NZX

08

2008 ANNUAL REPORT

NZX INVESTOR RELATIONS CALENDAR 2009

NZX releases Annual Result 2008	FEB 23RD 2009
NZX Annual Report Issued	MARCH 30TH 2009
NZX 2008 Dividend - Record and Payment Dates Advised	MARCH 30TH 2009
NZX Q1 Financial Result 2009 Released	APRIL 2009 (DATE TBC)
Closing time for receipt of NZX Annual Meeting proxies	28TH APRIL 2009 AT 4.30PM
Annual meeting held at the NZX Centre in Wellington	30TH APRIL FOR AN 8AM START
NZX Half Year Result 2009 Released	AUGUST 2009 (DATE TBC)
NZX Half Year Report Issued	SEPTEMBER 2009 (DATE TBC)
NZX Q3 Financial Result 2009 Released	OCTOBER 2009 (DATE TBC)
End of NZX 2009 Financial Year	DEC 31ST 2009

MESSAGE TO NZX SHAREHOLDERS

We make it a priority to ensure that all NZX Shareholder communications are available on our NZX website as soon as they have been released to the market. The latest NZX Financial Results, Operating Metrics, News Updates and information on upcoming NZX Shareholder events are available at the following link: http://www.nzx.com/about_nzx/investor_relations

Where exact dates for Financial Result releases are not indicated in the calendar above, please note that NZX makes announcements specifying the exact timing of Financial Result releases at dates three weeks out and one week out from the actual result date. Where "Date TBC" is marked above, an exact date will be available and accessible at the website link above three weeks before release.

If there is any NZX-related information you require that you can not locate on our site at the link above, please contact:

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CONTENTS

CHAIRMAN'S REPORT

Most Chairman's reports I have read end with a commendation for the company's chief executive and management team. Mine is not going to do that - it is going to begin with one.

I would like to recognise the energy, commitment and capacity of the entire NZX team - led tirelessly and visibly by Mark Weldon - to do the right thing by New Zealand companies, markets, shareholders and the broader national economy. That openness and visibility takes courage and commitment and can, and does, invite detractors. Challenge and constructive criticism are vital to improvement. But no one can doubt this company, and these people, care about their mandate and take it very seriously.

To NZX's own performance: a number of the initiatives that took place during 2008 demonstrate that the NZX management team is ahead of the curve. The team has positioned us as well as - even better than - can be expected, given what is euphemistically termed by some as "a difficult operating environment". Although by no means the only metric, it is worth reiterating the relative performance of NZX against its peer exchanges. Most recent results show NPAT for the Australian Exchange was down over 8%, for the Singapore Exchange 37% and for Bursa Malaysia 57%. A positive 17% NPAT result for NZX is pleasing in this context, and a testament to the soundness of the company's strategy.

It was also pleasing, in one sense, to have NZX's strategies validated by the Johannesburg Stock Exchange (JSE) offer for NZX's shares in the Bond Exchange of South Africa, and the proposed purchase of the wholly-owned TZ1 Registry business by US and UK-based Markit. In addition to an endorsement of the strategy, these outcomes demonstrate that we can identify and undertake value-adding initiatives outside New Zealand. Every New Zealand company that can develop the capability and do the legwork ought to feel confident that the so-called tyranny of distance and the often-cited bogey of expansion abroad can be overcome.

The NZX Board's view is that every set of circumstances brings with it a corresponding set of challenges and opportunities. Current circumstances present a unique opportunity for NZX - and this country - to develop a cohesiveness and commitment to a series of goals and an end game we have neither visualised nor articulated before. As such the Board welcomed the Prime Minister's Summit on Employment, and willingly loaned the energy of our CEO and broader team to this effort. The Summit has acted as a catalyst for the establishment of a series of shared goals that will contribute to employment outcomes, productivity and, ultimately, New Zealand's international competitiveness, recognising that we compete for valuable resources: people, capital, and intellectual property.

The other silver lining in this mammoth cloud is that the wisdom of savings and ownership initiatives is reinforced. The importance of savings, to enable people to withstand shocks, to recognise that we can't and don't want to work all our lives, and to give us independence and security in retirement, is clear. As I read in a recent Fortune article – now is an ideal time to "make thrift cool again" for people. Consumption is important for the economy but it has to be sensible and affordable. Thrift means savings and investment. Investment means more funds available to the productive economy, to fund growth and further employment. This in turn leads to more and better choice in investment products, a well-functioning and deeper capital market and a healthy and competitive economy – and hopefully less need for the well-intentioned but often poorly advised to take financial refuge in the wealth and savings-destroying facilities that so many finance companies turned out to be.

Times like these also demonstrate the value that the mutual confidence and ability to work together with our non-shareholder stakeholders brings to our respective roles in the New Zealand capital markets. I would like to thank my fellow board members and our market participants, the Securities Commission, the Reserve Bank of New Zealand, our listed companies and the wider community, including the public sector and government, for their support over the past year.

ANDREW HARMOS | CHAIRMAN
9 March 2009

CHIEF EXECUTIVE'S REPORT

FLEXIBILITY CREATES REAL OPTIONS

I referred in last year's annual report to the need to have flexibility around a core set of strategic criteria. Those core criteria - a strong domestic position with built-in growth potential, international business exposure, and a strategic investment portfolio - are enabling NZX to withstand ongoing global economic tumult while identifying opportunities to further strengthen the business and outperform our peers.

TURNING OPTIONS INTO OUTCOMES

For NZX, creating options implies another degree of flexibility, as evident in our TZ1 and BESA investments. NZX founded the TZ1 Carbon Market business to position New Zealand at the forefront of carbon trading in the Asia Pacific region. The carbon registry business is serviced by the same infrastructure base, and has proven successful on a global scale even while New Zealand's position on an emissions trading scheme is still being determined. Whilst the registry was not on the horizon when we established TZ1, building flexibility into the business plan has given us further options for the future. The same applies to the Bond Exchange of South Africa investment. Regardless of the final outcome of an offer to purchase NZX's shares by the Johannesburg Stock Exchange, the partnership options for NZX remain compelling.

STRATEGIC BUSINESS INVESTMENTS

For NZX, opportunities will continue to be present and we will continue to take them, even in an environment where circumstances conspire to obliterate choice. We will still invest resource into the areas where we believe real choices lie: in our home markets, with a diversified set of investment offerings including equity options, index futures and dairy commodity derivatives; and internationally, where there is growing potential for purchases and partnerships that complement our core business.

LONG TERM CAPITAL MARKETS INVESTMENTS

Core to the longer term view is investment in a robust, world-standard clearing and settlement infrastructure that provides certainty where none currently exists for our markets. More broadly, we will continue to work on the process of creating choice for others: for good local companies endeavouring to retain and grow their workforce and productivity; for New Zealand innovators working to establish businesses that will ultimately provide jobs; and for Kiwi savers seeking a slice of what will become New Zealand's success stories as we emerge from this recession.

This strategy, a flexible formula combining serious homework, smart risk-taking and an emphasis on timely execution, has served NZX, and our shareholders, well. NZX is determined to participate in open dialogue so we can deliver on our commitments cohesively and co-operatively with all our stakeholders.

MARK WELDON | CHIEF EXECUTIVE OFFICER
9 March 2009

NZX

NZX LIMITED

- CORE EQUITY AND DEBT MARKETS
- MARKET INFORMATION BUSINESSES
  THESE INCLUDE NZX DATA, NZX AGRI-FAX, DAIRY WEEK,
  NZX PROFARMER, FUNDSOURCE, COMPANY RESEARCH CENTRE AND NEWSROOM

NZX SUBSIDIARIES

- SMARTSHARES
- TZ1

NZX STRATEGIC INVESTMENTS

- LINK (50% OWNED)
- AXE ECN (50% OWNED)
- BESA (22% OWNED)
- APPELLO (30% OWNED)

smartshares

TZ1

AXE The Australian ECN

LINK MARKET SERVICES

APPELLO SERVICES

BOND EXCHANGE OF SOUTH AFRICA

I. NZX GROUP FINANCIAL RESULT 2008: PERFORMANCE SUMMARY

NZX CEO, Mark Weldon said, "Under extremely difficult trading conditions, NZX has delivered very strong profit growth in 2008. NZX has operated in an environment of de-leveraging, declining asset values, reduced listing activity in the face of volatility, and the reshaping of global financial institutions - yet a strong financial performance has still been achieved.

"The 2008 financial result, with NPAT up by 17%, is a very strong performance and reflects the success of the strategic reshaping of the business that has been underway for the last three years. The best indication of the strength of the underlying franchise and strategy is that excluding TZ1, NZX operating EBITDA was up 28% in 2008, while the TZ1 Registry, an NZX investment, is currently in the due diligence stage of a sale for $66 million."

	2008	2007	% Change (PCP*)
Operating Revenue	$32.16 million	$31.45 million	2%
Operating Expenses	$15.51 million	$16.71 million	(7%)
Operating EBITDA	$16.66 million	$14.75 million	13%
NPAT	$10.18 million	$8.71 million	17%
EBITDA Margin	51.78%	46.87%	10%
NPAT Margin	31.66%	27.70%	14%
Fully Diluted EPS	41.44 cents	36.17 cents	15%

* Previous comparative period (PCP)

NZX's key investments in 2008 were predominantly offshore. NZX acquired two Australian agricultural businesses, became the largest shareholder in the Bond Exchange of South Africa, and grew a wholly-owned subsidiary, TZ1 Registry, that is now a global leader for the provision of environmental markets infrastructure.

"NZX is no longer solely an exchange business. Our operating footprint spans a range of sectors and international markets. For example, NZX is now the leading provider of dairy and agricultural financial information and research, under its NZX Agri-Fax and Dairy Week brands.

"Global capital market volatility has thus impacted NZX's revenue growth to a much lesser extent than our exchange peers, and NZX has come through 2008 in a position of significant financial strength.

"NZX also expanded margins for the sixth year in a row. This is a result of a very effective cost management and productivity programme," said Weldon.

CONSISTENT LONG-TERM PROFIT GROWTH

Over the last six years, NZX has performed consistently, delivering strong profit growth year on year. As at the end of 2008, NZX total return to shareholders since listing in June 2003 was 255%, annualised at 26%. The table below summarises NZX's financial performance since listing in June 2003.

Year	NPAT	% Change (PCP)	Operating EBITDA	% Change (PCP)
2003	$2.94 million	n/a	$3.56 million	n/a
2004	$3.68 million	25%	$5.92 million	66%
2005	$4.89 million	33%	$7.33 million	24%
2006	$6.50 million	33%	$10.44 million	43%
2007	$8.71 million	34%	$14.75 million	41%
2008	$10.18 million	17%	$16.66 million	13%

STRATEGIC RESHAPING OF THE BUSINESS

At the time of the 2007 NZX Annual Result it was highlighted that a key focus of 2008 would be further developing international niche businesses to leverage NZX skills and knowledge.

NZX made two further data business acquisitions in the agricultural sector in 2008: Dairy Marketing Group, publisher of "Dairy Week," and ProFarmer Australia, a leading provider of agricultural news, commodity market information and strategic grain market analysis. These acquisitions have positioned NZX as a leading independent agricultural data and information provider across Australasia. The customers of NZX's agribusiness subsidiaries include players right along the global agricultural commodity supply chain. With the increasing volatility and uncertainty in the current markets, accurate and timely information is even more critical for industry participants to keep in touch with the market.

A strong business line to emerge in 2008 was TZ1 Registry. TZ1 Registry has built a recognised brand and has a rapidly growing global customer base with particular strength in the US and UK markets. In late January it was announced that NZX is in discussions with global information business Markit to acquire 100% of TZ1 Registry.

In October 2008, NZX made a $5.58 million investment in the Bond Exchange of South Africa. NZX became the largest BESA shareholder, with 22% of the total issued capital and two seats on the BESA board. Six weeks after NZX made this investment, BESA received an unsolicited takeover offer from the Johannesburg Stock Exchange (JSE). JSE subsequently revised its initial offer to Rand 125 per share, representing a 71% premium to the price at which NZX acquired the BESA shares.

EXPENSE DISCIPLINE AND PRODUCTIVITY FOCUS

NZX continues to focus intensely on cost management and productivity. Disciplined cost management has enabled NZX to achieve a group wide reduction in operating expenses of 7%, notwithstanding significant ongoing investment in the Market Supervision function. Excluding TZ1, NZX Group expenses fell 20%.

All NZX Group subsidiaries and investments implemented strong cost control procedures during the year. Operating expenditure for the NZX Markets business was down 20% and expenses for Smartshares were down 20% in 2008.

Also, in 2008 NZX was named the Central Region, Emerging Large and Corporate Business of the Year at the Sustainable Business Network awards for initiatives around sustainable practices in day-to-day operations. Sustainability is an everyday focus for NZX in both strategic and operational decision-making.

NZX GROUP 2008:
DETAILED PERFORMANCE SUMMARY

NZX MARKETS BUSINESS - 2008 PERFORMANCE

- Total NZX Markets operating revenue grew to $29.80 million from $28.55 million in 2007, an increase of 4%.
- The NZX Information business generated $12.30 million in revenue, an increase of 17% on 2007.
- Operating expenditure for the NZX Markets business was down 20% at $11.51 million, the result of broad cost discipline and streamlining of operations across the six data businesses.
- Listings revenue was $8.36 million, an 8% decrease on 2007. Initial, Secondary and Other listings revenue was $2.23 million.
- Both debt issuance and investor demand for debt products were strong in 2008. The NZDX market grew 20% in 2008, with market capitalisation at $12 billion at the end of the year. This is a uniquely successful market globally, of real importance to New Zealand Issuers which were able to access debt via the NZDX at a time when global debt markets were "closed". It is also of vital importance to NZX Participants in terms of ongoing deal flow.
- Trading, clearing and settlement revenue was down 7% on 2007 at $4.51 million, reflecting the fact that NZX trading revenue is based predominantly on number of trades rather than value traded. Average daily trades were down 5% and average daily value traded was down 18% in 2008.

