NZX LIMITED

2009 HALF YEAR REPORT

NZX HY Result 2009 - Profit of $60m for the first half

07 August 2009 - NZX has released its half year result for 2009 today, showing NPAT of $60.758 million.

The very substantial increase in NPAT, compared with last year's $4.97 million, is largely attributed to the gain on sale from both TZ1 Registry and NZX's ownership share in the Bond Exchange of South Africa (BESA).

NZX CEO Mark Weldon said, "With significant realised gains on strategic investments, the reshaping of the business into energy and agricultural markets, and a solid performance from the securities markets area, we are confident shareholders will be satisfied with these results. This profit figure of $60 million has been achieved via investment of retained earnings and organic investment."

A new EBITDAF line has been added to the results reporting structure as an indicator of underlying performance. EBITDAF of $9.08 million in the first half of 2009 was up 3% on the same period last year. Excluding one-off items EBITDAF would be $10.19 million, up 16% on last year.

One-off expenditure items within this half year result include the NZX Board's decision to account for the long term incentive portion of the CEO and senior management share scheme, expenditure on scoping potential investments NZX has decided not to pursue, costs associated with NZX's capital raising, and one-off costs related to integration of newly acquired businesses. A key investment in the first half was the establishment and staffing of an NZX office in Auckland, focused on the introduction of new futures and commodities products.

"NZX activities are focused across infrastructure, markets and information. We recognise that information, including data generated on markets, indices, analysis, news and opinion, enables markets to develop and grow to their full potential.

"NZX's strategy is building and growing markets. With expertise now applied across the securities, energy and agribusiness sectors, we have built a broader base from which to grow and are positive about future prospects," said Weldon.

This release comprises the following sections:

I. NZX - A reshaped business
II. NZX Half Year Result 2009 - Financial Summary
III. NZX Half Year Result 2009 - Commentary
IV. Outlook
V. Balance Sheet and Capital Management

I. NZX - A reshaped business

NZX has reduced its international position in the first half of 2009, with dispositions of its investments in the Bond Exchange of South Africa (BESA) and TZ1 Registry. At the same time, NZX's domestic footprint has grown with acquisitions in the energy (M-co) and agri-business sectors (Country-wide Publications).

On June 30 this year NZX sold the assets of TZ1 Registry to international financial services company Markit for a net gain of $52.1 million. NZX also sold its 22% shareholding in BESA in June 2009 for $10.2 million, an 83% gain on investment. Alongside these dispositions came the acquisitions of rural information business Country-wide Publications Limited (CPL) and electricity market operator The Marketplace Company Limited (M-co).

NZX will continue to invest in projects with strong strategic fit and good financial growth prospects under a disciplined approach.

II. NZX Half Year Result 2009 - Financial Summary

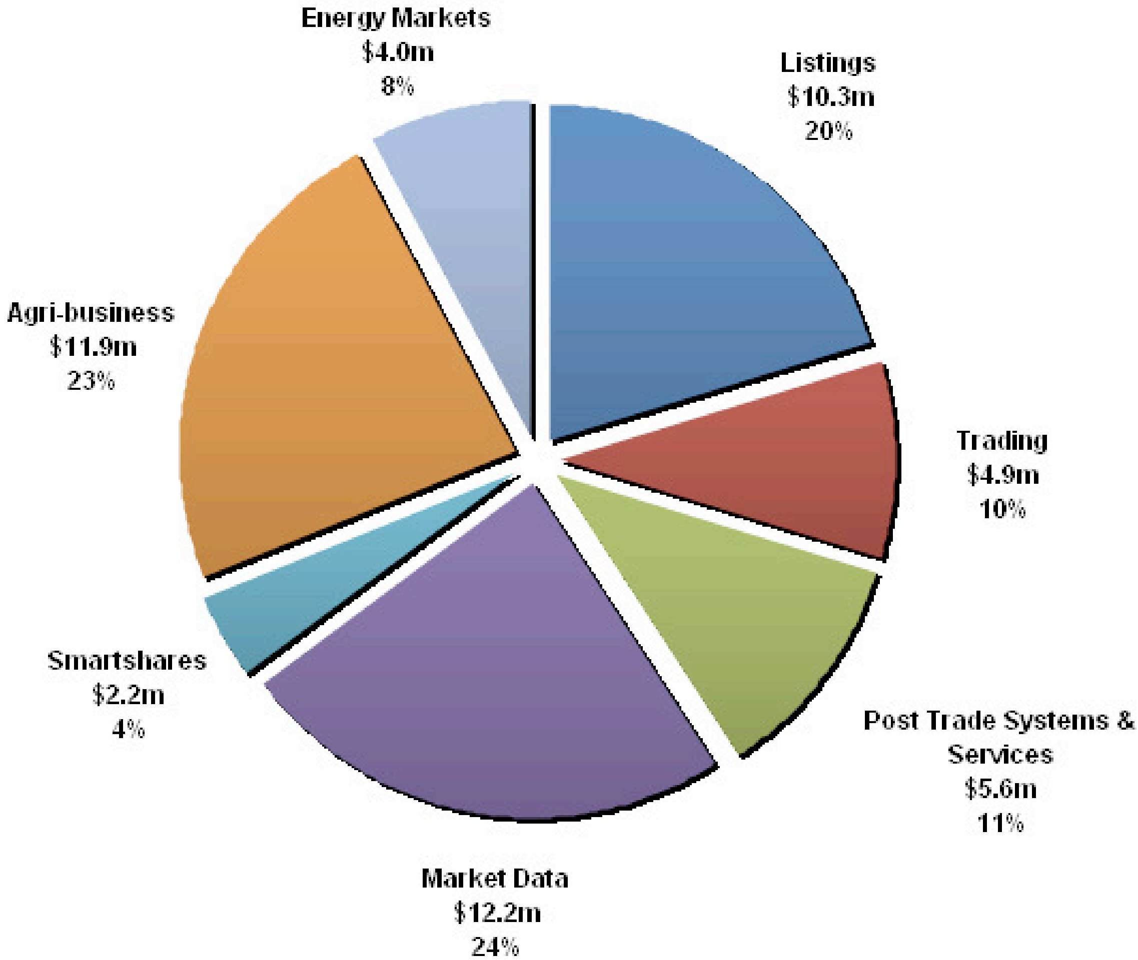
	Half Year 2009	Change pcp
Operating Revenue	$18.627 million	17%
Operating Expenditure	$9.551 million	34%
EBITDAF	$9.076 million	3%
EBITDA	$64.242 million	679%
NPAT	$60.758 million	1,123%

