



NZX LIMITED
2012 HALF YEAR REPORT



NZX LIMITED

Financial Statements

For the six months ended 30 June 2012

NZX Limited
Income Statement
For the six months ended 30 June 2012

	Note	Group			Parent		
		6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000
Revenue	4	26,520	54,708	26,141	16,821	36,865	17,463
Other income	5	-	-	-	3,652	3,486	2,229
Personnel costs	6	(8,814)	(15,155)	(7,391)	(5,636)	(9,211)	(4,500)
Other expenses	7	(8,134)	(14,328)	(7,097)	(4,689)	(8,047)	(3,644)
Earnings before interest, income tax, depreciation and amortisation, and financial instruments		9,572	25,225	11,653	10,148	23,093	11,548
Finance income		502	560	321	227	83	56
Finance costs		(1,676)	(403)	(2,276)	(69)	(373)	(358)
Net finance costs	8	(1,174)	157	(1,955)	158	(290)	(302)
Depreciation and amortisation expense		(3,244)	(5,317)	(2,548)	(2,665)	(4,098)	(1,941)
Share of profit of associates	9	200	572	133	-	-	-
Profit before income tax		5,354	20,637	7,283	7,641	18,705	9,305
Income tax expense		(2,105)	(6,112)	(2,772)	(1,280)	(4,282)	(1,968)
Profit for the period		3,249	14,525	4,511	6,361	14,423	7,337
Earnings per share							
Basic (cents per share)		1.28	5.75	1.79			
Diluted (cents per share)		1.27	5.64	1.75			

Statement of Comprehensive Income
For the six months ended 30 June 2012

	Group			Parent		
	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000
Profit for the period	3,249	14,525	4,511	6,361	14,423	7,337
Other comprehensive income						
Foreign currency translation differences	19	(24)	(11)	-	-	-
Total comprehensive income for the period	3,268	14,501	4,500	6,361	14,423	7,337

The accompanying notes form an integral part of these financial statements.

NZX Limited
Statement of Changes in Equity
For the six months ended 30 June 2012

Group					
	Note	Share Capital \$000	Retained Earnings \$000	Translation Reserve \$000	Total Equity \$000
Balance at 1 January 2011		32,212	58,632	(44)	90,800
Profit for the period		-	4,511	-	4,511
Foreign currency translation differences		-	-	(11)	(11)
Total comprehensive income for the period		-	4,511	(11)	4,500
Dividends paid	16	-	(10,908)	-	(10,908)
Issue of shares		294	-	-	294
Share based payments		-	-	-	-
Share buyback		-	-	-	-
Non-vesting shares		-	-	-	-
Balance at 30 June 2011 - unaudited		32,506	52,235	(55)	84,686
Profit for the period		-	10,014	-	10,014
Foreign currency translation differences		-	-	(13)	(13)
Total comprehensive income for the period		-	10,014	(13)	10,001
Dividends paid	16	-	(6,720)	-	(6,720)
Issue of shares		(294)	-	-	(294)
Share based payments		420	-	-	420
Share buyback		-	-	-	-
Non-vesting shares		(250)	-	-	(250)
Balance at 31 December 2011 - audited		32,382	55,529	(68)	87,843
Profit for the period		-	3,249	-	3,249
Foreign currency translation differences		-	-	19	19
Total comprehensive income for the period		-	3,249	19	3,268
Dividends paid	16	-	(7,201)	-	(7,201)
Issue of shares		-	-	-	-
Share based payments		535	-	-	535
Share buyback and cancellation		(3,449)	(30,948)	-	(34,397)
Non-vesting shares		-	-	-	-
Balance at 30 June 2012 - unaudited		29,468	20,629	(49)	50,048

The accompanying notes form an integral part of these financial statements.

NZX Limited
Statement of Changes in Equity
For the six months ended 30 June 2012

	Parent			
	Share Capital \$000	Retained Earnings \$000	Translation Reserve \$000	Total Equity \$000
Balance at 1 January 2011	36,500	34,753	-	71,253
Profit for the period	-	7,337	-	7,337
Total comprehensive income for the period	-	7,337	-	7,337
Dividends paid	16	(10,908)	-	(10,908)
Issue of shares	755	-	-	755
Redemption of shares	(600)	-	-	(600)
Non-vesting shares	-	-	-	-
Balance at 30 June 2011 - unaudited	36,655	31,182	-	67,837
Profit for the period	-	7,086	-	7,086
Total comprehensive income for the period	-	7,086	-	7,086
Dividends paid	16	(6,720)	-	(6,720)
Issue of shares	-	-	-	-
Redemption of shares	(602)	-	-	(602)
Non-vesting shares	(250)	-	-	(250)
Balance at 31 December 2011 - audited	35,803	31,548	-	67,351
Profit for the period	-	6,361	-	6,361
Total comprehensive income for the period	-	6,361	-	6,361
Foreign currency translation differences	-	-	-	-
Dividends paid	16	(7,201)	-	(7,201)
Issue of shares	-	-	-	-
Share based payments	-	-	-	-
Share buyback and cancellation	(3,449)	(30,948)	-	(34,397)
Redemption of shares	(2,078)	-	-	(2,078)
Non-vesting shares	-	-	-	-
Balance at 30 June 2012 - unaudited	30,276	(240)	-	30,036

The accompanying notes form an integral part of these financial statements.