NZX SUBSIDIARIES AND STRATEGIC INVESTMENTS - 2008 PERFORMANCE

NZX's wholly-owned subsidiaries are Smartshares and TZ1. The registry arm of the TZ1 business holds a customer base and growth prospects which are largely based offshore. Strategic investments are 50%-owned Link Market Services Limited, 30%-owned Appello Services Limited, a 50% stake in AXE ECN in Australia and a 22% stake in the Bond Exchange of South Africa (BESA).

smartshares

- Operating EBITDA reached $765,000, an increase of 14% on 2007, which is a very strong result from this business in a very difficult trading environment.
- During 2008 the New Zealand and Australian indices tracked by the five Smartshares funds fell between 33% and 48%. Funds under management declined 13%, but to a lesser degree than the indices because of regular savings and dividend re-investment plans.
- Disciplined expense management resulted in a 20% decrease in operating expenditure for Smartshares in 2008.

TZ1

- Given ongoing uncertainty around emissions trading policy, the TZ1 management team focused primarily on building the TZ1 Registry to become one of the top two environmental registry brands globally.
- Establishing a physical presence in London and New York in 2008 was critical to enable consistent engagement with key stakeholders and customers. Winning various RFP's and initiating new global directions in emerging biodiversity markets also built the brand a market position.
- TZ1 Registry currently has 92 registered customers and another 16 Registry applications in progress. This is from a standing start in 2H 2008 when the registry infrastructure went live.
- The delay in the launch of the VCS Registry Network will see revenue previously forecasted for Q4 2008 realised in Q1 2009.
- The impending TZ1Registry/Markit transaction, announced on 29 January 2009, is discussed later in this report.

- Link continued to deliver strong revenue growth, with an increase of 11% over 2007.
- Strong cost management saw EBITDA increase by 23% to $1.25 million.
- Link continued to redeem preference shares, paying back $550,000 in cash to NZX as a shareholder over the year. There remains $5.12 million in redeemable preference shares.

- Appello made a small loss of $107,000, well in line with expectations as it grew the customer base and invested in core infrastructure. In excess of $1.5 billion of FUM was on the platform by the end of 2008, including two major New Zealand fund managers.

- After lodging a complete application for an Australian Market licence in Q1 2007, AXE ECN, along with Chi-X, has been waiting for the Australian government to process this application. NZX understands that ASIC provided its recommendation to the Australian government in a timely manner, and the process is now within the Australian government cabinet. As the timing of a licence, and the shape of the regulatory environment into which an ECN will be launched, both remain uncertain, AXE has reduced its operational cost basis. The shareholders of AXE remain committed to the market opportunity and are confident of AXE's positioning.

- BESA contributed a three-month equity accounted loss of $265,000 to the NZX Group result. Included in this result is significant expenditure undertaken by BESA in relation to the JSE takeover offer.

II. NZX GROUP 2009: OUTLOOK

NZX HAS THREE PRIORITIES IN 2009. FIRST, CONTINUING TO RESHAPE NZX'S OFFERING TO GROW THE FINANCIAL RESILIENCE OF THE FRANCHISE. SECOND, A DETAILED FOCUS ON IMPROVING MEDIUM-TERM LIQUIDITY PROSPECTS FOR THE NZX MARKETS. THIRD, DELIVERING A ROBUST CLEARING AND SETTLEMENT SYSTEM THAT IMPROVES THE RISK PROFILE AND PRODUCT SET OFFERED IN THE NEW ZEALAND CAPITAL MARKET.

THE DETAILED OUTLOOK FOR 2009 IS DISCUSSED BELOW.

NZX MARKETS BUSINESS - 2009 OUTLOOK

The NZDX Market listing pipeline for the first half of 2009 is very strong. Additionally, in the second half of 2009, with credit tightening up from traditional sources such as banks and the capital market providing better valuations for companies, the environment for equity capital raising is looking more favourable than in the previous 24 months. The world is swinging away from high-gearing debt-only models to more traditional balance sheets that improve each corporate's financial health and flexibility in terms of its capital structure.

Improving the underlying liquidity of NZX Markets at every level of listed product will continue to be a priority in 2009. Currently, the derivatives team is working with key customer and stakeholder groups on product planning and development. During 2009 these groups will be focused on building the market structure to launch equity options, index futures and dairy commodity derivatives. A virtual equity and derivatives trading platform (http://virtual.nzx.com) has been launched to educate and familiarise investors with these products.

The NZX Information business includes the core data business, where the majority of revenue is derived from the sale of real-time market data, and six businesses offering data and information products across the market, agricultural, managed fund and media sectors. In 2009, further cost management and product development and consolidation is planned across the set of NZX Information businesses. Additionally, NZX plans to continue making bolt-on acquisitions to further grow the breadth of the offering and the profit contribution of this area of the business.

NZX SUBSIDIARIES AND STRATEGIC INVESTMENTS - 2009 OUTLOOK

The key events of the first half of 2009 in this area are already evident. The JSE's takeover offer for the Bond Exchange of South Africa (BESA), of which NZX owns 22%, and Markit's proposed acquisition of wholly-owned subsidiary TZ1 Registry, are transactions currently underway for NZX. Both transactions hold strong potential upside for NZX.

The BESA transaction is expected to be finalised in 2009 and the most likely outcome at this stage is a sale of NZX's stake to the JSE at a significant premium. Through the Markit transaction, with confirmation of acquisition expected by the end of March, NZX will retain an economic interest in the success of TZ1 Registry until the end of 2011.

As NZX's infrastructure, product offerings and expertise expand, new networks are formed, providing exposure to opportunities in new high growth sectors and countries. NZX will continue to apply resource to evaluating domestic and international strategic investment opportunities in 2009.

SMARTSHARES

Smartshares begins 2009 with funds under management 13% lower than 12 months prior, which largely reflects a fall in index values.

In terms of revenue, Smartshares is well placed to benefit from any growth in equity index values, with FUM expansion expected to come from both funds inflows and unit price expansion upon such an event. Smartshares should benefit from investors' attraction to higher yielding products over 2009.

NZX is confident of achieving continued cost savings and efficiency improvements in the Smartshares business over 2009, although not to the same level as 2008.

TZ1

Under the terms of the proposed transaction announced on 29 January, NZX will sell Markit 100% of the shares of TZ1 Registry in exchange for consideration payable in Markit shares. Markit believes that the TZ1 team have created a world-class brand in environmental credit registries and recognise that the business is now a leading player in the development of standards in the US and UK.

The TZ1 Registry product complements Markit's independent data offering which spans all major asset classes and is used by over 1,500 financial institutions worldwide to manage risk, improve operational efficiency and meet regulatory requirements. The acquisition of TZ1 Registry by Markit is expected to be completed in the first quarter of 2009, and is subject to relevant Board approvals, completion of bilateral due diligence and final documentation.

NZX will bring in-house, at the end of Q2, the TZ1 carbon trading business. Prospects for this are dependent on the timing and details of the New Zealand government's emission trading scheme.

LINK MARKET SERVICES

The focus for 2009 for Link will continue to be on execution of the core business model, providing registry services to existing, and acquiring new issuer clients. In 2009 the focus is on growing profitability and strategic positioning for a change in market conditions.

In 2009 Link is expected to again return over $1 million in Redeemable Preference Shares to its shareholders, driven by improved EBITDA and NPAT results. Link has some sensitivity to the IPO market, so the actual EBITDA outcome will be impacted by market events.

APPELLO SERVICES LIMITED

Appello Services Limited delivered an equity accounted loss of $107,000 in 2008. As this is the first year of operations, this was expected, and to plan. Over 2009, NZX expects Appello to make a positive NPAT and a positive contribution to NZX at an equity accounted level. Appello currently has six customers on its platform, representing $1.8 billion in funds under management. Appello's pricing model is such that both customer and funds under management numbers are important to financial performance.

Appello is a fund management services business which provides a set of fully electronic administrative and compliance services for New Zealand fund managers. Over 2008, Appello Services infrastructure has proven robust, with all current customers looking to expand their use of the functionality and services that it provides.

The focus for 2009 is to further expand the capabilities of the operating platform and associated services, grow the customer base and and begin to deliver a profit. It is expected that customers, managing a total of $4 billion funds under management, will be on the Appello platform by end of 2009.

AXE ECN

AXE ECN submitted an Australian Market Licence (AML) application in Q1 2007. This licence application is submitted under the Australian Corporations Act, under which ASX currently operates. In the 22 months since lodging the application, AXE ECN has received neither a response from the Australian government to its application, nor a timeline for the consideration of its application. AXE ECN believes that ASIC provided a supportive recommendation to the Australian government.

In summary, AXE ECN lacks clarity as to the nature or timing of the Australian government's processes.

AXE ECN continues to request of the Australian government that it makes a positive announcement regarding AXE ECN's licence application, as AXE ECN is seeking the right to operate as the ASX does under current law. AXE ECN also notes that the ASX recently submitted rules to ASIC for approval that are substantially similar to those of AXE ECN.

In all capital markets where electronic competition has arisen, the benefits have been clear. AXE's strategic position remains very strong.

BOND EXCHANGE OF SOUTH AFRICA (BESA)

The revised takeover offer for the Johannesburg Stock Exchange (JSE) for BESA at Rand 125 per share is a 71% premium to the Rand 73.17 per share at which NZX acquired the shares. This revised offer has now been approved by 100% of shareholders who attended the Scheme of Arrangement meeting of shareholders or voted by proxy on 6 February 2009.

The offer is now only subject to review by the competition authorities in South Africa and a decision is expected by June. If this takeover proceeds it will result in a profit of $4.5 million for NZX at current exchange rates.

CAPITAL MANAGEMENT (INCLUDING DIVIDEND)

NZX's current dividend policy is to pay a dividend of up to 60% of NPAT. Continuing this policy, NZX will pay out 60% of NPAT for the 2008 year, giving a total distribution of $6m, or 25 cents per share, fully imputed. The Board of NZX has resolved that the distribution plan (DP) that was first introduced in March 2007 will be reintroduced after being suspended in 2008. The rationale for the reintroduction of the DP is to reduce the amount of net cash outflow, and maintain the company's equity base. NZX is continuing to experience strong growth and develop business opportunities. The DP provides a structure whereby investors can have their share of profits as bonus NZX shares or receive their share of profits in cash. Allotment of bonus shares or payment of cash will occur on 15 May 2009.

NZX's capital management policy is to fund infrastructure investment, organic growth and bolt-on acquisitions from retained earnings. Any larger investments will likely be funded from existing cash reserves, and thereafter by debt funding.

The NZX Group currently has no borrowings. NZX anticipates that opportunities may arise which require larger investment amounts. For opportunities with the right return profiles, NZX is likely to obtain funding. Debt funding will only be undertaken where it reduces the weighted average cost of capital (WACC) from its current equity-only base.

BOARD OF DIRECTORS

ANDREW WILLIAM HARMOS | CHAIRMAN

LLB (Hons), BCom

Andrew is one of the founding directors of Harmos Horton Lusk Limited, an Auckland-based specialist corporate legal advisory firm. Andrew was formerly a senior partner of Russell McVeagh, which he left in 2002 after 21 years with that firm. He specialises in takeover advice and structuring, securities offerings, company and asset acquisitions and disposals, strategic and board corporate legal advice. He was appointed a director of NZX in 2002, and prior to that has held a number of other listed company directorships. He is a director of the Westfield New Zealand group and Elevation Capital Management Limited. He is a trustee of the McCahon House Trust, a trust that was established to restore and preserve artist Colin McCahon's house in French Bay, Auckland and to establish a residency for artists in his honour.

NIGEL HENRY MURRAY WILLIAMS

BCom

Nigel Williams has approximately 25 years experience in both New Zealand and international capital markets, including his current role as Managing Director, Institutional Banking for the Australia and New Zealand Banking Group Limited based in Sydney. In this role he oversees the business and strategic focus of the Institutional division's client relationships, products and services in Australia. He is a member of the 2008 New Zealand Government Taskforce on Capital Markets Development, a Director of ETrade Australia Limited, and Chairman of the City Art Gallery Foundation in Wellington. He is a past Chairman of Wellesley College, and past Board member of Interchange Settlements Limited, various companies related to ANZ National Bank Limited, INFINZ and the AUT Business School.

Nigel graduated from the University of Otago with a Bachelor of Commerce in Marketing, Accounting and Finance and has also attended advanced management training at the University of Michigan, USA and Oxford University, England.

NEIL PAVIOUR-SMITH

BCA, CA, ACIS, FCFIP, MSDIA

Neil is Managing Director of Forsyth Barr Limited, a nationwide sharebroking and investment management firm, and a director of various related companies. Neil has extensive experience in the New Zealand securities industry including several years in equity funds management and research roles.

Neil is an NZX Advisor, a Fellow and past Chairman of the Institute of Finance Professionals New Zealand, a member of the Institute of Chartered Accountants of New Zealand, the Institute of Directors, the Institute of Chartered Secretaries New Zealand, and the CFA Society of New Zealand.

HENRY WILLIAM VAN DER HEYDEN

BEng (Agr) Hons

Henry was appointed to the NZX Board on 6 September 2005. He became Chairman of Fonterra Co-operative Group in September 2002 and is a founding director of the co-operative, which is New Zealand's largest company, operating in over 100 countries internationally. He has contributed to industry governance for 16 years, as both a director and chairman, and played a considerable role in the industry rationalisation that led to Fonterra's establishment. He has extensive experience in the disciplines of large-scale manufacturing and international exporting and the financial, regulatory, trade and customer influences on them. He is a Director of Independent Egg Producers (IEP) and King St Advertising. He is also a Trustee of Asia:New Zealand.