III. NZX Half Year Result 2009 - Commentary

The stand-out figure for the first half is the NPAT figure of $60.758 million. The TZ1 and BESA value realisation events, while recognised in this period's result, reflect investment periods of two and one year respectively. The operating performance in the first half for NZX's 'traditional' businesses has been strong, with a normalised operating profit growth rate of 16%.

Complicating NZX's figures are the inclusion of the NZX Energy Markets business line for one month, NZX Agri-business portfolio for two months, and numerous associated one-off expense items.

To give a sense of the actual relative size of the major revenue lines, the pie chart below annualises NZX's revenues for a full 12 months' operations. This chart is provided for illustrative purposes, and is not a prediction of full year 2009 or any other period's revenues.



The result format reflects the shape of the new overall business, while the previous comparable period numbers in the results table are restated to reflect the current shape of the business. NZX has substantially reduced its reliance on, and susceptibility to, changes in trading conditions and market activity.

Each major line item is discussed below, including a comment on outlook as appropriate.

A. OPERATING REVENUE

1. Listings

Half Year 2009

Listings, across annual, initial and secondary are consolidated into one category which also includes any other revenue related to listings activity.

Listings revenue was up 15% to $5.167 million in 1H 2009. Debt and secondary equity issuance were up at record levels in the first half, with $1.69 billion of equity and $2.87 billion of debt raised in 1H 2009. This total of $4.56 billion capital is more than double the $2.07 billion raised in the first half of 2008. Listings revenue for Q2 exceeded Q1, continuing a strong 2009. Management expects 2H listings revenue to be slightly improved on 1H. reflecting expected continued equity issuance with potential equity IPO activity in Q4.

2. Trading

Half Year 2009

This revenue line captures all revenue associated with trading, and includes trading fees from cash equities (previously disclosed within trading, clearing and settlement fees), and all Participant related fees and charges.

Revenue in trading was $2.44 million, representing an 8% decrease versus the equivalent items in 2008. The key driver of these revenues is average daily trade numbers, which were 2,184 in 1H 2009 compared to 2,344 in the same period last year. For the last two months of the first half, trade numbers were higher than the equivalent months of 2008, and management expects slightly increased trading revenue in the second half as compared with this result, reflecting less uncertainty in global financial conditions.

3. Post Trade Systems and Services

Half Year 2009

Post Trade Systems and Services is a new revenue category. It is comprised of Securities, Clearing and Settlement fees as well as revenue from the post trade systems in energy, in particular the Lines and Reconciliation systems. Also included in this category are any services revenues NZX receives from owned businesses. The fall in this line compared with 1H 2008 is driven by the fact that NZX received services revenue from AXE of almost $1 million in 1H 2008.

Management expects a slightly stronger 2H, reflecting anticipated strength in securities markets volumes, while gas and electricity systems revenue is contracted and will be stable.

4. Market Data

Half Year 2009

The Market Data line includes only data revenue that is relevant to all markets NZX operates as distinct from NZX's agri-businesses.

Market data revenues have increased by 18% compared with 1H 2008. However, there has been material attrition from one key data vendor in April and May 2009.

There are three factors that influence data revenues: terminal numbers, exchange rates and pricing. The data terminal numbers in July have flattened, and management expects the underlying customer base to grow steadily over the next 24 months.

5. Smartshares

Half Year 2009

Smartshares is now reported as its own revenue line and will no longer be reported as a separate company. Smartshares revenues reflect management fees that are based on Funds Under Management (FUM). This is down approximately 20% on the prior period, which is in line with underlying indices movements.

In July Smartshares funds under management (FUM) fell 58% as the New Zealand Superannuation Fund (NZSF) transferred management of their passive portfolios back in-house. Looking forward, the recent 26% rebound in the NZX 50 index will benefit Smartshares, and compensate for the loss of NZSF as a client.

6. Agri-business

Half Year 2009

The NZX Agri-business now warrants separate disclosure as a stand-alone revenue line. This includes subscription businesses such as NZX Agrifax, NZX Profarmer, Dairy Week, Newsroom, NZ Dairy Exporter, Deer Farmer and Young Country, and advertising driven titles such as New Zealand Farmer's Weekly, Country-wide North and Country-wide South.

Revenues in the first half of 2009 of $2.42 million include two months of the newly acquired businesses.

Subscriptions remain relatively stable, with advertising revenues stronger in July than June.

7. Energy Markets

Half Year 2009

Energy Markets include revenues generated from the contracts with the Electricity Commission relating to trading operations of the wholesale electricity market, and two contracts with the Gas Industry Company relating to gas market trading operations.

Revenue for 21 days is $231,000, which management expects to result in a predictable annualised revenue line of circa $4.0 million.