NZX Limited
Statement of Financial Position
As at 30 June 2012

	Note	Group			Parent		
		6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000
Current assets							
Cash and cash equivalents	18 (a)	14,844	12,864	13,639	1,480	621	1,020
Funds held on behalf		14,101	19,082	13,053	956	936	967
Receivables and prepayments		8,555	8,593	5,730	5,803	5,986	3,673
Current tax receivable		1,260	156	846	1,143	-	-
Other financial assets		-	481	1,245	2,233	5,619	5,258
Total current assets		38,760	41,176	34,513	11,615	13,162	10,918
Non-current assets							
Investments in associates	9	3,314	3,764	3,525	2,624	2,624	2,824
Investments in subsidiaries		-	-	-	36,190	36,110	35,981
Investment in equities	10	-	27,752	25,862	-	-	-
Property, plant & equipment		1,160	1,154	1,383	931	961	1,145
Goodwill	11	13,628	13,649	13,249	7,720	7,720	7,720
Other intangible assets	12	32,498	34,587	36,132	27,566	29,134	30,148
Total non-current assets		50,600	80,906	80,151	75,031	76,549	77,818
Total assets		89,360	122,082	114,664	86,646	89,711	88,736
Current liabilities							
Bank overdraft	18 (a)	13,860	-	-	13,860	-	-
Trade payables		2,316	2,117	1,205	1,443	1,228	643
Other liabilities		19,393	28,757	18,815	3,416	7,695	4,077
Current tax payable		-	-	-	-	443	18
Intercompany payables	19	-	-	-	34,044	9,551	6,007
Bank loan		-	-	7,500	-	-	7,500
Total current liabilities		35,569	30,874	27,520	52,763	18,917	18,245
Non-current liabilities							
Deferred tax liability		3,743	3,365	2,458	3,847	3,443	2,654
Total non-current liabilities		3,743	3,365	2,458	3,847	3,443	2,654
Total liabilities		39,312	34,239	29,978	56,610	22,360	20,899
Net assets		50,048	87,843	84,686	30,036	67,351	67,837
Equity							
Share capital		29,468	32,382	32,506	30,276	35,803	36,655
Retained earnings		20,629	55,529	52,235	(240)	31,548	31,182
Translation reserve		(49)	(68)	(55)	-	-	-
Total equity attributable to shareholders		50,048	87,843	84,686	30,036	67,351	67,837
Net tangible assets per share (cents per share)							
		1.54	15.38	13.71			

Approved on behalf of the Board on 20 August 2012.



A W Harmos
Chairman



N Paviour-Smith
Director, Chair of the Audit Committee

The accompanying notes form an integral part of these financial statements.

NZX Limited
Statement of Cash Flows
For the six months ended 30 June 2012

	Group			Parent		
	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000
Note						
Cash flows from operating activities						
Receipts from customers	25,473	54,841	23,241	13,722	36,235	14,255
Interest received/(paid)	344	217	70	131	(247)	(190)
Payments to suppliers and employees	(20,580)	(30,679)	(15,382)	(14,410)	(17,782)	(8,815)
Income tax paid	(1,727)	(3,739)	(1,990)	(876)	(1,926)	(1,458)
Net cash provided by operating activities	3,510	20,640	5,939	(1,433)	16,280	3,792
18(b)						
Cash flows from investing activities						
Receipts from investments	27,347	773	539	6,958	7,740	5,448
Payment for property, plant and equipment	(306)	(302)	(207)	(215)	(226)	(115)
Payment for intangible assets	(833)	(2,878)	(1,778)	(851)	(2,374)	(1,525)
Net cash used in investing activities	26,208	(2,407)	(1,446)	5,892	5,140	3,808
Cash flows from financing activities						
Proceeds from issues of shares	-	-	296	-	-	-
Intercompany payable	19	-	-	26,216	-	-
Increase in bank loan	-	-	463	-	-	463
Repayments of bank loan	-	(7,036)	-	-	(7,036)	-
Dividends paid	16	(7,201)	(10,908)	(7,201)	(17,628)	(10,908)
Share cancellation	-	-	-	(2,078)	-	-
Share buyback	(34,397)	-	-	(34,397)	-	-
Net cash used in financing activities	(41,598)	(24,664)	(10,149)	(17,460)	(24,664)	(10,445)
Net decrease in cash and cash equivalents						
	(11,880)	(6,431)	(5,656)	(13,001)	(3,244)	(2,845)
Cash and cash equivalents at the beginning of the period						
	12,864	19,295	19,295	621	3,865	3,865
Cash and cash equivalents at the end of the period						
18(a)	984	12,864	13,639	(12,380)	621	1,020

The accompanying notes form an integral part of these financial statements.

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2012

1. Reporting entity

NZX Limited (the “Company”, “Parent” or “NZX”) is a listed public company incorporated and domiciled in New Zealand. The Company is registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZSX). The Company is an issuer in terms of the Financial Reporting Act.