CHRISTOPHER JOHN DAVID MOLLER

BCA, Dip Acc, Associate Chartered Accountant (ACA)

Chris was appointed to the NZX Board on 14 May 2008 and was Chief Executive of the New Zealand Rugby Union until December 2007. During his time with the NZRU he jointly led New Zealand's successful bid to host the 2011 Rugby World Cup. He remains a director of Rugby New Zealand 2011 Limited, the joint venture between the New Zealand Government and the NZRU responsible for organising the 2011 tournament.

Chris was appointed CEO of the NZRU following a long career in the dairy industry, finishing as Deputy Chief Executive of Fonterra. Prior to that Chris held a number of senior posts with the then New Zealand Dairy Board and in the finance and banking sectors, including being global CFO of the New Zealand Dairy Board, for a number of years.

MARK RHYS WELDON | CHIEF EXECUTIVE

BA, BCom, MEcon (First Class Hons), Doc Jur,
Dip Int'l Law (Hons)

Mark is the Chief Executive of NZX. Mark graduated from Auckland University with a Masters degree in Economics (First Class Honours), a Bachelor of Commerce and a Bachelor of Arts. Mark then studied at the Columbia University School of Law in New York, graduating in 1997 with a Juris Doctorate and a Diploma in International Law. Mark joined leading New York law firm Skadden, Arps, Slate, Meagher & Flom as an attorney. Mark went on to work at the New York office of McKinsey & Company, where he specialised in stock exchanges, asset management and wholesale banking.

CORPORATE GOVERNANCE

BEST PRACTICE

NZX is committed to ensuring it employs best practice governance structures and principles in keeping with Appendix 16 of the NZSX Listing Rules (Rules) and the Corporate Governance Principles and Guidelines published by the Securities Commission.

NZX believes good governance starts at the top with the Board of Directors (Board) who are elected by shareholders to direct and control NZX's activities.

BOARD

The Board is responsible for the overall direction and strategy of NZX. It selects the Chief Executive and delegates the day to day operation of NZX's business to the Chief Executive. The Chief Executive implements policies and strategies set by the Board and is responsible to it.

The Board has established a Code of Ethics that provides a set of principles for Directors to apply in their conduct and work for NZX. The principles include managing conflicts of interest, the required skills of Directors, trading in NZX's shares, and maintaining confidentiality of information received in their capacity as Directors of NZX.

BOARD COMPOSITION

The Board currently comprises six Directors of whom five are non-Executive Directors and also Independent as defined in Rule 3.3.1B. The Independent Directors are Andrew Harmos (Chairman), Nigel Williams, Chris Moller (appointed 14 May 2008), Neil Paviour-Smith and Henry van der Heyden. Mark Weldon, the Chief Executive, is the only non-Independent Executive Director on the Board. Andrew Harmos was appointed Chairman to replace Simon Allen, who was Chairman of the Board until his resignation as a Director on 4 September 2008.

In accordance with the constitution and the NZSX Listing Rules, one third of the Directors are required to retire by rotation and may offer themselves for re-election by shareholders each year. NZX also accepts nominations for Directors in accordance with the NZSX Rules.

The Board holds regular scheduled meetings. An agenda and papers must be circulated at least five business days before each meeting to allow Directors sufficient time to prepare. The Board also holds ad-hoc meetings to consider time sensitive or specific issues (including via teleconference).

The Board has access to executive management and key executive managers are invited to attend and participate in appropriate sessions of Board meetings.

COMMITTEES

The Board has two standing committees: an Audit and Risk Committee and a Remuneration and Risk Committee.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee operates under a charter, which sets out its role in assisting the Board with corporate financial matters. It may only comprise Independent Directors and at least one member of the Audit and Risk Committee must have expertise in accounting. The members of the Audit and

Risk Committee are: Neil Paviour-Smith (Chairman), Chris Moller and Nigel Williams. Simon Allen was a member of the audit committee until his resignation as a director on 4 September 2008.

The Audit and Risk Committee has a clear line of communication with the independent external auditor and the internal finance and audit team, and it may, at its discretion, meet with the independent auditor without company management being present.

APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee operates under a charter that sets out its role. It assists the Board in reviewing the remuneration policies, practices and performance of NZX as they relate to the Directors including any committees that Directors may serve on, and also the remuneration and performance of the Chief Executive and senior management.

The Appointments and Remuneration Committee comprises entirely non-Executive Directors. The members of the Appointments and Remuneration Committee are Andrew Harmos (Chairman), Nigel Williams and Henry van der Heyden. Simon Allen was the Chairman of the Appointments and Remuneration Committee until his resignation as a director on 4 September 2008.

NOMINATIONS

Given the size of the Board, there is no nominations and succession committee, and the full Board is involved in the Director Nomination process.

DISCLOSURE

NZX has internal procedures in place to ensure that key financial and material information is communicated to the market in a clear and timely manner. In addition to its disclosure obligations under the Rules, NZX has adopted a quarterly reporting regime and produces operating metrics monthly. This additional information provides transparency and assists the market in evaluating NZX's performance. NZX also maintains a website which provides contact points for the public and is continuously updated with information regarding NZX and its releases.

2008 NZX DIRECTORS' ATTENDANCE RECORD

Director	NZX Board Attendance
Simon Allen*	11/11
Andrew Harmos	13/13
Neil Paviour-Smith	13/13
Mark Weldon*	13/13
Nigel Williams	11/13
Henry van der Heyden	11/13
Chris Moller*	6/7
Audit Committee Members	Audit and Risk Committee
Neil Paviour-Smith (Chair)	8/8
Nigel Williams	8/8
Simon Allen	6/6
Chris Moller	4/4
Remuneration Committee Members	Appointments and Remuneration Committee
Andrew Harmos (Chair)	2/2
Henry van der Heyden	2/2
Chris Moller	2/2

Please note the 23 meetings comprised 13 Board meetings, 8 Audit and Risk Committee meetings and 2 Appointments and Remuneration Committee meetings held in 2008.

* Mark Weldon is not a member of either the Appointments and Remuneration or Audit and Risk committees but attended a number of meetings as an invited attendee.

* Chris Moller was appointed a Director on 15 May 2008.

* Simon Allen resigned as a Director on 4 September 2008.

RISK MANAGEMENT

The Board is responsible for ensuring that key business and financial risks are identified and appropriate controls and procedures are in place to effectively manage those risks.

Directors may seek independent professional advice to assist with their responsibilities. During the 2008 financial year Directors sought independent professional advice where necessary and appropriate.

INSURANCE AND INDEMNIFICATION

NZX provides indemnity insurance cover to Directors and executive employees. This is explained further on page 74.

SHARE TRADING

The company has adopted a formal NZX Securities Trading Policy to address insider trading and market manipulation requirements under the Securities Markets Act 1988 (as amended by the Securities Markets Amendment Act 2006). The NZX Securities Trading Policy is modelled on the Listed Companies Association Securities Trading Policy and Guidelines and administered by the Corporate Counsel and the NZX Securities Trading Committee that consists of the Head of Market Products, the Head of Market Supervision and the Chairman of the Board. The NZX Securities Trading Policy ("Policy") restricts trading in a number of ways including:

- Prohibiting trading in NZX's securities during 'black-out' periods set out in the Policy. These occur where quarterly financial results have not yet been released to the market.
- If a Director, officer or employee of NZX wishes to trade NZX securities outside of a black-out period, that person must first apply, and obtain, consent from the NZX Securities Trading Committee or its delegated representatives.

Because of the nature of NZX's business, any employee who wishes to buy or sell any security listed on NZX's markets must follow the NZX Securities Trading Policy and apply to NZX for consent to trade. This policy is reinforced through individual employment agreements.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of NZX Limited and its subsidiaries ("NZX Group") as at 31 December 2008 and the results of their operations and cash flows for the year ended 31 December 2008.

The Directors consider that the financial statements of NZX Group have been prepared using accounting policies appropriate to NZX Group's circumstances, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable New Zealand Equivalents to International Financial Reporting Standards have been followed.

The Directors are pleased to present the financial statements of NZX Group for the year ended 31 December 2008.

The financial statements were authorised for issue for and on behalf of the Directors on 22 February 2009.

A W Harmos	N Paviour-Smith	M R Weldon
Chairman	Director	Chief Executive Officer

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		Group		Parent	
	Note	2008 $000	2007 $000	2008 $000	2007 $000
Revenue	2	32,163	31,450	27,796	27,128
Employee and related expenses	3	(9,323)	(9,544)	(6,882)	(8,223)
Other expenses	4	(6,461)	(6,862)	(3,771)	(4,789)
CEO Share Scheme	3	276	(302)	276	(302)
Profit before interest, income tax, depreciation and amortisation		16,655	14,742	17,419	13,814
Impairment of investments	5	-	-	(482)	-
Depreciation and amortisation expense	6	(1,549)	(1,052)	(990)	(874)
Net interest income	7	701	287	656	262
Share of losses of associates accounted for using the equity method	12	(786)	(562)	-	-
Profit before income tax expense		15,021	13,415	16,603	13,202
Income tax expense	8	(4,839)	(4,701)	(5,118)	(4,384)
Profit for the period		10,182	8,714	11,485	8,818
Earnings per share					
Diluted	21	41.44c	36.17c		
Undiluted	21	41.82c	36.33c		
Net tangible assets per share		**65.0c**	**72.1c**		

Notes to the financial statements are included on pages 31 to 69.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		Group		Parent	
	Note	2008 $000	2007 $000	2008 $000	2007 $000
Profit for the period		10,182	8,714	11,485	8,818
Foreign currency translation movements	18	89	(37)	-	-
Total recognised income and expense for the year attributable to shareholders		**10,271**	**8,677**	**11,485**	**8,818**

Notes to the financial statements are included on pages 31 to 69.

BALANCE SHEET

AS AT 31 DECEMBER 2008

		Group		Parent	
	Note	2008 $000	2007 $000	2008 $000	2007 $000
Current assets					
Cash and cash equivalents	28(A)	8,274	12,976	5,470	10,772
Receivables and prepayments	11	5,659	6,159	5,474	3,976
Other financial assets		653	533	5,043	3,863
Total current assets		14,586	19,668	15,987	18,611
Non-current assets					
Investments accounted for using the equity method	12	12,231	6,557	14,128	7,775
Investments in subsidiaries	25	-	-	11,782	10,312
Property, plant and equipment	13	1,405	3,483	1,371	3,456
Goodwill	14	4,075	1,520	-	-
Other intangible assets	15	14,469	8,355	9,230	4,126
Total non-current assets		32,180	19,915	36,511	25,669
Total assets		46,766	39,583	52,498	44,280
Current liabilities					
Trade payables	16	2,943	5,075	2,281	5,580
Intercompany payable/(receivable)		-	-	1,373	(514)
Current tax payable/(receivable)	8	331	(854)	1,068	(786)
Deferred tax liabllity/(asset)	8	55	(204)	69	(247)
Other liabilities	17	8,916	6,628	5,917	6,316
Total current liabilities		12,245	10,645	10,708	10,349
Total liabilities		12,245	10,645	10,708	10,349
Net assets		34,521	28,938	41,790	33,931
Equity					
Share capital	18	5,102	4,419	9,492	7,747
Retained earnings	19	29,510	24,556	32,441	26,184
Treasury stock	18	(143)	-	(143)	-
Foreign currency translation reserve	18	52	(37)	-	-
Total equity		**34,521**	**28,938**	**41,790**	**33,931**

Notes to the financial statements are included on pages 31 to 69.

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		Group		Parent	
	Note	2008 $000	2007 $000	2008 $000	2007 $000
Cash flows from operating activities					
Receipts from customers		32,654	33,600	26,065	30,263
Interest received		707	363	654	331
Payments to suppliers and employees		(15,361)	(15,308)	(10,285)	(12,400)
Income tax paid	8	(3,395)	(5,500)	(2,948)	(5,073)
Net cash provided by operating activities	28(b)	14,605	13,155	13,486	13,121
Cash flows from investing activities					
Payment for property, plant and equipment		(251)	(1,653)	(222)	(1,627)
Payment for other assets		(5,625)	(1,547)	(4,445)	(1,345)
Payment for investments		(8,624)	(2,689)	(9,314)	(4,427)
Net cash (used in)/provided by investing activities		(14,500)	(5,889)	(13,981)	(7,399)
Cash flows from financing activities					
Proceeds from issues of shares		564	1,148	564	1,148
Capital repaid		-	(154)	-	(154)
Dividends paid	19	(5,228)	(815)	(5,228)	(815)
Purchase of treasury stock		(143)	-	(143)	-
Net cash (used in)/provided by financing activities		(4,807)	179	(4,807)	179
Net increase in cash & cash equivalents		(4,702)	7,445	(5,302)	5,901
Cash & cash equivalents at the beginning of the financial year		12,976	5,531	10,772	4,871
Cash & cash equivalents at the end of the financial year	28(a)	8,274	12,976	5,470	10,772

Notes to the financial statements are included on pages 31 to 69.

1. Summary of Accounting Policies

STATEMENT OF COMPLIANCE

NZX Limited (NZX or "Parent") is New Zealand's only Registered Exchange. NZX's business principally comprises the listing of securities; operating the infrastructure on which those securities are traded, cleared and settled; supervising the markets upon which these activities occur; and disseminating the information provided to the market by listed issuers and trade related information to the global markets; NZX operates high quality markets that are fair, orderly and transparent.

NZX is a for-profit listed public company incorporated in New Zealand, and registered under the Companies Act 1993.

The full year consolidated financial statements of NZX as at and for the twelve months ended 31 December 2008 comprise NZX and its subsidiaries (the "Group") and the Group's interest in associates.

NZX is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), International Financial Reporting Standards ("IFRS"), and other applicable financial reporting standards as appropriate for profit-orientated entities.

BASIS OF PREPARATION

All monetary values are in thousands of New Zealand Dollars (NZD), which is the Group's functional currency, unless otherwise noted. The financial statements have been prepared on the basis of historical cost, except for available-for-sale financial assets which are stated at fair value. The method used to measure fair value is specified in note 1(H).

Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

PRINCIPLES OF CONSOLIDATION

The Group financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being NZX and its subsidiaries as defined in NZ IAS-27: Consolidated and Separate Financial Statements. A list of subsidiaries appears in note 25 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. In determining the fair value of assets acquired, NZX assesses identifiable intangible assets including brands, intellectual property, software, and any other identifiable intangible assets using recognised valuation methodologies and with reference to suitably qualified experts. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after re-assessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the deficiency is credited to the Income Statement in the period of acquisition.

Subsidiaries are all entities over which the Group has control, generally accompanying a shareholding of more than 50% of the voting rights. The Group financial statements include the information and results of each subsidiary from the date on which NZX obtains control and until such time as NZX ceases to control such subsidiary.

In preparing the Group financial statements, all intercompany balances and transactions, and unrealised profits arising within the NZX Group are eliminated in full.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2008, and the comparative information presented in these financial statements for the year ended 31 December 2007. The accounting policies have been applied consistently by Group entities.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associates post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Where the accounting policies of associates differ from the Group, adjustments to ensure consistency with the policies adopted by the Group are made.

SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

A. REVENUE RECOGNITION

Rendering of services
Revenue from a transaction to provide services is recognised by reference to the stage of completion of the transaction at the Balance Sheet date. The stage of completion is determined on a time proportional basis over the commitment period.

Interest revenue
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

B. SIGNIFICANT ESTIMATES POLICY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed, where applicable, in the relevant notes to the financial statements. The notes include details of the nature and carrying amount of the affected assets and liabilities at the Balance Sheet date.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1. Summary of accounting policies CONTINUED

C. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency (NZD) using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Exchange differences arising from the translation of the carrying value of the net investment in the Group's foreign associates are recognised in the foreign currency translation reserve.

D. PROPERTY, PLANT AND EQUIPMENT

Property, plant, equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment.

Depreciation is recognised in the Income Statement and is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Computer equipment 3 – 5 years
- Furniture and equipment 10 years
- Leasehold improvements 5 years

E.EMPLOYEE BENEFITS

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

F. INCOME TAX

Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is accounted for using the comprehensive Balance Sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and associates except where the Group entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the NZX Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Income Statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

G. GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

H. FINANCIAL ASSETS

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial assets at fair value through profit or loss

The Group entity from time to time classifies certain shares and bonds as financial assets. Any gains or losses recognised in revaluing these assets to fair value are recognised in the Income Statement. These financial assets are classified as current assets and are stated at fair value.

Available-for-sale financial assets

Other investments in shares are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss previously recognised in equity is transferred to profit or loss.

The fair value of the shares is their quoted bid price at the Balance Sheet date, if that is available.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

1. Summary of accounting policies CONTINUED

I. GOODWILL

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the Income Statement and is not subsequently reversed. Refer to note 1(K).

J. INTANGIBLE ASSETS

Intangible assets comprise software applications and brand IP rights. The Group separately identifies its intangible assets into two categories; those with indefinite lives and those with finite lives. Intangible assets with indefinite lives are not amortised but are subject to impairment tests annually. The classification of indefinite life intangibles is also reviewed by the Group annually.

All software has finite useful lives and is recorded at cost less accumulated amortisation and impairment. Software is amortised on a straight line basis over its estimated useful life of 3 to 5 years.

K.IMPAIRMENT OF ASSETS

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets not yet available for use and intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired. Any impairment of goodwill is not subsequently reversed.

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each Balance Sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of a doubtful debts provision account. When a trade receivable is uncollectible, it is written off against the doubtful debts allowance account. Changes in the carrying amount of the provision account are recognised in the Income Statement.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Income Statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses other than for goodwill, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Income Statement immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

L. PAYABLES

Trade payables and other accounts payable are recognised when the Group entity becomes obliged to make future payments resulting from the purchase of goods and services.

M. SHARE-BASED PAYMENTS

The fair value of the amount payable to employees in respect of share scheme shares is recognised at grant date as equity with a corresponding receivable. In the Group these entries are eliminated as the shares are treated as treasury stock. Over the vesting period the amount is recognised as an employee expense. The amount recognised as an employee expense is adjusted to reflect the actual number of shares that will vest.

The grant date fair value of options is recognised as an employee expense with a corresponding entry to equity, over the vesting period. The amount recognised as an employee expense is adjusted to reflect the actual number of options that will vest.

N. SEGMENT REPORTING

The Group considers that there is only one reporting segment being the operation of a registered exchange and data business in New Zealand.

O. COMPARATIVE AMOUNTS

Comparative figures where necessary have been restated to correspond to the current year classifications.

P. EARNINGS PER SHARE

The Group presents undiluted and diluted earnings per share (EPS) data for its ordinary shares. Undiluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted daily average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares, which comprise of share based payments.

1. Summary of accounting policies CONTINUED

Q. ISSUED BUT NOT YET EFFECTIVE ACCOUNTING STANDARDS

A number of accounting standards have been issued or revised that are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these consolidated financial standards:

a. *NZIFRS 2 Share Based Payments* clarifies the definition of vesting conditions and is not expected to have any impact on the consolidated financial statements.

b. *NZIFRS 3 Business Combinations* main changes include within its scope, business combinations involving only mutual entities, and those in which separate entities or businesses are brought together to form a reporting entity by contract alone. This change is not expected to have any impact on the consolidated financial statements. There are also new or amended requirements:

i. All items of consideration transferred are recognised at fair value
ii. Goodwill measurement
iii. Non-controlling interest
iv. Transaction/acquisition costs
v. New disclosures

These requirements may impact on the consolidated financial statements, but the Group has not yet determined what the potential impact will be. These requirements become mandatory for the Group's 2010 financial statements.

c. *NZIAS 1 Presentation of Financial Statements* introduces "total comprehensive income" and a "statement of comprehensive income". These changes will affect the presentation of the Group's 2009 financial statements.

d. *NZIAS 27 Consolidated and Separate Financial Statements* changes mainly relate to changes in the accounting for non-controlling interest and the loss of control of a subsidiary, and may affect the Group's 2010 financial statements. The impact of any changes have not yet been determined.

2. Revenue

	Note	Group 2008 $000	Group 2007 $000	Parent 2008 $000	Parent 2007 $000
Revenue from the rendering of services:					
Listings		8,241	8,973	8,361	9,098
Participant fees		1,731	1,526	1,731	1,526
Trading, clearing & settlement		4,509	4,853	4,509	4,853
Information		12,243	10,471	10,293	9,120
Funds management income		2,702	3,096	-	-
NZX services income		2,737	2,534	2,902	2,534
Change in fair value of financial assets:					
Available-for-sale (transfer from equity)		-	(3)	-	(3)
Total Revenue		**32,163**	**31,450**	**27,796**	**27,128**

3. Employee and related expenses

	Note	Group 2008 $000	Group 2007 $000	Parent 2008 $000	Parent 2007 $000
Employee and related expenses:					
Post employment benefits		-	(46)	-	(46)
Termination benefits		(63)	(17)	(63)	(17)
Other employee benefits		(9,260)	(9,479)	(6,819)	(8,158)
CEO Share Scheme	18	276	(304)	276	(304)
Total employee and related expenses		**(9,047)**	**(9,846)**	**(6,606)**	**(8,525)**

4. Other expenses

		Group		Parent	
	Note	2008 $000	2007 $000	2008 $000	2007 $000
Other expenses:					
Remuneration paid to auditors	10	(122)	(94)	(59)	(55)
Operating lease rental expense	24	(966)	(693)	(839)	(665)
Information technology		(1,635)	(1,570)	(1,477)	(1,525)
Professional fees		(605)	(1,253)	(329)	(917)
Marketing		(301)	(343)	(37)	(116)
Net foreign exchange gains/(losses)		215	(61)	207	(60)
General administration		(3,047)	(2,848)	(1,237)	(1,451)
Total other expenses		**(6,461)**	**(6,862)**	**(3,771)**	**(4,789)**

5. Impairment of investments

		Group		Parent	
	Note	2008 $000	2007 $000	2008 $000	2007 $000
Impairment of investment in subsidiaries		-	-	(482)	-
		-	**-**	**(482)**	**-**

Impairment testing of investments including indefinite life intangibles was based on an earnings-to-carrying-value basis for each cash generating unit. The analysis of these carrying values identified that carrying values at a Group level were fair, however at Parent level the carrying values for NZX Agri-Fax Limited and NZX Newsroom Limited were reduced by $350,000 and $132,000 respectively (2007: nil). These carrying value charges were allocated fully to the investment in the Parent accounts.

6. Depreciation and amortisation expense

		Group		Parent	
	Note	2008 $000	2007 $000	2008 $000	2007 $000
Depreciation of non-current assets	13	(506)	(510)	(484)	(481)
Amortisation of non-current assets	15	(1,043)	(542)	(506)	(393)
Depreciation and amortisation expense		**(1,549)**	**(1,052)**	**(990)**	**(874)**

7. Net interest income

		Group		Parent	
	Note	2008 $000	2007 $000	2008 $000	2007 $000
Interest revenue:					
Bank deposits		701	279	656	254
Bonds		-	8	-	8
Total net interest income		**701**	**287**	**656**	**262**

8. Taxation

A. INCOME TAX RECOGNISED IN PROFIT OR LOSS

	Group		Parent	
	2008 $000	2007 $000	**2008 $000**	2007 $000
Tax expense comprises:				
Current tax expense	4,530	4,685	4,742	4,401
Adjustments recognised in the current year relating to current tax of prior years	23	3	19	3
Deferred tax relating to the origination and reversal of temporary differences	286	13	357	(20)
Total tax expense	**4,839**	**4,701**	**5,118**	**4,384**

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Group		Parent	
	2008 $000	2007 $000	**2008 $000**	2007 $000
Profit from continuing operations	15,021	13,415	16,603	13,202
Income tax calculated at 30%*	4,507	4,427	4,981	4,357
Non-deductible expenses	132	46	177	43
Change in corporate tax rate	-	20	-	25
Equity accounted earnings of associate	236	207	-	-
	4,875	**4,700**	**5,158**	**4,425**
Under/(over) provision of income tax in previous year	23	3	19	3
Foreign investor tax credits	(59)	(2)	(59)	(2)
Loss offset for 2007 year	-	-	-	(42)
	4,839	**4,701**	**5,118**	**4,384**

* There has been a change in the corporate tax rate from 33% to 30% from 1 January 2008. Income tax is calculated using the old corporate tax rate of 33% for the year ended 31 December 2007.

B. CURRENT TAX ASSETS AND LIABILITIES

	Group		Parent	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Balance at beginning of the year – Asset/(Liability)	854	(257)	786	(182)
Current year charge	(4,530)	(4,685)	(4,742)	(4,443)
Prior period adjustment	(50)	296	(60)	296
Tax paid	3,395	5,500	2,948	5,073
Loss offset from subsidiary	-	-	-	42
Balance at end of the year – (Liability)/Asset	**(331)**	**854**	**(1,068)**	**786**

C. DEFERRED TAX

	Group		Parent	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Balance at beginning of the year	204	516	247	526
Current year movement	(286)	(13)	(357)	20
Prior period adjustments	27	(299)	41	(299)
Balance at end of the year	(55)	204	(69)	247
Deferred tax balance comprises:				
Employee entitlements	196	339	156	324
Doubtful debts and impairment	20	5	17	2
Property Plant and Equipment	(472)	(85)	(472)	(85)
Intangible assets	201	(61)	230	-
Other	-	6	-	6
	(55)	**204**	**(69)**	**247**

8. Taxation CONTINUED

D. IMPUTATION CREDIT ACCOUNT

	Group		Parent	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Balance at beginning of the year	11,080	5,960	10,523	5,830
Income tax paid	3,395	5,500	2,948	5,073
Imputation credits attached to dividends paid	(2,486)	(380)	(2,486)	(380)
Balance at end of the year	**11,989**	**11,080**	**10,985**	**10,523**

9. Key management personnel compensation

The compensation of the Chief Executive Officer and his direct reports, being the key management personnel of the entity, is set out below:

	Group		Parent	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Short-term employee benefits	2,170	3,183	2,170	3,183
Post-employment benefits	-	46	-	46
Termination benefits	-	17	-	17
Share-based payment *	(276)	302	(276)	302
	1,894	**3,548**	**1,894**	**3,548**

* Share based payment in 2008 was an expense reversal of $276,107 in relation to the CEO Share Scheme (2007: expense of $302,260). Further details in relation to Share Schemes are contained in Note 18.

10. Remuneration of auditors

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Audit of the financial statements	89	89	59	55
Other audit related fees	15	5	-	-
Non-audit services	18	-	-	-
	122	**94**	**59**	**55**

Other audit related fees in 2008 relate to the audit of the registry for Smartshares funds and review of prospectuses for the Smartshares and SmartKiwi funds (2007: audit of the registry for Smartshares funds). Non-audit services in 2008 relate to regulatory advice provided.

11. Receivables and prepayments

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Trade receivables*	4,606	3,934	4,337	3,302
Allowance for doubtful debts	(70)	(18)	(58)	(8)
	4,536	**3,916**	**4,279**	**3,294**
Prepayments	84	177	75	96
Accrued interest	30	36	8	6
Accrued income	1,009	2,030	1,112	580
	5,659	**6,159**	**5,474**	**3,976**

* The average credit period on sales of services for the Parent is 45 days (2007: 41 days). No interest is charged on overdue trade receivables.