B. OPERATING EXPENDITURE

The classification of NZX expenses remains similar to previous disclosures with two key differences: the addition of printing and distribution costs for the publishing businesses to the marketing costs line, and the separate disclosure of Smartshares fund expenditure.

Employee and Related Costs
Half Year 2009

The change in the employee and related costs reflects both the accounting for the long term share schemes of the CEO and senior management, as well as the increased employee costs associated with recently acquired businesses.

The June run rate for employees, including all acquired staff, was $13.10 million. NZX expects a similar run rate over 2H 2009.

Information Technology
Half Year 2009

This includes telecommunications, network and software licensing across NZX business units. Expenditure within this line has increased in this period from $709,000 to $985,000, due to increased network and hardware costs to support the acquired businesses.

While management expects the 2H 2009 number to increase as against 1H 2009, reflecting acquired business and Clearing House IT fees, operational synergies and efficiencies initiated will be realised in Q4.

Professional Fees
Half Year 2009

NZX has incurred additional expenditure for a range of professional services around strategic initiatives for the business. NZX actively explores opportunities to expand the business and has incurred one-off expenditure of $200,000 in conducting these investigations, which has been expensed. In addition, costs associated with recent capital raising totaled $100,000. These expenditures aside, professional fees were at levels similar to last year.

NZX expects this expenditure line to fall by circa $250,000 in 2H 2009.

Marketing, Printing and Distribution
Half Year 2009

Marketing, printing, and distribution costs now include the costs associated with the hard copy publications that will be produced by Country-wide Publications, and as such now form a new category called ‘Marketing. Printing & Distribution’. Of the $641,000, $564,000 is publishing related costs for the 61 days of the Country-wide acquisition.

We expect the last two months’ figures to hold stable or reduce slightly.

Fund Expenditure
Half Year 2009
This line includes direct fund related expenses for Smartshares (i.e., excluding staff) and has fallen in line with funds under management.

Operational efficiencies have been initiated that would see the level of fund expenditure as a percentage of fund revenues fall by 5-10% over the next 12 months.

General Administration
Half Year 2009
Increases within this line are attributable to rent costs, added general administration costs associated with acquired businesses Profarmer, Dairy Week, M-co and Country-wide Publications, and some M-co integration expenditure including moving costs.

The June General Administration run rate was $3.50 million. We believe the June figure is a top-end proxy for monthly normalised general and administrative expenses.

C. SUBSIDIARIES AND PRINCIPAL INVESTMENTS

Equity Accounted Earnings
Half Year 2009
Equity accounted earnings represent NZX's proportional share of the associates earnings. Included within this line are Link Market Services, Appello Services, BESA and AXE. The major changes in the equity accounted earnings over 2008 are a substantial reduction in the equity accounted loss for AXE, and a positive contribution for the first half for BESA. NZX has subsequently divested its share of BESA and made a provision for the impairment of AXE.

Link
Link has had a strong 1H 2009, with EBITDA of $544,000 and $300,000 paid to NZX as capital return for redeemable preference shares. After winning Air New Zealand earlier this year, Link recently won the Silver Fern Farms register, and has won all debt IPOs this year. The business is stable, with steady growth and satisfied customers.

Appello Services
Appello Services contributed a small equity accounted profit for NZX's 30% shareholding.

NZX expects significantly improved financial performance from Appello Services, as it adds customers and scale to its high quality, low cost funds administration offering.

AXE ECN
NZX has made a provision for impairment of the investment in AXE ECN in Australia, given the ongoing reluctance of the Australian government to address the granting of an Australian Markets Licence to AXE. In addition, there have been no services revenues from AXE to NZX in the first half of 2009.

IV. Outlook

NZX has five strategic priorities for the second half of 2009 and the first half of 2010. These are as follows:

1. Effective integration of the Energy and Agri-business people, operations, assets and opportunities. NZX is confident of the strategy behind each of these acquisitions, and expects to see value creation from both acquisitions flow through into both the P&L and the opportunity set that is available to NZX.

2. Dairy derivatives. The Auckland team is working effectively with local and international customers on the launch of this product. While the timing of the launch is yet to be finalized, the medium term view on the prospects for a commodities market is very strong, and customer feedback and interest has been very high.

3. New Zealand Clearing Corp. Inc. There are a number of priorities relating the the Clearing House. Reuben Lee will report to the Capital Markets Development Taskforce on his recommendation for the optimal capital market (CCP, Clearing, Settlement) infrastructure for New Zealand. NZX intends to work with stakeholders to ensure the best solution for New Zealand is effectively delivered. On the project side, the platform has been delivered to a testing environment, and NZX is working with customers on the optimal launch date.

4. Agribusiness growth. NZX strongly believes that agricultural markets will develop, and that NZX will have the information, data, and infrastructure assets to support the development of those markets, and benefit their growth. NZX will continue to make organic and acquisitive investments in this area, and sees it as a cornerstone of its longer-term global strategy.

5. Liquidity. A series of initiatives in the market data, order book, and market structure areas are now being consulted on, with a clear plan to improve liquidity in the market over the next 18 months.

On the financial side, NZX expects to see consistent financial performance from its current business, and will look to optimise those businesses it has acquired, with positive financial results. NZX is currently investing in the derivatives and related areas, with cost consequences. but NZX is very confident of the return from those investments, and that the consequent strengthening of the New Zealand capital markets will be of benefit of issuers, investors, and NZX as operator and provider of information to those markets.

V. Balance Sheet and Capital Management

The timing and scale of acquisitions and dispositions over the first half of 2009 has provided the opportunity for NZX to assume a mix of debt and equity to expand the business.