The unaudited condensed consolidated interim financial statements (the “financial statements”) for the Company as at and for the six months ended 30 June 2012 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

The Company is an integrated information, markets and infrastructure company. The Company operates the New Zealand securities, derivatives and energy markets, builds and maintains the infrastructure on which they operate, and provides a range of information and data to support market growth and development on a global scale.

2. Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with NZ IAS 34 *Interim Financial Reporting* and Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and other Financial Reporting Standards as applicable for profit oriented entities. The financial statements also comply with International Financial Reporting Standards (“IFRS”).

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for year ended 31 December 2011. These financial statements do not include all the information required for full annual financial statements prepared in accordance with NZ IFRS.

The financial statements were issued by the Board of Directors on 20 August 2012.

b) Judgements and estimates

Preparing the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these financial statements, significant judgements are made by management in applying the Group’s accounting policies. The key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2011. Critical judgements that have the most significant effect on the amounts recognised in these financial statements are included in the following notes:

- Note 11 Goodwill
- Note 12 Other intangible assets

3. Summary of Accounting Policies

These financial statements have been prepared using the same accounting policies and should be read in conjunction with the financial statements and related notes included in the Company’s Annual Report for the year ended 31 December 2011.

a) Revenue

With effect from this period, the Group has disclosed revenue net of rebates and incentives. Rebates and incentives were previously presented as a separate item under other expenses. This reclassification is not considered material to the financial statements and has been made to be consistent with the requirements of accounting standards and has the effect of reducing both revenue and other expenses by the following equal and corresponding amounts, Group: Dec 2011 - \$928k; Jun 2011 - \$448k; Parent - Dec 2011 - \$508k; Jun 2011 - \$309k.

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2012

b) Finance income and finance costs

With effect from this period, the Group has redefined the composition of finance income and finance costs. Finance income comprises interest income on funds invested, foreign exchange gains and fair value gains on financial assets at fair value through profit or loss. Finance costs comprise interest expense on borrowings, foreign exchange losses and fair value losses on financial assets at fair value through profit or loss. Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether the foreign currency movements are in a net gain or a net loss position. Net finance costs are analysed in note 8.

4. Segment reporting

The Group has three reportable segments, as described below, which are the Group's strategic areas:

- Information - provides securities and agricultural related information to subscribers;
- Markets – comprised of four broad category of services - Issuer services, Trading services, Fund services and Participant services; and
- Infrastructure – operations relating to clearing and settlement of debts, equities and derivatives, energy, technology services, advisory and related services.

The Group's CEO (the chief operating decision maker) reviews internal management reports for each of these strategic areas on a regular basis. The Group's revenue is analysed into each of the reportable segments. However, expenses incurred are not allocated to the segments as resource allocation decisions are made across the Group in totality to optimise the consolidated Group's financial results.

The Group also utilises a shared net assets base with all assets and liabilities operated without specific allocation to the reportable segments, with the exception of intangible assets and goodwill. Intangible assets and goodwill are allocated to the reportable segments to which these assets support. There have been no changes to the allocation of intangible assets and goodwill to reportable segments since the last financial year.

Group – 6 months Jun 2012 unaudited					
	Information	Markets	Infrastructure	Other	Total
	\$000	\$000	\$000	\$000	\$000
Allocated revenue	10,779	9,738	6,003	-	26,520
Unallocated expenditure	-	-	-	(16,948)	(16,948)
Total segment result	10,779	9,738	6,003	(16,948)	9,572
Segment assets:					
Other intangible assets	7,861	10,677	12,845	1,115	32,498
Goodwill	5,513	395	7,720	-	13,628
Total segment assets	13,374	11,072	20,565	1,115	46,126
Unallocated assets:					
Cash and cash equivalents	-	-	-	984	984
Investment in equities	-	-	-	-	-
Other assets	-	-	-	28,390	28,390
Unallocated liabilities	-	-	-	(25,452)	(25,452)
Net assets	13,374	11,072	20,565	5,037	50,048

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2012

4) Segment reporting (continued)

Group – 12 months Dec 2011 audited					
	Information \$000	Markets \$000	Infrastructure \$000	Other \$000	Total \$000
Allocated revenue	20,950	21,287	12,471	-	54,708
Unallocated expenditure	-	-	-	(29,483)	(29,483)
Total segment result	20,950	21,287	12,471	(29,483)	25,225
Segment assets:					
Other intangible assets	8,410	10,934	14,425	818	34,587
Goodwill	5,534	395	7,720	-	13,649
Total segment assets	13,944	11,329	22,145	818	48,236
Unallocated assets:					
Cash and cash equivalents	-	-	-	12,864	12,864
Investment in equities	-	-	-	27,752	27,752
Other assets	-	-	-	33,230	33,230
Unallocated liabilities	-	-	-	(34,239)	(34,239)
Net assets	13,944	11,329	22,145	40,425	87,843