11. Receivables and prepayments CONTINUED

MOVEMENT IN ALLOWANCE FOR DOUBTFUL DEBTS

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Balance at beginning of the year	(18)	(121)	(8)	(121)
Amounts written off during the year	9	62	5	62
Amounts recovered during the year	17	56	17	56
Decrease/(Increase) in allowance recognised in profit or loss	(78)	(15)	(72)	(5)
Balance at end of the year	**(70)**	**(18)**	**(58)**	**(8)**

12. Investments accounted for using the equity method

Name of entity	Balance Date	Country of Incorporation	Ownership interest		Group Carrying value of asset	
			2008 %	2007 %	2008 $000	2007 $000
Associates						
AXE ECN Pty Limited	31 December	Australia	50	50	1,988	1,317
Link Market Services Limited	31 December	New Zealand	50	50	4,277	4,605
Appello Services Limited	31 December	New Zealand	30	30	558	635
Bond Exchange of South Africa (BESA)	31 December	South Africa	22	-	5,408	-
					12,231	**6,557**
Amount of goodwill in carrying value of equity accounted associates:					2,734	664

RECONCILIATION OF CARRYING VALUE OF ASSOCIATES

	Group	
	2008 $000	2007 $000
Balance at beginning of the year	6,557	6,371
Investments	6,903	1,200
Capital repayments	(550)	(350)
Share of associates net losses	(786)	(562)
Movement in FCTR	198	(37)
Elimination of NZX margin on consolidation	(91)	(65)
Balance at end of the year	**12,231**	**6,557**

The reduction in the carrying value of Link Market Services Limited includes the redemption by Link Market Services Limited of $550,000 of redeemable preference shares in 2008 (2007: $350,000).

The Group acquired 22% of BESA in October 2008 for $5,577,908.

During 2008 the Group invested an additional $30,000 in Appello Services.

During the year the Group invested an additional NZ$1,294,998 in AXE ECN Pty Limited. The timeline for obtaining an Australian market licence for AXE has been delayed further due to the Australian Government's focus on the global credit crisis. A potential regulatory review of the Australian financial sector could result in further long term delays. If an Australian market licence is not granted an impairment test will be carried out and any adjustments will be reflected at that time.

SUMMARISED FINANCIAL INFORMATION OF ASSOCIATES

	Group	
	2008 $000	2007 $000
Total assets	30,027	13,489
Total liabilites	2,575	1,165
Net assets	**27,452**	**12,324**
Revenue	**16,320**	**4,284**
Net loss	**(2,822)**	**(1,143)**

Summarised financial information of associates not adjusted for the percentage ownership held by the Group.

13. Property, plant and equipment

	Group				
	Computer equipment	Furniture and equipment	Lease-hold improvements	Capital work in progress	Total
	$000	$000	$000	$000	$000
Gross carrying amount					
Balance at 1 January 2007	2,086	649	1,301	474	4,510
Additions	408	32	35	1,349	1,824
Disposals	-	(20)	(39)	-	(59)
Balance at 31 December 2007	2,494	661	1,297	1,823	6,275
Additions	224	13	-	52	289
Disposals	(708)	(4)	-	-	(712)
Transfers to asset class	-	-	-	(1,823)	(1,823)
Balance at 31 December 2008	2,010	670	1,297	52	4,029
Accumulated depreciation					
Balance at 1 January 2007	1,779	317	192	-	2,288
Depreciation expense	294	87	129	-	510
Disposals	(5)	(1)	-	-	(6)
Balance at 31 December 2007	2,068	403	321	-	2,792
Depreciation expense	274	90	142	-	506
Disposals	(674)	-	-	-	(674)
Balance at 31 December 2008	1,668	493	463	-	2,624
Net book value					
As at 31 December 2007	426	258	976	1,823	3,483
As at 31 December 2008	342	177	834	52	1,405

	Parent				
	Computer equipment	Furniture and equipment	Lease-hold improvements	Capital work in progress	Total
	$000	$000	$000	$000	$000
Gross carrying amount					
Balance at 1 January 2007	2,051	599	1,292	474	4,416
Additions	392	58	5	1,349	1,804
Balance at 31 December 2007	2,443	657	1,297	1,823	6,220
Additions	208	-	-	52	260
Disposals	(708)	(4)	-	(1,823)	(2,535)
Balance at 31 December 2008	1,943	653	1,297	52	3,945
Accumulated depreciation					
Balance at 1 January 2007	1,776	315	192	-	2,283
Depreciation expense	265	87	129	-	481
Balance at 31 December 2007	2,041	402	321	-	2,764
Depreciation expense	255	87	142	-	484
Disposals	(674)	-	-	-	(674)
Balance at 31 December 2008	1,622	489	463	-	2,574
Net book value					
As at 31 December 2007	402	255	976	1,823	3,456
As at 31 December 2008	321	164	834	52	1,371

14. Goodwill

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Gross carrying amount				
Balance at beginning of the year	1,520	714	-	-
Goodwill on acquisition	3,278	231	-	-
Movement in earn out provisions post aquisition	(723)	575	-	-
Balance at end of the year	4,075	1,520	-	-
Net book value				
Balance at beginning of the year	1,520	714	-	-
Balance at end of the year	4,075	1,520	-	-

The directors have tested the carrying value of goodwill and have assessed that no impairment charge is required.

15. Other intangible assets

	Group						
	Computer software	Brand names & trademarks	Data archives, customers lists, databases, websites & IP	Management rights	Rights to use brand names	Intangibles work in progress	Total
	$000	$000	$000	$000	$000	$000	$000
Gross carrying amount							
Balance at 1 January 2007	3,171	627	-	2,344	1,055	-	7,197
Additions	2,275	43	1,458	-	946	-	4,722
Disposals	(13)	-	-	-	-	-	(13)
Balance at 31 December 2007	5,433	670	1,458	2,344	2,001	-	11,906
Additions	980	1,020	-	-	388	4,957	7,345
Disposals	-	-	-	-	(188)	-	(188)
Balance at 31 December 2008	6,413	1,690	1,458	2,344	2,201	4,957	19,063
Accumulated amortisation							
Balance at 1 January 2007	2,947	-	-	-	67	-	3,014
Amortisation expense	412	-	-	-	130	-	542
Disposals	(5)	-	-	-	-	-	(5)
Balance at 31 December 2007	3,354	-	-	-	197	-	3,551
Amortisation expense	560	-	-	-	483	-	1,043
Balance at 31 December 2008	3,914	-	-	-	680	-	4,594
Net book value							
As at 31 December 2007	2,079	670	1,458	2,344	1,804	-	8,355
As at 31 December 2008	2,499	1,690	1,458	2,344	1,521	4,957	14,469

15. Other intangible assets CONTINUED

	Parent				
	Computer software	Brand names & trademarks	Data archives, customers lists, databases, websites & IP	Intangibles work in progress	Total
	$000	$000	$000	$000	$000
Gross carrying amount					
Balance at 1 January 2007	3,135	628	-	-	3,763
Additions	2,241	-	1,148	-	3,699
Disposals	(13)	-	-	-	(13)
Balance at 31 December 2007	5,363	628	1,458	-	7,449
Additions	285	368	-	4,957	5,610
Balance at 31 December 2008	5,648	996	1,458	4,957	13,059
Accumulated amortisation					
Balance at 1 January 2007	2,935	-	-	-	2,935
Amortisation expense	393	-	-	-	393
Disposals	(5)	-	-	-	(5)
Balance at 31 December 2007	3,323	-	-	-	3,323
Amortisation expense	506	-	-	-	506
Balance at 31 December 2008	3,829	-	-	-	3,829
Net book value					
As at 31 December 2007	2,040	628	1,458	-	4,126
As at 31 December 2008	1,819	996	1,458	4,957	9,230

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Comprising of:				
Other intangibles - definite life	8,977	2,936	6,776	2,040
Other intangibles - indefinite life	5,492	5,419	2,454	2,086
Net book value	14,469	8,355	9,230	4,126

OTHER INTANGIBLE ASSETS BY CLASS

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Brand names and trademarks	1,690	670	996	628
Computer software	2,499	2,079	1,819	2,040
Intangible assets under development	4,957	-	4,957	-
IRG data archives, customer lists, databases, websites & IP	1,458	1,458	1,458	1,458
Management rights	2,344	2,344	-	-
Right to use brand name	1,521	1,804	-	-
Net book value	14,469	8,355	9,230	4,126

15. Other intangible assets CONTINUED

Amortised expense is included in the line item 'depreciation and amortisation expense' in the Income Statement.

In March 2007 NZX acquired data archives, customer lists, databases, websites, and IP from IRG for $1,458,000. These assets have an indefinite life and are included in the Parent accounts.

Smartshares Limited acquired the management rights for SmartOZZY, SmartMOZY, and the SmartMIDZ funds for a total value of $2,344,000. These are held in the Group accounts with an indefinite life, as there is no expiry date for these rights and they are expected to be used indefinitely.

Other indefinite life intangibles are trademarks, brands and customer lists. These are considered to have an indefinite life based on the length of time they are expected to be used for, and the indefinite period over which the Group has control of these assets. All indefinite life assets are tested for impairment annually.

NZX separates ownership of trademarks and brand names from the activity of carrying out the business of each subsidiary. NZX then sells a right to use the brand name to the subsidiary for a specified period of time. The trademarks and brand names held by the Parent have an indefinite life, while the right to use in the subsidiary has a finite life. The carrying values of the trademark and brand names are $996,000 and $3,211,000 in the Parent and Group accounts. This includes $644,000 of indefinite life intangible brands and trademarks in relation to NZX ProFarmer Australia Pty Limited in the Group accounts for which this ownership separation practice had not been implemented before 31 December 2008.

Definite life intangibles also include software with a book value of $1,818,108 in the Parent and $2,499,387 in the Group as at 31 December 2008, and WIP in relation to the new trading system of $4,956,847 in both the Parent and Group.

16. Current trade payables

	Group		Parent	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Trade payables	606	1,159	531	640
Goods and services tax payable	92	241	90	213
Accrued expenses	2,245	3,675	1,660	4,727
	2,943	**5,075**	**2,281**	**5,580**

17. Other liabilities

	Group		Parent	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Employee benefits	498	407	381	355
Unearned income	4,367	4,278	3,804	4,018
Funds held on behalf	1,528	887	1,528	887
Earn out provisions	2,523	1,056	204	1,056
	8,916	**6,628**	**5,917**	**6,316**

Funds held on behalf include disciplinary funds held and listed issuer bonds.

17. Other liabilities CONTINUED

MOVEMENT IN EARN OUT PROVISIONS

	Group		Parent	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Balance at beginning of the year	1,056	390	1,056	390
Increase in provision	2,410	796	90	796
Decrease in provision	(723)	-	(722)	-
Earn out payments made	(220)	(130)	(220)	(130)
Balance at end of the year	**2,523**	**1,056**	**204**	**1,056**

Earn out provisions are entered into in relation to acquisitions. The earn outs are based on the acquired companies' performances, and are increased/decreased or paid over the period of the contract. The closing balance of the earn out provisions are management's best estimate of the actual amount of payments to be made in relation to NZX Agri-Fax Limited $130,000 (2007: $835,000), NZX Newsroom Limited $74,000 (2007: $221,000), and NZX ProFarmer Australia Pty Limited $2,319,000 (2007: nil).

18. Share capital and reserves

	Group		Parent	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Share capital	5,102	4,419	9,492	7,747

	Group		Parent	
	2008 Number of shares (000's)	2007 Number of shares (000's)	2008 Number of shares (000's)	2007 Number of shares (000's)
Fully paid ordinary shares				
Balance at beginning of the year	24,262	23,513	24,612	23,513
Issues of shares - CEO Share Scheme	-	222	-	572
Issues of shares - Group Leader (senior executives)				
Share Scheme	-	-	147	-
Issue of ordinary shares - Distribution Plan	-	319	-	319
Issue of ordinary shares - Employee Share Plan	134	208	134	208
Group Leader Share Scheme shares redeemed	-	-	(49)	-
Treasury Stock	(23)	-	(23)	-
Balance at end of the year	24,373	24,262	24,821	24,612
Fully paid CEO shares (2003—2007)				
Balance at beginning of the year	-	-	-	222
Vested during the period	-	-	-	(222)
Balance at the end of the year	-	-	-	-
Balance at the end of the year	-	-	-	-
Balance at the end of the year	**24,373**	**24,262**	**24,821**	**24,612**

All issued shares are fully paid and have no par value. All shares carry one vote per share and carry the right to dividends. The shares issued under the CEO Share Scheme and the Group Leader Share Scheme are treated as Treasury Stock and are eliminated at a Group level.

As at 31 December 2008 there were 24,820,580 ordinary shares issued and fully paid (2007: 24,612,245). All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

18. Share capital and reserves CONTINUED

FOREIGN CURRENCY TRANSLATION RESERVE

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Balance at beginning of the year	(37)	-	-	-
Total recognised income and expense	89	(37)	-	-
Balance at end of the year	**52**	**(37)**	**-**	**-**

TREASURY STOCK

In May 2008 NZX announced that it would undertake a buyback of up to a maximum of 137,680 ordinary shares. The purpose of the buyback was to reduce any dilutionary effect for existing shareholders in relation to the issuance of shares under the Employee share plan. During 2008 NZX purchased a total of 23,336 shares at an aggregate cost of $142,665.

CEO SHARE SCHEME

The CEO Share Scheme was approved by NZX shareholders at a special meeting held on 6 September 2007. The Scheme is a two-part equity-based long-term incentive (LTI) scheme with a three and a half year duration, extendable to a four and a half year duration at board discretion, with a start date of 4 June 2007 and expiry date of 31 December 2010 (or 31 December 2011 if extended).

The two parts to the Scheme are:

- a Standard LTI; and
- an Out-performance LTI.

Standard LTI (LTI)

The LTI consists of 222,276 shares (173,780 shares for 3.5 years duration, and a further 48,496 shares if the NZX Board extends the duration to 4.5 years). The LTI shares were issued to the CEO, Mr Weldon, in December 2007 at an issue price of $10.31 per share (the VWAP for the 20 days to 3 June 2007, being the expiry date of the previous CEO Share Scheme) per share. NZX extended financial assistance to Mr Weldon in the form of an interest free loan to fund the acquisition of these LTI Shares. These shares are held by a nominee on behalf of Mr Weldon until such time as they vest, or are redeemed by NZX if vesting criteria are not met. The vesting criteria for these LTI shares includes a compound 15% earnings per share (EPS) growth over the duration of the Scheme, with a start date for assessment of EPS growth of 1 January 2008. The beginning EPS figure is the full year 2007 EPS of 36.17 cents per share. If vesting criteria are met for the 3.5 years, and the potential additional year, Mr Weldon will receive a bonus equivalent to $10.31 (being the issue price of the relevant shares) multiplied by the relevant number of shares described above, and there will be a corresponding expense incurred in the Income Statement. At 3.5 years, for example, Mr Weldon will receive a bonus of $1,791,672 to be used to repay the financial assistance that was extended in relation to the shares that vest at that time.

