ASX formally lodge the proposed new rules with the market regulator. This formal lodgement commences a 28-day period of Ministerial disallowance and it is only after this period that the new rules may come into force.

The whole process – though certainly a resource-intensive one for ASX – is valuable because it involves all market participants, as well as the regulator, in improving the framework for the conduct of the markets.

Disclosure

Market disclosure by listed companies makes a crucial, and highly visible, contribution to the creation of an informed market. The interaction between ASX and listed companies that facilitates that disclosure is often less visible. Every morning before the market opens, ASX staff have reviewed all the major national and regional newspapers and business magazines to identify any reports containing material information that may not have been announced to the market. ASX also uses its sophisticated surveillance technology to monitor price movements on a continuous basis to ensure that securities are being traded in a market where material information is universally available. Every trade entered into ASX's trading system, and every announcement made to the market is recorded and can be examined not just in isolation but also in the context of previous announcements, information and trading patterns.

It is a sophisticated and integrated approach to keeping a high standard of supervision.

This 'behind the scenes' work, and the informal queries and discussions with listed entities that frequently result in companies making additional disclosure, contributes significantly to greater transparency in the market, to the benefit of all investors. Since the introduction of legislative support for ASX's continuous disclosure framework in 1994, the volume of company announcements has more than doubled – a much faster rate of growth than the number of listed companies.

Where disclosure rules have been breached, ASX has the power to refer the matter to ASIC for investigation. During the year, ASX made 58 such referrals. The number of referrals is updated on a quarterly basis on ASX's website.

During the year, ASX supported the Federal Government in its proposal to strengthen the continuous disclosure regime through empowering ASIC to fine companies for breaches. ASX also enhanced the continuous disclosure regime by amending the Listing Rule to make it absolutely clear that a company cannot allow its securities to trade in a false market.

ASX further encouraged the provision of market information by introducing secure internet-based facilities for the mandatory electronic lodgement of company announcements. This enables rapid delivery of company news to, and dissemination from, ASX in the interests of a well-informed marketplace. The system also enables electronic tracking and confirmation of the release of announcements to the market. At the same time, the free provision of real-time company announcements to users of ASX's website www.asx.com.au was enhanced through the launch of an improved PDF-based service.



January 1994
Serbs' heavy weapons pound Sarajevo.

Olympic figure skater Nancy Kerrigan attacked.

Flex options introduced. These options allow investors to tailor the expiry month, strike price and exercise style.

90-day bank bill rates trough at 4.9% having reached 21.6% in 1991.

February 1994
US President Clinton ends trade embargo on Vietnam.

March 1994
Four convicted in World Trade Center bombing.



April 1994
South Africa holds first interracial national election.

May 1994
Brazilian racing car driver Ayrton Senna killed.

Nelson Mandela elected president.

Israel and Palestine sign accord.

Channel inaugurated.

Clinton accused of sexual harassment while governor of Arkansas.

Richard G Humphry appointed Managing Director and Chief Executive Officer. Formerly Director-General of the NSW Premier's Department and Auditor General of Victoria, with 20 years in the Australian public service and 13 years in the banking industry.

June 1994
OJ Simpson arrested in killings of wife, Nicole Brown Simpson, and friend, Ronald Goldman.

30 June 1994
All Ords 1,970.92

Education and information

ASX continues to provide high quality independent investor education services. These investor services are important in developing knowledge across the community about financial markets and building confidence for investors taking the next steps towards financial management.

ASX has undertaken an advertising campaign, 'Wealth begins with greater knowledge', to reinforce the importance of using knowledge and savings together to make better-informed investment decisions. Education is the most fundamental long-term, business-building activity that ASX engages in directly with the retail investor.

However, ASX recognises that all investors are different, with varying levels of confidence and access to information about investment. ASX provides face-to-face classes, self-learning, and online modules, as well as product-specific training for professional derivatives advisers and financial planners.

To find out about the full range of ASX educational services visit our website www.asx.com.au.

A range of courses

ASX has expanded its offering of classes recently, and continually updates the reference material to improve the quality of content. ASX employs professional lecturers and supplements these with lecturers from the broking community and funds management industry to deliver practical, relevant and economical education.

ASX offers introductory share market classes for:

- Starting in the share market;
- Tracking your share market investment;
- Analysing and selecting shares; and
- Developing your investment portfolio.

ASX also offers further, more specific classes and workshops for:

- Active investing;
- Getting started in options;
- An introduction to warrants;
- Earning extra income using options;
- Profiting from market movements; and
- Advanced options trading.

Recently, free classes have been offered for an introduction to investing in overseas shares, and advanced warrants.

The development of these new classes reflects both user demand and the expansion of ASX's business into new areas, including providing access to investment in overseas markets.

ASX's education and professional development programs cover two levels of derivatives adviser accreditation and a new listed product accreditation course for financial planners. This last course was developed together with the Savings Factory and is supported with recognition from the Financial Planners Association. These courses can provide investors with some assurance that their professional adviser has achieved a certain standard of knowledge in these particular listed products.

Learning your own way

In addition to the classes offered face-to-face by ASX in capital cities around Australia, there are free online courses available and self-learning kits for investors who prefer to learn at their own pace within their own environment.

The continuous development of the internet, together with the capacity of ASX's website have dramatically improved delivery of quality online education services. The web-based courses are interactive learning programs complete with comprehensive notes and quizzes.

Share market games

ASX has broad exposure to the next generation of investors through its school share market game. The game, conducted twice each year, reaches almost 50% of secondary schools across Australia. The game allows school students to form syndicates and then develop an investment strategy, select shares and manage a virtual portfolio of shares initially valued at \$50,000 for a two-month period.

ASX awards prizes for state and national winners based on the highest portfolio values at the conclusion of the game. The share market game teaches students to research and monitor their investments using the ASX website, the daily press and other available sources of information. The most recent game was won by a group of students from Byron Bay High School on the NSW North Coast in their third attempt at the title.



September 1994
First stage of CHES implemented. The conceptual development of the system began in 1989, with an international Group of Thirty (G30) recommending automated securities transfer and settlement with ultimately a 3-day settlement cycle. After T+5 settlement was introduced in 1992 along with optional uncertificated holdings and securities lending, CHES furthered the steps to full automation by introducing an electronic sub-register of shareholders.

October 1994
Israel and Jordan sign peace treaty.

Laurence Cox retires as Chairman of ASX. Mr Maurice L Newman is appointed as his successor, ASX's third Chairman.



1 July 1994
All Ords 1,947.85

August 1994
IRA declares cease-fire in Northern Ireland.

Market milestones
Domestic listed companies 1,140

Market capitalisation
A\$299 billion

Equities turnover
A\$118 billion

ASX also conducts a share market game open to all Australians over the age of 18. The game follows a similar format, providing a virtual portfolio initially valued at \$50,000, and awarding prizes for the highest valued portfolio at the end of the two-month game.

Both share market games are conducted through the ASX website. The website also acts as the primary source of information for game players, providing share prices and company announcements for all listed companies. Game participants or syndicates conduct their virtual trades using the ASX website.

Better exposure

ASX has formed a new partnership with Exhibitions and Trade Fairs who conduct the Channel 9 Money Expos; ASX now provides a core of investor education content within the broader expo format. The 'Channel 9 Money Expo in association with ASX' replaces the previous format of ASX share days or ASX investor days. Using the exposure and reach of Channel 9 allows ASX to focus on a core provision of education services, without needing to organise and co-ordinate a full day of activities and events.

The Expo format also positions ASX alongside property and other assets classes, reinforcing the importance of diversification of investments. This format emphasises the different characteristics of direct listed investments from property and managed funds, including the liquidity and visibility of market valuation through continuous market pricing and disclosure.

ASX has undertaken a similar initiative with Exhibitions Plus that conducts the Traders and Investors Expos. These events are geared towards more experienced traders and investors and provide ASX with the opportunity to educate attendees about our more sophisticated products such as options, warrants and futures.

Regional road shows with Telstra Countrywide

ASX has extended the reach of its education services to regional Australians, with the support of sponsorship from Telstra Countrywide. ASX lecturers have been on the road across rural and regional centres in Queensland during July and August 2003, visiting the Gold Coast, Toowoomba, Caloundra, Bundaberg, Townsville, Mackay and Rockhampton.

Regional NSW and ACT were visited in earlier months, with trips planned to centres in Tasmania, South Australia, Western Australia, Northern Territory and Victoria.



Wealth begins with greater knowledge

You may have noticed ASX's striking advertising campaign during the past few months. These print advertisements use artwork commissioned specifically for the campaign by ASX, targeting the need for education and knowledge amongst retail investors.

Education is at the heart of ASX's efforts to expand the market. It is ASX's principal direct involvement with the retail investor and builds a diverse interest in listed investment from school children to retirees.

The campaign, produced in conjunction with Sydney agency Osborn Southgate, confronts the emotional inhibitions, concerns and impediments that investors face when approaching investment decisions. The advertisements all end with a simple answer – knowledge through education.

ASX believes it is a natural source of education for listed investment as an independent, neutral and unbiased provider of information.



March 1995
Nerve gas attack in Tokyo subway kills eight and injures thousands. The Aum Shinrikyo (Supreme Truth) cult is to blame.

April 1995
UN Council votes easier sanctions for Iraq.

Scores killed as terrorist's car bomb blows up block-long Oklahoma City federal building. Timothy McVeigh, 27, Army veteran, arrested as suspect.

Death toll 2,000 in Rwanda massacre.

May 1995
Fighting escalates in Bosnia and Croatia.

Corporate Law Reform Act mandates continuous disclosure of material information by listed companies.

ASX Share Ownership Study results show that 16% of Australian adults own shares directly, or 20.9% when indirect investments through managed funds are included. This equates to almost 2 million direct share owners and 2.6 million when indirect investments are included.

LEPOs introduced following ASX's successful court defence of their right to issue these products. The products compete with the Sydney Futures Exchange's individual share futures.

Equities trades
12,000 daily average

Options contracts
35,000 daily average

30 June 1995
All Ords 2,012.75

Community and the workplace

The primary objective of ASX's community partnerships is to have ASX play a positive and constructive role in the wider community. ASX is active in the community in three ways.

Key Community Partnerships

ASX has long-term community partnerships that support conservation through the Taronga Zoo and the Taronga Foundation, and medical research through the Garvan Institute. ASX's association with Taronga is focused on the Australian Marine Mammals Research Centre and ASX Frog Focus.

ASX Reuters Charity Foundation

Australian Stock Exchange and Reuters Australia joined forces in 1999 to continue the annual charity golf tournament held for the last 17 years. During this time the charity has distributed nearly \$14 million of funds raised to selected charities. Funds are raised through sponsorships, entry fees, auctions and the sale of Art Union tickets. Beneficiaries include children's organisations, medical research, and various ASX community partners.

ASX Community Exchange

ASX aims to improve the communities where our staff live and work. The introduction of a new payroll-giving scheme during June 2003 is designed to efficiently support employees who wish to contribute to the community.

The charities initially chosen by ASX employees to participate in the voluntary scheme are ASX's community partners, Taronga Foundation and Garvan Institute for Medical Research, as well as Landcare Australia, The Salvation Army, The Smith Family, Inspire Foundation and Malcolm Sargent Cancer Fund for Children.

The program enables voluntary deductions from an employee's salary to be directed to individually selected charities from the defined group of beneficiaries.

Through the combined efforts of these three initiatives, ASX provides assistance to a total of 24 different community organisations. The key areas of support are:

- Children's illness and disability;
- Major diseases and medical research – including cancer;
- Children and families at risk;
- Environment and animal conservation;
- Poverty and homelessness; and
- Youth at risk.

ASX extends its commitment to raising the profile of medical research through its support for Research Australia. Research Australia is a national not-for-profit organisation with the mission of making health and medical research a higher national priority. ASX has provided both financial and in-kind assistance to support the activities of Research Australia.

Research Australia's message is that every day, everybody benefits from health and medical research. Increased funding and investment in research from all sources will ultimately improve people's health and quality of life, in the current and future generations, and will also strengthen the national economy by generating new businesses and industry.

ASX workplace

In addition to these community partnerships, ASX supports programs aimed at improving awareness and diversifying our workforce. Specifically, ASX funds two projects aimed at increasing the knowledge base of its workforce. ASX has for many years sponsored awards for excellence in the Securities Institute of Australia's financial markets courses. ASX also provides financial support to staff undertaking studies in the Securities Institute programs.

More recently ASX commenced its participation in the National Indigenous Cadetship Program. This program provides a three-year summer internship at ASX for an indigenous law student. ASX also provides financial support towards the completion of the cadet's studies.



July 1995
ASX listing rule introduced requiring all listed companies to report on their corporate governance practices.

Queensland halves the rate of stamp duty on share transactions from 0.3% to 0.15%. All other states and territories subsequently match the reduction. The reduction is claimed to be responsible for \$18 billion of the \$41 billion increase in trading activity during the year.

Qantas Airways Limited lists.

3 July 1995
All Ords 2,001.88

August 1995
ASX's electronic Company Announcements Platform is launched.

ASX launches its website www.asx.com.au.

September 1995
France explodes nuclear device on Mururoa Atoll, wide protests ensue.

Israelis and Palestinians agree on transferring West Bank to Arabs.

October 1995
Los Angeles jury finds OJ Simpson not guilty of murder charges.

November 1995
Israeli prime minister Yitzhak Rabin slain by Jewish extremist at peace rally.

Irish voters approve end to constitutional ban on divorce.

December 1995
ASIC launches the 'good advice' program to raise standards in retail stockbroking.



Market milestones

Domestic listed companies
1,133

Market capitalisation
A\$347 billion

Equities turnover
A\$159 billion

Equities trades
16,000 daily average

Options contracts
39,000 daily average

ASX has for many years undertaken programs of staff secondment or exchange, involving employees from regional stock exchanges with whom ASX has memorandums of understanding. The programs facilitate mutual understanding of different exchange models and allow enhancement of skills in different regulatory environments. Most recently, a representative of Shanghai Stock Exchange has spent several months working with ASX.

ASX has introduced new programs to support a work-life balance and encourage family balance. During the year ASX has extended maternity and paternity leave programs and now provides six weeks of paid maternity leave and up to three weeks of unpaid paternity leave for eligible employees with more than 12 months of continuous service.

ASX supports job-sharing arrangements and work-from-home access to technology systems and networks in an effort to draw on the skills of employees that may otherwise be lost without this flexibility.

Enhancing organisational leadership

During the year ASX has embarked on an organisation-wide leadership development program. The program aims to build a common language of leadership amongst management and develop leadership acumen. A key outcome is enhanced communication between managers and peers and ultimately the achievement of organisational objectives throughout ASX.

More than 90 personnel across ASX took part in the two-day off-site program using the Situational Leadership® II model. The program focuses on learning how to identify and interpret the development and motivation of peers towards their work tasks. These attributes are defined in terms of competence and commitment. The second key learning is then how to flexibly apply directive and supportive behaviour to achieve the optimal productivity on tasks. Ultimately this contributes to the ongoing personal development of all ASX employees.

The program was extremely successful in fostering a more communicative and open process amongst departments with groups mixed amongst senior and more junior managers and across different divisions and departments. An integral element is the process of 360-degree feedback, where leaders are given detailed peer assessment of their management behaviours and flexibility in different circumstances.



January 1996
France announces end to nuclear tests.

Fire in the former Soul Pattinson building on George Street causes significant damage to ASX's computer systems. Trading had just been completed when the fire broke out, but the following morning resumes uninterrupted using back-up facilities.

March 1996
Suicide bombers kill 59 in Israel.

Bob Dole sweeps Republican primaries.

Britain alarmed by deadly cow disease.

John Howard elected Australia's 25th Prime Minister bringing the Liberal-National Party Coalition back into office after 13 years.



Capitalisation of ASX market reaches 68% of GDP compared with 38% in 1985/86.

ASX begins development of an electronic derivatives trading system—OM's CLICK.

April 1996
FBI arrests suspected Unabomber.

Former Prime Minister Paul Keating resigns from Parliament.



June 1996
Jazz great Ella Fitzgerald dies.

May 1996
Chechnya peace treaty signed.

Israel elects Benjamin Netanyahu as prime minister.