Group – 6 months Jun 2011 unaudited					
	Information \$000	Markets \$000	Infrastructure \$000	Other \$000	Total \$000
Allocated revenue	10,239	9,946	5,956	-	26,141
Unallocated expenditure	-	-	-	(14,488)	(14,488)
Total segment result	10,239	9,946	5,956	(14,488)	11,653
Segment assets:					
Other intangible assets	8,735	11,076	15,190	1,131	36,132
Goodwill	5,134	395	7,720	-	13,249
Total segment assets	13,869	11,471	22,910	1,131	49,381
Unallocated assets:					
Cash and cash equivalents	-	-	-	13,639	13,639
Investment in equities	-	-	-	25,862	25,862
Other assets	-	-	-	25,782	25,782
Unallocated liabilities	-	-	-	(29,978)	(29,978)
Net assets	13,869	11,471	22,910	36,436	84,686

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2012

5. Other income

	Group			Parent		
	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000
Other income:						
Dividends received	-	-	-	3,652	3,486	2,229
Total other income	-	-	-	3,652	3,486	2,229

6. Personnel costs

	Group			Parent		
	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000
Personnel costs:						
Salary and related expenses	(8,446)	(14,042)	(6,778)	(5,404)	(8,098)	(3,887)
CEO share plan	-	(500)	-	-	(500)	-
Other	(368)	(613)	(613)	(232)	(613)	(613)
Total personnel costs	(8,814)	(15,155)	(7,391)	(5,636)	(9,211)	(4,500)

7. Other expenses

	Group			Parent		
	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000
Other expenses:						
Remuneration paid to Group auditors						
- audit of financial statements	(75)	(123)	(49)	(61)	(93)	(48)
- other audit related services	(43)	(39)	-	(3)	(39)	-
Remuneration paid to other auditors	(36)	-	-	(18)	-	-
Operating lease rental expense	(696)	(1,056)	(651)	(564)	(792)	(522)
Information technology	(2,406)	(4,154)	(1,979)	(2,279)	(3,843)	(1,842)
Professional fees	(1,216)	(1,801)	(693)	(938)	(1,519)	(571)
Directors' fees	(208)	(425)	(214)	(171)	(347)	(175)
Marketing, printing and distribution	(2,006)	(3,794)	(2,156)	(15)	(51)	(23)
Fund expenditure	(385)	(838)	(383)	-	-	71
General administration	(1,063)	(2,098)	(972)	(640)	(1,363)	(534)
Total other expenses	(8,134)	(14,328)	(7,097)	(4,689)	(8,047)	(3,644)

Other audit related services relate to annual meeting scrutineering, Clearing House operational review and Clear Grain Exchange review.

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2012

8. Net finance costs

	Group			Parent		
	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000
Finance income:						
Interest income	502	560	321	200	83	56
Net gain on foreign exchange	-	-	-	27	-	-
Total finance income	502	560	321	227	83	56
Finance costs:						
Interest expense	(158)	(310)	(228)	(69)	(310)	(228)
Net loss on foreign exchange	(1,518)	(73)	(139)	-	(63)	(130)
Net change in fair value of financial asset at fair value through profit or loss	-	(20)	(1,909)	-	-	-
Total finance costs	(1,676)	(403)	(2,276)	(69)	(373)	(358)
Net finance costs	(1,174)	157	(1,955)	158	(290)	(302)

9. Investment in associates

Name of Entity	Country of Incorporation	Ownership interest		Carrying value of asset in Group Accounts		
		2012	2011	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000
		(%)	(%)			
Associates						
AXE ECN Pty Limited	Australia	50	50	-	-	-
Link Market Services Limited	New Zealand	50	50	3,314	3,764	3,525
Total investment in associates				3,314	3,764	3,525
Amount of goodwill in carrying value of equity accounted associates:				213	213	213

	Group		
	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000
Movement in carrying value of associates:			
Balance at beginning of the year	3,764	3,942	3,942
Investments	-	-	-
Distribution	(650)	-	-
Capital repayments	-	(750)	(550)
Impairment	-	-	-
Share of profit of associates	200	572	133
Balance at end of the period	3,314	3,764	3,525

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2012

10. Investment in equities

	Group			Parent		
	6 months	12 months	6 months	6 months	12 months	6 months
	Jun 2012	Dec 2011	Jun 2011	Jun 2012	Dec 2011	Jun 2011
	unaudited	audited	unaudited	unaudited	audited	unaudited
	\$000	\$000	\$000	\$000	\$000	\$000
Investments in equities:						
Markit shares investment	-	27,752	25,862	-	-	-
Total investment in equities	-	27,752	25,862	-	-	-

Under the June 2009 purchase agreement between Markit and NZX, Markit had the option to acquire the consideration shares issued to the Company's subsidiary TZ1 Limited (TZ1) based on the environmental registry's performance. In January 2012, Markit chose to exercise this option and pay NZX for its shareholding in Markit. The settlement of US\$21.4 million was received on 26 January 2012, which brought to completion the performance of each party's obligations in respect of the 2009 sale by NZX of the TZ1 environmental registry to Markit. No realised gains/(losses) on disposal of investment were recorded in the current period in respect of this transaction because the carrying value of the investment asset in USD as at 31 December 2011 was already adjusted to the value of the settlement price expected to be received. A foreign exchange loss of NZ\$1.5m was recognised on repatriation of the sale proceeds and this is included in finance costs. The repatriation proceeds of NZ\$26.2m were paid to the Parent and this was accounted for as an increase in the intercompany payable in the Parent's statement of financial position as at reporting date (refer note 19).