Potential acquisitions identified during the year, and the uncertainty around the disposal of NZX's stake in the Bond Exchange of South Africa (BESA), required the raising of debt and equity of similar proportions to fund the purchases of the identified targets. A capital raising of $20 million by way of a pro-rata entitlement to all shareholders in May was matched by a similar sized bank facility. The decision to withdraw the bid for the National Stock Exchange of Australia (NSX), and the confirmation of the necessary approvals for the takeover of BESA and the subsequent receipt of sale proceeds, have left NZX in a very strong financial position.

As a consequence of first half dispositions, and of assuming debt and additional equity to fund acquisitions, NZX's Balance Sheet has substantially increased, with total assets as at June 2009 of $147 million compared with $47 million at year end 2008. Net cash at the end of June of $15.917 million leaves NZX extremely well positioned to continue to expand it's business base.

In May, NZX paid a dividend of 25 cents per share, fully imputed for the year ending 31 December 2008. A distribution plan under which shareholders were provided with bonus shares with the option for NZX to purchase these shares for cash, was re-instituted and well received, with close to 90% of shareholders electing to participate in the plan.

NZX continues to capitalise direct costs, including staff time, for the development of the Clearing House at a similar rate to the comparative period.

Financial Statements

For the six months ended 30 June 2009

NZX Limited
Income Statement
For the six months ended 30 June 2009

	Note	Group 6 months Jun 2009 unaudited $000	Group 12months Dec 2008 audited $000	Group 6 months Jun 2008 unaudited $000	Parent 6 months Jun 2009 unaudited $000	Parent 12months Dec 2008 audited $000	Parent 6 months Jun 2008 unaudited $000
Revenue	3	18,627	32,132	15,934	14,997	27,796	13,882
Employee and related expenses		(4,331)	(8,318)	(4,322)	(2,999)	(6,882)	(3,634)
Other expenses	3	(4,234)	(5,345)	(2,589)	(2,879)	(3,978)	(1,847)
CEO Share Scheme	2	(986)	276	(236)	(986)	276	(236)
Profit before interest, income tax, depreciation and amortisation, and financial instruments		9,076	18,745	8,787	8,133	17,212	8,165
Gain/(loss) on Foreign Exchange		133	215	7	125	207	8
Gain/loss on investment	5	4,794	-	-	4,643	-	-
Impairment of investments	5	(1,823)	-	-	(3,596)	(482)	-
Disposal of TZ1 assets	4	52,062	(1,664)	(552)	-	-	-
Depreciation and amortisation expense		(1,061)	(1,526)	(764)	(590)	(990)	(505)
Net interest		(35)	683	387	(50)	656	373
Share of profits/(losses) of associates accounted for using the equity method	5	65	(786)	(282)	-	-	-
Profit before income tax expense		63,211	15,667	7,583	8,665	16,603	8,041
Income tax expense		(2,453)	(5,485)	(2,613)	(2,279)	(5,118)	(2,478)
Profit/(loss) for the period attributable to shareholders		60,758	10,182	4,970	6,386	11,485	5,563
Earnings per share							
Diluted		242.59c	41.44c	20.26c			
Undiluted		244.81c	41.82c	20.45c			
Net tangible assets per share		305.90c	65.02c	68.50c			

Statement of Comprehensive Income
For the six months ended 30 June 2009

	Group 6 months Jun 2009 unaudited $000	Group 12months Dec 2008 audited $000	Group 6 months Jun 2008 unaudited $000	Parent 6 months Jun 2009 unaudited $000	Parent 12months Dec 2008 audited $000	Parent 6 months Jun 2008 unaudited $000
Profit for the period	60,758	10,182	4,970	6,386	11,485	5,563
Other comprehensive Income						
Foreign currency translation differences	(258)	89	191	-	-	-
Total comprehensive income and expense for the period	60,500	10,271	5,161	6,386	11,485	5,563

Notes to the financial statements are included on pages 14 to 21.

NZX Limited
Statement of Changes in Equity
For the six months ended 30 June 2009

Group

	Share Capital $000	Retained Earnings $000	Treasury Shares $000	Translation Reserve $000	Total Equity $000
Balance at 1 January 2008	4,419	24,556	-	(37)	28,938
Total Comprehensive Income	-	4,970	-	191	5,161
Dividends to equity holders	-	(5,228)	-	-	(5,228)
Issue of shares	958	-	-	-	958
Share based payments	236	-	-	-	236
Balance at 30 June 2008	**5,613**	**24,298**	**-**	**154**	**30,065**
Total Comprehensive Income	-	5,212	-	(102)	5,110
Share based payments	(511)	-	-	-	(511)
Purchase of own shares	-	-	(143)	-	(143)
Balance at 31 December 2008	**5,102**	**29,510**	**(143)**	**52**	**34,521**
Balance at 1 January 2009	5,102	29,510	(143)	52	34,521
Total Comprehensive Income	-	60,758	-	(258)	60,500
Distribution Plan	5,530	(6,209)	-	-	(679)
Shares cancelled	(143)	-	143	-	-
Issue of shares	19,998	-	-	-	19,998
Share based payments	986	-	-	-	986
Balance at 30 June 2009	**31,473**	**84,059**	**-**	**(206)**	**115,326**

Parent

	Share Capital $000	Retained Earnings $000	Treasury Shares $000	Total Equity $000
Balance at 1 January 2008	7,747	26,184	-	33,931
Total Comprehensive Income	-	5,563	-	5,563
Dividends to equity holders	-	(5,228)	-	(5,228)
Issue of shares	958	-	-	958
Balance at 30 June 2008	**8,705**	**26,519**	**-**	**35,224**
Total Comprehensive Income	-	5,922	-	5,922
Purchase of own shares	-	-	(143)	(143)
Issue of shares	787	-	-	787
Balance at 31 December 2008	**9,492**	**32,441**	**(143)**	**41,790**
Balance at 1 January 2009	9,492	32,441	(143)	41,790
Total Comprehensive Income	-	6,386	-	6,386
Distribution Plan	5,530	(6,211)	-	(681)
Shares cancelled	(143)		143	-
Issue of shares	20,371	-	-	20,371
Balance at 30 June 2009	**35,250**	**32,616**	**-**	**67,866**

Notes to the financial statements are included on pages 14 to 21.