28 June 1996
All Ords 2,207.63

ASX Corporate Governance Statement

ASX is a key part of Australia's economic, financial and business infrastructure. We provide orderly listing, trading, clearing and settlement of equities and derivatives. By maintaining a market of efficiency and – in fulfilment of our licence conditions under the Corporations Act – a market of integrity, ASX assists in reducing the cost of capital to listed companies, enabling Australian industry to grow and create employment and opening up wealth creation opportunities for individuals.

ASX's approach to governance as a listed company reflects the same central theme that underlies our approach to maintaining the integrity of our markets: that is, the commitment to disclosure. We believe disclosure is the best tool, both to equip investors with the information they need in judging the suitability of an investment and to equip companies with the flexibility to carry out their business in the best possible way.

As we acknowledged in our Corporate Governance Statement 12 months ago, ASX accepts a role in setting and articulating corporate governance standards in Australia. A major activity of the year under review was our convening and chairing of the ASX Corporate Governance Council. In March, the Council published the 'Principles of Good Corporate Governance and Best Practice Recommendations' ('guidelines'). This publication led to a rigorous and constructive review of ASX's own governance practices. The result has been that we have codified many of ASX's existing and long-standing practices into formal policies and procedures, and we have made changes to our policies and practices where appropriate.

This statement summarises our corporate governance practices following this review. It is structured along the same lines as the Council's guidelines, with sections dealing in turn with each of the Council's 10 corporate governance principles. The various codes, policies and charters referred to in this statement are all posted on the ASX website, www.asx.com.au, and shareholders and other interested readers are welcome to refer to them. The Board will keep its corporate governance practices under review.

1 Lay solid foundations for management and oversight

The ASX Corporate Governance Council states that a company should *"Recognise and publish the respective roles and responsibilities of board and management."* ASX has adopted a formal Board Charter that sets out the functions reserved to the Board and those delegated to the Managing Director. The division of functions is reviewed annually.

Specifically, the Board is responsible for: setting strategic direction of the ASX Group and monitoring management's performance within that framework; ensuring there are adequate resources available to meet ASX Group objectives; appointing and removing the managing director and overseeing succession plans; approving and monitoring financial reporting and capital management; approving and monitoring the progress of business objectives; ensuring that risk is adequately managed; ensuring that the ASX Group has appropriate corporate governance structures in place including standards of ethical behaviour and a culture of corporate and social responsibility; and ensuring that the Board is and remains appropriately skilled to meet the changing needs of the company.

The Chairman is responsible for leading the Board in those duties, while the Managing Director is responsible for the efficient and effective operation of the ASX Group, including bringing material matters to the attention of the Board. The Board has no operational involvement in the supervision of the market, its role in that area being confined to setting and reviewing policy. The roles of Chairman and Managing Director are separated and under Board policy, the Managing Director may not become Chairman.

2 Structure the board to add value

The ASX Corporate Governance Council states that a company should *"Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties."* ASX's Board is so structured, and its directors have adequately discharged their responsibilities and duties to the benefit of shareholders.

Skills

A fundamental requirement for ASX Board members is a deep understanding of financial markets. All Board members meet this threshold requirement. They also bring a diverse range of skills and backgrounds including accountancy, auditing, financial services including investment banking and stock broking, financial regulation, technology, law and public policy as well as business acumen including international business skills. Following the retirement of Mr Max Fowles on 30 September 2003, the ASX Board will consist of eight directors (seven non-executive and one executive) compared to 15 directors just prior to demutualisation in 1998. The experience and qualifications of each Board member and their terms of office are further discussed on pages 30 to 32.

July 1996
Boris Yeltsin is re-elected in Russian election.

Prince Charles and Princess Diana agree on divorce.

747 airliner crashes in Atlantic off Long Island; all 230 aboard perish.

Olympic games in Atlanta.



ASX Board determines to ask its stockbroker members to consider transforming from a mutual to a corporate. The decision will require a 75% majority vote. Stockholm Stock Exchange was the first to demutualise in 1993, followed by Amsterdam, Athens and Copenhagen.

1 July 1996
All Ords 2,211.75

Market milestones
Domestic listed companies 1,142

August 1996
Completion of CHES Phase 2 – full automation of an irrevocable delivery versus payment electronic system for settlement of market transaction in all securities. The project wins a 1996 Australian

Market capitalisation
A\$444 billion

Information Industry Association award for excellence through information technology. CHES is also ranked the third best in the world by Global Securities Consulting Services of the UK.

Equities turnover
A\$211 billion

October 1996
Members of Australian Stock Exchange vote overwhelmingly to demutualise, turning the Exchange into a public company that will list upon itself. More than 96% of members support the proposal.

Equities trades
21,000 daily average

November 1996
Unusual options market trading in TNT options immediately prior to a takeover offer leads to an ASX surveillance referral to ASIC, investigation and subsequent prosecution of insider trading.

Options contracts
40,000 daily average

December 1996
Kofi Annan named UN secretary-general.

Experience

The Board members have an appropriate mix of tenure, blending experience with new blood. The Board considers this mix invaluable. Given the nature of ASX's business which involves, primarily, operating Australia's main equities market, longstanding involvement and experience in our capital markets is essential to bring the skills, experience and judgement required for effective decision making, including the ability to manage the cyclical nature of our markets. Hence, a number of directors have been on the Board since listing and were directors of the mutual. The Board considers that these directors continue to exercise independent judgement in the task of enhancing shareholder value. The Board is also of the view that progressive and orderly renewal of its membership is important and therefore two new directors have been appointed in the last two years, after the retirement of three directors. Following the retirement of the Managing Director in July 2004, one third of the Board will have turned over in a two-year period. In light of this need for a mix of tenure, the Board has not adopted a specific tenure threshold, however, Board succession planning is considered an important part of the governance process. A particular focus at this time is to preserve continuity while achieving an orderly succession of the Managing Director.

Stakeholder perspectives

An important function of directors is to bring the perspective of stakeholders to the oversight of a company. ASX directors bring many perspectives to the Board's deliberations including those of customers such as listed companies and participating organisations, members of the broader investment community such as fund managers and regulators, service providers such as lawyers and accountants and the views and interests of employees.

Independence

Recognising that the perspective of customers is vital to the running of a company, the ASX Corporate Governance Council guidelines and the IFSA Blue Book both employ the concept of materiality when judging whether a non-executive director's relationship with a customer, supplier, consultant or professional adviser affects their independence.

ASX believes that employing this materiality concept is essential in judging whether customer, supplier, consultant or professional adviser relationships affect the independence of ASX directors. By virtue of its role operating the main equities market in Australia, ASX has relationships with every listed entity and stockbroker in the country. Thus in the absence of a materiality criterion, no person with a past or present association with the broking industry or a listed company

would be deemed capable of bringing independent judgement to bear as a director on the ASX Board. This is not a view we believe to be reasonable, widely supported, or in the best interests of shareholders.

ASX has adopted AASB standard 1031 to determine levels of materiality. A customer relationship is presumed immaterial when it generates less than 5%, and presumed material when it generates more than 10%, of revenue over a 12-month period in the absence of evidence or convincing argument to the contrary. In considering such evidence or argument ASX considers the strategic value and other material but non-quantitative aspects of the relationship in question.

In ASX's diverse customer base – which spans listed companies, data vendors and brokers – no single customer generates more than 5% of revenue on an annual basis.

The Board has considered each relationship between its non-executive directors and any customer, supplier, consultant or professional adviser to ASX. While the relationship of Board members with participating organisations and listed companies in particular brings useful stakeholder perspectives to the operation of the Board, the Board has determined that none of these past or present relationships of directors breaches the materiality threshold or otherwise compromises the independence of directors.

The threshold for materiality for the purpose of assessing the materiality of relationships between a non-executive director and ASX (other than as a director) will be judged according to the significance of the relationship to the director in the context of their activities as a whole. No director has such a relationship.

In light of the above, all of ASX's non-executive directors are considered by ASX to be independent directors.

It should also be noted that at each meeting of the Board, directors table their current outside interests. Where it is considered that a director has a material potential conflict, it is noted and where appropriate the relevant director absents him or herself for that item. That decision is minuted. ASX applies a similar concept at an executive level to ensure that supervisory responsibilities are not compromised by any commercial discussions concerning other listed companies.

Board Committees

In line with the guidelines, ASX reconstituted its Nomination and Remuneration Committee, comprising three independent non-executive directors, during June 2003. The Committee's responsibilities include setting Board competence standards, reviewing succession plans,



March 1997
Hale-Bopp comet is the closest it will be to Earth until 4397.

Geoffrey Rush wins Oscar award for Best Actor in 'Shine'.

April 1997
Tiger Woods breaks multiple records in Masters golf tournament.



10-year anniversary of ASX.

ASX core purpose articulated as "To conduct markets in which investors and enterprises come together with confidence to create prosperity through the sharing of risks and rewards". ASX 1997 Australian Share Ownership Study shows that 34% of adult Australians own shares directly or indirectly through managed funds. This equates to more than 4.7 million Australians.



June 1997
European Union bolsters currency merger.

Hong Kong returns to Chinese rule.

30 June 1997
All Ords 2,693.09

January 1997
US shuttle joins Russian space station.

Colonial Limited lists on ASX, and with more than 530,000 shareholders claims the largest register of any ASX-listed company.

February 1997
OJ Simpson found liable in civil suit.

Deng Xiaoping, Chinese leader, dead at 92.

Israeli government approves establishment of Jewish settlement in East Jerusalem, a setback in Middle East peace process

ASX introduces the Closing Single Price Auction (CSPA), a mechanism that facilitates the market close each afternoon.

Wallis Inquiry report into Financial System is released. ASX submission arguing for generic regulation of securities and futures within the Corporations Law is endorsed by the Inquiry and subsequently included in Financial Services Reform Act implemented between March 2002 and March 2004.

evaluating the Board's performance and making recommendations for the appointment and removal of directors.

The Nomination and Remuneration Committee leads the process of selecting new Board members for consideration by the whole Board. Directors are expected to advise the Chairman in his capacity as chair of that Committee, before accepting additional external postings and give assurance that any new responsibilities will not interfere with the proper execution of their responsibilities to ASX.

There is also a Chairman's Committee, which is responsible for considering, on an ad hoc basis, material issues which may arise between Board meetings and any issues specifically delegated to it by the Board. There are no additional fees paid for participation in this Committee.

The Audit and Risk Committee is discussed below.

Membership of the Board's Committees and attendance by directors is outlined on page 33.

Independent advice

ASX directors may also seek external professional advice at the expense of the company on matters relating to their role as directors of ASX. However, they must first request approval from the Chairman or Vice-Chairman, which must not unreasonably be withheld. If permission is withheld the matter may be referred to the whole Board.

3 Promote ethical and responsible decision making

The ASX Corporate Governance Council states that a company should *"Actively promote ethical and responsible decision-making"*. ASX has formally adopted a Code of Ethics and Conduct, which promotes ethical and responsible decision making by directors, executives and employees.

The Code requires high standards of honesty, integrity, fairness and equity in all aspects of employment with ASX. The Code also sets the task for management of delivering shareholder value, with the oversight of the Board, through the sustainable and efficient operation of the company. Specific obligations regarding fitness for office also apply to ASX directors and management by virtue of its role as market operator and clearing and settlement facility provider. ASX has comprehensive policies and procedures in place for observing these requirements.

ASX also has formal Dealing Rules that set the parameters for dealing in the securities of ASX and prohibit insider trading. Any dealing in the securities of ASX requires prior sign-off from a designated officer.

The policy specifies blackout periods during which dealing in ASX shares is prohibited, broadly being four weeks prior to and the day of financial results announcements.

There are also policies that apply specifically to staff within ASX who may encounter confidential price sensitive information relating to products traded on ASX's markets. The Managing Director of ASX is prohibited from dealing directly in any products traded on ASX markets other than ASX shares.

4 Safeguard integrity in financial reporting

The ASX Corporate Governance Council states that a company should *"Have a structure to independently verify and safeguard the integrity of the company's financial reporting"*. ASX believes its practices in this regard are in accordance with this principle.

ASX has a highly structured six-monthly reporting process, culminating in Board sign-off and release of financial results to the market. The Chief Executive Officer and Chief Financial Officer provide letters of assurance to the Board for each half-year and full-year result. ASX also releases unaudited quarterly updates to the market.

ASX's Audit and Risk Committee is constituted in accordance with the guidelines, and its responsibilities and composition requirements are set out in the Audit and Risk Committee Charter.

Amongst other things, the Audit and Risk Committee has specific responsibility for recommending the appointment or dismissal of external auditors and monitoring and reviewing any non-audit work carried out by the external audit firm. The procedures for appointment of an external auditor, and for the mandatory five-year rotation of the external audit engagement partner are outlined in the charter. No director has any association, past or present, with ASX's external auditors.

The Audit and Risk Committee currently meets four times annually, although the Committee Charter requires a minimum of three meetings. The Committee may meet whenever necessary, and subsequently relays a summary of discussions and any significant matters arising to the Board followed by meeting minutes.

External audits

ASX is vigorously scrutinised by government, regulators, customers and investors. We recognise, accept and welcome this scrutiny as a further check of our efforts to maintain and promote the integrity of our markets, as well as the prudent operation of our systems.



July 1997
Khmer Rouge hold trial of longtime leader Pol Pot.

1 July 1997
All Ords 2,688.62

August 1997
Timothy McVeigh sentenced to death for Oklahoma City bombing.

Princess Diana, 36, dies with two others in Paris car crash.



September 1997
Mother Teresa dead at 87.

Militant Taliban leaders seize Kabul.

October 1997
Hong Kong stock market plunges.

Iraq expels all US members of UN arms-inspection team.



November 1997
Two convicted in New York World Trade Center bombing.

Asian currency crisis. The currencies of the Asian 'tiger' economies, including Taiwan, South Korea, Indonesia, Malaysia, Thailand and the Philippines slump.

Telstra Corporation Limited first tranche lists, an instalment receipt raising \$8.6 billion.

December 1997
Corporations Law Amendment Bill enabling ASX's demutualisation and listing becomes effective.

ASX is required to undergo several regulatory audits each year in order to provide assurances to the market regulator (ASIC) and ASX's customers regarding the operational integrity of ASX systems and processes. The external auditor, KPMG, under the scrutiny of the Audit and Risk Committee, presently conducts these regulatory audits in return for reasonable fees.

ASX is also audited each year by ASIC to ensure satisfactory compliance with its licence obligations to provide a market that is fair, orderly and transparent. The audit report is provided to the Parliamentary Secretary to the Treasurer for review and approval. ASX Supervisory Review, a body set up by ASX to assess the suitability and adequacy of ASX's supervision, also audits ASX's supervisory arrangements and reports to the ASX Board. The ASX Supervisory Review board consists of a majority of directors independent of ASX, whose appointments are approved by ASIC and advised to Treasury. Further details on ASX Supervisory Review are available on their website, www.asxsr.com.au.

Internal audit

The internal audit function reports to the Managing Director and pursuant to a second reporting line, its reports are made available to the Audit and Risk Committee so that the internal audit objectives, plans and resources provide for adequate support of the Committee's own goals and objectives. Management engages PricewaterhouseCoopers who provide services and work with ASX staff in conducting the internal audit function. The internal audit function is independent of the external audit, has full and free access to the Audit and Risk Committee to preserve objectivity, and also has full and free access to ASX employees and ASX records.

5 Make timely and balanced disclosure

The ASX Corporate Governance Council states that a company should *"Promote timely and balanced disclosure of all material matters concerning the company."* ASX fulfils its disclosure responsibilities absolutely and is proud of its record in disclosure. As market supervisor ASX recognises that its own disclosure practices must set a high standard for the market.

Responsibility for supervision of ASX's compliance with continuous disclosure lies with ASIC. ASX's disclosure responsibilities are codified through a formal policy covering authority for disclosure approval, 'awareness' and 'materiality' of information or events, and the obligation to report these matters to designated compliance officers.

The policy details the disclosure process, including the required interactions with ASX's disclosure contacts at ASIC. The policy specifically recognises the company's obligation to respond to market speculation and avoid a false market in ASX's securities.

The Managing Director has ultimate authority and responsibility for approving market disclosure, which in practice is exercised in consultation with the Company Secretary. The procedures are reviewed by internal audit and are reported directly to the Audit and Risk Committee.