11. Goodwill

	Group			Parent		
	6 months	12 months	6 months	6 months	12 months	6 months
	Jun 2012	Dec 2011	Jun 2011	Jun 2012	Dec 2011	Jun 2011
	unaudited	audited	unaudited	unaudited	audited	unaudited
	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount						
Balance at beginning of the period	13,649	13,249	13,249	7,720	7,720	7,720
Earnout payments	-	400	-	-	-	-
Refund of stamp duty	(21)	-	-	-	-	-
Balance at end of the period	13,628	13,649	13,249	7,720	7,720	7,720

For purposes of impairment testing, the aggregate carrying amount of goodwill is allocated to the Group's cash generating units (CGUs) as follows:

	6 months	12 months	6 months	6 months	12 months	6 months
	Jun 2012	Dec 2011	Jun 2011	Jun 2012	Dec 2011	Jun 2011
	unaudited	audited	unaudited	unaudited	audited	unaudited
	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount						
Agri	2,181	2,181	1,781	-	-	-
Direct Data	323	323	323	-	-	-
Grain Information Unit	2,293	2,314	2,314	-	-	-
Clear Grain Exchange	1,111	1,111	1,111	-	-	-
Energy	7,720	7,720	7,720	7,720	7,720	7,720
Balance at end of period	13,628	13,649	13,249	7,720	7,720	7,720

A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indicator of impairment based on the performance of the CGU relative to expected future performance and other relevant factors. For the period ended 30 June 2012, the directors have reviewed goodwill for impairment in respect of the Grain Information Unit and Clear Grain Exchange CGUs using discounted cash flow analysis, comparable EBITDA multiple analysis and other relevant factors. The key assumptions used are outlined in Note 12 as other intangible assets allocated to these CGUs were also tested for impairment for the same period.

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2012

12. Other intangible assets

	Group			Parent		
	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000
Gross carrying amount						
Balance at beginning of the period	50,222	47,543	47,543	40,759	38,385	38,385
Additions	853	2,679	1,768	853	2,374	1,480
Balance at end of period	51,075	50,222	49,311	41,612	40,759	39,865
Accumulated amortisation						
Balance at beginning of the period	15,635	10,931	10,931	11,625	8,007	8,007
Amortisation expense	2,942	4,704	2,248	2,421	3,618	1,710
Balance at end of period	18,577	15,635	13,179	14,046	11,625	9,717
Net book value	32,498	34,587	36,132	27,566	29,134	30,148
Comprising:						
Other intangibles - definite life	23,909	25,991	27,544	22,316	23,884	24,898
Other intangibles - indefinite life	8,589	8,596	8,588	5,250	5,250	5,250
Net book value	32,498	34,587	36,132	27,566	29,134	30,148

Other intangible assets include software, brand names and trademarks, data archives, customer lists, databases, websites & IP, management rights and intangible work in progress (WIP). Given the nature of the Group and its operations, the Group has a strong investment in software, both acquired and internally generated. This software is a finite life intangible asset and has a carrying amount of \$20.9m and WIP in relation to software development of \$1.5m in the Group as at 30 June 2012.

Change in estimate

During the period, the Group reviewed the useful lives for specific intangible assets, which resulted in the changes to the useful lives of the Clearing House, Derivative and nzx.com website assets. The useful lives were amended to 9 years for the Clearing House and the Derivative intangible assets, previously 12 years and 10 years respectively to align with the maturity of the NASDAQ XStream system. The useful life for the nzx.com website intangible asset was reduced to 2 years, previously 4 years. The effect of these changes on amortisation expense for the 6 months ended 30 June 2012 was an increase in amortisation expense of \$364k.

Impairment test

Indefinite life intangible assets are reviewed for impairment annually. Finite and indefinite life intangible assets are reviewed for impairment whenever there are indicators of impairment. Impairment testing is based on the performance of the intangible asset or cash-generating unit relative to expected future performance and other relevant factors. For the period ended 30 June 2012, the directors have reviewed the intangible assets for impairment in respect of the Derivative market assets, Grain Information Unit and Clear Grain Exchange assets using a discounted cash flow analysis, comparable EBITDA multiple analysis and other factors.

Key assumptions used in the calculation of recoverable amounts in the discounted cash flow analysis are consistent with those used and disclosed in the financial statements for the year ended 31 December 2011. The full year 2012 and 2013 forecasts are based on the first half of 2012 actual performance adjusted for known circumstances that will impact the second half of 2012 and 2013.

The directors have tested the carrying values of goodwill and intangible assets for the assets and CGUs stated and have assessed that recoverable amounts exceed carrying values. Therefore, no impairment charge is required for the period ended 30 June 2012 (Dec 2011: Nil, Jun 2011: Nil).

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2012

13. Financial instruments

The Group's financial risks management objectives and policies are unchanged and consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2011.