Although the LTI Share Scheme shares were issued at $10.31, IFRS 2 requires the shares be valued for reporting purposes as at the grant date (grant date is when approval for the Scheme was obtained), being 6 September 2007. At this date the 20 day VWAP was $9.76.

At 31 December 2008, given current market conditions, in assessing whether or not the vesting criteria will be met at the end of the Scheme, the NZX Board has determined not to account for any cost of this Scheme at this time. In accordance with IFRS requirements the LTI expense incurred in 2007 $276,107 has been reversed through the Income Statement in the current year.

Out-performance LTI (OPLTI)

The OPLTI consists of 127,381 shares (102,381 shares for 3.5 year duration, and a further 25,000 shares if the NZX Board extends the duration to 4.5 years). The OPLTI shares were issued to Mr Weldon in December 2007 at an exercise price of $10.31 per share (the VWAP for the 20 days to 3 June 2007, being the expiry date of the previous CEO Share Scheme). These shares are held by a nominee on behalf of Mr Weldon until such time as they vest, or are redeemed by NZX if vesting criteria are not met. The vesting criteria for these OPLTI shares is a compound 22.5% earnings per share (EPS) growth over the duration of the Scheme, with a start date for assessment of EPS growth of 1 January 2008. The beginning EPS figure is the full year 2007 EPS of 36.17 cents per share. NZX has extended financial assistance to Mr Weldon in the form of an interest free loan of $1,313,298 to fund the acquisition of these OPLTI Shares. There is no bonus payable to Mr Weldon in relation to the OPLTI so this part of the scheme is treated as an option scheme for accounting purposes. These options were valued by Deloitte, using the Black Scholes valuation model, at $2.51 and $2.96 per share for the period to December 2010 and December 2011 respectively. The Black Scholes valuation assumed a risk free interest rate based on Government bonds for the relevant periods, dividend yield was assumed to be nil, and expected volatility of 25%. The expected volatility was estimated by assessing the long run volatility for New Zealand shares (assessed as 20%) and adjusting for NZX's relative volatility since listing. Accordingly the total value that will be recognised in the Income Statement if vesting criteria are met is $330,976. At 31 December 2008, given current market conditions, in assessing whether or not the vesting criteria will be met at the end of the Scheme, the NZX Board has determined not to account for any cost of this Scheme at this time (unchanged from 2007).

18. Share capital and reserves CONTINUED

GROUP LEADER SHARE SCHEME

A new Group Leader (GL) Share Scheme was implemented in July 2008. The Scheme consists of two tranches of shares. The scheme allows for vesting of tranche 1 shares on 31 December 2011, and tranche 2 shares on 31 December 2013. The hurdle for vesting is compounding annual EPS growth of 22.5% over the duration of the Scheme, with the baseline EPS being the 2007 earnings per share (EPS) of 36.17 cents per share.

The starting market price for determining the number of shares to be issued was the 20 day VWAP to 30 June 2008 being a value of $8.03 per share. This is the price at which the shares were issued. At 31 December 2008 the scheme consists of an aggregate of 97,904 shares (62,280 shares in relation to tranche 1, and 35,624 shares in relation to tranche 2) issued at a value of $786,169. NZX has extended financial assistance in the form of interest free loans to fund the acquisition of these Shares. As there is no bonus related to this scheme for IFRS purposes it is treated as an option scheme. A Black Scholes valuation was undertaken and it valued these share options at $1.91 and $2.55 per share for the tranche 1 and tranche 2 shares respectively. The Black Scholes valuation assumed a risk free interest rate based on Government bonds for the relevant periods, dividend yield was assumed to be nil, and expected volatility of 25%. The expected volatility was estimated by assessing the long run volatility for New Zealand shares (assessed as 20%) and adjusting for NZX's relative volatility since listing. Accordingly the total value that will be recognised in the Income Statement if vesting criteria are met is $209,796. At 31 December 2008, given current market conditions, in assessing whether or not the vesting criteria will be met at the end of the Scheme, the NZX Board has determined not to account for any cost of this Scheme at this time.

EMPLOYEE SHARE PLAN

NZX Executive Share Plan shares are offered to selected employees at the market price of the shares on the date of issuance. The Directors of NZX authorised NZX to provide financial assistance to some NZX employees to assist them in the acquisition of NZX ordinary shares under the NZX Executive Share Plan. The aggregate financial assistance provided under the NZX Executive Share Plan at December 2007 was $257,603. During 2008 there has been additional financial assistance provided with a total value of $766,216. NZX employees repaid $371,716 of this assistance during the period. The balance of the financial assistance provided to employees under the NZX Executive Share Plan at December 2008 is $652,103.

EMPLOYEE SHARE CAPITAL MOVEMENTS

Date of issue	Number of shares issued in that year	Price per share issued in that year ($)	Number of shares transferred out of nominee company to NZX employees	Number of shares at end of year
December 2008	133,767	7.160	95,710	113,845
December 2007	-	-	202,918	75,788
December 2006	208,576	6.798	142,758	278,706
December 2005	152,513	3.971	64,750	212,888
December 2004	125,125	5.109	-	125,125

Shares were transferred in accordance with the terms of the NZX Executive Share Plan. As at 31 December 2008 113,845 shares were held under the Executive Share Plan making up 0.5% of total shares (2007: 75,788 shares held, making up 0.3% of total shares).

19. Retained earnings

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Balance at beginning of the year	24,556	16,657	26,184	18,181
Net Profit attributable to shareholders	10,182	8,714	11,485	8,818
Cash Dividends paid	(5,228)	(815)	(5,228)	(815)
Balance at end of the year	**29,510**	**24,556**	**32,441**	**26,184**

20. Dividends

	2008		2007	
	Cents per share	Total $000	Cents per share	Total $000
Recognised amounts				
Fully paid ordinary shares	21.0c	5,228	16.0c	815

In December 2006 NZX gave shareholders a choice of a dividend in the form of one bonus share for every 60.73 shares held at a strike price of $9.72 or a cash dividend payment of $0.16 fully imputed per share. A total of 85 holders with a combined shareholding of 4,611,444 shares chose a dividend payment, and the remaining shareholders with a combined shareholding of 19,429,148 shares chose the bonus shares. The total distribution for 2007 was $3,917,807.

21. Earnings per share

	Group	
	2008	2007
Diluted earnings per share (cents per share)	41.44c	36.17c
Undiluted earnings per share (cents per share)	41.82c	36.33c

DILUTED EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	Group	
	2008 000	2007 000
Earnings	$10,182	$8,714
Weighted average number of ordinary shares for the purpose of earnings per share	24,572	24,089
Diluted earnings per share (cents per share)	**41.44c**	**36.17c**

UNDILUTED EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of undiluted earnings per share are as follows:

	Group	
	2008 000	2007 000
Earnings	$10,182	$8,714
Weighted average number of ordinary shares for the purpose of earnings per share	24,350	23,988
Undiluted earnings per share (cents per share)	**41.82c**	**36.33c**

When calculating the weighted daily average number of undiluted ordinary shares an adjustment has been made for Standard LTI shares issued under the CEO Share Scheme. The weighted daily average number of diluted ordinary shares has not been adjusted for OPLTI shares issued under the CEO Share Scheme or the GL Share Scheme shares as these are not considered dilutive for the period.

	Group	
	2008 000	2007 000
Weighted average number of ordinary shares for the purpose of earnings per share (diluted)	24,572	24,089
Weighted average standard LTI shares under the CEO Share Scheme	(222)	(101)
Weighted average number of ordinary shares for the purpose of earnings per share (undiluted)	**24,350**	**23,988**

22. Commitments for expenditure

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Capital expenditure commitments:				
Tata Consulting Limited	595	-	595	-
Trayport Limited	-	1,300	-	1,300
Total	**595**	**1,300**	**595**	**1,300**

The Group has no exposure to capital commitments of Associates.

LEASE COMMITMENTS

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 24 to the financial statements.

23. Contingent liabilities

On 6 September 2005 Access Brokerage Limited was placed in liquidation. A contingent liability has arisen from legal proceedings brought against NZX by Access Brokerage Limited (in Liquidation) for $4,310,594 plus interest and costs, and Bank of New Zealand Limited for $5,244,703 plus interest and costs. The total contingent liability is for $5,244,703 plus interest and costs as the Access claim is for money allegedly owed to clients while the BNZ claim is in relation to all creditors (inter alia the Access claim is included in the BNZ claim). NZX has received assurance that its insurer will meet all costs for this matter after the policy excess of $100,000, which was paid in 2005. The contingent liability arises in the event that the insurer does not meet any costs that may arise. There is no provision held in the Balance Sheet at 31 December 2008 (Dec 2007: nil).

NZX has entered into a sale and purchase agreement with Greta Valley Holdings Limited, the vendor of NZX Agri-Fax Limited, that includes an earn out provision whereby NZX is required to pay up to $950,000 in excess of the amount already provided for in the financial statements if revenue targets for the year ended 31 March 2009 are met. NZX does not expect these elevated revenue targets to be met.

NZX has entered into a sale and purchase agreement with Richard Koch, the vendor of Pro-Farmer Limited, that includes an earn out provision whereby NZX is required to pay up to NZ$757,735 in excess of the amount provided for in the financial statements if EBITDA targets for the year ended 31 October 2011 are met. NZX does not expect these elevated EBITDA targets to be met.

24. Leasing

OPERATING LEASES

The lease for NZX's premises commenced on 1 September 2005 and has a final expiry date of 28 February 2015. There was a rent review for Level One of the NZX Centre in June 2008 and Level Two of the NZX Centre in July 2008. Rent review negotiations for these are ongoing. The lease commitments set out in the table below are in relation to the existing lease commitment prior to the rent review, however an increase is expected in the rent payable for the NZX Centre and provision has been made within the accounts for the expected rent increase. NZX is currently paying an annual rental for the NZX Centre and signage of $968,979, being the midpoint between the valuation received by NZX and the lessor. The midpoint is only being paid as a proxy for the actual rental payments (yet to be determined) and a wash up adjustment will be made once the rental review is complete. NZX believes that the midpoint, that is currently being paid, is too high.

NON-CANCELLABLE OPERATING LEASE PAYMENTS

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Up to 1 year	674	665	665	665
1—2 years	665	665	665	665
2—5 years	1,995	1,995	1,995	1,995
> 5 years	998	1,663	998	1,663
	4,332	**4,988**	**4,323**	**4,988**

25. Subsidiaries

Name of entity	Country of Incorporation	Ownership interest and voting rights	
		2008 %	2007 %
Subsidiaries			
NZX Agri-Fax Limited	New Zealand	100	100
FundSource Limited	New Zealand	100	100
Smartshares Limited	New Zealand	100	100
Dairy Week Limited	New Zealand	100	-
NZX Newsroom Limited	New Zealand	100	100
TZ1 Limited	New Zealand	100	100
NZX Holding No. 3 Limited	New Zealand	100	-
NZX Holding No. 4 Limited	New Zealand	100	-
NZX ProFarmer Australia Pty Limited	Australia	100	-
NZX Incognito Limited	New Zealand	100	-
Mandela Investments Limited	New Zealand	100	100
New Zealand Clearing Limited	New Zealand	100	-
New Zealand Depository Limited	New Zealand	100	-
New Zealand Depository Nominee Limited	New Zealand	100	-
New Zealand Clearing & Depository Limited	New Zealand	100	-
MXF Nominees Limited	New Zealand	100	-
NZX GL Nominee Limited	New Zealand	100	-
NZX Executive Share Plan Nominees Limited	New Zealand	100	100
NZ Fox Limited	New Zealand	100	100
Time Zone One Limited	New Zealand	100	-
Tane Nominees Limited	New Zealand	100	100

SUBSIDIARIES OF PARENT

Name of entity	Goodwill		Indefinite life intangibles		Carrying values	
	2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000
Subsidiaries						
NZX Agri-Fax Limited	390	965	-	-	1,240	2,165
FundSource Limited	323	323	-	-	922	922
Smartshares Limited	-	-	2,344	2,344	4,000	4,000
Dairy Week Limited	279	-	-	-	848	-
NZX Newsroom Limited	85	232	-	-	903	1,182
TZ1 Limited	-	-	50	-	2,043	2,043
NZX Holding No. 4 Limited	-	-	-	-	1,826	-
Total	**1,077**	**1,520**	**2,394**	**2,344**	**11,782**	**10,312**

Impairment testing of investments including indefinite life intangibles was based on an earnings-to-carrying-value basis for each cash generating unit. The analysis of these carrying values identified that carrying values at a Group level were fair, however at Parent level the carrying values for NZX Agri-Fax Limited and NZX Newsroom Limited were reduced by $350,000 and $132,000 respectively (2007: nil). These carrying value charges were allocated fully to the investment in the Parent (see note 5).

26. Acquisition of businesses and investments

Name business	Proportion of shares acquired (%)	Principal activity	Date of acquisition	Cost of acquisition $000
2008				
Dairy Week Limited	100	Data Sales	4 April 2008	848
BESA	22	Exchange	30 September 2008	5,578
NZX ProFarmer Australia Pty Limited	100	Data Sales	31 October 2008	3,998
2007				
NZX Newsroom Limited	100	Data Sales	31 May 2007	1,181
Appello Services Limited	30	Funds Management Services	30 November 2007	650

On 4 April 2008 the Group acquired the business and assets of Dairy Week Limited for $848,000. Dairy Week provides a comprehensive weekly news bulletin report on the New Zealand and Australian dairy industries, in addition to a bi-annual report on the farmgate milk price in Australia.