ASX considers its disclosed discussion of financial results falls within the scope outlined in the guidelines. This disclosure includes availability of materials on the ASX website and provision of all information necessary for investors to make informed decisions about an investment in ASX.

6 Respect the rights of shareholders

The ASX Corporate Governance Council states that a company should *"Respect the rights of shareholders and facilitate the effective exercise of those rights"*. ASX has for the first time documented a shareholder communication policy, as recommended in the guidelines which represents a formalised summary of longstanding practices and aims.

The policy identifies disclosure and transparency as important qualities for ASX's investors and prospective investors. ASX therefore aims to ensure the quality and clarity of communication with shareholders, using available methods and technologies.

Shareholder meetings represent an opportunity for shareholders to meet with and question the Board and management of ASX. ASX's external auditor attends all annual general meetings and is available to answer shareholder questions. ASX also seeks to bring the meeting to different capital cities where there is significant shareholder representation. All meetings are recorded and webcast.

ASX's website is a key source of information for ASX's shareholders and prospective shareholders. ASX places all company announcements on the site immediately following confirmation of their release to the market. Analyst briefing material is released as a company announcement and the briefings are webcast. ASX also displays annual and half-year reports to shareholders, speeches and presentations given by the Chairman, Managing Director and management and other useful business indicators including daily trading volumes.

January 1998

Ramzi Ahmed Yousef sentenced to life for 1993 World Trade Center bombing.

US President Bill Clinton accused in White House sex scandal; denies allegations of affair with White House intern, Monica Lewinsky.

Market milestones

Domestic listed companies
1,167

Market capitalisation
A\$489 billion

Equities turnover
A\$243 billion

Equities trades
25,000 daily average

Options contracts
32,000 daily average



February 1998

ASX options market trading floor closes.

ASX Share Ownership Study 1998 finds that 40.4% of adult Australians own shares directly or indirectly, with much of the increase attributed to the listing of Telstra instalment receipts.

March 1998

Serbs battle ethnic Albanians in Kosovo.

FDA approves Viagra, male impotence drug.

April 1998

Landmark peace settlement, the Good Friday Accord, reached in Northern Ireland.

May 1998

Europeans agree on single currency, the euro.

Unabomber, Theodore Kaczynski, sentenced to four life terms.

Indonesian President Suharto steps down after 32 years in power.

June 1998

AMP Limited lists. Remains the busiest day in ASX history in terms of total value traded – in excess of \$6.5 billion in one day's frenzied trading.

TAB Limited lists on ASX.

30 June 1998
All Ords 2,620.6

Investors gain internet access via brokers to ASX markets.

Further communication with shareholders occurs with periodic dividend payments and the distribution of annual and half-year reports (unless shareholders have chosen not to receive these). Email is also an important method of communication for investors. Key announcements can be received by email where shareholders provide their details to ASX.

7 Recognise and manage risk

The ASX Corporate Governance Council states that a company should *"Establish a sound system of risk and oversight and management and internal control"*. ASX takes this responsibility seriously and has put in place appropriate means of risk management.

The Audit and Risk Committee has responsibility for reviewing the risk management framework and policies within ASX. The Board annually workshops a risk matrix for the whole of ASX. Risk is broadly considered anything that may impede the achievement of effective market operation and ASX's strategic goals.

The Audit and Risk Committee receives periodic reports from the internal auditors, detailing compliance with existing statutory requirements as well as adherence to internal policies. The internal auditors also provide guidance to improve practices within ASX.

One of ASX's key areas of business is the operation of a clearing house and settlement facility for ASX's markets. Clearing houses are exposed to significant but manageable counterparty risks as a central counterparty to trades conducted on markets for which they clear. This role includes rigorous oversight of the risk profile and capital liquidity of participants in the markets and management of the clearing house's own financial resources to ensure it can withstand participant default. The settlement facility's role to provide automated delivery against payment for market transactions, and store records of ownership for large numbers of investors, means that it manages significant operational risks to ensure the smooth operation of Australia's financial markets. The assessment and mitigation of these risks so as to ensure systemic shocks do not arise is a crucial component of the operational success of ASX on a day-to-day basis.

The recent Financial Services Reform Act has added a new dimension to clearing and settlement, with regulatory oversight by the Reserve Bank of Australia (RBA). ASX is now answerable to the RBA for the effective oversight of systemic risk within ASX's clearing and settlement operations. The boards of Options Clearing House Pty Ltd and ASX Settlement and Transfer Corporation Pty Limited, ASX's clearing and settlement subsidiaries, must discharge licence obligations to comply

with RBA standards, and the Audit and Risk Committee will assess the adequacy of ASX's ongoing risk management resources and systems.

ASX also considers the security of its people, buildings and technology systems as part of organisational risk management.

ASX has adopted a policy requiring the Chief Executive Officer and the Chief Financial Officer to state to the Board in writing to the best of their knowledge that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

8 Encourage enhanced performance

The ASX Corporate Governance Council states that a company should *"Fairly review and actively encourage enhanced board and management effectiveness"*. ASX's Board has put in place measures to implement this principle.

Prior to each financial year, the Board agrees to its key result areas (KRAs) and performance targets against each KRA. After each financial year, an analysis is presented to the Board for their discussion setting out performance against the KRAs. The Chairman also meets with non-executive directors individually to discuss their performance. This process was followed in August 2002 to review the Board's performance for the year to 30 June 2002.

This year the Nomination and Remuneration Committee will take responsibility for assessing performance of Board members and Committees and providing feedback to the Board.

All new ASX staff, executives and directors undertake induction programs run by ASX management and directors, upon joining ASX, receive a director's information kit containing copies of all policies and procedures. Directors also receive a reference file each month with information relevant to the operation of ASX and the industry more generally. Additionally the Board receives periodic briefings on topical issues. ASX utilises secure online communication for providing Board briefing materials and updates to directors.

The Board has access to the resources of the Company Secretariat and also approves the appointment or removal of the Company Secretary on the advice of management. The Secretariat is responsible for providing reference files and monthly Board papers to each director, ensuring that management provides content in adequate detail. The Company Secretary is also responsible and accountable to the Board on all ASX governance matters.

July 1998
Hong Kong airport opens, largest in world.

France beats Brazil in Football World Cup.

ASIC is granted additional consumer protection responsibilities and changes its name to Australian Securities and Investments Commission (ASIC).

1 July 1998
All Ords 2,656.5

August 1998
Iraq ends cooperation with UN arms inspectors.

Clinton admits to affair with White House intern in televised address to nation.

North Korea fires missile across Japan.

September 1998
German chancellor Helmut Kohl defeated by Gerhard Schröder.

October 1998
John Howard re-elected to second term as Prime Minister.

NATO, on verge of air strikes, reaches settlement with Milosevic on Kosovo.

Former Chilean dictator Pinochet arrested in London.

Wye Mills Agreement between Netanyahu and Arafat moves Middle East peace talks forward.

ASX demutualises with its 606 individual and corporate members becoming the initial shareholders. The first exchange in the world to list on its own market. Shares begin trading at \$4.10 and close the first day at \$4.25 exceeding even the most optimistic forecasts of stockbroking analysts. There are 1,463 transactions in ASX shares on this first day of trading.

November 1998
Cable & Wireless Optus begins trading on ASX, with shares opening at \$2.61.

December 1998
US President Bill Clinton orders air strikes on Iraq.

House impeaches President Clinton along party lines on two charges, perjury and obstruction of justice.

ASX and SFE enter discussions to negotiate a merger of exchanges.

ASX begins the progressive transfer of technology facilities to new Sydney premises in Bridge Street.



9 Remunerate fairly and responsibly

The ASX Corporate Governance Council states that a company should *"Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined"*. ASX's Board has put in place satisfactory measures to implement this principle.

ASX discussion on Board policy for determining the nature and amount of emoluments of Board members and senior executives of the company and the relationship between such policy and the company's performance is provided within the Directors' Report section of this report on page 42.

10 Recognise the legitimate interests of stakeholders

The ASX Corporate Governance Council states that a company should *"Recognise legal and other obligations to legitimate stakeholders"*.

ASX has a diverse range of stakeholders and has a number of measures in place that recognise their interests.

The ASX Code of Ethics and Conduct guides compliance with legal requirements and ethical responsibilities. The Code also sets a standard for employees dealing with ASX's obligations to other external stakeholders. The Code applies equally to staff, executives and directors.

ASX's Code formally addresses the privacy of information given to ASX, conflict escalation, occupational health and safety, and Trade Practices Act compliance training for relevant staff.

ASX makes even-handed, disclosed, donations to Federal political parties, and supports a number of community and charity organisations including the ASX Reuters Charity Foundation. ASX also actively participates in the public policy debate, and is a member of groups including the Business Council of Australia.

ASX acknowledges that, beyond its accountability as a public corporation to its shareholders, it also carries the expectations of a wider set of stakeholder groups. ASX endeavours to fulfil these marketplace expectations through, for example, the provision of investor education and online market data. The establishment of the ASX Corporate Governance Council, with membership drawn from 21 representative associations, was itself also a means of addressing and advancing the interests of ASX stakeholders.



Raising the corporate governance reporting bar

ASX played a central role as instigator, facilitator, Chair and leader in the collaboration of 21 disparate groups, associations, professional bodies and interested parties in the ASX Corporate Governance Council.

The Council was established to develop and deliver a widely supported framework for corporate governance in Australia in 2003. The mission was to publish a practical guide for listed companies, their investors and indeed the wider community to optimise performance in the listed financial markets.

'Principles of Good Corporate Governance and Best Practice Recommendations' was published during March 2003, representing a major evolution of corporate reporting and accountability in the Australian listed sector. The document is not the final and definitive word on governance, but rather a flexible structure focused on disclosure to encourage continued diversity among the 1,500 listed companies in Australia.

The Council recognises that the guidelines are not a substitute for sound judgement and diligent oversight. However, as with ASX's Listing Rules, the spirit and intention outweighs the letter of the law. Maintaining an informed and efficient market aims to preserve investor confidence in the structures and behaviours of our listed corporate enterprises.

January 1999
International Olympic Committee expels six members as bribery scandal widens.

February 1999
Senate acquits President Clinton of impeachment charges.

Australian Cricket Test Captain Mark Taylor retires.

ASX reduces the timeframe for settlement from 5 days to 3 days (T+3). This maintains ASX at the forefront of global standards in clearing and settlement activities.

ASX Share Ownership Study shows that 40.3% of adult Australians own shares, representing 5.5 million people.

March 1999
NATO launches air strikes on Serbia to end attacks against ethnic Albanians in Kosovo.

ASX shares reach \$16.



April 1999
Two students go on shooting spree in Columbine High School, killing 15, including themselves.

Severe hail storm sweeps across Sydney causing widespread damage.

ASX and SFE announce a heads of agreement regarding a merger of the exchanges.

May 1999
NATO bombs mistakenly hit Chinese embassy in Belgrade.



June 1999
Serbs sign agreement to pull troops out of Kosovo after 11 weeks of NATO air attacks.

Nelson Mandela retires as president of South Africa; succeeded by Thabo Mbeki.

Australia wins Cricket World Cup.

ASX's new derivatives clearing system is successfully implemented, with options and futures clearing capability in multiple currencies.

Market milestones

Domestic listed companies
1,164

Market capitalisation
A\$568 billion

Equities turnover
A\$282 billion

Equities trades
33,000 daily average

Options contracts
36,000 daily average

30 June 1999
All Ords 2,886.05

Board of directors



Maurice L Newman AC
FSIA, FSDIA, age 65
Chairman and independent non-executive director

Maurice Newman has been Chairman of ASX since listing in October 1998. Before that he was Chairman of the mutual company from 1994, having been elected to the Board in 1990. During this time, he led ASX through its demutualisation and listing.

Mr Newman brings a wealth of experience to ASX, derived from wide-ranging interests and involvement with an array of corporate, professional and public sector activities. Mr Newman's 40-year career in the financial services industry culminated in his role as Executive Chairman of Deutsche Bank Group in Australia and New Zealand from 1985 to 1999. He relinquished all positions with Deutsche Bank related entities in July 2001. He is currently Chancellor of Macquarie University; a Director of the Australian Broadcasting Corporation; Chairman of Tourism New South Wales, Sydney Convention & Visitors Bureau, the Australian Government's Financial Sector Advisory Council, Sydney Legacy Citizens' Committee, the Taronga Foundation and the Australian Fathers' Day Council; Advisor to the Marsh Group of Companies; a Member of the Advisory Council of the Asia Society AustralAsia Centre, the Business Council of Australia's Chairmen's Panel, and the New South Wales Premier's Major Events Board; and a Patron of CEDA.



Richard G Humphry AO
FCA, AAIB, MACS, age 64
Managing Director

Richard Humphry joined the board as CEO in April 1994, following a long career in state and federal public services, most notably as Auditor-General of Victoria and (from 1988) as Director-General of the NSW Premier's Department. Richard has also worked in several advisory capacities for government and only recently completed his term as President of the Commonwealth Remuneration Tribunal. He is a director of ASX Perpetual Registrars Limited, a joint venture between ASX and Perpetual Trustees Australia Limited and a member of the board of the Business Council of Australia. He is also a director of the Garvan Research Foundation and Deputy Chairman of the Zoological Parks Board of New South Wales as a consequence of ASX's community partnerships with these organisations. His management expertise, his broad knowledge of the financial services sector and his public policy experience all contributed to Richard's management of the successful transition of ASX into being as a public company in 1998, and have contributed to its profitability since. Mr Humphry is the only executive member of the ASX Board and may not be considered independent on this basis.



Michael H Shepherd
FSIA, age 53
Vice Chairman and independent non-executive director

Michael Shepherd joined the ASX Board in 1988, and commenced as Vice Chairman in 1991, a position he retained after ASX demutualised in 1998. He brings a detailed understanding of the operation of Australia's financial markets, through his many years in the stockbroking profession and extensive participation on finance industry policy committees. This expertise most obviously lends itself to his role overseeing the ASX Business Rules Committee, as well as directorships of ASX's clearing and settlement subsidiaries. Until recently, he was an adviser with Bell Potter Securities Limited and was Chairman of Challenger First Pacific Limited until February 2003. He is National Councillor and regional chairman of The Securities Institute of Australia, and a director of The Shepherd Centre. Michael's industry skills extend to his current position as a member of the compliance committee to UBS Global Asset Management (Australia) Limited. Michael is also the Chairman of the Australian Hearing Services, a Federal Government Authority, and a member of the executive committee for the Committee for Sydney.



July 1999

John F Kennedy, Jr., wife Carolyn Bessette Kennedy, and sister-in-law Lauren Bessette killed in plane crash off coast of Martha's Vineyard.



November 1999

Judge finds Microsoft to be a monopoly.

ASX completes its move to new premises in Bridge Street Sydney. The move completes a full circle with ASX now housed on the opposite corner of Pitt and Bridge Streets to the former home of the Sydney Stock Exchange between 1872 and 1896.

ACCC releases statement outlining concerns relating to ASX's proposed acquisition of SFE.

1 July 1999
All Ords 2,921.13

August 1999

Yeltsin replaces Prime Minister Stepashin with Vladimir Putin.

People of East Timor vote for independence from Indonesia.

ASX withdraws its takeover offer for SFE on the basis of the ACCC's view that the takeover would, "substantially lessen the potential for competition".

ASX launches new branding, website and corporate 'look and feel'.



September 1999

Australia led the international peacekeeping force leading to democratic elections in East Timor, Indonesia.

October 1999

Tobacco companies admit to harm caused by cigarette smoking.

EgyptAir flight crashes over Atlantic, killing all 217 on board.



Australians vote to retain the constitutional monarchy, rejecting the national referendum proposing an Australian republic.

ASX launches a retail screen-traded interest rate securities market.

December 1999

New Northern Ireland government begins self-rule for first time in 25 years.



John A Fraser
BEcon (Hons), age 52

John Fraser resigned as a director of ASX in June this year, following six years' service. His self-described 'two-part career' began with two decades' public service through the Australian Treasury, during which he represented Australia at the International Monetary Fund and at the Embassy in Washington D.C., before retiring as Deputy Secretary (Economic) of Treasury in 1993. He then embarked on a successful career in asset management, culminating in his current role as Global Chairman and CEO of UBS Global Asset Management based in London as well as being a member of the Group Executive Board of UBS AG. John's career reflects a deep and thorough knowledge of domestic and international economic issues.



