NEW ZEALAND EXCHANGE LIMITED

FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2007

New Zealand Exchange Limited
Income Statement
For the six months ended 30 June 2007

		Group			Parent		
	Note	6 months Jun 2007 $000	12 months Dec 2006 $000	6 months Jun 2006 $000	6 months Jun 2007 $000	12 months Dec 2006 $000	6 months Jun 2006 $000
Revenue		15,047	25,085	10,450	13,055	22,400	9,485
Employee and related expenses		(4,716)	(8,025)	(3,907)	(4,130)	(7,220)	(3,590)
Impairment of non-current assets		-	-	-	-	-	-
Other expenses		(3,178)	(6,625)	(3,010)	(2,285)	(5,326)	(2,497)
Profit before interest, income tax, depreciation and amortisation		7,153	10,435	3,533	6,640	9,854	3,398
Depreciation and amortisation expense		(447)	(897)	(449)	(355)	(813)	(437)
Interest revenue/(expense)		(18)	1,117	828	(23)	1,114	827
Share of profits of associates accounted for using the equity method		(158)	(446)	(309)	-	-	-
Profit before income tax expense		6,530	10,209	3,603	6,262	10,155	3,788
Income tax expense		(2,324)	(3,771)	(1,441)	(2160)	(3,514)	(1,389)
Profit for the period attributable to shareholders		4,206	6,438	2,162	4,102	6,641	2,399
Earnings per share							
Diluted		17.75	27.64	9.36			
Undiluted		17.91	28.05	9.54			
Net tangible assets per share		100.9	98.3	137.0			

Profit for the period	4,206	6,438	2,162	4,102	6,641	2,399
Total recognised income and expense for the year attributable to shareholders	4,206	6,438	2,162	4,102	6,641	2,399

Notes to the financial statements are included on pages 5 to 18.

New Zealand Exchange Limited
Balance Sheet
As at 30 June 2007

	Note	Group 6 months Jun 2007 $000	Group 12 months Dec 2006 $000	Group 6 months Jun 2006 $000	Parent 6 months Jun 2007 $000	Parent 12 months Dec 2006 $000	Parent 6 months Jun 2006 $000
Current assets							
Cash and cash equivalents	10(a)	5,087	5,531	22,553	4,483	4,871	20,230
Receivables and prepayments		7,422	7,520	3,168	4,240	6,400	2,504
Other financial assets		381	499	421	903	1,022	1,413
Intercompany receivable		-	-	-	1,239	(97)	-
Total current assets		12,890	13,550	26,142	10,865	12,196	24,147
Non-current assets							
Investments accounted for using the equity method	2	5,829	6,251	2,870	6,726	6,926	3,213
Investments in subsidiaries	9	-	-	-	8,258	6,372	5,200
Property, plant and equipment		4,116	2,234	1,983	4,027	2,133	1,955
Deferred tax assets		749	516	448	751	526	407
Goodwill	3	1,509	714	-	-	-	-
Other financial assets		334	334	-	334	334	-
Other intangible assets	4	6,542	4,171	1,935	2,238	828	689
Total non-current assets		19,079	14,220	7,236	22,334	17,119	11,464
Total assets		31,969	27,770	33,378	33,199	29,315	35,611
Current liabilities							
Trade payables		4,513	3,237	342	4,086	2,916	308
Other liabilities		2,827	4,015	2,217	2,492	3,790	1,867
Current tax payable		851	257	484	782	182	432
Total current liabilities		8,191	7,509	3,043	7,360	6,888	2,607
Total liabilities		8,191	7,509	3,043	7,360	6,888	2,607
Net assets		23,778	20,261	30,335	25,839	22,427	33,004
Equity							
Share capital	5	3,774	3,724	17,948	4,296	4,246	18,940
Retained earnings		20,004	16,537	12,387	21,543	18,181	14,064
Total equity attributable to shareholders		23,778	20,261	30,335	25,839	22,427	33,004

These financial statements were authorized for release on 24 July 2007.

S C Allen
Chairman

N Paviour-Smith
Director

M R Weldon
Chief Executive Officer

Notes to the financial statements are included on pages 5 to 18.