14. Energy Clearing House

a) Cash security balances

In discharging its obligations under the Electricity Governance Rules (EGRs), Energy Clearing House Limited (ECH) is required to ensure that energy purchasers maintain adequate levels of prudential security. This is usually satisfied by way of a bank guarantee, but occasionally purchasers will deposit cash with ECH to satisfy these requirements. ECH does not recognise the security provided in its Statement of Financial Position as these deposits are not its funds. There was \$41.6m in cash held from such deposits at 30 June 2012 (Dec 2011: \$22.1m, Jun 2011:\$22.9m).

b) Electricity settlement

At 30 June 2012, ECH has outstanding payables and receivables for the purchase and sale of electricity, and the settlement of transmission losses. These items are not recorded in the Group's Statement of Financial Position, because the energy market participants have accepted the risks associated with electricity settlements.

15. Share capital

a) Share capital at period end

	Group			Parent		
	6 months Jun 2012 unaudited Number of shares 000's	12 months Dec 2011 audited Number of shares 000's	6 months Jun 2011 unaudited Number of shares 000's	6 months Jun 2012 unaudited Number of shares 000's	12 months Dec 2011 audited Number of shares 000's	6 months Jun 2011 unaudited Number of shares 000's
Ordinary shares on issue						
General	253,446	120,439	120,439	253,446	120,439	120,439
CEO shares	-	-	-	-	907	907
CEO related shares	-	-	-	310	-	-
Total ordinary shares on issue	253,446	120,439	120,439	253,756	121,346	121,346
Restricted shares						
Employees	-	-	-	1,273	994	998
Country Wide Publishing Limited	284	135	270	284	135	270
Non-vesting shares *	-	135	-	-	135	-
Total restricted shares	284	270	270	1,557	1,264	1,268
Total shares on issue	253,730	120,709	120,709	255,313	122,610	122,614

*: these shares are held for cancellation in due course.

All shares were subject to a court-approved capital reconstruction of NZX share capital which took effect on 25 May 2012. Under the capital reconstruction there was a mandatory share cancellation of one in every ten shares held. This was immediately followed with a share split. The share split ratio was four new shares issued for every three existing shares, or a 7:3 share split ratio. The additional ordinary shares on issue that resulted from the share split are reflected in the current period and the comparative ordinary share numbers in prior periods are not amended to reflect this capital restructure.

All shares issued under employee and other restricted shares are subject to transfer conditions and eligibility criteria before they are able to vest as ordinary shares. Until those transfer conditions and/or eligibility criteria are met, none are quoted on the NZSX.

NZX Limited
Notes to the financial statements
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15) Share capital (continued)

b) Movement in share capital

	Group			Parent		
	6 months Jun 2012 unaudited Number of shares 000's	12 months Dec 2011 audited Number of shares 000's	6 months Jun 2011 unaudited Number of shares 000's	6 months Jun 2012 unaudited Number of shares 000's	12 months Dec 2011 audited Number of shares 000's	6 months Jun 2011 unaudited Number of shares 000's
Balance at beginning of the period	120,709	119,813	119,813	122,610	122,853	122,853
Issue of shares						
Employee share plans	-	-	-	-	374	374
Share split	144,988	-	-	146,358	-	-
Redemption of shares						
Employee share plans	-	-	-	(1,323)	(617)	(613)
Other	(135)	-	-	(135)	-	-
Share cancellation	(12,082)	-	-	(12,197)	-	-
Shares vested	250	896	896	-	-	-
Balance at end of the period	253,730	120,709	120,709	255,313	122,610	122,614

16. Dividends

	Group and Parent						
	6 months Jun 2012 unaudited		12 months Dec 2011 audited		6 months Jun 2011 unaudited		
	For year ended	Cents per share	Total \$000	Cents per share	Total \$000	Cents per share	Total \$000
Dividends declared and paid							
April 2011	31/12/10			6.25	7,644	6.25	7,644
June 2011 *	31/12/11			2.75	3,362	2.75	3,264
September 2011	31/12/11			2.75	3,359		
December 2011 *	31/12/11			2.75	3,263		
March 2012	31/12/11	2.75	3,280				
May 2012	31/12/12	3.25	3,921				
Total dividends paid for the period		6.00	7,201	14.50	17,628	9.00	10,908

* Jun 2011 unaudited and Dec 2011 audited figures exclude tax withheld and paid the following month

17. Employee share ownership plans

a) CEO share plan

The CEO share plan was specific to the previous CEO. It was a two-part equity-based long term incentive (LTI) plan with a four and a half year duration, that had a start date of June 2007 and expiry date of 31 December 2011. The details of the CEO share plan are outlined in the Group's financial statements for the year ended 31 December 2011. This CEO share plan is now completed. The new CEO share plan was not formally established as at 30 June 2012.

b) Employee share plan

The NZX Limited employee share plan – team and results (“Team and Results Plan”) was implemented in May 2010. The details of the Team and Results Plan are outlined in the Group's financial statements for year ended 31 December 2011. Restricted shares under the Team and Results plan in 2012 (2012 offer) were offered to participating employees during the period. As at 30 June 2012, no Restricted Shares had been issued under the 2012 offer.