Max Fowles
Bcom, age 50

Max Fowles advised the Board in July that he would not seek re-election at this year's AGM following a decade's service on the Board. He will retire from the Board effective 30 September 2003. He is the only director other than the Managing Director to have served as an executive of the stock exchange, having been head of listings for the former Perth Stock Exchange. In 1985 he joined Perth stockbrokers DJ Carmichael & Co, where he eventually became chairman. Max has for many years been chairman of the Listings Appeal Committee, adjudicating appeals from ASX's decisions on admissions and waivers for listed companies.



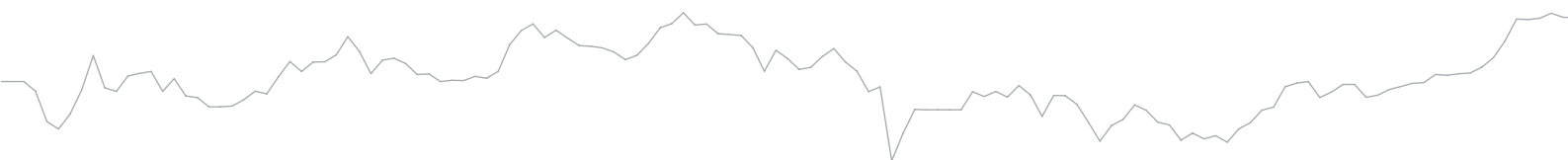
James J Kennedy AO, CBE
D.Univ (QUT), FCA, age 69
Independent non-executive director

Jim Kennedy was first elected to the ASX board in 1990, continuing his tenure when ASX became a public company in 1998. He is one of Australia's most experienced public company directors. Other current directorships are Qantas Airways Limited, Suncorp-Metway Limited, Macquarie Goodman Funds Management Limited and GWA International Limited. He is a member of the Blake Dawson Waldron Advisory Board. Jim has had extensive involvement in both federal and state government boards and inquiries. Among many past directorships, he was the foundation chairman of the Australian Postal Commission. He brings an accounting, finance, and business background to the Board as well as 12 years' experience in funds management as Chairman of the Queensland Investment Corporation, from which he retired in 2001. Jim is a Fellow of the Institute of Chartered Accountants and in 1989 was presented with the Award for Distinction by the Institute in recognition of his "notable achievements as a company director and a businessman."



Trevor C Rowe
FCIS, FAICD, ACPA, age 60
Independent non-executive director

Trevor Rowe is a recent addition to the ASX Board, having been appointed in 2002 and subsequently elected by ASX shareholders at last year's Annual General Meeting. He brings more than 20 years' international experience in investment banking and is now Chairman Investment Banking at Citigroup Global Markets. Amongst other appointments, Trevor holds the chairmanships at the large fund manager Queensland Investment Corporation, Telecorp, and Queensland BioCapital Fund, and is Chancellor of Bond University. He is a member of the Foreign Affairs Council and a director of United Group and Resimac Limited. In April 2003, Trevor was awarded the Commonwealth of Australia Centenary Medal for 'distinguished service to the finance industry'.



Market milestones

Domestic listed companies
1,259

Market capitalisation
A\$681 billion

Equities turnover
A\$361 billion

Equities trades
55,000 daily average

Options contracts
38,000 daily average



June 2000

Britain restores parliamentary powers to Northern Ireland after Sinn Féin agrees to disarm.

Presidents of North and South Korea sign peace accord, ending half-century of antagonism.

February 2000

ASX begins providing free market prices and information on a 20-minute delayed basis, reflecting the growing retail participation in the market and demands for access to information.

ASX and Reuters form the ASX/Reuters Charity Foundation.

ASX Share Ownership Study shows that 53.7% of adult Australians are now invested in the market, representing 7.6 million Australians.



March 2000

ASX and Perpetual form a joint venture, ASX Perpetual Registrars Limited.

April 2000

Tech boom becomes tech bust as many technology stocks collapse.

ASX and SGX sign an agreement to develop a cross-border trading link.

12,000 investors have taken an interest in ASX compared with the 606 initial owners, ASX's former members.

ASX record trading day for equities, with 101,428 trades executed.

30 June 2000
All Ords 3,257.6

January 2000

ASX begins the New Year with no Y2K interruptions.

Board of directors



Jillian S Segal
BA, LLB (UNSW), LLM (Harv), age 47
Independent non-executive director

Jillian Segal is ASX's most recent appointee, during July 2003, and will stand for election at this year's AGM in October. Perhaps best known as former Deputy Chairman of the industry regulator, the Australian Securities and Investments Commission, Jillian has more recently worked on the Dawson Trade Practices Review and is Chairman of the Board of the Banking and Financial Services Ombudsman. Other positions currently held include a directorship of the Australia Council's Major Performing Arts Board, and membership of the PricewaterhouseCoopers Audit Standards Oversight Board (a board set up to assess PwC's systems for monitoring independence and quality control in respect of PwC's audit of publicly listed companies in Australia). Jillian was a former member of the United Medical Protection Advisory Committee. Jillian is also a member of the Council for Multicultural Australia. Ms Segal's regulatory background, together with her professional background in the law, adds considerable value to the Board.



Michael J Sharpe AO
BEC, Hon D.ScEcon (Sydney), FCA, age 65
Independent non-executive director

Michael Sharpe first joined the Board in 1995, remaining with ASX when it demutualised in 1998. He brings to shareholders a wealth of experience drawn from over 45 years in the accounting profession. Michael was a partner in Coopers & Lybrand for most of this time, retiring in 1998. He served as Chairman of Audit in Coopers & Lybrand International and he was National Audit Partner and a member of the Executive Committee of the Australian firm. Relevant experience was gained as Chairman of the International Accounting Standards Committee, President of the Institute of Chartered Accountants in Australia, Independent Auditor of the Australian National Audit Office and a member of the Takeovers Panel. Michael has served as a director on many Boards in the last 12 years including having served as a trustee of State Super in NSW for many years. Because of this experience and his specialised knowledge of capital markets, risk management, internal controls, audit, financial reporting, public policy and regulation, Mr Sharpe is considered to have the necessary skills, experience, ethics and judgement to enable a significant contribution as an ASX director and as chair of the Audit and Risk Committee.



Catherine M Walter AM
LLB (Hons), LLM MBA (Melb), age 51
Independent non-executive director

Catherine Walter joined the Board in 1996 having previously practised law as a financial services and corporate solicitor for 20 years. After completing an MBA, Catherine was Managing Partner of the Melbourne Office of Clayton Utz, thereafter being appointed a Commissioner of the City of Melbourne where she continued in her role as a non-executive director of a number of statutory corporations and listed companies. Catherine is currently a director of National Australia Bank, Orica, Australian Foundation Investment Company, Queensland Investment Corporation and Melbourne Business School; a member of the Financial Reporting Council and chairs the Federal Government's Business Regulation Advisory Group. Catherine is a solicitor and professional non-executive company director.



July 2000
Concorde crashes near
Paris killing 113.

**Goods and Services
Tax (GST) introduced
in Australia.**



August 2000
Republican convention
picks Texas governor
George W Bush as
presidential candidate;
Dick Cheney for vice
presidential spot.

September 2000
Olympic Games open
in Sydney.

**ASX purchases 15% of
BridgeDFS, later to be
renamed IRESS Market
Technology.**

November 2000
Mad Cow disease
alarms Europe.

**David Knott appointed
Chairman of ASIC.**

**ASX Supervisory Review
formed as an additional
layer of scrutiny to ASX's
supervision of the market.**

3 July 2000
All Ords 3,256.5

NRMA lists.



December 2000
Israeli prime minister
Ehud Barak resigns.

Board and committee meetings

Board and committee membership and ASX director attendance for 1 July 2002 – 30 June 2003

Director	ASX Board		Chairman's Committee		Nomination and Remuneration Committee ¹		Audit and Risk Committee ²		Listing Appeals Committee		Business Rules Committee	
ML Newman	10	10	8	8	7	7					6(12)	6(15)
RG Humphry	10	10	7	7	7	7						
MH Shepherd	10	10	8	8	7	7						
CM Batrouney ³	1	1	1	1								
M Fowles	10	10			7	7			2	2		
JA Fraser	7	10			5	7	3	4				
JJ Kennedy	9	10			6	7						
TC Rowe	10	10			7	7	4	4				
MJ Sharpe	10	10	8	8	7	7	4	4				
CM Walter	10	10			7	7	4	4				

■ Meetings attended while a director or member.

■ Meetings held while a director or member and required to attend.

Numbers in brackets are circular resolutions.

1 Following the reconstitution of the Nomination and Remuneration Committee on 27 May 2003, the Committee comprises Maurice Newman as Chairman, Michael Shepherd and Michael Sharpe.

2 Effective 29 July 2003, Jillian Segal was appointed to the Audit and Risk Committee following John Fraser's retirement from the Board on 30 June 2003.

3 Clive Batrouney retired from the Board effective 31 July 2002.



February 2001
Right-winger Ariel Sharon wins election in Israel.

Sir Donald Bradman, the great Australian Test cricketer, dies at his Adelaide home, aged 92.

ASX acquires 50% interest in investor relations firm Orient Capital.

ASX and NZSE conclude discussions about a possible merger, citing no likelihood of an outcome acceptable to both ASX shareholders and NZSE members.

March 2001
British livestock epidemic, foot-and-mouth disease, reaches crisis levels.

Bush abandons global-warming treaty (Kyoto Protocol), angering European leaders.

April 2001
US spy plane and Chinese jet collide. The 24 crew members of the US plane are detained for 11 days; US issues a formal statement of regret.

June 2001
Oklahoma City bomber Timothy McVeigh executed.

Former Yugoslav president Slobodan Milosevic is delivered to UN tribunal in The Hague to await war-crimes trial.



January 2001
George W Bush Junior is sworn in as 43rd president of United States.

Market milestones

Domestic listed companies
1,345

Market capitalisation
A\$746 billion

Equities turnover
A\$418 billion

Equities trades
51,000 daily trades

Options contracts
46,000 daily trades

29 July 2001
All Ords 3,425.2

Executive



Angus Richards
Deputy Managing Director

Angus Richards is a director of ASX Settlement and Transfer Corporation Pty Limited (ASTC), Options Clearing House Pty Limited (OCH), ASX International Services Pty Limited, and CHES Depository Nominees, all of which are subsidiaries of ASX. He is also a director of IRESS Market Technology Limited. His experience in the securities industry spans over 30 years, initially in the role of a consultant on various systems design and development projects and, since 1993, in a number of senior executive roles with ASX. Angus has been closely involved in ASX developments in the fields of automated trading for equities and options, market information, and clearing/settlement – particularly the establishment of CHES. More recently, Angus has overseen the development of the ASX World Link service for cross border trading, and the development of the share registry system for ASX Perpetual Registrars.



Colin Scully
Chief Operating Officer

Appointed COO in November 2001, Colin Scully has overall responsibility for all operational areas across ASX, including listing, market integrity, trading, clearing and settlement, technology systems and corporate support areas. He has direct reporting responsibilities for all senior executives other than the CFO and General Counsel. Recently appointed President-elect of the International Options Markets Association (IOMA), he has worked at the Exchange for 22 of the past 24 years (he left the Exchange in 1985 to take up a partnership in a private manufacturing company). Since joining the (then) Sydney Stock Exchange in 1979 as a systems analyst, he has held senior positions in both technology and business-related functions, including as head of derivatives and, most recently, as head of ASX's Market Services division. Colin is a director of OCH and ASTC.



John Hayes
Chief Financial Officer

John Hayes is responsible for the overall financial management of ASX and for providing financial advice to the Board and management. He joined ASX in 1998 from his former position as vice-president banking and financial services research with Bankers Trust. John has 34 years' experience in financial services, principally banking and funds management. His previous positions included chief financial officer of Advance Bank Australia Limited. John is a director of ASX Perpetual Registrars Limited and ASX's operating subsidiaries, OCH and ASTC.



Chris Hamilton
**Executive General Manager,
Clearing and Settlement**

Chris Hamilton oversees the clearing and settlement infrastructure supporting ASX markets. His team's principal responsibilities are the provision of central counterparty risk management, transaction processing and asset registration services for ASX listed products and derivatives, and the business development of ASX's clearing and settlement services. Chris serves on the Boards of ASX's two clearing and settlement subsidiaries, OCH and ATSC. Chris is also on the Board of Australian National Credit Union Limited, one of Australia's largest credit unions. He joined ASX in 1994 from a securities law practice.



Karen Hamilton
**Executive General Manager,
Issuers and Market Integrity**

Karen Hamilton is the executive responsible for the ASX listing market, which includes all primary and secondary market raising of capital. In addition, she oversees supervision and market integrity activities for ASX, and is Chair of the ASX Corporate Governance Council. Prior to joining ASX in 1993, Karen worked for 10 years as a corporate and commercial lawyer, specialising in mergers and acquisitions and corporate restructuring. She subsequently served as General Counsel and Company Secretary of ASX for eight years. Karen is a member of the Business Regulation Advisory Group, providing advice to the Federal Government on its CLERP reform program, and is also a member of the Australian Financial Reporting Council.



Christine Jones
General Counsel

As head of the Office of General Counsel Christine is responsible for providing legal and regulatory policy advice across the ASX Group, facilitating ASX's operational and strategic plans. Prior to becoming General Counsel in 2002, she had responsibility for ASX's market law and policy area, which is engaged in the development of the legal and regulatory framework for ASX's markets and clearing and settlement operations. Christine was integral in developing the legal and regulatory framework for the CHES system and is a director of ASX International Services.



September 2001
Terrorists attack United States. Hijackers ram jetliners into twin towers of New York City's World Trade Center and the Pentagon. A fourth jetliner crashes in rural Pennsylvania. Some 3,000 people are killed. Within days, Islamic militant Osama bin Laden and the al-Qaeda terrorist network are identified as the parties behind the attacks.

October 2001
Anthrax scare rivets US, as anthrax-laced letters are sent to various media and government officials. Several die after handling the letters.

US and British forces launch bombing campaign against Taliban government and al-Qaeda terrorist camps in Afghanistan.



December 2001
Enron Corp, one of world's largest energy companies, files bankruptcy.

Hamid Karzai, new interim Afghan leader, is sworn in.

July 2001
Stamp duty on share transactions is abolished by all States and Territories in Australia. The move follows a decade of lobbying from ASX and other industry groups.

2 July 2001
All Ords 3,377.7

August 2001
'Tampa' Crisis unfolds as Norwegian liner prevented from carrying rescued refugees into Australia.

ASX begins development of a managed funds transaction processing system, to be called ASX FundConnect.

November 2001
Australian PM John Howard wins third term of office.

ASX/SGX co-trading link goes live, with 50 securities available for trading in each market.



Stephen Mills
Executive General Manager,
Corporate Relations and Investor Services

Stephen Mills manages ASX's stakeholder communications including most notably the functions of public affairs, marketing and investor education. He joined ASX in 2001 following more than 20 years experience in journalism, political advising and corporate public affairs. His more recent roles prior to joining ASX were with Citigroup and Bankers Trust. As a journalist, he held senior editorial positions with the Australian Financial Review and Sydney Morning Herald. He has a Masters of Public Administration from Harvard University and is a director of the ASX-Reuters Charity Foundation.



Jeff Olsson
Executive General Manager,
Production Services

Jeff Olsson is responsible for the maintenance and operation of the technology infrastructure underpinning ASX's operations. He joined ASX in 1997 from his position as Vice President, Information Systems with Bankers Trust Australia Limited. Jeff has more than 25 years' experience in the technology industry, including diverse roles within manufacturing (BHP), public utilities (ELCOM) and the financial industry, with Bankers Trust.



Michael Roche
Executive General Manager,
Market Services

Michael Roche is responsible for the operations and development of ASX's equities and derivatives markets and ASX's market information business, as well as IT support services, client relations and market participant compliance. He was previously responsible for strategic planning, marketing and corporate relations. Michael joined the ASX in 1996 following a career as a senior economic and financial policy executive in the Commonwealth and state public sectors. Michael is a director of ASX Operations Pty Ltd and ASX Futures Exchange Pty Ltd, as well as of two non-profit bodies, Research Australia and the ASX-Reuters Charity Foundation (which he chairs). Michael's professional background is as an economist, commencing his career with the Commonwealth Bank.