New Zealand Exchange Limited
Cash Flow Statement
For the six months ended 30 June 2007

	Note	Group			Parent		
		6 months Jun 2007 $000	12 months Dec 2006 $000	6 months Jun 2006 $000	6 months Jun 2007 $000	12 months Dec 2006 $000	6 months Jun 2006 $000
Cash flows from operating activities							
Receipts from customers		12,077	22,038	7,562	12,102	19,632	7,135
Interest received		51	1,133	982	46	1,130	811
Payments to suppliers and employees		(6,385)	(13,143)	(6,044)	(6,413)	(10,844)	(5,986)
Income tax paid		-	(3,424)	(800)	(1,785)	(3,294)	(800)
Net cash provided by operating activities		3,778	6,604	1,700	3,950	6,624	1,160
Cash flows from investing activities							
Payment for property, plant and equipment		(430)	(784)	-	(430)	(652)	-
Payment for other assets		-	(3,724)	(203)	-	18	(158)
Payment for investments		(3,102)	120	1,454	(3,218)	(3,137)	1,454
Net cash (used in)/ provided by investing activities		(3,532)	(4,388)	1,251	(3,648)	(3,771)	1,296
Cash flows from financing activities							
Proceeds from issues of shares		50	1,446	1,339	50	977	339
Capital repaid		-	(16,271)	-	-	(16,271)	-
Dividends paid		(740)	(3,505)	(3,382)	(740)	(3,505)	(3,382)
Net cash used in financing activities		(690)	(18,330)	(2,043)	(690)	(18,799)	(3,043)
Net increase in cash and cash equivalents		(444)	(16,114)	908	(388)	(15,946)	(587)
Cash and cash equivalents at the beginning of the financial year		5,531	21,645	21,645	4,871	20,817	20,817
Cash and cash equivalents at the end of the financial year	10(a)	5,087	5,531	22,553	4,483	4,871	20,230

Notes to the financial statements are included on pages 5 to 18.

1. Summary of Accounting Policies

Statement of compliance

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

Interim financial statements for the company and consolidated interim financial statements are presented. The interim consolidated financial statements of NZX Group Ltd as at and for the six months ended 30 June 2007 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

NZX 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; disseminating the information provided to the market by listed issuers and trade related information to the global markets; and supervising the markets upon which these activities occurs. NZX operates high quality markets that are fair, orderly and transparent.

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

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

Compliance with the NZ IFRS ensures that the Group financial statements comply with International Financial Reporting Standards ('IFRS'). The parent entity financial statements and notes also comply with IFRS.

Basis of preparation

All monetary values are NZ$ unless otherwise stated. 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 discussed in note (c).

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.

The Group entity changed its accounting policies on 1 January 2007 to comply with NZ IFRS. The transition to NZ IFRS is accounted for in accordance with NZ IFRS-1: *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards*, with 1 January 2006 as the date of transition. An explanation of how the transition from superseded policies to NZ IFRS has affected the NZX Group's balance sheet, income statement and cash flows is discussed in note 11.

1. Summary of Accounting Policies (cont.)

The accounting policies set out below have been applied in preparing the consolidated interim financial statements for the six months ended 30 June 2007, the comparative information presented in these financial statements for the year ended 31 December 2006 and the six months ended 30 June 2006 and in the preparation of the opening NZ IFRS balance sheet at 1 January 2006 the Group entity's date of transition. 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 report:

(a) Comparative amounts

Comparative figures where necessary have been restated to correspond to the current year classifications. Where NZ IFRS conversions have been made the prior year figures have followed the same accounting policy.

All comparative figures relating to the number of shares have been restated to reflect the capital reconstruction on 21 July 2006.

(b) 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.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group entity in respect of services provided by employees up to reporting date.

(c) Financial assets

Investments are recognised and derecognised on settlement 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.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Parent financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the Group financial statements.

Classification of other financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1. Summary of Accounting Policies (cont.)

Financial assets at fair value through profit or loss
The Group entity from time to time classifies certain shares and bonds as financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are classified as current assets and are stated at fair value, with any resulting gain or loss recognised in the income statement.

Available-for-sale financial assets
Other investments in shares are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measure 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.

(d) 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.

(e) 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 also note 1(f).

(f) Impairment of assets
At each reporting date, the Group entity 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 entity 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.

1. Summary of Accounting Policies (cont.)

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 that 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.

(g) 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 balance sheet 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 relate to 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.

1. Summary of Accounting Policies (cont.)

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.

(h) 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 years.

(i) 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.