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2012

18. Notes to the cash flow statement

a) Cash and cash equivalents and Bank overdraft

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows comprise of the items below:

	Group			Parent			
	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000	
Interest Rates							
Cash at bank	1.0% - 2.5%	7,344	5,364	6,139	1,480	621	1,020
Bank deposits	3.63% - 3.72%	7,500	7,500	7,500	-	-	-
Bank overdraft		(13,860)	-	-	(13,860)	-	-
Net cash and cash equivalents		984	12,864	13,639	(12,380)	621	1,020

The Group has access to an overdraft facility which was established in 2011 to allow the Group flexibility in its working capital management. The facility is \$15.0m and has no expiry date as it is a demand loan. The bank may cancel the facility by giving 90 days written notice. NZX pays a bank facility fee at an interest rate of 0.85% of the total facility available, irrespective of the utilisation of the facility. The interest rate of the facility at 30 June 2012 was 3.05% (being OCR + 0.55%). The bank overdraft as at 30 June 2012 has significantly reduced as a result of operating cash flows received subsequent to reporting date. At the time of the completion of these financial statements, the bank overdraft balance had reduced and is below \$6.0m.

b) Reconciliation of profit for the period to net cash from operating activities

	Group			Parent		
	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000
Profit for the period	3,249	14,525	4,511	6,361	14,423	7,337
Loss on revaluation of fair value through profit or loss on financial assets	-	20	1,909	-	-	-
Share of profit of associates	(200)	(572)	(133)	-	-	-
FX loss on investments	1,536	-	-	-	-	-
Share based payment bonus accrual	535	-	-	-	-	-
Dividends received	-	-	-	(3,652)	(3,486)	(2,229)
Depreciation and amortisation expense	3,244	5,317	2,548	2,665	4,098	1,941
	8,364	19,290	8,835	5,374	15,035	7,049
(Incr)/decr in current tax balances	(1,104)	486	(238)	(1,586)	(98)	(524)
Incr/(decr) in deferred tax balances	378	1,888	1,020	404	1,821	1,033
Decr/(incr) in current receivables	57	22	1,993	183	1,118	2,198
Incr/(decr) in current payables	(4,185)	(1,046)	(5,671)	(5,808)	(1,596)	(5,964)
Net cash from operating activities	3,510	20,640	5,939	(1,433)	16,280	3,792

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2012

19. Related party disclosures

a) Transactions with key management personnel

Key management personnel comprise of the Group's senior management team. Key management personnel compensation comprised the following:

	Group			Parent		
	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000	6 months Jun 2012 unaudited \$000	12 months Dec 2011 audited \$000	6 months Jun 2011 unaudited \$000
Short-term employee benefits	2,676	3,302	1,762	2,327	2,644	1,485
Share-based payments	10	649	100	10	649	100
Termination benefits	-	613	613	-	613	613
	2,686	4,564	2,475	2,337	3,906	2,198

b) Transactions with subsidiaries and associates

During the period, the Parent made sales to and purchases from its subsidiaries and associates. The amounts of sales and purchases between the Parent and these related parties and any outstanding balances as at reporting date are listed below. Amounts owed to the Parent by related parties are included in other financial assets in the Statement of Financial Position.

	6 months Jun 2012 unaudited			
	Sales to related parties \$000	Purchases from related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
Related Parties				
Parent				
NZX Limited	977	56	928	34,044
Subsidiaries				
Smartshares Limited	-	199	524	-
NZX Rural Limited	-	-	5,075	1
FundSource Limited	5	-	1,255	-
NZX Holding No. 4 Limited	-	75	287	892
NZX ProFarmer Australia Pty Limited	-	169	982	295
New Zealand Clearing Limited	-	629	-	535
New Zealand Depository Limited	-	-	510	10
TZ1 Limited	-	-	26,216	-
Associates				
LINK Market Services Limited	149	173	-	-

As at 30 June 2012, amounts owed by the Parent to related parties include \$26.2m owing to its subsidiary TZ1, which arose from the repatriated settlement proceeds from the sale of the Markit shares investment being paid directly to the Parent (refer note 10). All outstanding intercompany balances are repayable on demand and attract no interest charges.

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2012

19) Related party disclosures (continued)

b) Transactions with subsidiaries and associates (continued)

	12 months Dec 2011 audited			
	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Related Parties	\$000	\$000	\$000	\$000
Parent				
NZX Limited	1,456	75	1,709	9,551
Subsidiaries				
Smartshares Limited	-	390	2,869	-
NZX Rural Limited	-	-	4,746	-
FundSource Limited	10	-	1,244	-
NZX Holding No. 4 Limited	-	150	2,374	1,696
NZX ProFarmer Australia Pty Limited	-	-	700	2,382
New Zealand Clearing Limited	-	858	-	310
New Zealand Depository Limited	-	-	308	-
Associates				
LINK Market Services Limited	266	238	-	12