NZX Limited
Statement of Financial Position
As at 30 June 2009

		Group			Parent		
	Note	Jun 2009 unaudited $000	Dec 2008 audited $000	Jun 2008 unaudited $000	Jun 2009 unaudited $000	Dec 2008 audited $000	Jun 2008 unaudited $000
Current assets							
Cash and cash equivalents	9, 17(a)	34,869	8,274	6,983	32,542	5,470	5,804
Receivables and prepayments		8,561	5,659	5,606	5,946	5,474	3,486
Other financial assets		1,477	653	1,520	5,254	5,043	4,612
Total current assets		44,907	14,586	14,109	43,742	15,987	13,902
Non-current assets							
Investments accounted for using the equity method	5	4,600	12,231	6,653	4,669	14,128	8,052
Investments in subsidiaries		-	-	-	21,450	11,782	10,585
Investment in Equities		56,679	-	-	-	-	-
Property, plant and equipment		1,552	1,405	1,544	1,378	1,371	1,508
Capital work in progress		682	-	3,567	682	-	3,222
Deferred tax asset/(liability)		175	(55)	381	169	(69)	379
Goodwill	6	14,331	4,075	1,223	7,720	-	-
Other intangible assets	7	24,378	14,469	8,474	16,591	9,230	4,288
Total non-current assets		102,397	32,125	21,842	52,659	36,442	28,034
Total assets		147,304	46,711	35,951	96,401	52,429	41,936
Current liabilities							
Trade payables		3,948	2,943	3,912	2,302	2,281	4,381
Other liabilities		10,121	8,916	1,573	5,320	5,917	992
Current tax payable/(receivable)		(1,043)	331	399	353	1,068	747
Intercompany payable/(receivable)		-	-	-	1,608	1,373	592
Bank Loan	8	18,952	-	-	18,952	-	-
Total current liabilities		31,978	12,190	5,884	28,535	10,639	6,712
Total liabilities		31,978	12,190	5,884	28,535	10,639	6,712
Net assets		115,326	34,521	30,067	67,866	41,790	35,224
Equity							
Share capital	10	31,473	5,102	5,613	35,250	9,492	8,705
Retained earnings		84,059	29,510	24,300	32,616	32,441	26,519
Treasury Stock		-	(143)	-	-	(143)	-
Foreign currency translation reserve		(206)	52	154	-	-	-
Total equity attributable to shareholders		115,326	34,521	30,067	67,866	41,790	35,224

These financial statements were authorised for release on 7 August 2009.

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

Notes to the financial statements are included on pages 14 to 21.

NZX Limited
Statement of Cash Flows
For the six months ended 30 June 2009

		Group			Parent		
	Note	**6 months Jun 2009 unaudited $000**	**12 months Dec 2008 audited $000**	**6 months Jun 2008 unaudited $000**	**6 months Jun 2009 unaudited $000**	**12 months Dec 2008 audited $000**	**6 months Jun 2008 unaudited $000**
Cash flows from operating activities							
Receipts from customers		13,195	32,654	12,949	11,550	26,065	10,679
Interest received/(paid)		(19)	707	406	(46)	654	379
Payments to suppliers and employees		(7,829)	(15,361)	(8,321)	(6,048)	(10,285)	(7,255)
Income tax paid		(4,056)	(3,395)	(1,318)	(3,231)	(2,948)	(1,077)
Net cash provided by operating activities	17(b)	1,291	14,605	3,716	2,225	13,486	2,726
Cash flows from investing activities							
Payment for property, plant and equipment		(442)	(251)	(1,906)	(287)	(222)	(1,543)
Payment for other assets		(6,204)	(5,625)	(267)	(6,150)	(4,445)	(28)
Payment for investments		(6,481)	(8,624)	(2,516)	(7,147)	(9,314)	(1,103)
Net cash (used in)/provided by investing activities		(13,127)	(14,500)	(4,689)	(13,584)	(13,981)	(2,674)
Cash flows from financing activities							
Proceeds from issues of shares		20,015	564	208	20,015	564	208
Proceeds from bank loan		18,952	-	-	18,952	-	-
Dividends paid		(679)	(5,228)	(5,228)	(679)	(5,228)	(5,228)
Purchase of treasury stock		143	(143)	-	143	(143)	-
Net cash used in financing activities		38,431	(4,807)	(5,020)	38,431	(4,807)	(5,020)
Net increase in cash and cash equivalents		26,595	(4,702)	(5,993)	27,072	(5,302)	(4,968)
Cash and cash equivalents at the beginning of the financial year		8,274	12,976	12,976	5,470	10,772	10,772
Cash and cash equivalents at the end of the financial year	17(a)	34,869	8,274	6,983	32,542	5,470	5,804

Notes to the financial statements are included on pages 14 to 21.