Giri Tenneti
Company Secretary

Giri Tenneti studied arts and law at university and began her career as an associate to a Federal Court judge. She worked as a tax consultant in the area of research and development before joining ASX in 1997, working initially on the regulatory framework for ASX's settlement system CHES. Following that Giri worked for three years within the companies/listings area, advising companies preparing for their initial listing on the exchange, and advising ASX listed companies on their ongoing compliance with the ASX Listing Rules. She was appointed Deputy Secretary of ASX in 2001, and then Company Secretary in July 2002.



May 2002
East Timor becomes
a new nation.

70th anniversary of the
opening of the Sydney
Harbour Bridge.

April 2002
SFE Corporation Limited
lists, making ASX the only
exchange in the world to
trade the securities of two
listed exchanges.

May 2002
ASX extends its arrangement
with OM for the continued
maintenance and operation
of the electronic derivatives
trading system first released
in 1997.

June 2002
Brazil beats Germany
in Football World Cup.

Market milestones

Domestic listed companies
1,349

Market capitalisation
A\$700 billion

Equities turnover
A\$519 billion

Equities trades
56,000 daily average

Options contracts
59,000 daily average

January 2002
The euro currency debuts
in 12 European countries.

ASX launches its futures
market with the ASX
'Mini 50' and 'Mini 200'
contracts available for
trading. The contracts use
the S&P ASX50 and S&P
ASX200 indices.

February 2002
Queen Elizabeth II of
England marks 50 years
as monarch.



28 June 2002
All Ords 3,163.2

Year in review

asx.com.au

2 July 2002
ASX Investor Day – Melbourne

17 July
Statement by ASX CEO and MD, Richard Humphry

24 July
ASX executive share plan

29 July
ASX and InfoComp sign heads of agreement

31 July
ASX launches listed property trust index futures

1 August
Corporate Governance Council to broaden disclosure

12 August
ASX rules encourage venture capitalists

15 August
Corporate Governance Council – statement by participants

22 August
New ASX courses – September 2002

28 August
ASX results for the full year ended 30 June 2002; Consolidated Financial Results and Dividend Announcement Financial Results Presentation by Richard Humphry, Managing Director and CEO; ASX Corporate Governance Statement. Proposal to issue shares under ASX employee share acquisition plan

30 August
ASX Investor Day – Sydney; Open Briefing – ASX CEO on \$59.1million profit and outlook

10 September
Trading pause to mark 11 September anniversary

13 September
ASX employee share acquisition plan

18 September
ASX welcomes Government Corporate Law reforms; ASX set to List Absolute Return Funds

19 September
ASX Corporate Governance Council – statement by participants

24 September
Towers Perrin study of 10-year investments 1991-2001

25 September
Proposal to issue shares

26 September
ASX annual report to shareholders 2001/02; Notice of Annual General Meeting

27 September
ASX and Shanghai Stock Exchange sign Memorandum of Understanding

30 September
ASX Supervisory Review (ASX SR) – releases annual report

2 October
ASX employee share plan

16 October
ASX quarterly update – three months ending 30 September 2002

29 October
Annual General Meeting – Chairman's address; Annual General Meeting – Managing Director's slide presentation; Annual General Meeting – results of meeting

12 November
Corporate Governance Council – statement by participants

18 November
ASX online courses free of charge

19 November
ASX provides a century of historic company records to the public; ASX donations to State libraries – library contact details

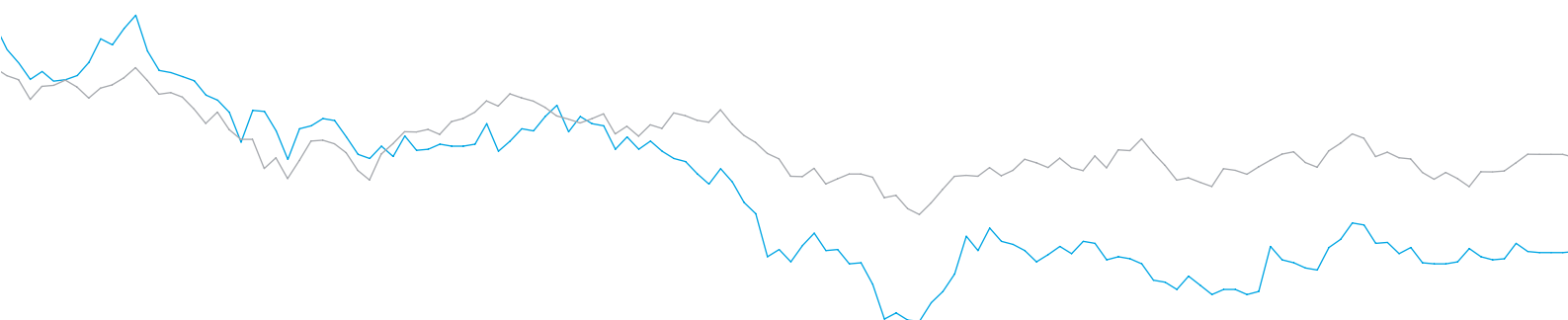
22 November
ASX to form Australian Clearing House

24 November
ASX to proceed with Enhanced Disclosure reforms

28 November
RBA releases draft financial stability standards

27 December
ASX executive share plan

31 December
2002 ASX market statistics



July 2002
WorldCom, after admitting to misstating profits, files for bankruptcy-largest claim in US history.

ASX launches listed property trust index futures contracts.

August 2002
ASX announces the formation of the ASX Corporate Governance Council to lead development of best practice governance standards and publish guidelines for all listed companies.



October 2002
Terrorist bomb in Bali kills hundreds.

November 2002
UN Security Council passes unanimous resolution calling on Iraq to disarm or else face "serious consequences".

China's Jiang Zemin officially retires as general secretary; Hu Jintao named as his successor.

UN arms inspectors return to Iraq.

ASX announces the proposed formation of Australian Clearing House.

1 July 2002
All Ords 3,157.7
ASX \$13.40

Market milestones
Domestic listed companies 1,360

Market capitalisation
A\$682 billion

Equities turnover
A\$535 billion

Equities trades
54,000 daily average

Options contracts
67,000 daily average

5 February 2003
Share ownership survey – 2002 findings and highlights

14 February
ASX to trade agricultural futures

20 February
ASX Corporate Governance Council – statement by participants

26 February
ASX results for the half-year ended 31 December 2002; Financial results presentation by Richard Humphry, Managing Director and CEO

28 February
Open Briefing – ASX CEO on \$31.4 million profit and outlook

20 March
Half-year report to shareholders – six months to 31 December 2002

27 March
SGX and ASX to add more stocks to co-trading link

31 March
ASX Corporate Governance Council – statement by participants

30 April
ASX quarterly update – nine months to 31 March 2003

13 May
New fees schedule for ASX-listed entities

19 May
ASX and Aspect launch new text-based news service; ASX grain futures contracts begin trading

27 May
ASX FundConnect not to proceed

29 May
ASX announces a record volume for options

11 June
ASX top 50 to join S&P global 1200

17 June
Resignation of director, Mr John Fraser

24 June
ASX Corporate Governance Council – statement by participants

27 June
Listed investments provide best returns

30 June
Financial year: ASX market statistics



May 2003
Promina Limited lists on ASX, the world's largest listing this financial year.

ASX introduces agricultural futures products. Wheat, barley, canola and sorghum futures contracts listed.

ASX abandons ASX FundConnect.

January 2003
Devastation in Canberra suburbs following the bush fire that raged through the ACT.

February 2003
ASX releases November 2002 Share Ownership Study, showing 50% of adult Australians invested in the share market.

March 2003
War in Iraq.
Australia retains Cricket World Cup.

April 2003
SARS virus epidemic in Asia.

Record trading day for ASX options market, since becoming electronically traded. 139,897 contracts were traded, narrowly missing the all-time record traded on the old trading floor in 1989.

30 June 2003
All Ords 2,999.7
ASX \$12.52

Listed on ASX
While investors look to ASX to provide investment opportunities, listed companies come to the marketplace seeking the capital they need to operate and grow. Over the past five years, companies have raised more than \$120 billion in equity on the ASX market – a process that has boosted economic activity, exports and jobs.

To mark the unique status of Australia's publicly listed companies, ASX in 2003 launched the 'Listed on ASX' emblem. In time, ASX expects that this emblem will come to be seen as a signpost of quality for investors – a simple and clear endorsement that a company has met the threshold requirements to achieve an ASX listing.

It reinforces the continuing relationship between ASX and its listed companies expressed in the Listing Rules, and it underlines the integrity of the market achieved through the a high standard of continuous disclosure to investors that is achieved by ASX-listed companies.

The emblem is already being used on a wide range of listed company websites and in other corporate communications. Much like the 'Woolmark', or 'Made in Australia' emblems, the 'Listed on ASX' emblem will come to represent the best standards in public listing.

As a listed company, ASX itself incorporates the emblem within this annual report. And as a market operator, proud to be associated with its customers in all their diversity and strength, we have pleasure in providing the Official List of every company and entity listed on ASX at 30 June 2003.