	6 months Jun 2011 unaudited			
	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Related Parties	\$000	\$000	\$000	\$000
Parent				
NZX Limited	1,130	46	1,270	7,277
Subsidiaries				
Smartshares Limited	-	189	2,309	-
NZX Rural Limited	-	-	3,398	-
FundSource Limited	5	-	1,078	-
NZX Holding No. 4 Limited	-	75	2,655	1,270
NZX ProFarmer Australia Pty Limited	-	-	492	2,655
New Zealand Clearing Limited	-	788	-	1,205
New Zealand Depository Limited	-	-	1,205	-
Associates				
LINK Market Services Limited	142	179	-	-

20. Contingent liabilities and commitments

a) M-Co

NZX entered into a sale and purchase agreement with M-Co in 2009, which includes an earn-out provision whereby NZX is required to pay \$1,500,000 if gross revenue during the period between 30 June 2009 and 30 June 2012 attributable to the business and the business opportunities exceeds \$30,250,000. This gross revenue target was not met at 30 June 2012, and therefore the earn-out provision has expired with no future payments expected.

b) Clear

Grain Market Software Payment

NZX entered into a sale and purchase agreement with Clear in 2009 (the "Clear SPA") to acquire the assets required to operate the Clear electronic grain trading platform. The Clear SPA provides for NZX to make an additional payment of AU\$7,000,000, which is contingent upon:

- particular grain tonnage being traded through the Clear Platform by certain dates; and
- NZX successfully negotiating a specific type of agreement with a specific type of third party by certain dates.

Based on annualised grain volumes, NZX Clear traded less than the required metric tonnes at 30 June 2012, and therefore no additional future payment is expected.

Agri-Portal Payment

The Clear SPA also provides for a further additional payment of AU\$7,000,000 on the meeting of certain criteria by October 2012. This Agri-Portal Purchase Payment is payable if the Agri-Portal, which is based on the Grain Market Software, has been completed and put into operation to the satisfaction of NZX by October 2012.

NZX's assessment is that the Agri-Portal is unlikely to be completed and put into operation to the satisfaction of NZX by the intended date. Consequently, no provision has been made for the Agri-Portal Purchase Payment as at 30 June 2012. This will be reviewed again closer to the expiry date of October 2012.

Ralec Litigation

NZX filed proceedings against Ralec Commodities Pty Limited, Ralec Interactive Pty Limited, Grant Thomas, Dominic Pym and other related parties (together "Ralec") in the New Zealand High Court. The proceedings relate to claims under the Clear SPA for breach of warranty and associated claims.

The defendants filed a statement of defence and counterclaim on 22 December 2011. The quantum of this counterclaim has not been finally particularised but is substantially for the value of the lost opportunity to earn the Grain Market Software Payment and Agri-Portal Payment referred to above and consequently damages.

The claim and counterclaim will be heard through the New Zealand Courts.

21. Subsequent events

CEO Share Scheme

A CEO share scheme has been agreed under the new CEO's employment contract. The scheme runs for a period of 5 years expiring mid 2017.

1,575,000 new ordinary shares will be issued pursuant to the scheme at an issue price of \$1.19 per share, being the volume weighted average price of NZX shares for the 10 business days ended on Friday 4 May (the business day immediately preceding the CEO's start date).

The shares will be funded by a loan from NZX which will bear interest at NZX's cost of bank funding. The shares will rank for dividends and will be held by a nominee wholly owned by NZX for the duration of the scheme.

If over the period of the scheme NZX's total shareholder return (TSR) exceeds a margin of 1% over NZX's weighted average cost of capital (to be determined annually by the Board), the CEO will receive a taxable bonus equivalent to the amount of the loan and a transfer of the shares. If the hurdle rate is not met, then on expiry of the scheme the CEO will be required to repay the loan from his own resources and receive a transfer of shares.

The CEO will not be permitted to dispose of the share scheme shares without Board approval until 10 business days after publication of the Group's results 6 months after the end date of the scheme.



Auditors' review report

To the shareholders of NZX Limited

We have reviewed the attached interim financial statements in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. The financial statements provide information about the past financial performance of NZX Limited (the 'Company') and its subsidiary companies (the "Group") and their financial position as at 30 June 2012.

Directors' responsibilities

The Directors of the Company and Group are responsible for the preparation of interim financial statements which give a true and fair view of the financial position of the Company and Group as at 30 June 2012 and the results of its operations and cash flows for the six months ended on that date.

Reviewers' responsibilities

It is our responsibility to express an independent opinion on the interim financial statements presented by the Directors and report our opinion to you.

Basis of opinion

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to the financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our firm has also provided other assurance services to the Company and the Group. Partners and employees of our firm may also deal with the Company and Group on normal terms within the ordinary course of trading activities of the business of the Company and Group. These matters have not impaired our independence as auditors of the Company and Group. The firm has no other relationship with, or interest in, the Company and Group.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the attached interim financial statements do not give a true and fair view of the financial position of NZX Limited and its subsidiary companies as at 30 June 2012 and the results of its operations and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting*.

Our review was completed on 20 August 2012 and our opinion is expressed as at that date.

A handwritten signature of the KPMG firm, written in blue ink, consisting of the letters 'KPMG' in a stylized, cursive font.

Wellington