1. Accounting policies

The financial statements have been prepared in accordance with NZ IAS-34: Interim Financial Reporting and Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

These financial statements have been prepared using the same accounting policies and should be read in conjunction with the financial statements and related notes included in the Company's Annual Report for the year ended 31 December 2008. Additional accounting policies relating to the Energy Clearing House Limited, purchased as part of the M-co acquisition, have been applied and are outlined below. The financial statements for the six months ended 30 June 2009 are unaudited. The financial statements are expressed in New Zealand dollars, the Company's functional currency.

a. Involvement in electricity transactions

The Company, through its subsidiary Energy Clearing House Limited, acts as a principal in the purchase and sale of electricity. From time to time the post-fact reconciliation of metering data will result in changes to the quantities of electricity traded and, on rare occasions, changes to the amounts payable. This will result in the payment of wash-up amounts to generators or purchasers, and the receipt of wash-up amounts from purchasers or generators. No provision is made for such wash-ups.

2. CEO Share Scheme

At 30 June 2009, given the EPS result, in assessing whether or not the vesting criteria will be met at the end of the Scheme, the NZX Board has determined to account for the LTI portion of the CEO Share Scheme ($986,095) at this time. The amount recognised in the Income Statement is the time proportional value of the expected total cost of the LTI portion of the Scheme.

3. Segment Information

Revenue

	Group			Parent		
	6 months Jun 2009 unaudited $000	**12 months Dec 2008 audited $000**	**6 months Jun 2008 unaudited $000**	**6 months Jun 2009 unaudited $000**	**12 months Dec 2008 audited $000**	**6 months Jun 2008 unaudited $000**
Revenue:						
Listings	5,167	8,913	4,479	5,224	9,033	4,549
Post Trade Systems & Services	1,179	2,656	1,688	1,229	2,852	1,779
Trading	2,440	5,618	2,647	2,440	5,618	2,648
Energy Markets	231	-	-	231	-	-
Market Data	6,098	10,888	5,168	5,873	10,293	4,906
Agri-business	2,415	1,355	577	-	-	-
Smartshares	1,097	2,702	1,375	-	-	-
Total Revenue	18,627	32,132	15,934	14,997	27,796	13,882

Expenditure

	Group			Parent		
	6 months Jun 2009 unaudited $000	**12 months Dec 2008 audited $000**	**6 months Jun 2008 unaudited $000**	**6 months Jun 2009 unaudited $000**	**12 months Dec 2008 audited $000**	**6 months Jun 2008 unaudited $000**
Other expenses:						
Remuneration paid to auditors	(68)	(122)	(56)	(45)	(59)	(30)
Operating lease rental expense	(609)	(845)	(333)	(527)	(839)	(333)
Information Technology	(985)	(1,520)	(709)	(982)	(1,477)	(695)
Professional Fees	(562)	(330)	(228)	(490)	(329)	(165)
Marketing, Printing and Distribution	(641)	(199)	(92)	(55)	(37)	(17)
Fund Expenditure	(545)	(1,124)	(566)	-	-	-
General administration	(824)	(1,205)	(605)	(780)	(1,237)	(607)
Total other expenses	(4,234)	(5,345)	(2,589)	(2,879)	(3,978)	(1,847)

Nearly all projects take time from various businesses as well as business units, and these costs are not reallocated. Given that costs are not allocated across the Group, any expenditure review is undertaken at a Group level by the chief operating decision makers.

4. Disposal of TZ1 Assets

On 30 June 2009, the Group sold the assets of TZ1 with consideration being by way of Markit Shares. The Markit Shares have been designated as financial assets at fair value through profit or loss. The results of TZ1 are separately disclosed from the operating profit of the Group in the income statement.

	Group		
	6 months Jun 2009 unaudited $000	**12 months Dec 2008 audited** $000	**6 months Jun 2008 unaudited** $000
Results from operating activities	(1,957)	(2,310)	(779)
Income tax expense	(447)	(646)	(227)
Results from operating activities, net of income tax	(1,510)	(1,664)	(552)
Gain on sale of assets	53,572	-	-
Profit/(loss) for the period	52,062	(1,664)	(552)

5. 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 2009 unaudited** %	**12 months Dec 2008 audited** %	**6 months Jun 2008 unaudited** %	**6 months Jun 2009 unaudited** $000	**12 months Dec 2008 audited** $000	**6 months Jun 2008 unaudited** $000
Associates							
AXE ECN Pty Limited	Australia	50	50	50	-	1,988	1,606
Link Market Services Limited	New Zealand	50	50	50	4,022	4,277	4,411
Appello Services Limited	New Zealand	30	30	30	578	558	636
Bond Exchange of South Africa (“BESA”)	South Africa	-	22	-	-	5,408	-
					4,600	12,231	6,653

The NZX Board has reviewed the investment in AXE, and although the view of the Board is that the business prospects of AXE remain unchanged, without any indication from the Australian Government on a timetable or an approach to the granting of a market licence and/or the regulatory regime that might apply, the Board consider it is appropriate to make a provision for impairment of the investment in AXE. The provision for impairment of the AXE investment in the accounts at 30 June 2009 is $3,596,290 in the Parent and $1,822,493 in the Group given previous equity accounted losses.

NZX sold its 22% shareholding in BESA in June 2009 for $10,221,312 which resulted in a gain on sale of $4,643,409 in the Parent and $4,793,808 in the Group.

6. Goodwill

	Group			Parent		
	6 months Jun 2009 unaudited $000	12 months Dec 2008 audited $000	6 months Jun 2008 unaudited $000	6 months Jun 2009 unaudited $000	12 months Dec 2008 audited $000	6 months Jun 2008 unaudited $000
Gross carrying amount						
Balance at beginning of the period	4,075	1,520	1,520	-	-	-
Goodwill on acquisition	10,256	3,278	(297)	7,720	-	-
Movement in earn out provisions post acquisition	-	(723)		-	-	-
Balance at end of the period	14,331	4,075	1,223	7,720	-	-
Net book value						
Balance at beginning of the period	4,075	1,520	1,520	-	-	-
Balance at end of the period	14,331	4,075	1,223	7,720	-	-

Goodwill on acquisition comprises $7,720,000 of goodwill on the acquisition of M-co in both the Parent and Group, and a further $2,536,000 on the acquisition of CPL Limited in the Group accounts only.