On 30 September 2008 the Group acquired a 22% shareholding in Bond Exchange of South Africa.

On 31 October 2008 the Group acquired NZX ProFarmer Australia Pty Limited. NZX ProFarmer Australia Pty Limited provides agricultural news, commodity market information and strategic grain market analysis, to customers via weekly newsletters, market price updates and specialist reports.

Asset	Dairy Week Limited	BESA (22%)	NZX ProFarmer Australia Pty Limited
	Fair Value on aquisition $000	Fair Value on aquisition $000	Fair Value on aquisition $000
Cash	-	3,285	-
Fixed assets	-	223	13
Intangibles	569	-	986
Goodwill	279	2,070	2,999
Total	**848**	**5,578**	**3,998**

Goodwill is included in the carrying value of the associates.

FULL YEAR PERFORMANCE OF ACQUIRED INVESTMENTS

	Dairy Week Limited	NZX ProFarmer Australia Pty Limited
	$000	$000
Revenue	332	163
Contribution to Group Net profit/(loss) after tex	109	17

The full year contribution of Dairy Week Limited and NZX ProFarmer Australia Pty Limited to the Group financial statements does not include any earnings prior to acquisition on the basis that the assets for these businesses were purchased and are held in newly established companies. As such, the full year performance is only the period since NZX acquired each business's assets.

27. Related party disclosures

RELATED PARTIES

RELATED PARTY CATEGORIES

A. **Equity interests in related parties**

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 25 to the financial statements.

Equity interests in associates

Details of interests in associates are disclosed in note 12 to the financial statements.

B. **Transactions with related parties**

Transactions involving the parent entity

Amounts receivable from and payable to related parties at balance date are disclosed below.

27. Related party disclosures CONTINUED

Related Parties	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	2008 $000	2008 $000	2008 $000	2008 $000
Parent				
NZX Limited	1,651	123	4,075	1,415
Subsidiaries				
Smartshares Limited	-	414	-	97
TZ1 Limited	-	105	-	458
NZX Agri-Fax Limited	-	-	534	-
Dairy Week Limited	-	-	262	-
FundSource Limited	8	-	390	-
NZX Holding No. 4 Limited	-	-	1,693	-
NZX Newsroom Limited	-	-	219	-
NZX ProFarmer Australia Pty Limited	-	-	-	1,693
Tane Nominees Limited	-	-	-	2,856
Associates				
LINK Market Services (NZ) Limited	319	109	40	-
Appello Services Limited	-	-	-	2
AXE ECN Pty Limited	51	1,278	-	656
BESA	-	-	-	36

Related Parties	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	2007 $000	2007 $000	2007 $000	2007 $000
Parent				
NZX Limited	1,825	86	4,186	232
Subsidiaries				
Smartshares Limited	-	307	-	715
NZX Agri-Fax Limited	-	-	229	-
FundSource Limited	13	-	2	53
NZX Newsroom Limited	-	-	-	13
Tane Nominees Limited	-	-	-	3,329
Associates				
LINK Market Services (NZ) Limited	192	118	25	22
AXE ECN Pty Limited	-	1,519	-	78

During the period, NZX's subsidiary Smartshares Limited managed the NZX MidCap Index Fund (SmartMIDZ), NZX Australian MidCap Index Fund (SmartMOZY), NZX 10 Fund (SmartTENZ), NZX 50 Portfolio Index Fund (SmartFONZ) and NZX Australian 20 Leaders Index Fund (SmartOZZY). At 31 December 2008, Smartshares Limited had an intercompany debt with NZX of $32,011 (2007: $676,595).

No amounts owed by related parties have been written off or forgiven during the period, and no provision has been made for bad debts with related parties, as all amounts are expected to be settled. If an Australian market licence is not granted, a review of AXE ECN Pty Limited's ability to settle the outstanding $655,694 will be made.

28. Notes to the cash flow statement

A. RECONCILIATION OF CASH AND CASH EQUIVALENTS

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 overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the Balance Sheet as follows:

			Group		Parent	
	Interest rates	Maturities	2008 $000	2007 $000	2008 $000	2007 $000
Cash at bank	0%—5.0%	Call	5,774	6,976	2,970	4,772
Bank deposits	5.45%	30 Days	2,500	6,000	2,500	6,000
			8,274	**12,976**	**5,470**	**10,772**

B. RECONCILIATION OF PROFIT FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES

		Group		Parent	
	Note	2008 $000	2007 $000	2008 $000	2007 $000
Profit after tax for the period		10,182	8,714	11,485	8,818
Loss/(gain) on revaluation of fair value through profit or loss financial assets	2	-	3	-	3
Share of associates' profit (less dividends)		786	562	-	-
Depreciation and amortisation of non-current assets	6	1,549	1,052	990	874
Loss on disposal of fixed assets		-	59	-	-
		12,517	**10,390**	**12,475**	**9,695**
Impairment of non-current assets		-	-	482	-
(Increase)/decrease in current tax balances		1,185	(1,111)	1,854	(968)
(Increase)/decrease in deferred tax balances		259	312	316	279
(Increase)/decrease in current receivables		500	1,361	(1,498)	2,424
		14,461	**10,952**	**13,629**	**11,430**
Increase/(decrease) in current payables		156	4,451	(3,698)	5,190
Current provisions		14,617	15,403	9,931	16,620
Non-operating payables		1,027	(1,027)	1,027	(1,027)
Non-operating provisions		(1,039)	(1,221)	2,528	(2,472)
Other non-operating liabilities		(12)	(2,248)	3,555	(3,499)
Net cash from operating activities		14,605	13,155	13,486	13,121

29. Financial instruments

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Board of NZX reviews the capital structure on a semi-annual basis. As a part of this review the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1(C) to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

FOREIGN CURRENCY RISK MANAGEMENT

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. The foreign currencies in which transactions are primarily denominated are United States Dollars (USD) (market information sales and IT infrastructure purchases), and Australian Dollars (AUD) (market information sales and IT operating costs). With the shareholding in the AXE ECN in Australia and BESA in South Africa there is translation exposure to AUD and South African Rand (ZAR) for investments respectively. Exchange rate exposures are managed within approved policy parameters.

NZX utilises natural hedges from receipts of sales to offset purchases denominated in foreign currencies matching maturities. The Treasury committee meets monthly to determine forward exposures, and considers these in line with internal policies and procedures, and where appropriate enters forward exchange agreements to keep any exposure to an acceptable level. Monetary assets and liabilities are also considered by the Treasury committee and are kept to an acceptable level by buying or selling foreign currencies at the spot rate.

INTEREST RATE RISK

NZX is exposed to interest rate risk in that future interest rate movements will affect cash flows and the market value of fixed interest and other investment assets. NZX currently does not use any derivative products to manage interest rate risk.

INTEREST RATE RISK SENSITIVITY ANALYSIS

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Effect on interest income:				
1% increase in interest rate	83	130	55	108
1% decrease in interest rate	(83)	(130)	(55)	(108)

29. Financial instruments CONTINUED

CREDIT RISK

The maximum credit risk associated with the financial instruments held by NZX is considered to be the value reflected in the Balance Sheet. The risk of non-recovery of these amounts is considered to be minimal.

NZX does not require collateral or other security to support financial instruments with credit risk.

Concentrations of credit risk arise where NZX is exposed to the risk that a party may fail to discharge an obligation in the normal course of business. NZX Treasury policy is to limit the exposure to counterparties to $10 million for registered banks and to $3 million for other institutions with a minimum credit rating of A-.

The carrying amount of financial assets represents the Group's maximum credit exposure. The status of trade receivables at the reporting date is as follows:

	Group		Parent	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Not past due	2,040	2,562	1,660	2,200
Past due 0—30 days	503	727	535	520
Past due > 31 days	2,063	645	2,142	582
Total	**4,606**	**3,934**	**4,337**	**3,302**

The Past due > 31 days balance at 31 December 2008 for the Parent includes $687,000 owed by one large customer which has been repaid subsequent to balance date, and includes $603,000 due from related parties.

In summary, trade receivables are determined to be impaired as follows:

	Group		Parent	
	2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
Gross trade receivables	4,606	3,934	4,337	3,302
Individual impairment	-	-	-	-
Collective impairment	(70)	(18)	(58)	(8)
Trade receivables net	**4,536**	**3,916**	**4,279**	**3,294**

LIQUIDITY RISK MANAGEMENT

The Group entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

FINANCIAL INSTRUMENTS

AS AT 31 DECEMBER 2008

Financial instruments	Note	Loans & receivables	Amortised cost	Total Carrying value	Fair value
Assets					
Cash and cash equivalents	28(a)	8,274	-	8,274	8,274
Receivables and prepayments	11	5,659	-	5,659	5,659
Other financial assets		653	-	653	653
Total		**14,586**	**-**	**14,586**	**14,586**
Liabilities					
Current tax payable/(receivable)	8	-	331	331	331
Trade payables	16	-	2,943	2,943	2,943
Other liabilities	17	-	8,916	8,916	8,916
Total		**-**	**12,190**	**12,190**	**12,190**

AS AT 31 DECEMBER 2007

Financial instruments	Note	Loans & receivables	Amortised cost	Total Carrying value	Fair value
Assets					
Cash and cash equivalents	28(a)	12,976	-	12,976	12,976
Receivables and prepayments	11	6,159	-	6,159	6,159
Other financial assets		533	-	533	533
Current tax receivable/(payable)	8	854	-	854	854
Total		**20,522**	**-**	**20,522**	**20,522**
Liabilities					
Trade payables	16	-	5,075	5,075	5,075
Other liabilities	17	-	6,628	6,628	6,628
Total		**-**	**11,703**	**11,703**	**11,703**

30. Segmented reporting

NZX has elected to early adopt NZ IFRS 8: Operating Segments, NZX has determined that there is only one segment being operation of the registered exchange and data business.

31. Subsequent events

The Johannesburg Stock Exchange has made an offer to purchase all the shares of Bond Exchange of South Africa (BESA) at 125 Rand per share. The offer is subject to South African regulatory approval. It is expected that the outcome of the approval process will be known in the second quarter of 2009. On 6 February 2009, NZX irrevocably agreed to accept the offer at 125 Rand per share (subject to regulatory approval), which represents a 71% premium over the 73.17 Rand per share that NZX paid on 3 October 2008. If regulatory approval is granted NZX will realise an approximate gain on sale of $4m (dependant on exchange rates at the time of disposal).

NZX has entered into advanced discussions to sell all the shares in TZ1 Limited to Markit, a global financial information services company headquartered in the UK. The transaction has three key components:

- First, NZX will sell to Markit 100% of the shares in TZ1 for consideration consisting of Markit shares to the value of USD 35.591 million (NZD $66.55 million at NZD/USD cross rate of 53.48 cents).
- Second, for the next three years, NZX and Markit will share equally in TZ1 Registry net profits after tax and capital expenditure. Any losses will be borne by Markit.
- Third, NZX will retain an economic interest in the success of TZ1 Registry until the end of 2011. At this time the transaction will be completed with a capped earn-up or earn-down payment. The payment will be determined based on TZ1's EBITDA performance graded against TZ1's own baseline plan. If TZ1 meets its baseline target exactly in 2011 there will be no payment. For out-performance NZX will receive additional payment from Markit, capped at USD $17 million. In the event of under-performance against the base case, NZX will return Markit shares to a maximum that would leave NZX with a residual value of USD $19.95 million.

The transaction is subject to bilateral due diligence and relevant board approvals.

AUDIT REPORT

To the shareholders of NZX Limited

We have audited the financial statements on pages 21 to 69. The financial statements provide information about the past financial performance and financial position of the company and group as at 31 December 2008. This information is stated in accordance with the accounting policies set out on pages 25 to 31.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 31 December 2008 and the results of their operations and cash flows for the year ended on that date.

Auditors' responsibilities

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

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

• the significant estimates and judgements made by the Directors in the preparation of the financial statements;
• whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm has also provided other services to the company and certain of its subsidiaries in relation to other audit services and regulatory assistance. 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 or any of its subsidiaries.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

• proper accounting records have been kept by the company and its subsidiares as far as appears from our examination of those records;
• the financial statements on pages 21 to 69:
a) comply with New Zealand generally accepted accounting practice;
b) give a true and fair view of the financial position of the company and group as at 31 December 2008 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 22 February 2009 and our unqualified opinion is expressed as at that date.

KPMG

Wellingtton

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

1. Business Operations

There have been no changes in the core business undertakings of the Company or its subsidiaries and associates during the year. However, the Company has invested in several additional businesses:

- The Bond Exchange of South Africa (BESA) – NZX acquired a 22% stake in BESA, and has subsequently agreed to sell its shareholding to the Johannesburg Stock Exchange pursuant to a scheme of arrangement. This scheme is currently awaiting South African regulatory approval.
- NZX ProFarmer Australia Pty Limited – an Australian wholly owned subsidiary specialising in grain and other agricultural data.
- Dairy Week Limited – a wholly owned subsidiary providing a weekly agricultural news abstract focussing on the Australian and New Zealand dairy markets.

Additionally the Company has:

- Grown the TZ1 business, and has, subsequent to the date of this Annual Report, agreed to sell the TZ1 Registry business to the UK-based firm Markit; and
- Progressed towards completion of the new clearing and settlement infrastructure platform which will provide a central counter-party Clearing House.

2. Interests Register

The Group is required to maintain an Interests Register in which particulars of certain transactions and matters involving the Directors must be recorded. No matters were recorded in the Interests Register in 2008.

3. Directors' Interests

The Directors have declared interests in the entities listed below. Where an (R) is included next to the entity, the Director has ceased their interest during the past year.