(j) Principles of consolidation

The Group financial statements are prepared by combining the financial statements of all the entities that comprise the Group entity, being NZX (the Parent) and its subsidiaries as defined in NZ IAS-27: *Consolidated and Separate Financial Statements*. A list of subsidiaries appears in note 8 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 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 reassessment, 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.

The Group financial statements include the information and results of each subsidiary from the date on which the Parent obtains control and until such time as the Parent 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.

(k) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment 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.

1. Summary of Accounting Policies (cont.)

The following depreciation rates are used in the calculation of depreciation:

- Computer equipment 33.3%
- Furniture and equipment 10%
- Leasehold improvements 20%

(l) 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.

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

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. These are estimates that require management's most difficult, subjective or complex judgements. 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.

(m) 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.

(n) Share-based payments

The Group amortises the fair value on grant date of equity settled share based payment schemes over their vesting period as an employee remuneration expense.

2. Investments accounted for using the equity method

		Ownership interest			Carrying value of asset in Group Accounts		
Name of entity	Country of Incorporation	6 months Jun 2007 %	12 months Dec 2006 %	6 months Jun 2006 %	6 months Jun 2007 %	12 months Dec 2006 %	6 months Jun 2006 %
Associates							
AXE ECN Pty Limited	Australia	50	50	-	1,154	1,388	-
Link Market Services	New Zealand	50	50	50	4,675	4,863	2,870

Contingent liabilities and capital commitments

The consolidated entity's share of the capital commitments, and other expenditure of associates is disclosed in note 7.

3. Goodwill

	Group			Parent		
	6 months Jun 2007 $000	12 months Dec 2006 $000	6 months Jun 2006 $000	6 months Jun 2007 $000	12 months Dec 2006 $000	6 months Jun 2006 $000
Gross carrying amount						
Balance at beginning of the year	714	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-
Goodwill on acquisition	795	714	-	-	-	-
Balance at end of the year	1,509	714	-	-	-	-
Accumulated impairment losses						
Balance at beginning of the year	-	-	-	-	-	-
Impairment loss for the year	-	-	-	-	-	-
Amortisation expenses for the year	-	-	-	-	-	-
Balance at end of the year	-	-		-	-	-
Net book value						
At the beginning of the year	714	-	-	-	-	-
At the end of the year	1,509	714	-	-	-	-

4. Other intangible assets

	Group $000	Parent $000
Gross carrying amount		
Balance at 1 January 2006	4,474	3,946
Additions	1,199	481
Impairment of intangibles	(830)	(830)
Balance at 30 June 2006	4,843	3,597
Additions	2,263	166
Balance at 31 December 2006	7,106	3,763
Additions	2,495	1,534
Balance at 30 June 2007	9,601	5,297
Accumulated amortisation and impairment		
Balance at 1 January 2006	3,137	3,137
Impairment Loss	(544)	(544)
Amortisation expense	315	315
Balance at 30 June 2006	2,908	2,908
Amortisation expense	27	27
Balance at 31 December 2006	2,935	2,935
Amortisation expense	124	124
Balance at 30 June 2007	3,059	3,059
Net book value		
As at 30 June 2006	1,935	689
As at 31 December 2006	4,171	828
As at 30 June 2007	6,542	2,238

Amortisation expense is included in the line item 'depreciation and amortisation expense' in the income statement.

5. Share capital

	Group			Parent		
	6 months Jun 2007 $000	12 months Dec 2006 $000	6 months Jun 2006 $000	6 months Jun 2007 $000	12 months Dec 2006 $000	6 months Jun 2006 $000
Fully paid ordinary shares	3,774	3,724	17,948	4,296	4,246	18,940
	3,774	3,724	17,948	4,296	4,246	18,940
Fully paid ordinary shares						
Balance at the beginning of the year	23,291	22,547	22,547	23,513	22,990	22,990
Issue of ordinary shares	524	744	153	528	523	153
Balance at end of year	23,815	23,291	22,699	24,041	23,513	23,143

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

As at 30 June 2007 there were 24,040,592 ordinary shares issued and fully paid (Dec 2006: 23,512,777, Jun 2006: 23,143,258).