7. Other intangible assets

	Group			Parent		
	6 months Jun 2009 unaudited $000	12 months Dec 2008 audited $000	6 months Jun 2008 unaudited $000	6 months Jun 2009 unaudited $000	12 months Dec 2008 audited $000	6 months Jun 2008 unaudited $000
Gross carrying amount						
Balance at beginning of the period	19,063	11,906	11,906	13,059	7,449	7,449
Additions	10,728	7,345	605	7,747	5,610	399
Disposals		(188)	-		-	-
Balance at end of the period	29,791	19,063	12,511	20,806	13,059	7,848
Accumulated amortisation and impairment						
Balance at beginning of the period	4,594	3,551	3,551	3,829	3,323	3,323
Amortisation expense	819	1,043	486	386	506	237
Balance at end of the period	5,413	4,594	4,037	4,215	3,829	3,560
Net book value	24,378	14,469	8,474	16,591	9,230	4,288
Comprising:						
Other intangibles – definite life	17,462	8,977	3,626	12,662	6,776	1,833
Other intangibles – indefinite life	6,916	5,492	4,848	3,929	2,454	2,455
Net book value	24,378	14,469	8,474	16,591	9,230	4,288

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

8. Bank Loan

At 30 June 2009 NZX had two bank loans totalling $18,951,821, denominated in New Zealand Dollars with nominal interest rates between 3.64% and 3.68%. The bank loans have durations of less than one year, and were established for acquisitions, allowing the Group flexibility in its capital management.

9. Financial Instruments

The Group manages its capital to ensure that entities in the Group are able to continue as going concerns 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 issuance of new debt or the redemption of existing debt.

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). Following the sale of the shareholding in BESA in South Africa, the cash held in South African Rand (ZAR) also results in a translation exposure. Exchange rate exposures are managed within approved parameters. The Group has an investment in Markit shares that are denominated in USD. The shares will be valued on a mark to market basis and any change in valuation will be recognised in the Income Statement.

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.

Credit risk
The maximum credit risk associated with the financial instruments held by NZX is considered to be the value reflected in the statement of financial position. 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.

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.

10. Share capital

	Group			Parent		
	as at Jun 2009 unaudited $000	as at Dec 2008 audited $000	as at Jun 2008 unaudited $000	as at Jun 2009 unaudited $000	as at Dec 2008 audited $000	as at Jun 2008 unaudited $000
Share capital	31,473	5,102	5,613	35,250	9,492	8,705
	31,473	**5,102**	**5,613**	**35,250**	**9,492**	**8,705**

	Group			Parent		
	6 months Jun 2009 Number of Shares unaudited 000	12 months Dec 2008 Number of Shares audited 000	6 months Jun 2008 Number of Shares unaudited 000	6 months Jun 2009 Number of Shares unaudited 000	12 months Dec 2008 Number of Shares audited 000	6 months Jun 2008 Number of Shares unaudited 000
Fully paid ordinary shares						
Balance at beginning of the period	24,373	24,262	24,262	24,821	24,612	24,612
Issue of shares – rights issue	4,960	-	-	4,960	-	-
Issue of shares – CPL acquisition	65	-	-	65	-	-
Issues of shares – CEO Share Scheme	-	-	-	-	-	-
Issue of shares – Group Leader (senior executives) Share Scheme	-	-	-	-	147	-
Issue of ordinary shares – Distribution Plan	853	-	-	853	-	-
Issue of ordinary shares- Employee Share Plan	14	134	134	14	134	134
Group Leader Share Scheme shares redeemed	-	-	-	-	(49)	-
Treasury Stock	(11)	(23)	-	(11)	(23)	-
Balance at end of the period	30,254	24,373	24,396	30,702	24,821	24,746

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

As at 30 June 2009 there were 30,702,420 ordinary shares issued and fully paid (Dec 2008: 24,820,580, Jun 2008: 24,746,012). The increase of 5,881,840 shares is in relation to the Distribution Plan (853,348), the Rights Issue (4,960,096), the 2009 employee share scheme (13,622), shares issued as payment for the CPL acquisition (65,276) and the cancellation of Treasury Stock (10,502).

11. Dividends

	6 months Jun 2009 unaudited		12 months Dec 2008 audited		6 months Jun 2008 unaudited	
	Cents per share	**Total $000**	**Cents per share**	**Total $000**	**Cents per share**	**Total $000**
Recognised amounts						
Fully paid ordinary shares	25.0c	679	21.0c	5,228	21.0c	5,228

In March 2009 NZX gave shareholders the option of receiving one bonus share for every 26.02 shares held at a strike price of $6.5051 or a dividend payment of $0.25 fully imputed per share, in relation to the 2008 annual result. A total of 131 holders with a combined shareholding of 2,636,258 shares opted for the dividend payment, and the remaining shareholders with a combined shareholding of 22,173,820 shares chose the bonus option. The total distribution for 2008 was $6,210,601.

On 15 February 2008 NZX declared a dividend of $0.21 fully imputed per share in relation to the 2007 annual result, which was paid on 14 May 2008.

No further dividends have been declared.