PROPERTIES LIMITED | INVESTA PROPERTY TRUST | INVESTIKA LIMITED | INVESTMENT AUSTASIA LIMITED | INVESTMENT COMPANY OF THE WEST LIMITED | INVESTOR GROUP LIMITED | INVESTORINFO LIMITED | ION LIMITED | IPWORLD LIMITED | IRESS MARKET TECHNOLOGY LIMITED | IRONBARK CAPITAL LIMITED | IRANHOE MINES LTD | IWL LIMITED | IXLA LIMITED | JACKSON GOLD LIMITED | JACOBSEN ENTERTAINMENT LIMITED | JAM DEVELOPMENT CAPITAL LIMITED | JAMES FIELDING HOLDINGS LIMITED | JAMES HARDIE INDUSTRIES N.V. | JB WERE CAPITAL MARKETS LIMITED | JERVOIS MININGS LIMITED | JETSET TRAVELWORLD LTD | JF MERIDIAN TRUST | JINDALEE RESOURCES LIMITED | JOHN FAIRFAX HOLDINGS LIMITED | JOHN HANCOCK GLOBAL FUNDING LIMITED | JOHN SHEARER (HOLDINGS) LIMITED | JOHNSON'S WELL MINING NL | JOYCE CORPORATION LIMITED | JUBILEE MINES NL | JULIA ROSS RECRUITMENT LIMITED | JUMBO CORPORATION LIMITED | JUPITERS LIMITED | K & S CORPORATION LIMITED | KAFFER TECHNOLOGIES LIMITED | KAGARA ZINC LIMITED | KALREZ ENERGY LIMITED | KANOWNIA CONSOLIDATED GOLD MINES LIMITED | KANOWNIA LIGHTS LIMITED | KAZ GROUP LIMITED | KEITH HARRIS & COMPANY LIMITED | KEY2 LIMITED | KEYCORP LIMITED | KFW INTERNATIONAL FINANCE INC | KIMBERLEY DIAMOND COMPANY NL | KIMBERLEY OIL NL | KIMBERLEY SECURITIES LIMITED | KINGS MINERALS NL | KINGSGATE CONSOLIDATED LIMITED | KIWJ INCOME PROPERTY TRUST | KLM GROUP LTD | KOALA CORPORATION AUSTRALIA LIMITED | KOON HOLDINGS LIMITED | KORVEST LIMITED | KRESTA HOLDINGS LIMITED | LAFAYETTE MINING LIMITED | LAKE RESOURCES NL | LAKE TECHNOLOGY LIMITED | LAKES OIL NL | LANDESBANK BADEN-WÜRTTEMBERG | LASSETERS CORPORATION LIMITED | LATROBE MAGNESIUM LIMITED | LAVERTON GOLD NL | LEGALCO LIMITED | LEGEND MINING LIMITED | LEIGHTON HOLDINGS LIMITED | LEMARNE CORPORATION LIMITED | LEMVEST LIMITED | LEND LEASE CORPORATION LIMITED | LEND LEASE US OFFICE TRUST | LEYSHON RESOURCES LIMITED | LIGHTING CORPORATION LIMITED | LIHIR GOLD LIMITED | LINDEN & CONWAY LIMITED | LINDSAY AUSTRALIA LIMITED | LION EQUITIES LIMITED | LION NATHAN LIMITED | LION SELECTION GROUP LIMITED | LIONORE MINING INTERNATIONAL LIMITED | LODGESTONE EXPLORATION LIMITED | LOFTUS CAPITAL PARTNERS LIMITED | LONDON CITY EQUITIES LIMITED | LONGREACH OIL LIMITED | LOOKSMART LIMITED | LOWAN AUSTRALIA LIMITED | LUDOWICI LIMITED | LUMACOM LIMITED | LYNAS CORPORATION LIMITED | M2M CORPORATION LIMITED | MACARTHUR COAL LIMITED | MACARTHURCOOK LIMITED | MACKAY PERMANENT BUILDING SOCIETY LIMITED | MACMAHON HOLDINGS LIMITED | MACMIN SILVER LTD | MACQUARIE AIRPORTS HOLDINGS (BERMUDA) LIMITED | MACQUARIE AIRPORTS TRUST (1) | MACQUARIE AIRPORTS TRUST (2) | MACQUARIE BANK LIMITED | MACQUARIE COMMUNICATIONS INFRASTRUCTURE LIMITED | MACQUARIE COMMUNICATIONS INFRASTRUCTURE TRUST | MACQUARIE CORPORATE TELECOMMUNICATIONS HOLDINGS LIMITED | MACQUARIE COUNTRYWIDE TRUST | MACQUARIE EUROPEAN INFRASTRUCTURE LIMITED | MACQUARIE GOODMAN CAPITAL TRUST | MACQUARIE GOODMAN INDUSTRIAL TRUST | MACQUARIE GOODMAN MANAGEMENT LIMITED | MACQUARIE INFRASTRUCTURE TRUST (1) | MACQUARIE INFRASTRUCTURE TRUST (2) | MACQUARIE LEISURE OPERATIONS LIMITED | MACQUARIE LEISURE TRUST | MACQUARIE OFFICE TRUST | MACQUARIE PARK STREET TRUST | MACQUARIE PROLOGIS TRUST | MACRO CORPORATION LIMITED | MAGELAN PETROLEUM AUSTRALIA LIMITED | MAGNA PACIFIC (HOLDINGS) LIMITED | MAGNESIUM INTERNATIONAL LIMITED | MAGNUM GOLD NL | MALACHITE RESOURCES NL | MARINER FINANCIAL LIMITED | MARINER RETIREMENT SOLUTIONS LIMITED | MARK SENSING LIMITED | MARLBOROUGH RESOURCES NL | MARYBOROUGH SUGAR FACTORY LIMITED (THE) | MATRIX METALS LIMITED | MATRIX OIL NL | MAWSON WEST LTD | MAXE-TEC AUSTRALIA LIMITED | MAXIS CORPORATION LIMITED | MAXITRANS INDUSTRIES LIMITED | MAYNE GROUP LIMITED | MBF CARPENTERS LIMITED | MBOX.COM LIMITED | MCCONNELL DOWELL CORPORATION LIMITED | MCGUIGAN SIMEON WINES LIMITED | MCPHERSON'S LIMITED | MEDAIRE INC | MEDIA CORPORATION AUSTRALIA LIMITED | MEDIA WORLD COMMUNICATIONS LIMITED | MEDICA HOLDINGS LIMITED | MEDICAL CORPORATION AUSTRALASIA LIMITED | MEDICAL MONITORS LIMITED | MEDITECH RESEARCH LIMITED | MELBOURNE IT LIMITED | MERCHANT HOUSE INTERNATIONAL LIMITED | MERMAID MARINE AUSTRALIA LIMITED | METABOLIC PHARMACEUTICALS LIMITED | METAL STORM LIMITED | METCASH TRADING LIMITED | METEX RESOURCES LIMITED | METHANOL AUSTRALIA LIMITED | METROLAND AUSTRALIA LIMITED | MFS HOTEL PROPERTY TRUST | MFS LEVERAGED INVESTMENTS AND SECURITIES TRUST | MIA GROUP LIMITED | MICHELAGO LIMITED | MIDAS RESOURCES LIMITED | MIDWARE LIMITED | MIDWEST CORPORATION LIMITED | MIKOH CORPORATION LIMITED | MILLEPEDE INTERNATIONAL LIMITED | MILLER'S RETAIL LIMITED | MILNES HOLDINGS LIMITED | MILTON CORPORATION LIMITED | MINCOR RESOURCES NL | MINERAL COMMODITIES LTD | MINERAL DEPOSITS LIMITED | MINERALS CORPORATION LIMITED | MINOTAUR RESOURCES LIMITED | MIRABOOKA INVESTMENTS LIMITED | MIRVAC LIMITED | MIRVAC PROPERTY TRUST | MITHRIL RESOURCES LIMITED | MOBILE INNOVATIONS LIMITED | MOBILESOFT LIMITED | MOLOPO AUSTRALIA NL | MONADELPHOUS GROUP LIMITED | MONARCH RESOURCES LIMITED | MONTERARY GROUP LIMITED | MONTO MINERALS LTD | MORNING STAR HOLDINGS (AUSTRALIA) LIMITED | MOSAIC OIL NL | MOTION PICTURE COMPANY OF AUSTRALIA LIMITED | MOUNT BURGESS MINING NL | MOUNT CONQUEROR MINERALS NL | MOUNT GIBSON IRON LIMITED | MPI MINES LIMITED | MRI HOLDINGS LIMITED | MTM ENTERTAINMENT TRUST | MULTIMEDIA LIMITED | MULTISTACK INTERNATIONAL LIMITED | MURCHISON HOLDINGS LIMITED | MURCHISON LIMITED NL | MURRIN MURRIN INVESTMENTS LIMITED | MUSTANG GROUP LIMITED | MXL LIMITED | MYOB LIMITED | NAMAKWA DIAMOND COMPANY NL | NAMOI COTTON CO-OPERATIVE LIMITED | NATIONAL 1 LIMITED | NATIONAL AUSTRALIA BANK LIMITED | NATIONAL CAN INDUSTRIES LIMITED | NATIONAL FOODS LIMITED | NATIONAL FORGE LIMITED | NATIONAL HIRE GROUP LIMITED | NATIONAL TELCOMS GROUP LIMITED | NATURAL INTELLIGENCE LIMITED | NAUTILUS AUSTRALIA LIMITED | NCML (HOLDINGS) LIMITED | NEIGHBORHOOD CABLE LIMITED | NETCOMM LIMITED | NETWORK FOODS LIMITED | NETWORK LIMITED | NEVERFALL SPRINGWATER LIMITED | NEW HOLLAND MINING LIMITED | NEW HORIZON ENERGY LTD | NEW PRIVATEER HOLDINGS LIMITED | NEW SOUTH WALES TREASURY CORPORATION | NEW TEL LIMITED | NEW WORLD ALLOYS LIMITED | NEW ZEALAND OIL & GAS LIMITED | NEWCREST MINING LIMITED | NEWHAVEN PARK STUD LIMITED | NEWLAND RESOURCES LIMITED | NEWMONT MINING CORPORATION | NEWS CORPORATION LIMITED (THE) | NEXUS BONDS LIMITED | NEXUS ENERGY LIMITED | NIAGARA MINING LIMITED | NIDO PETROLEUM LIMITED | NONI B LIMITED | NORDIC INVESTMENT BANK | NORMANS WINES LIMITED | NORTHERN GOLD NL | NORWEST ENERGY NL | NORWOOD ABBEY LIMITED | NOVA HEALTH LIMITED | NOVERA ENERGY LIMITED | NOVOGEN LIMITED | **1000** NOVUS PETROLEUM LIMITED | NSL HEALTH LIMITED | NUFARM LIMITED | NULLARBOR HOLDINGS LIMITED | NULEX INDUSTRIES LIMITED | OAKTON LIMITED | OAMPS LIMITED | OBJECTIF TELECOMMUNICATIONS LIMITED | OBJECTIVE CORPORATION LIMITED | OCCUPATIONAL & MEDICAL INNOVATIONS LIMITED | OFF INVESTMENT GROUP LIMITED | OFT LIMITED | OIL COMPANY OF AUSTRALIA LIMITED | OIL SEARCH LIMITED | OLDFIELDS HOLDINGS LIMITED | OLEA AUSTRALIS LIMITED | OLYMPUS RESOURCES LIMITED | OM HOLDINGS LIMITED | OMNITECH HOLDINGS LIMITED | ONESTEEL LIMITED | ONLINE TRADING SYSTEMS LIMITED | OPEN TELECOMMUNICATIONS LIMITED | OPSM GROUP LIMITED | OPTIMA CORPORATION LIMITED | OPTIMA ICM LIMITED | OPTISCAN IMAGING LIMITED | OPTUM HEALTH LIMITED | ORBITAL ENGINE CORPORATION LIMITED | ORCHARD PETROLEUM LIMITED | ORCHID CAPITAL LIMITED | ORICA LIMITED | ORIEL COMMUNICATIONS LIMITED | ORIENTAL CRYSTAL INTERNATIONAL LIMITED | ORIENTAL TECHNOLOGIES INVESTMENT LIMITED | ORIGIN ENERGY LIMITED | ORORA LIMITED | OROKONGROUP LIMITED | OROYA MINING LIMITED | OVERSEAS & GENERAL LIMITED | OXANA LIMITED | P CLELAND ENTERPRISES LIMITED | PA PROPERTY TRUST | PACIFIC ENERGY LIMITED | PACIFIC HYDRO LIMITED | PACIFIC INTERNATIONAL LIMITED | PACIFIC MAGNESIUM CORPORATION LIMITED | PACIFIC MINING LIMITED | PACIFIC STRATEGIC INVESTMENTS LIMITED | PACIFICA GROUP LIMITED | PACRIM ENERGY LIMITED | PACSOTF LIMITED | PALADIN RESOURCES LIMITED | PALAMEDIA LIMITED | PALM SPRINGS LIMITED | PAN AUSTRALIAN RESOURCES NL | PAN PACIFIC PETROLEUM NL | PAN PALLADIUM LIMITED | PAN PHARMACEUTICALS LIMITED | PANASER LIMITED | PANBIO LIMITED | PANCONTINENTAL OIL & GAS NL | PAPERLINX LIMITED | PARK PLAZA KEMAYAN LIMITED | PASMINCO FUND | PATRICK CORPORATION LIMITED | PAYCE CONSOLIDATED LIMITED | PCH GROUP LIMITED | PEARL HEALTHCARE LIMITED | PEARL RIVER TYRE (HOLDINGS) LIMITED | PELIXAN RESOURCES LIMITED | PELORUS PIPES - BAKEHOUSE FUND | PELSART RESOURCES NL | PENFOLD BUSCOMBE LIMITED | PENINSULAR & ORIENTAL STEAM NAVIGATION COMPANY (THE) | PEPLIN BIOTECH LTD | PEPPERCON INVESTMENT FUND | PEPPERCON MANAGEMENT GROUP LIMITED | PEPTECH LIMITED | PERILYA LIMITED | PERPETUAL TRUSTEES AUSTRALIA LIMITED | PERSEVERANCE CORPORATION LIMITED | PETER LEHMANN WINES LIMITED | PETSEC ENERGY LIMITED | PHARMANET ONLINE LIMITED | PHILEO AUSTRALIA LIMITED | PHILIP MORRIS COMPANIES INC | PHONEWARE LIMITED | PIENETWORKS LIMITED | PILBARA MINES LIMITED | PINEAPPLEHEAD LIMITED | PINNACLE VRB LIMITED | PLACER DOME INC | PLANAR SEMICONDUCTOR, INC | PLASPAC GROUP LIMITED | PLATINUM AUSTRALIA LIMITED | PLATINUM CAPITAL LIMITED | PLATSEARCH NL | PLENTY RIVER CORPORATION LIMITED | PLEXUS INTERNATIONAL LIMITED | PMP LIMITED | POCKETMAIL GROUP LIMITED | POLARTECHNICS LIMITED | POLITECH INTERNATIONAL LIMITED | PORT BOUVARD LIMITED | PORT DOUGLAS REEF RESORTS LIMITED | PORTMAN LIMITED | POS MEDIA ONLINE LIMITED | POWERISE TECHNOLOGY LIMITED | POWERLAN LIMITED | POWERS TRUST | POWERTEL LIMITED | PRACOM LIMITED | PRANA BIOTECHNOLOGY LIMITED | PRECIOUS METALS AUSTRALIA LIMITED | PREMIER BIONICS LIMITED | PREMIER INVESTMENTS LIMITED | PRESTON RESOURCES LIMITED | PRIMA BIOMED LTD | PRIMARY HEALTH CARE LIMITED | PRIME CREDIT PROPERTY TRUST | PRIME INFRASTRUCTURE MANAGEMENT LIMITED | PRIME INFRASTRUCTURE TRUST | PRIME PROPERTY MANAGEMENT LIMITED | PRIME RETAIL PROPERTY TRUST | PRIME TELEVISION LIMITED | PRIMELIFE CORPORATION LIMITED | PRINCIPAL OFFICE FUND | PRO MEDICUS LIMITED | PROGEN INDUSTRIES LIMITED | PROGRAMMED MAINTENANCE SERVICES LIMITED | PROMINA GROUP LIMITED | PROPECY INTERNATIONAL HOLDINGS LIMITED | PROVINCE OF BRITISH COLUMBIA | PRUDENTIAL INVESTMENT COMPANY OF AUSTRALIA LIMITED | PSIRON LTD | PSIVIDA LIMITED | PUBLIC HOLDINGS (AUSTRALIA) LIMITED | PUBLISHING & BROADCASTING LIMITED | Q MULTIMEDIUM LIMITED | QANTAS AIRWAYS LIMITED | QBE INSURANCE GROUP LIMITED | QED OCTECH LIMITED | QMASTOR LIMITED | QPSX LIMITED | QUADRANT IRIDIUM LIMITED | QUADEL LIMITED | QUANTUM ENERGY LIMITED | QUANTUM RESOURCES LIMITED | QUEBEC | QUEENSLAND COTTON HOLDINGS LIMITED | QUEENSLAND ELECTRICITY COMMISSION | QUEENSLAND GAS COMPANY LIMITED | QUEENSLAND INDUSTRY DEVELOPMENT CORPORATION | QUEENSLAND TOURISM INDUSTRIES LIMITED | QUEENSLAND TREASURY CORPORATION | QUEST INVESTMENTS LIMITED | QUESTE COMMUNICATIONS LIMITED | QUIKTRAK NETWORKS LIMITED | QUOIN (INT) LIMITED | Q-VIS LIMITED | RAMELIUS RESOURCES LIMITED | RAMSAY HEALTH CARE LIMITED | RAND MINING NL | RANGE RESOURCES LIMITED | RANGE RIVER GOLD NL | RAPTIS GROUP LIMITED | RCR TOMLINSON LIMITED | REALESTATE.COM.AU LIMITED | REBEL SPORT LIMITED | RECKON LIMITED | RECLAIM INDUSTRIES LIMITED | RECLAIM INVESTMENTS LIMITED | RECORD REALTY | RECRUITERS AUSTRALIA LIMITED | RED 5 LIMITED | RED BACK MINING NL | REDFLEX HOLDINGS LIMITED | REDPORT LIMITED | REECE AUSTRALIA LIMITED | REED RESOURCES LIMITED | REEF CASINO TRUST | REEFTON MINING NL | REINSURANCE AUSTRALIA CORPORATION LIMITED | RELIANCE MINING LIMITED | RELODE LIMITED | RENEWABLE ENERGY CORPORATION LIMITED | RENISON CONSOLIDATED MINES NL | REPCO LIMITED | REPCOL LIMITED | RESMED INC | RESOLUTE MINING LIMITED | RETAIL TECHNOLOGY & SERVICES LIMITED | REVESCO GROUP LIMITED | REYNOLDS WINES LIMITED | RG CAPITAL RADIO LIMITED | RIB LOC GROUP LIMITED | RICHFIELD GROUP LIMITED | RIDLEY CORPORATION LIMITED | RIMCAPITAL LIMITED | RIMFIRE PACIFIC MINING NL | RINKER GROUP LIMITED | RIO TINTO LIMITED | RIVKIN FINANCIAL SERVICES LIMITED | RM WILLIAMS HOLDINGS LIMITED | RMG LIMITED | ROBERTS LIMITED | ROC OIL COMPANY LIMITED | ROCK BUILDING SOCIETY LIMITED (THE) | ROMA PETROLEUM NL | RP DATA LIMITED | RURAL PRESS LIMITED | RURALCO HOLDINGS LIMITED | RUSINA MINING LTD | RUSKIN INDUSTRIES LIMITED | S8 LIMITED | SABINA CORPORATION LIMITED | SABRE GROUP LIMITED | SABRE RESOURCES LIMITED | SAGE EFFECT TECHNOLOGIES LIMITED | SALLY MALAY MINING LIMITED | SALTAT LIMITED | SALOMON SMITH BARNES AUSTRALIA FINANCIAL PRODUCTS LIMITED | SAMP'S SEAFORD HOLDINGS LIMITED | SAMPSON EXPLORATION NL | SANTOS LIMITED | SARACEN MINERAL HOLDINGS LIMITED | SCANTECH LIMITED | SCHAFFER CORPORATION LIMITED | SCIGEN LIMITED | SCOTTISH POWER UK PLC | SDI LIMITED | SDS CORPORATION LIMITED | SECURENET LIMITED | SEDIMENTARY HOLDINGS LIMITED | SELECT HARVESTS LIMITED | SELECT VACCINES LIMITED | SELWYN WINES LIMITED | SENETAS CORPORATION LIMITED | SERVCORP LIMITED | SERVICEPOINT LIMITED | SEVEN NETWORK LIMITED | SFE CORPORATION LIMITED | SIBERIA MINING CORPORATION LIMITED | SIETEL LIMITED | SIGMA COMPANY LIMITED | SIGMA FINANCE CORPORATION | SILEX SYSTEMS LIMITED | SIMON GILBERT WINES LIMITED | SIMS GROUP LIMITED | SINGAPORE TELECOMMUNICATIONS LIMITED | SINO GOLD LIMITED | SINO SECURITIES INTERNATIONAL LIMITED | SIPA RESOURCES INTERNATIONAL NL | SIRIUS TELECOMMUNICATIONS LIMITED | SIRTIX MEDICAL LIMITED | SKILLED ENGINEERING LIMITED | SKY CITY ENTERTAINMENT GROUP LIMITED | SKY NETWORK TELEVISION LIMITED | SKYDOME HOLDINGS LIMITED | SKYNETGLOBAL LIMITED | SMARTTRANS HOLDINGS LTD | SMC GOLD LIMITED | SMORGON STEEL GROUP LIMITED | SMS MANAGEMENT & TECHNOLOGY LIMITED | SNOWBALL GROUP LIMITED | SO NATURAL FOODS AUSTRALIA LIMITED | SOFTLAW CORPORATION LIMITED | SOFTWARE COMMUNICATION GROUP LIMITED | SOLAGRAN LIMITED | SOLAR ENERGY SYSTEMS LTD | SOLBEC PHARMACEUTICALS LIMITED | SOLUTION 6 HOLDINGS LIMITED | SONIC HEALTHCARE LIMITED | SONS OF GWALIA LIMITED | SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY | SOUTHCORP LIMITED | SOUTHERN CROSS BROADCASTING (AUSTRALIA) LIMITED | SOUTHERN CROSS EXPLORATION NL | SOUTHERN CROSS FLIERS TRUST | SOUTHERN EQUITY HOLDINGS LIMITED | SOUTHERN PACIFIC PETROLEUM NL | SOUTHERN STAR GROUP LIMITED | SOUTHERN TITANIUM NL | SOUTHPOINTE LIMITED | SP TELECOMMUNICATIONS LIMITED | SPC ARDMONA LIMITED | SPHERE INVESTMENTS LIMITED | SPIKE NETWORKS LIMITED | SPINIFEX GOLD LIMITED | SPOTLESS GROUP LIMITED | SSSH MEDICAL LIMITED | ST BARBARA MINES LIMITED | ST FRANCIS GROUP LIMITED | ST GEORGE BANK LIMITED | ST SYNERGY LIMITED | STADIUM AUSTRALIA MANAGEMENT LIMITED | STADIUM AUSTRALIA LIMITED | STARGAMES LIMITED | STARPHARMA POOLED DEVELOPMENT LIMITED | STARTRACK COMMUNICATIONS LIMITED | STEAMSHIPS TRADING COMPANY LIMITED | STERICOR LIMITED | STOCKFORD LIMITED | STOCKLAND CORPORATION LIMITED | STOCKLAND TRUST | STOKES (AUSTRALASIA) LIMITED | STRAITS RESOURCES LIMITED | STRARCH INTERNATIONAL LIMITED | STRATA MINING CORPORATION LIMITED | STRATATEL LIMITED | STRATEGIC MINERALS CORPORATION NL | STRATEGIC POOLED DEVELOPMENT LIMITED | STRATHFIELD GROUP LIMITED | STREETTRACKS S&P/ASX 200 FUND | STREETTRACKS S&P/ASX 200 LISTED PROPERTY FUND | STREETTRACKS S&P/ASX 50 FUND | STRIKER RESOURCES NL | STRUCTURAL SYSTEMS LIMITED | STUART PETROLEUM LIMITED | STW COMMUNICATIONS GROUP LIMITED | SUB-SAHARA RESOURCES NL | SUMMIT RESOURCES LIMITED | SUN CAPITAL GROUP LIMITED | SUN RESOURCES NL | SUNBASE CHINA LIMITED | SUNCORP-METWAY LIMITED | SUNDOWNER GROUP | SUNLAND GROUP LIMITED | SUNRAYSA TELEVISION LIMITED | SUNSHINE GAS LIMITED | SUNTECH ENVIRONMENTAL GROUP LIMITED | SUNVEST CORPORATION LIMITED | SUPERSORB ENVIRONMENTAL NL | SUPPLY NETWORK LIMITED | SWIFTEL LIMITED | SWISH GROUP LIMITED (THE) | SYDNEY AQUARIUM LIMITED | SYDNEY GAS LTD | SYDNEY WATER CORPORATION LIMITED | SYLVANIA RESOURCES LIMITED | SYLVASTATE LIMITED | SYMEX HOLDINGS LIMITED | SYNERGY EQUITIES GROUP LIMITED | SYNERGY METALS LTD | SYNTECH GROUP LIMITED | TAB LIMITED | TABCORP HOLDINGS LIMITED | TAG PACIFIC LIMITED | TAIPAN RESOURCES NL | TAKORADI LIMITED | TAMAWOOD LIMITED | TANAMI GOLD NL | TANDOU LIMITED | TANTALUM AUSTRALIA NL | TAP OIL LIMITED | TASGOLD LIMITED | TASMAN RESOURCES NL | TASMANIA MINES LIMITED | TASMANIAN PERPETUAL TRUSTEES LIMITED | TASMANIAN PUBLIC FINANCE CORPORATION | TASSAL LIMITED | TAT HONG HOLDINGS LIMITED | TAWANA RESOURCES NL | TECHNOLOGY INCUBATION GROUP LIMITED | TECHNOLOGY INVESTMENT FUND | TECHNOLOGY ONE LIMITED | TECHSTAR LIMITED | TECTONIC RESOURCES NL | TELECOM CORPORATION OF NEW ZEALAND LIMITED | TELE-IP LIMITED | TELEMEDIA NETWORKS INTERNATIONAL LIMITED | TELEVISION & MEDIA SERVICES LIMITED | TELEZON LIMITED | TEMELIA CORPORATION LIMITED | TEMPLETON GLOBAL GROWTH FUND LIMITED | TEMPO SERVICES LIMITED | TEN NETWORK HOLDINGS LIMITED | TENNYSON NETWORKS LIMITED | TERRAIN AUSTRALIA LIMITED | TERRAPLANET LIMITED | TEXT MEDIA GROUP LIMITED (THE) | THAKRAL HOLDINGS LIMITED | THIN TECHNOLOGY LIMITED | THUNDELLARRA EXPLORATION LIMITED | TICOR LIMITED | TIGER RESOURCES LIMITED | TIMBERCORP LIMITED | TITAN RESOURCES NL | TOLLHURST NOALL GROUP LIMITED | TOLL HOLDINGS LIMITED | TOMATO TECHNOLOGIES LIMITED | TONY BARLOW AUSTRALIA LIMITED | TOOTH & COMPANY LIMITED | TORONTO DOMINION AUSTRALIA LIMITED | TORONTO-DOMINION BANK (THE) | TOURISM & LEISURE TRUST | TOWER LIMITED | TOX FREE SOLUTIONS LIMITED | TRANSFIELD SERVICES LIMITED | TRANSMETRO CORPORATION LIMITED | TRANSURBAN CARS TRUST | TRANSURBAN HOLDING TRUST | TRANSURBAN HOLDINGS LIMITED | TRANSURBAN INFRASTRUCTURE DEVELOPMENTS LIMITED | TRAVEL.COM.AU LIMITED | TREASURY CORPORATION OF VICTORIA | TREASURY GROUP LIMITED | TRENT CAPITAL LIMITED | TRIAKO RESOURCES LIMITED | TRIBECA CORPORATION LIMITED | TRIBUNE RESOURCES NL | TROY RESOURCES NL | TRUST COMPANY OF AUSTRALIA LIMITED | TRYSOFT CORPORATION LIMITED | TVSN LIMITED | UECOMM LIMITED | UNION CAPITAL LIMITED | UNITAB LIMITED | UNITED GROUP LIMITED | UNITED OVERSEAS AUSTRALIA LIMITED | UNITRACK LIMITED | UNIVERSAL RESOURCES LIMITED | US MASTERS HOLDINGS LIMITED | UXC LIMITED | VALAD FUNDS MANAGEMENT LIMITED | VALAD PROPERTY TRUST | VALLS LIMITED | VECOMMERCE LIMITED | VENTRACOR LIMITED | VERIZON GLOBAL FUNDING CORP. | VERUS INVESTMENTS LIMITED | VIAGOLD CAPITAL LIMITED | VICTORIA PETROLEUM NL | VICULIUS LIMITED | VIETNAM INDUSTRIAL INVESTMENTS LIMITED | VIEW RESOURCES LTD | VIKING INDUSTRIES LIMITED | VILLA WORLD LIMITED | VILLAGE ROADSHOW LIMITED | VIRAX HOLDINGS LIMITED | VIROTEC INTERNATIONAL LIMITED | VISION SYSTEMS LIMITED | VITAL CAPITAL LIMITED | VOLANTE GROUP LIMITED | VOXSON LIMITED | VOYAGER ENERGY LIMITED | VRI BIOMEDICAL LTD | VULCAN RESOURCES LIMITED | WADEPACK LIMITED | WAIVCOM WORLDWIDE LIMITED | WALLACE ABSOLUTE RETURN LIMITED | WAM CAPITAL LIMITED | WAREHOUSE GROUP LIMITED (THE) | WASHINGTON H SOUL PATTINSON & COMPANY LIMITED | WASTE MANAGEMENT N.Z. LIMITED | WATER WHEEL HOLDINGS LIMITED | WATERCO LIMITED | WATPAC LIMITED | WATTYL LIMITED | WAVENET INTERNATIONAL LIMITED | WVC PENFOLD LIMITED | WEBJET LIMITED | WEBEOZ LIMITED | WEBSPY LIMITED | WEBSTER LIMITED | WEDGETAIL EXPLORATION NL | WENTWORTH MUTUAL LIMITED | WESFARMERS LIMITED | WEST AUSTRALIAN METALS LTD | WEST AUSTRALIAN NEWSPAPERS HOLDINGS LIMITED | WEST OIL NL | WESTEL GROUP LIMITED | WESTERN AREAS NL | WESTERN AUSTRALIAN TREASURY CORPORATION | WESTERN METALS LIMITED | WESTFIELD AMERICA INC | WESTFIELD AMERICA TRUST | WESTFIELD HOLDINGS LIMITED | WESTFIELD TRUST | WESTGOLD RESOURCES NL | WESTMAG LIMITED | WESTONIA MINES LIMITED | WESTPAC BANKING CORPORATION | WESTPAC FIRST TRUST | WESTPAC OFFICE TRUST | WESTPAC PROPERTY TRUST | WHITFIELD LIMITED | WHITM ACCESS AUSTRALIAN EQUITY FUND | WHTM ACCESS GLOBAL EQUITY FUND | WHTM ACCESS MALAYSIAN EQUITY FUND | WHTM ACCESS SMALLER COMPANIES FUND | WIDDE BAY CAPRICORN BUILDING SOCIETY LIMITED | WILLMOTT FORESTS LIMITED | WILSON HTM AUSTRALIAN EQUITY FUND | WILSON HTM FIXED INTEREST FUND | WILSON HTM OVERSEAS SHARE FUND | WILSON INVESTMENTS TAURINE FUND LIMITED | WINE INVESTMENT FUND LIMITED | WINEPROS LIMITED | WMC RESOURCES LIMITED | **1500** WOODSIDE PETROLEUM LIMITED | WOOLWORTHS LIMITED | WORKING SYSTEMS SOLUTIONS LIMITED | WORLDNET SERVICES LIMITED | WORLDAUDIO LIMITED | WORLEY GROUP LIMITED | WRF SECURITIES LIMITED | WRIDGWAYS AUSTRALIA LIMITED | XANADU WINES LIMITED | XCELL DIAGNOSTICS LIMITED | XENOLITH GOLD LIMITED | YAMARRA GOLDFIELDS LIMITED | YATES LIMITED | YIELD STRATEGIES FUND (THE) | YILGARN GOLD LIMITED | YORK GROUP LIMITED | ZEOLITE AUSTRALIA LIMITED | ZICOM AUSTRALIA LIMITED | ZIMBABWE PLATINUM MINES LIMITED | ZYLOTECH LIMITED