6. Dividends

	6 months Jun 2007		12 months Dec 2006		6 months Jun 2006	
	Cents per share	Total $000	Cents per share	Total $000	Cents per share	Total $000
Recognised amounts						
Fully paid ordinary shares	0.16	740	0.25	3,505	0.25	3,505

In December 2006 NZX gave shareholders the option of receiving one bonus share for every 60.73 shares held at a strike price of $9.72 or a dividend payment of $0.16 fully imputed per share. A total of 85 holders with a combined shareholding of 4,611,444 shares opted for the dividend payment. Payment of this dividend occurred on 31 May 2007.

7. Commitments for expenditure

	Group			Parent		
	6 months Jun 2007 $000	12 months Dec 2006 $000	6 months Jun 2006 $000	6 months Jun 2007 $000	12 months Dec 2006 $000	6 months Jun 2006 $000
Capital expenditure commitments:						
Trayport Limited contract	3,000	3,000	-	3,000	3,000	-

8. Subsidiaries

Name of entity	Country of Incorporation	Ownership interest and voting rights		
		6 months Jun 2007 %	12 months Dec 2006 %	6 months Jun 2006 %
Subsidiaries				
Agrifax Limited	New Zealand	100	100	100
FundSource Limited	New Zealand	100	100	-
Smartshares Limited	New Zealand	100	100	100
Mandela Investments	New Zealand	100	100	-
NZX Executive Share Plan Nominees Limited	New Zealand	100	100	100
NZ Fox Limited	New Zealand	100	100	100
NZX Newsroom Limited	New Zealand	100	-	-
Tane Nominees Limited	New Zealand	100	100	100

9. Acquisition of businesses

Name business acquired	Principal activity	Date of acquisition
June 2007		
NZX Newsroom Limited	Data Sales	31 May 2007
December 2006		
FundSource Limited	Data & Research	30 September 2006
June 2006		
Agri-Fax Limited	Data Sales	1 April 2006

NZX has acquired 100% of the business assets of the above businesses.

10. 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		
	6 months Jun 2007 $000	12 months Dec 2006 $000	6 months Jun 2006 $000	6 months Jun 2007 $000	12 months Dec 2006 $000	6 months Jun 2006 $000
Cash at bank	3,337	1,893	2,858	2,733	1,233	535
Bank deposits - at call	1,750	3,638	14,100	1,750	3,638	14,100
Investment Bonds	-	-	5,595	-	-	5,595
Total Cash & Cash Equivalents	5,087	5,531	22,553	4,483	4,871	20,230

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

Profit after tax for the period	4,206	6,438	2,162	4,102	6,641	2,399
(Gain)/loss on investments	3	(59)	(16)	3	(59)	(16)
Share of associates' profit (less dividends)	157	446	309	-	-	-
Depreciation and amortisation of non-current assets	447	897	449	355	813	437
	4,813	7,722	2,904	4,460	7,395	2,820
Impairment of non-current assets		264	264		264	264
Increase/(decrease) in current tax balances	594	411	46	600	336	-
Increase/(decrease) in deferred tax balances	(233)	(65)	599	(225)	(116)	612
Current receivables	216	(4,104)	46	2,279	(3,490)	168
Current payables	(1,612)	2,376	(2,159)	(3,164)	2,235	(2,704)
Net cash from operating activities	3,778	6,604	1,700	3,950	6,624	1,160

11. Impacts of the adoption of New Zealand Equivalents to International Financial Reporting Standards

The Group entity changed its accounting policies on 1 January 2007 to comply with NZ IFRS. The transition to NZ IFRS is accounted for in accordance with NZ IFRS-1: *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards*, with 1 January 2006 as the date of transition.

An explanation of how the transition from superseded policies to NZ IFRS has affected the NZX and NZX Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Effect of NZ IFRS on the Balance Sheet as at 1 January 2006:

	Group			Parent		
	Super-seded policies* $000	Effect of transition to NZ IFRS $000	NZ IFRS $000	Super-seded policies* $000	Effect of transition to NZ IFRS $000	NZ IFRS $000
Current assets						
Cash and cash equivalents	21,645	-	21,645	20,817	-	20,817
Receivables and prepayments	3,416	-	3,416	2,841	-	2,841
Intercompany receivables	-	-	-	70	-	70
Total current assets	25,061	-	25,061	23,728	-	23,728
Non-current assets						
Advances	154	-	154	1,146	-	1,146
Investments accounted for using the equity method	3,179	-	3,179	3,213	306	3,519
Other financial assets	3,580	-	3,580	6,580	-	6,580
Property, plant and equipment	2,453	-	2,453	2,453	-	2,453
Deferred tax assets	438	13	451	397	13	410
Goodwill	808	(808)	-	306	(306)	-
Other intangible assets	-	834	834	-	-	-
Total non-current assets	10,612	39	10,651	14,095	39	14,108
Total assets	35,673	39	35,712	37,823	39	37,836
Current liabilities						
Trade and other payables	4,920	39	4,959	4,612	39	4,651
Current tax payables	(154)	-	(154)	(154)	-	(154)
Total current liabilities	4,766	39	4,805	4,458	39	4,497
Total liabilities	4,766	39	4,805	4,458	39	4,497
Net assets	30,907	-	30,907	33,365	26	33,339
Equity						
Share capital	16,381	920	17,301	17,372	920	18,292
Retained earnings	14,526	(920)	13,606	15,993	(946)	15,047
	30,907	-	30,907	33,365	-	33,339
Total equity attributable to shareholders	30,907	-	30,907	33,365	-	33,339

* Reported financial position for the financial year ended 31 December 2005.

Impacts of the adoption of NZ IFRS (cont.)

Effect of NZ IFRS on the Income Statement for the six months ended 30 June 2006:

	Group			Parent		
	Super-seded policies* $000	Effect of transition to NZ IFRS $000	NZ IFRS $000	Super-seded policies* $000	Effect of transition to NZ IFRS $000	NZ IFRS $000
Revenue	10,450	828	11,278	9,485	827	10,312
Other income (Interest)	828	(828)	-	827	(827)	-
Share of profits of associates accounted for using the equity method	(309)	-	(309)	-	-	-
Employee benefit expense	(3,859)	(48)	(3,907)	(3,542)	(48)	(3,590)
Depreciation and amortisation expense	(482)	33	(449)	(449)	12	(437)
Other expenses	(3,010)	-	(3,010)	(2,497)	-	(2,497)
Profit before income tax expense	3,618	(15)	3,603	4,273	(36)	4,273
Income tax expense	(1,443)	2	(1,441)	(1,391)	2	(1,389)
Profit attributable to shareholders	2,175	(13)	2,162	2,433	(34)	2,399

* Reported financial performance for the six months ended 30 June 2006.

Effect of NZ IFRS on the balance sheet as at 30 June 2006:

	Group			Parent		
	Super-seded policies* $000	Effect of transition to NZ IFRS $000	NZ IFRS $000	Super-seded policies* $000	Effect of transition to NZ IFRS $000	NZ IFRS $000
Current assets						
Cash and cash equivalents	22,553	-	22,553	20,230	-	20,230
Receivables and prepayments	3,168	-	3,168	2,504	-	2,504
Total current assets	25,721	-	25,721	22,734	-	22,734
Non-current assets						
Investments accounted for using the equity method	2,870	-	2,870	3,213	-	3,213
Investments in subsidiaries	-	-	-	5,200	-	5,200
Other financial assets	421	-	421	1,413	-	1,413
Property, plant and equipment	2,184	(201)	1,983	2,156	(201)	1,955
Deferred tax assets	433	15	448	392	15	407
Goodwill	534	(534)	-	-	-	-
Other intangible assets	1,141	794	1,935	476	213	689
Total non-current assets	7,583	74	7,657	12,850	27	12,877
Total assets	33,304	74	33,378	35,584	27	35,611
Current liabilities						
Trade and other payables	342	-	342	308	-	308
Provisions	2,172	45	2,217	1,822	45	1,867
Current tax payable	484	-	484	432	-	432
Total current liabilities	2,998	45	3,043	2,562	45	2,607
Total liabilities	2,998	45	3,043	2,562	45	2,607
Net assets	30,306	29	30,335	33,022	(18)	33,004
Equity						
Share capital	16,986	962	17,948	17,978	962	18,940
Retained earnings	13,320	(933)	12,387	15,044	(980)	14,064
Total equity attributable to shareholders	30,306	29	30,335	33,022	(18)	33,004

* Reported position for the financial six months ended 30 June 2006.

Impacts of the adoption of NZ IFRS (cont.)