Director	Interest	Entity
A. W. Harmos*	Director	Harmos Horton Lusk Limited
	Director	Wesfield New Zealand Group of companies, including subsidiary companies
	Director	Elevation Capital Management Limited
N. Paviour-Smith	Director	Forsyth Barr Group Limited & Associated Companies
	Director	Forsyth Barr Limited
	Director	Leveraged Equities Finance Limited
	Director	NZX Executive Share Plan Nominees Limited (R)
	Director	NZX GL Nominee Ltd
N. Williams	Director	Airlie Investments Limited (R)
	Director	Alos Holdings Limited (R)
	Director	ANZ Capital NZ Limited (R)
	Director	ANZ Securities (NZ) Limited (R)
	Director	ANZMAC Securities (NZ) Nominees Limited (R)
	Director	Arawata Capital Limited (R)
	Director	Arawata Trust Company (R)
	Director	Arawata Finance Limited (R)
	Director	Arawata Holdings Limited (R)
	Director	Arawata Securities Limited (R)
	Director	Arawata Funding Limited (R)
	Director	AUT Business School Advisory Board (R)
	Director	BHI Limited (R)
	Director	Control Nominees Limited (R)
	Director	Cortland Finance Limited (R)
	Director	Culver Finance Limited (R)
	Chairman	City Art Gallery Foundation (R)
	Director	Endeavour Finance Limited (R)
	Director	Endeavour Securities Limited (R)
	Director	Harcourt Corporation Limited (R)
	Director	Harcourt Investments Limited
	Director	Interchange & Settlement Limited (R)

Director	Interest	Entity
	Director	NBNZ Finance Limited (R)
	Director	Rural Growth Fund Limited (R)
	Director	Samson Funding Limited (R)
	Director	Sefton Finance Limited (R)
	Director	Trillium Holdings Limited (R)
	Director	Tui Endeavour Limited (R)
	Director	Tui Securities Limited (R)
H. van der Heyden	Director	Fonterra Co-operative Group Limited
	Director	King St Advertising Limited
	Director	Elevation Capital Management Limited
	Director	Independent Egg Producers Co-Op Limited
	Trustee	Asia : NZ Foundation
	Member	Rabobank ANZ Food & Agribusiness Advisory Board
	Director	Manuka S.A
C. J. D. Moller	Director	National Foods Limited
	Director	Synlait Limited
	Director	Rugby New Zealand 2011 Limited
	Director	New Zealand Cricket (Inc)
	Director	SKYCITY Entertainment Group Limited
	Trustee	Victoria University of Wellington Foundation
M. R. Weldon	Chairman	Link Market Services Limited (R)
	Director	Smartshares Limited
	Director	NZX Agri-Fax Limited
	Director	NZ Fox Limited
	Director	AXE ECN Pty Limited
	Member	University of Auckland School of Business Advisory Board
	Director	TZ1 Limited
S. C. Allen*	Director	ABN AMRO Group Companies in New Zealand

Notes to the tables in sections 3, 5 and 9:
* A W Harmos became Chairman of the Board on 4 September 2008, following the resignation of S C Allen as Chairman and a Director on the same date. In this Statutory Information section all references to A W Harmos and S C Allen are marked with an asterix to alert the reader to the change in composition of the Board that occurred on 4 September 2008.

4. Information used by Directors

There were no notices from Directors of the Company requesting to disclose or use Company information received in their capacity as Directors which would not otherwise have been available to them.

5. Directors holding office and their Remuneration

The Directors holding office during the year are listed below. The total amount of the remuneration and other benefits received by each Director during the year, and responsibility held, is listed next to their names.

Directors	Remuneration	Special Responsibility
A W Harmos*	$66,098	Chairman and Independent Director
N Paviour-Smith	$50,000	Independent Director
N Williams	$50,000	Independent Director
H van der Heyden	$50,000	Independent Director
C J D Moller	$31,250	Independent Director
M R Weldon**	$895,566	CEO
S C Allen*	$67,663	Chairman and Independent Director

Note: disclosed in accordance with NZIFRS requirements
** See the footnote to Section 9 on the CEO share scheme.

6. Indemnification and Insurance of Directors and Officers

During the year, the Company paid insurance premiums in respect of Directors' and Officers' liability insurance. The policies do not specify the premium for individuals.

This insurance provides cover against costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company or a related body corporate) incurred in their position as Director or Officer unless the conduct involves a willful breach of duty or an improper use of inside information or position to gain advantage.

7. Subsidiary Companies Directors

The remuneration of employees acting as Directors of subsidiaries is disclosed in the relevant banding of remuneration set out under Employee Remuneration. As a general position, NZX employees did not receive additional remuneration for acting as Directors during the year.

The following persons held offices as directors of subsidiary companies at the end of the year. Those persons with an (R) after their name ceased to hold office during the year. For those companies where NZX does not appoint all of the Directors, only those Directors appointed by NZX have been included.

APPELLO SERVICES LIMITED
Elaine Campbell

AXE ECN PTY LIMITED
Mark Weldon
Elaine Campbell

BOND EXCHANGE OF SOUTH AFRICA
Mark Weldon
Geoffrey Brown

DAIRY WEEK LIMITED
Rachael Cross
Shane Noone

FUND SOURCE LIMITED
Geoffrey Brown
Columba Cryan

LINK MARKET SERVICES (NZ) LIMITED
Mark Weldon (R)
Saki Hannah
Shane Noone

MANDELA INVESTMENTS LIMITED
Mark Weldon

MXF NOMINEES LIMITED
Rowan Macrae

NEW ZEALAND CLEARING AND DEPOSITORY LIMITED
Simon Smith

NEW ZEALAND CLEARING LIMITED
Simon Smith

NEW ZEALAND DEPOSITORY LIMITED
Simon Smith

NEW ZEALAND EXCHANGE LIMITED
Mark Weldon

NZ FOX LIMITED
Mark Weldon
Elaine Campbell (R)

NZX AGRI-FAX LIMITED
Mark Weldon
Rachael Cross

NZX EXECUTIVE SHARE PLAN NOMINEES LIMITED
Mark Reese
Simon Allen (R)
Neil Paviour-Smith (R)

NZX GL NOMINEE LIMITED
Simon Allen (R)
Neil Paviour-Smith

NZX HOLDING NO. 3 LIMITED
Elaine Campbell (R)
Saki Hannah (R)
Stuart Turner (R)
Geoffrey Brown
Mark Weldon

NZX HOLDING NO.4 LIMITED
Rachael Cross
Shane Noone

NEW ZEALAND DEPOSITORY NOMINEE LIMITED
Simon Smith

NZX INCOGNITO LIMITED
Geoffrey Brown

NZX NEWSROOM LIMITED
Rowan Macrae
Columba Cryan

NZX PROFARMER AUSTRALIA PTY LIMITED
Rachael Cross
Mark Weldon
Richard Koch

SMARTSHARES LIMITED
Mark Weldon
Geoffrey Brown
Elaine Campbell
Don Trow (R)

Don Trow was paid Director fees of $9,375 in relation to this Directorship.

TANE NOMINEES LIMITED
Elaine Campbell (R)
Rowan Macrae

TIME ZONE ONE LIMITED
Mark Weldon

TZ1 LIMITED
Mark Weldon

8. Employee Remuneration

During the year a number of employees or former employees (excluding Directors) received remuneration and other benefits, including non-cash benefits and NZX shares in accordance with NZX Share Plans, in their capacity as employees of the Company. The value that exceeded $100,000 per annum were as follows:

Remuneration Ranges	Employee
100,000—109,999	4
110,000—119,999	0
120,000—129,999	3
130,000—139,999	2
140,000—149,999	3
150,000—159,999	0
160,000—169,999	1
170,000—179,999	2
180,000—189,999	2
220,000—229,999	1
270,000—279,999	1
320,000—329,999	1
350,000—359,999	1

9. Director Transactions in Securities of the Parent Company

Director	Date	No. of securities acquired/ (disposed)	Securities held Non-Beneficial as at 31 December 2008	Securities held Beneficial as at 31 December 2008
A W Harmos*				37,059
N Paviour-Smith				46,174
N Williams				17,789
H van der Heyden				-
M R Weldon				1,601,789[1]
C J D Moller				-

10. Auditors

The auditor of the parent company and group is KPMG. They provide audit and other services for which they are remunerated.

	Parent $000	Group $000
Audit of the financial statements	59	89
Other audit related fees	-	15
Non-audit services	-	18
Total	**59**	**122**

[1] 1,252,132 shares held through a private nominee company and 349,657 CEO Share Scheme shares. Note that in relation to the Scheme Shares (as reflected in the 31 December 2008 Financial Statements) the Board has determined not to account for any cost of this scheme at this time. Accordingly the cost to NZX and value to the CEO is nil.

11. Top 20 Security Holders

The following table shows the names and holdings of the 20 largest holdings of securities in the Company as at 1 February 2009.

	Shares Held	%
ASB Nominees Limited	1,252,132	5.08
Forsyth Barr Custodians Limited	1,187,771	4.82
Nigel Babbage	1,000,000	4.06
TEA Custodians Limited	935,998	3.80
Custodial Services Limited	831,265	3.37
Masfen Securities Limited	682,128	2.77
David Mitchell Odlin	477,000	1.94
New Zealand Superannuation	464,314	1.88
Premier Nominees Limited	417,429	1.69
Tane Nominees Limited	349,657	1.42
Accident Compensation Corporation Limited	345,413	1.40
Custodial Services Limited	319,773	1.30
Asteron Life Limited	317,833	1.29
TEA Custodians Limited	273,336	1.11
Hedged Custodians Limited	205,113	0.83
ASB Nominees Limited	201,109	0.82
Michael Walter Daniel	200,000	0.81
FNZ Custodians Limited	142,136	0.58
Forsyth Barr Custodians Limited	140,608	0.57
ASB Nominees Limited	132,497	0.54
Total Top 20	**9,875,512**	**40.09**

12. Spread of ordinary shareholders as at 1 February 2009

Size of Holding	Shareholders		Shares	
	Number	%	Number	%
1 to 1,000	981	40.34	607,942	2.47
1,001 to 5,000	1,055	43.38	2,432,406	9.87
5,001 to 10,000	201	8.26	1,405,128	5.70
10,001 to 20,000	90	3.70	1,293,704	5.25
20,001 to 30,000	26	1.07	629,733	2.56
30,001 to 40,000	30	1.23	1,044,206	4.24
40,001 to 50,000	8	0.33	367,218	1.49
50,001 and over	41	1.69	16,851,830	68.41
Total	**2,432**	**100.00**	**24,632,167**	**100.00**

Domicile of Holders	Shareholders		Shares	
	Number	%	Number	%
New Zealand	2,374	97.62	24,383,916	98.99
Australia	40	1.64	163,349	0.66
Other	18	0.74	84,902	0.34
Total	**2,432**	**100.00**	**24,632,167**	**100.00**

13. Substantial Security Holders

The following information is given pursuant to section 35F of the Securities Markets Act 1988. According to the file kept by the Company under section 35C of the Securities Markets Act 1988 the following were substantial holders in the Company as at 31 December 2008. The total number of voting securities on issue as at 1 February 2009 was 24,820,580 comprising 24,632,167 ordinary shares and 188,413 Staff Shares and Treasury Stock.

	Relevant Interest	%
Fisher Funds Management Limited	1,963,157	7.98
ING NZ Limited	1,797,725	7.305
M R Weldon	1,601,789	6.51
Forsyth Barr Exchange Holdings Limited	1,266,636	5.15

14. Waivers from the Listing Rules and Independent Director Certificates

The following waiver was granted in 2007 and was relied upon in the year ending 31 December 2008:

- A waiver from the application of Listing Rule 7.6.6A to exempt the financial assistance provided under the Scheme from being completed within 12 months of the resolution to implement the CEO Scheme being passed.

The following waivers were granted to NZX and the following Directors' certificates given by NZX in 2008:

- A waiver from the application of Listing Rule 7.6.1 to allow NZX to redeem it own shares where, under the terms of the Senior Executive Share Scheme require it is obliged or entitled to do so.
- The NZX Independent Directors' have provided the Special Division with a Directors' Certificate dated 2 December 2008 under Listing Rule 9.2.4(b) in relation to an increase in the remuneration of the NZX CEO. The certificate stated that:

  "The first review, effective 1 January 2008, will represent adjustments for CPI movements in calendar 2006 and 2007. These were 2.6% and 3.2% respectively and result in an increase in base salary from $446,250 to $472,504 to be effective from 1 January 2008.

  The Board also notes the impact of the Kiwi Saver Act 2006 and NZX's decision to voluntarily adopt a policy of matching employee contributions up to a maximum of 4% for those who choose to use SmartKiwi as their Kiwisaver scheme provider (as the NZX CEO has done). NZX employer Kiwi Saver contributions will add 4% to the CEO remuneration from 1 November 2008. In applying the salary increase from 1 January 2008 NZX will also provide the appropriate Kiwi Saver contributions applicable, being 1% from 1 January to 31 October 2008 and 4% from 1 November 2008. This is consistent with the Independent Directors' Certificates NZX has previously provided in relation to the Kiwi Saver component.

> The Board, including the CEO, is acutely conscious of the current financial climate and so it is possible that the parties will agree not to proceed with any such increase in the current year. In this event, the Board reserves the right to make a retrospective, CPI-related award to the CEO at the end of 2009, should the Board consider it appropriate".

The Board notes that the NZX CEO has declined the approved CPI increase in salary and the only increase has been in Kiwisaver contribution, which amounted to $5,578.16 during the 2008 year.

The Board also notes that, although all material particulars of the previous increase in the CEO remuneration were included in the 2007 Annual Report, the reference to the Independent Directors' Certificate was not included.

15. Securities Issued by NZX

NZX's ordinary shares are quoted on the NZSX market. Those share scheme shares issued pursuant to the CEO Share Scheme and the Group Leader Share Scheme (implemented in July 2008) have not qualified and are not quoted on any market and will not do so until such time as they vest.

DIRECTORY

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BOARD OF DIRECTORS

Andrew Harmos
Nigel Williams
Neil Paviour-Smith
Henry van der Heyden
Chris Moller
Mark Weldon

SHARE REGISTER

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