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Directors' report

The directors present their report together with the financial report of Australian Stock Exchange Limited (ASXL) and of the consolidated entity, being ASXL and its controlled entities, for the year ended 30 June 2003 and the auditor's report thereon.

Directors

The directors of ASXL in office during the financial year and until the date of this report are as follows:

Maurice Lionel Newman AC (Chairman);
 Richard George Humphry AO (Managing Director and Chief Executive Officer);
 Clive Michael Batrouney (Vice-Chairman), retired 31 July 2002;
 Michael Henry Shepherd (Vice-Chairman);
 Max Fowles;
 John Arthur Fraser, retired 30 June 2003;
 James Joseph Kennedy AO, CBE;
 Trevor Cyril Rowe, appointed 1 July 2002;
 Jillian Shirley Segal, appointed 29 July 2003;
 Michael John Sharpe AO; and
 Catherine Mary Walter AM.

The directors were in office for the entire period unless otherwise stated.

For details of the directors' qualifications, experience and special responsibilities refer to pages 30 to 32, which are to be read as part of this report.

Directors' meetings and their attendance at those meetings (including meetings of committees of directors) are detailed on page 33, which is to be read as part of this report.

Principal activity

The consolidated entity provides stock exchange and ancillary services in Australia.

There were no significant changes in the nature of the activities of the consolidated entity during the year.

Consolidated results

The consolidated net profit after tax for the year attributable to the members of ASXL was \$57,753,000 (2002: \$59,132,000).

The financial report of ASXL and the consolidated financial report of the consolidated entity have been reviewed and approved by the directors on the recommendation of the Audit and Risk Committee of ASX.

Dividends

Dividends paid or declared by the company since the end of the previous financial year were:

Type	Cents per share	Total amount \$'000	Date of payment	Tax rate for franking credit
As proposed in last year's report:				
Final	21.1	21,514	27 Sept 2002	30%
	21.1	21,514		
In respect of the current financial year:				
Interim	21.5	21,934	28 Mar 2003	30%
Final	18.1	18,466	22 Sept 2003	30%
Special	27.5	28,055	22 Sept 2003	30%
	67.1	68,455		

All dividends paid or declared by the company since the end of the previous financial year were 100% franked.

Directors' report (continued)

Review of operations

The review of operations during the year is on pages 10 to 23, which is to be read as part of this report.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the consolidated entity during the financial year.

Likely developments

Further information about likely developments in the operations of the consolidated entity and the expected results from those operations in future financial years has not been included in this report because disclosures of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The directors of ASX are not aware of any significant material environmental incidents arising from the operations of the consolidated entity during the financial year.

Events subsequent to balance date

Except for the dividend declared after year end, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of ASXL, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in subsequent financial years.

Directors' and senior executives' emoluments

ASXL remuneration structures distinguish between Board, managing director, executives and staff. Disclosure of remuneration is equally important to engender confidence in the appropriateness of rewards and demonstrate the link with performance.

Board members receive fees for service and have no share qualification or entitlement. Non-executive directors receive a base fee of \$70,000 per annum, the vice-chairman receives a base fee of \$84,000 and the chairman receives a base fee of \$192,500 with committee and subsidiary Board fees paid in addition. Board members may hold shares in ASXL and are subject to the ASXL dealing rules. Shareholders approved a directors' retirement scheme in 1998. The Board decided on 26 August 2003 to terminate this scheme, and the accrued entitlements will be frozen as at that date and paid to entitled non-executive directors at the time of their retirement.

The managing director's remuneration comprises annual cash salary, annual cash bonuses paid at the discretion of the Board, and the issue of conditional entitlements to ASXL shares based on long-term performance under the shareholder approved executive share scheme. The vesting of conditional entitlements requires total return to shareholders (capital growth and dividends) to reach the top two quartiles of returns among a peer group of companies. The full award of shares can only be made when performance reaches the top quartile across a performance period, usually three years. Payment of cash bonuses and any annual increment to salary are dependent upon meeting performance objectives which comprise both financial and non-financial components.

ASXL's remuneration for staff and executives encompasses fixed, performance-based and equity components. It is important to distinguish between Board and management rewards, where management specifically are incentivised to outperform and achieve defined targets. This distinction reflects the different role of the Board, which is to provide oversight, and the role of management, which is to operate the business and execute the company's strategy.

Fixed remuneration of staff and executives comprises a salary benchmarked against a Board-approved market position. Performance-based pay is in the form of cash bonuses which are subject to the company meeting identified performance levels. Staff have in the past received bonuses in the form of shares. The amount of the reward to individuals reflects that individual's performance against pre-determined objectives for the year.

Senior executives participate in the executive share scheme, discussed above. ASXL also has two staff equity plans, both of which are shareholder approved, one being for \$1,000 worth of ASXL shares to be granted subject to a three-year restriction on trading or sale and another which involves the use of non-recourse loans to purchase ASXL shares. ASXL is considering implications of the upcoming accounting standards on the treatment of equity schemes for its existing equity schemes.

The Board believes that this structure will aid in attracting, retaining and motivating personnel to achieve superior performance for ASXL. In October 2002, the Board exercised discretion to make bonus payments to senior executives in respect of their performance in the 2001/02 financial year. The payments were based on the achievement by ASXL of both its financial and non-financial goals and the contributions of individual executives to those outcomes.

Directors' and senior executives' emoluments (continued)

The nature and amount of each major element of the emolument of each director of ASXL and each of the five executive officers of ASXL and the consolidated entity receiving the highest emoluments for the financial year were:

Non-executive directors

	Total remuneration \$	Accrued retirement benefit \$	Retirement benefits \$	Total emoluments \$	Total accrued retirement benefit \$
Mr ML Newman	211,867	64,171	–	276,038	299,444
Mr CM Batrouney	18,548	–	113,990	132,538	–
Mr MH Shepherd	162,367	28,002	–	190,369	130,667
Mr M Fowles	82,840	23,335	–	106,175	109,954
Mr JA Fraser	84,000	–	109,954	193,954	–
Mr JJ Kennedy	81,750	23,335	–	105,085	109,954
Mr TC Rowe	91,560	–	–	91,560	–
Mr MJ Sharpe	124,520	23,335	–	147,855	109,954
Mrs CM Walter	91,560	23,335	–	114,895	109,954

The above figures relate to Board and committee fees and are on a paid or payable basis.

Mr Batrouney retired as a director effective 31 July 2002.

Mr Fraser retired as a director effective 30 June 2003.