Effect of NZ IFRS on the Income Statement for the financial year ended 31 December 2006:

	Group			Parent		
	Superseded policies* $000	Effect of transition to NZ IFRS $000	NZ IFRS $000	Superseded policies* $000	Effect of transition to NZ IFRS $000	NZ IFRS $000
Revenue	25,026	1,176	26,202	22,341	1,173	23,514
Other income (Including Interest)	1,176	(1,176)	-	1,173	(1,173)	-
Share of profits of associates accounted for using the equity method	(446)	-	(446)	-	-	-
Employee benefit expense	(7,916)	(109)	(8,025)	(7,119)	(101)	(7,220)
Depreciation and amortisation expense	(1,033)	136	(897)	(856)	43	(813)
Other expenses	(6,625)	-	(6,625)	(5,326)	-	(5,326)
Profit before income tax expense	10,182	27	10,209	10,213	(58)	10,155
Income tax expense	(3,779)	8	(3,771)	(3,520)	6	(3,514)
Profit attributable to shareholders	6,403	35	6,438	6,693	(52)	6,641

* Reported financial performance for the year ended 31 December 2006.

Effect of NZ IFRS on the balance sheet as at 31 December 2006:

	Group			Parent		
	Superseded policies* $000	Effect of transition to NZ IFRS $000	NZ IFRS $000	Superseded policies* $000	Effect of transition to NZ IFRS $000	NZ IFRS $000
Current assets						
Cash and cash equivalents	5,531	-	5,531	4,871	-	4,871
Receivables and prepayments	7,520	-	7,520	6,400	-	6,400
Total current assets	13,051	-	13,051	11,271	-	11,271
Non-current assets						
Investments accounted for using the equity method	6,251	-	6,251	6,926	-	6,926
Investments in subsidiaries	-	-	-	6,062	310	6,372
Other financial assets	833	-	833	1,356	-	1,356
Property, plant and equipment	2,446	(212)	2,234	2,334	(201)	2,133
Deferred tax assets	495	21	516	507	19	526
Goodwill	2,932	(2,218)	714	304	(304)	-
Other intangible assets	1,579	2,592	4,171	590	238	828
Total non-current assets	14,536	183	14,719	18,079	62	18,141
Total assets	27,587	183	27,770	29,350	62	29,412
Current liabilities						
Trade and other payables	3,237	-	3,237	2,916	-	2,916
Intercompany payable	-	-	-	97	-	97
Provisions	3,950	65	4,015	3,733	57	3,790
Current tax payable	257	-	257	182	-	182
Total current liabilities	7,444	65	7,509	6,928	57	6,985
Total liabilities	7,444	65	7,509	6,928	57	6,985
Net assets	20,143	118	20,261	22,422	5	22,427
Equity						
Share capital	2,721	1,003	3,724	3,243	1,003	4,246
Retained earnings	17,422	(885)	16,537	19,179	(998)	18,181
Total equity attributable to shareholders	20,143	118	20,261	22,422	5	22,427

* Reported position for the financial year ended 31 December 2006.

Impacts of the adoption of NZ IFRS (cont.)

Effect of NZ IFRS on the cash flow statement for the six months ended 30 June 2006 and the year ended 31 December 2006
There are no material differences between the cash flow statement for both these periods presented under NZ IFRS and the cash flow statement presented under the superseded policies.

Notes to the reconciliations of income and equity

a) **Record CEO Share Scheme**
NZX has elected to retrospectively apply NZ IFRS 2 to all employee share schemes. The only scheme that falls under the scope of NZ IFRS 2 is the CEO Share Scheme which has been classified as an equity settled scheme in accordance with the requirements of the standard. The fair value of the Scheme was independently valued by Deloitte for the purpose of reliance at $1,029,149 at its grant date. The adjustment detailed above recognises the portion of this fair value that has been charged to the income statement in previous years.

b) **Employee sick leave provision**
In line with the requirements of NZ IAS 19 a provision has been made for any employees with non-vesting accumulated sick leave.

c) **Deferred taxation**
Under IFRS deferred taxation is provided in full using the liability method on temporary differences between the tax bases of assets and the carrying amounts in the financial statements rather than the comprehensive method.

d) **Reverse amortisation of indefinite life intangibles and goodwill**
Management rights to the three Smartshares funds that have been acquired are considered to be indefinite life intangibles under NZ IAS 38. The above entry reverses accumulated amortisation on these assets. They will be tested for impairment at least annually in accordance with the impairment accounting policy. In addition the amortisation of goodwill in 2006 has been reversed.

16. Additional information

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