Mr Newman is provided with office and secretarial support to assist him in carrying out his ASXL duties.

No cost is included as part of his remuneration above.

Directors' fees paid for Securities Exchanges Guarantee Corporation (SEGC) directorships are not included in the above figures, since SEGC is not a controlled entity. During the financial year \$77,000 was paid to the directors of ASXL who are also directors of SEGC.

The total accrued retirement benefits have been disclosed in accordance with the ASX Corporate Governance Council best practice recommendations.

Directors' retirement benefit

All directors, with the exception of the managing director, are eligible to participate in a deed of indemnity, access, insurance and retirement benefits of directors, approved at the ASXL annual general meeting of 19 October 1998. Accrued liability for service of the remaining directors to date has been provided for in the accounts, and is based on the following scale:

- after three years service, the basic fee for a director in the year of retirement;
- after six years service, twice that basic fee; and
- after nine years service, three times that basic fee.

There is no entitlement to this benefit until three full years of service have been completed. The amount accrued at 30 June 2003, which includes \$109,954 for Mr Fraser, is \$974,556 (2002: \$870,725).

Executive director and executives

	Total remuneration \$	Bonuses ¹ \$	Shares issued \$	Total emoluments \$
Executive director				
Mr RG Humphry	916,978	432,000	–	1,348,978
Executives²				
Mrs KL Hamilton	376,285	115,000	1,000	492,285
Mr JM Hayes	424,872	120,000	1,000	545,872
Mr AG Richards	450,101	220,000	1,000	671,101
Mr MA Roche	374,521	110,000	1,000	485,521
Mr CR Scully	481,190	160,000	1,000	642,190

¹ Relates to performance for the year ended 30 June 2002.

² All executive officers participate in the employee share schemes (refer note 21(c)), excluding the executive director.

Directors' report (continued)

Shareholders approved a conditional entitlement scheme for the managing director and senior executives. The company granted conditional entitlements to senior executives over unissued ordinary shares in November 2001 including the officers of the company referred to above. These conditional entitlements are a long-term incentive that will only convert into shares in July 2004 if performance hurdles previously approved by shareholders are met. A detailed description of conditional entitlements is provided below.

	Long-term incentive (conditional entitlements) No.	Notional value of long-term incentive for the current year ¹ \$
Executive director		
Mr RG Humphry	115,300	268,615
Executives		
Mrs KL Hamilton	29,300	68,260
Mr JM Hayes	34,000	79,210
Mr AG Richards	36,100	84,102
Mr MA Roche	29,300	68,260
Mr CR Scully	37,600	87,597

¹ The notional value ascribed to this long-term incentive (conditional entitlements) has been determined by an independent actuary using the criteria set out in the ASIC guidelines and applying the terms and conditions of the share plan. The notional value of the conditional entitlements has then been proportionally attributed to the current financial year on a straight line basis.

Managing director's remuneration

The managing director is employed under a contract with ASXL, which outlines his remuneration and termination arrangements as described below, and which operates until his retirement on 31 July 2004.

Remuneration

The managing director's remuneration is made up of the following components:

- base salary;
- performance bonus; and
- equity-based incentive plan.

The managing director receives a base salary, which may be increased at the Board's discretion by up to 10% per annum. He may also receive a performance bonus capped at 50% of his base salary for that year.

The managing director also participates in the executive share plan, as approved by shareholders at the 2000 annual general meeting. That meeting approved the award of a conditional entitlement to three tranches of ASXL shares:

- 117,100 shares, maturing 30 June 2002;
- 36,400 shares, maturing 30 June 2003; and
- 115,300 shares maturing 30 June 2004.

All entitlements were conditional on ASX delivering a 'total shareholder return' in the top two quartiles as measured against a peer group of companies (the S&P ASX100 adjusted for non-comparable companies and changes during the period). Applying that test, shares were issued in respect of the 2002 entitlement (disclosed in last year's report) but no shares were issued in respect of the 2003 entitlement.

Payment on retirement

The Board and the managing director agreed in 1999 the terms of his service contract which was to expire on 31 July 2002. The term of service was subsequently extended at the request of the Board for a further two years to 31 July 2004. Total service would then be 10 years. The arrangements provide for the managing director to receive on retirement payment equal to three times his base salary. This is currently valued at \$2,798,700. As at 30 June 2003 an amount of \$2,143,550 has been accrued towards the retirement payment.

If the managing director leaves of his own volition before the term is concluded he will be entitled to a retirement benefit of two times his salary. However, if he is asked to leave by the Board for reasons other than misconduct a full entitlement will be paid.

Conditional entitlements to unissued shares

As at the date of this report, ASXL has issued conditional entitlements to 562,600 (2002: 569,000) shares under the executive share plan subject to the company meeting specified performance criteria. The number of shares that a participant ultimately receives depends on the extent to which the performance criteria are met by the company, and the individual performance of the participant. The Board may increase or decrease the amount of shares awarded to participants by 20% at the end of the performance period.

The performance criteria are a relative measure of the company's performance measured against the performance of a comparative group of companies selected from the S&P ASX100 on the basis of total shareholder returns (TSR) over the performance period. Broadly, TSR is the percentage difference between the market price of the relevant shares at the beginning and end of the performance period plus dividends earned over the same period and further adjusted for any other capital movements. The market price is averaged over the three months preceding the start and end dates of the performance period. Unless TSR reaches at least the 50th percentile against the comparative group, the participant is not entitled to any shares. At the 50th percentile, participants will be entitled to 60% of the shares but the maximum entitlement is not reached until the TSR ranks at or above the 75th percentile. Any issue then is still subject to personal performance.

The shares are issued subject to certain vesting and dealing restrictions.

No conditional entitlements have been granted since the end of the financial year. Refer to note 18 of the financial statements for further details of the conditional entitlements outstanding.

Shares issued as a result of the exercise of conditional entitlements

On 24 July 2002, 396,983 conditional entitlements were converted to ordinary share capital. The closing market price of ASXL shares on 24 July 2002 was \$12.79. The shares were issued for nil consideration and were disclosed in the 2002 directors' report.

Since the end of the financial year there have been no further conditional entitlements exercised.

Conditional entitlements lapsed during the financial year

A further 64,800 conditional entitlements to senior management issued on 22 November 2001 lapsed during the financial year.

Directors' interests

The relevant interest of each director in the share capital issued by companies within the consolidated entity, as notified to the Australian Securities and Investments Commission (ASIC) in accordance with section 205G(1) of the Corporations Act 2001 and listing rule 3.19A, at the date of this report is as follows:

	ASXL ordinary shares
Mr ML Newman	83,000
Mr RG Humphry	302,303
Mr MH Shepherd	50,000
Mr M Fowles	16,500
Mr JA Fraser	2,000
Mr JJ Kennedy	1,000
Mr TC Rowe	—
Ms JS Segal	—
Mr MJ Sharpe	2,000
Mrs CM Walter	3,000

Indemnification and insurance of officers and auditors

Since the end of the previous financial year, the consolidated entity has paid insurance premiums in respect of directors' and officers' liability for current and former directors and officers of ASXL, its controlled entities and a related body corporate.

The officers of ASXL covered by the insurance include the current directors as listed on pages 30 to 32, executives, the company secretary and former directors.

The insurance policies prohibit disclosure of the nature of the liability insured against and the amount of the premiums.

The constitution of ASXL provides that the officers of ASXL, as detailed above, and the auditors of ASXL, KPMG, are indemnified out of the property of ASXL against any liability incurred in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in their favour or in which they are acquitted or in connection with any application in relation to any such proceedings in which relief is granted under the Corporations Act 2001.

The officers are also indemnified out of the property of ASXL against any liability incurred in that capacity after 15 April 1994 (other than to ASXL, a related entity or a related body corporate) provided that liability does not arise out of conduct involving a lack of good faith.

Corporate governance


ASXL's corporate governance matters are discussed on pages 24 to 29.

Rounding of amounts to nearest thousand dollars

ASXL is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

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

Statements of financial performance

for the year ended 30 June 2003

		Consolidated		The Company	
	Note	2003 \$000	2002 \$000	2003 \$000	2002 \$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		

Statements of financial position

at 30 June 2003

		Consolidated		The Company	
	Note	2003 \$000	2002 \$000	2003 \$000	2002 \$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

		Consolidated		The Company	
	Note	2003 \$000	2002 \$000	2003 \$000	2002 \$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.

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

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.

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.

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

1 Statement of significant accounting policies (continued)

(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 one 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 30 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.

(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 and 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.

(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 dependents 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.

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.

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

		Consolidated		The Company	
	Note	2003 \$000	2002 \$000	2003 \$000	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	–	–	–

	Consolidated		The Company	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
5 Taxation				
(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	–

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

	Consolidated		The Company	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
5 Taxation (continued)				
(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 Sept 2002	30%	100%
Interim – 2003	21.5	21,934	28 Mar 2003	30%	100%
Total amount	42.6	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 Sept 2003	30%	100%
Special – 2003	27.5	28,055	22 Sept 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.

	Consolidated	
	2003	2002
	\$000	\$000
6 Dividends (continued)		
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.

	Consolidated	
	2003	2002
7 Earnings per share		
Basic earnings per share (cents)	56.6	58.3
Diluted earnings per share (cents)	56.2	57.7
	2003	2002
	\$000	\$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

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

		Consolidated		The Company	
	Note	2003 \$000	2002 \$000	2003 \$000	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					
<i>Controlled entities</i>					
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
<i>Other corporations</i>					
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		The Company	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
11 Intangible assets				
Goodwill	2,588	2,588	–	–
Accumulated amortisation	(312)	(183)	–	–
	2,276	2,405	–	–

	Consolidated		The Company	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000

12 Investments accounted for using the equity method

Non-current

Investment in associate	47,741	49,454	–	–
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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%

	2003	2002
	\$000	\$000

ASX Perpetual Registrars Limited

Statement of revenue and expenses

Revenues	48,888	43,555
Operating expenses	36,744	35,051

EBITDA	12,144	8,504
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Depreciation and amortisation (excluding goodwill)	7,564	3,634
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EBIT	4,580	4,870
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Interest expense	2,138	897
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Net profit before tax and goodwill amortisation	2,442	3,973
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Income tax (expense)/benefit	(704)	86
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Net profit after tax pre goodwill amortisation	1,738	4,059
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Goodwill amortisation	(2,948)	(2,950)
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Net (loss)/profit after income tax expense	(1,210)	1,109
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Reconciliation of associate's reported result to equity accounted result

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

Amortisation of goodwill arising from investment	(2,582)	(2,506)
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Share of associate's net loss – equity accounted	(1,713)	(476)
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The consolidated entity's share of aggregate assets, liabilities and profits/(losses) of associate is as follows:

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

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

	2003 \$000	2002 \$000
12 Investments accounted for using the equity method (continued)		
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

	Consolidated		The Company	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
13 Property, plant and equipment				
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	–	–

	Consolidated		The Company	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
13 Property, plant and equipment (continued)				
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				
Current				
Trade creditors	5,961	5,737	–	–
Other creditors and accruals	4,405	8,273	–	1,050
	10,366	14,010	–	1,050

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

		Consolidated		The Company	
	Note	2003 \$000	2002 \$000	2003 \$000	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

		Consolidated		The Company	
	Note	2003 \$000	2002 \$000	2003 \$000	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		The Company	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$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
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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		The Company	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$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

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

Note	Consolidated		The Company	
	2003 \$000	2002 \$000	2003 \$000	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:

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 12 months of balance date has been calculated using the following weighted averages:

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)			

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

21 Employee entitlements (continued)

(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.

(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.

	Consolidated		The Company	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
22 Commitments				
(a) Capital and operating commitments				
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

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

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.

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

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 \$000	2002 \$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

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

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.

(d) 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).

23 Contingent liabilities (continued)

(e) 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

(f) 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.

(g) 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).

(h) 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.

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

	Consolidated		The Company	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
25 Notes to and forming part of the statements of cash flows				
(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
<i>Add/(subtract) non-cash items:</i>				
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	–	–
<i>Changes in assets and liabilities during the financial year:</i>				
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:				
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:				
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

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

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 \$000	2002 \$000
<i>Balances with entities within the wholly owned group</i>			
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.

Dividends

Dividends received or due and receivable by the company from wholly owned controlled entities

51,000 33,784

(c) Other related parties

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
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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	–
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	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.

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

	Consolidated		The Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
27 Directors' and executives' remuneration (continued)				
(b) Executives' remuneration				
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:

	No.	No.	No.	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:				
<i>Auditors of the company – KPMG</i>				
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:				
<i>Auditors of the company – KPMG</i>				
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.

Notes to the financial statements

Australian Stock Exchange Limited and controlled entities

29 Particulars in relation to controlled entities

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 Depository 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.

(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.

	Note	Weighted average interest rate		Floating interest rate		Fixed interest rate*		Non-interest bearing		Total	
		2003 %	2002 %	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$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 one year but less than five years

1,517 1,079

Greater than five 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 46 to 77, 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

Independent audit report

to the members of Australian Stock Exchange Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statements of financial position, statements of financial performance, statements of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Australian Stock Exchange Limited (the "Company") and the Australian Stock Exchange Group (the "consolidated entity"), for the year ended 30 June 2003. The consolidated entity comprises both the Company and the entities it controlled during that year.

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

Audit approach

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

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

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

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

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

Independence

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

Audit opinion

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

NT Davis

NT Davis
Partner

Sydney, 26 August 2003

Shareholder information

as at 15 August 2003

The following additional information is provided in accordance with the Listing Rules.

Voting power

ASX has ordinary shares on issue. At a general meeting, every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share held unless that share is a 'default share'. The constitution classifies default shares as any shares held above the 15% voting power limit by one party and its associates as set by Parliament.

Distribution of shareholdings

Number of shares held	Number of holders	Number of shares	% of issued capital
1 – 1,000	10,580	6,048,582	5.93
1,001 – 5,000	4,713	10,933,749	10.72
5,001 – 10,000	453	3,527,231	3.46
10,001 – 100,000	507	22,116,140	21.68
100,001 and over	175	59,394,231	58.22
Total	16,428	102,019,933	100.00

The number of shareholders holding less than a marketable parcel of 38 ordinary shares (\$13.50 on 15/08/2003) is 62 and they hold 839 ordinary shares.

Substantial shareholders

The following organisations have disclosed a substantial shareholder notice to ASX.

Name	Number of shares	% of voting power advised
Commonwealth Bank Group	9,311,087	9.13
Schroder Investment Management Australia Limited	8,413,831	8.24

Largest 20 shareholders

The largest 20 shareholders in the company are:

	Number of shares	% of issued capital
Citicorp Nominees Pty Limited	9,251,479	9.07
JP Morgan Nominees Australia Limited	7,953,581	7.80
National Nominees Limited	5,375,308	5.27
Westpac Custodian Nominees Ltd	4,621,335	4.53
RBC Global Services Australia Nominees Pty Limited	4,336,727	4.25
Commonwealth Custodial Services Limited	1,391,386	1.36
ANZ Nominees Limited	1,026,317	1.01
AMP Life Limited	970,236	0.95
Cogent Nominees Pty Limited	818,605	0.80
Queensland Investment Corporation	564,270	0.55
ASX Operations Pty Limited	392,151	0.38
UBS Warburg Private Clients Nominees Pty Limited	370,340	0.36
Victorian Workcover Authority	356,015	0.35
Bond Street Custodians Limited	339,045	0.33
Transport Accident Commission	324,129	0.32
Zurich Investment Management Limited	309,972	0.30
Richard George Humphry	302,303	0.30
The Australian National University	250,000	0.25
BNP Paribas	224,082	0.22
Invia Custodian Pty Limited	223,022	0.22
Total	39,400,303	38.62

On-market buy-back

There is no current on-market buy-back.

Directory

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Facsimile (61 7) 3835 1004

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AMP Building
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Hobart TAS 7000
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Perth
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2 The Esplanade
Perth WA 6000
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Facsimile (61 8) 9221 2020

Sydney
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20 Bridge Street
Sydney NSW 2000
Telephone (61 2) 9227 0000
Facsimile (61 2) 9227 0885

Registered office
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Sydney NSW 2000
Telephone (61 2) 9227 0000

Share registry
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Email: registrars@asxperpetual.com.au

Auditors
KPMG

ASX on the internet
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