12. Commitments for expenditure

	Group			Parent		
	as at Jun 2009 unaudited $000	**as at Dec 2008 audited $000**	**as at Jun 2008 unaudited $000**	**as at Jun 2009 unaudited $000**	**as at Dec 2008 audited $000**	**as at Jun 2008 unaudited $000**
Tata Consulting Limited	300	595	-	300	595	-
Trayport Limited contract	-	-	1,300	-	-	1,300
Clearing & Settlement System	-	-	467	-	-	467
Total	300	595	1,767	300	595	1,767

13. Subsidiaries

Name of entity	Country of Incorporation	Ownership interest and voting rights as at Jun 2009 unaudited %	as at Dec 2008 audited %	as at Jun 2008 unaudited %
Subsidiaries				
NZX Rural Limited	New Zealand	100	100	100
FundSource Limited	New Zealand	100	100	100
Smartshares Limited	New Zealand	100	100	100
NZX Newsroom Limited	New Zealand	-	100	100
TZ1 Limited	New Zealand	100	100	100
NZX Holding No. 3 Limited	New Zealand	100	100	100
NZX Holding No. 4 Limited	New Zealand	100	100	-
NZX ProFarmer Australia Pty Limited	Australia	100	100	-
NZX Incognito Limited	New Zealand	100	100	-
Mandela Investments Limited	New Zealand	100	100	100
New Zealand Clearing Limited	New Zealand	100	100	-
New Zealand Depository Limited	New Zealand	100	100	-
New Zealand Depository Nominee Limited	New Zealand	100	100	-
New Zealand Clearing & Depository Limited	New Zealand	100	100	-
NZX Executive Share Plan Nominees Limited	New Zealand	100	100	100
NZ Fox Limited	New Zealand	100	100	100
Tane Nominees Limited	New Zealand	100	100	100
Dairy Week Limited	New Zealand	-	100	100
MXF Nominees Limited	New Zealand	100	100	100
Time Zone One Limited	New Zealand	100	100	100
NZX GL Nominee Limited	New Zealand	100	100	100
Energy Clearing House Limited	New Zealand	100	-	-
Energy Market Consulting Limited	New Zealand	100	-	-

NZX Newsroom Limited and Dairy Week Limited were amalgamated into NZX Agrifax Limited on 30 June 2009, and the entity was renamed NZX Rural Limited.

The acquisition of M-co on 9 June 2009 included the purchase of 100% of the shares in Energy Clearing House Limited and Energy Market Consulting Limited.

14. Acquisition of businesses

Name business acquired	Proportion of assets/shares acquired (%)	Principal activity	Date of acquisition
2009			
The Marketplace Company Limited (M-co) and its subsidiaries Energy Clearing House Limited and Energy Market Consulting Limited	100	Energy market services	9 June 2009
Countrywide Publishing Limited	100	Rural Publisher	1 May 2009
2008			
Dairy Week Limited	100	Data Sales	4 April 2008
BESA	22	Exchange	30 September 2008
NZX ProFarmer Australia Pty Limited	100	Data Sales	31 October 2008

On 9 June 2009 NZX acquired the business and assets of The Marketplace Company Limited (M-co) including its subsidiary, Energy Clearing House Limited. M-co provides services to the New Zealand electricity and gas markets by way of contracts with the Electricity Commission and Gas Industry Company. These service contracts include trading information systems, pricing, clearing and settlement, and reconciliation of data.

On 1 May 2009 NZX acquired Country-Wide Publications Ltd (CPL). Country-Wide Publications Ltd is New Zealand's leading rural publishing company, whose products include The New Zealand Farmers Weekly, Country-Wide North and Country-Wide South, NZ Dairy Exporter, Deer Farmer and Young Country.

15. Cash security balances

In discharging its obligations under the Electricity Governance Rules (EGRs), Energy Clearing House Limited (ECH) is required to ensure that energy purchasers maintain adequate levels of prudential security. This is usually satisfied by way of a bank guarantee, but occasionally purchasers will deposit cash with ECH to satisfy these requirements.

ECH does not recognise the security provided in its statement of financial position. There was $15,763,551.98 cash held from such deposits at 30 June 2009.

16. Electricity settlement

At 30 June 2009, Energy Clearing House Limited has outstanding payables and receivables for the purchase and sale of electricity, and the settlement of transmission losses. These items are not recorded in the Group's statement of financial position, because in aggregate, a nil net position arises which is consistent with the fact that other parties have accepted the risks associated with electricity settlements. It should be noted that no legal right of set-off exists between these electricity settlement liabilities and assets.

17. 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 period as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

			Group			Parent		
	Interest Rates	Maturities	as at Jun 2009 unaudited $000	as at Dec 2008 audited $000	as at Jun 2008 unaudited $000	as at Jun 2009 unaudited $000	as at Dec 2008 audited $000	as at Jun 2008 unaudited $000
Cash at bank	2.5%	Call	4,836	5,774	4,983	2,509	2,970	3,804
Cash at bank ZAR	7%	Call	10,532	-	-	10,532	-	-
Bank deposits	2.75% - 4.5%	9 – 117 Days	19,501	2,500	2,000	19,501	2,500	2,000
			34,869	8,274	6,983	32,542	5,470	5,804

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

	Group			Parent		
	6 months Jun 2009 unaudited $000	**12 months Dec 2008 audited $000**	**6 months Jun 2008 unaudited $000**	**6 months Jun 2009 unaudited $000**	**12 months Dec 2008 audited $000**	**6 months Jun 2008 unaudited $000**
Profit after tax for the period	60,758	10,182	4,970	6,386	11,485	5,563
(Gain)/loss on revaluation of fair value through profit or loss financial assets	(58,366)	-	-	(4,643)	-	-
Share of associates' profit/(loss)	(65)	786	282	-	-	-
Depreciation and amortisation of non-current assets	1,061	1,549	764	590	990	505
	3,388	**12,517**	**6,016**	**2,333**	**12,475**	**6,068**
Impairment of non-current assets	1,822	-	-	3,596	482	-
Increase/(decrease) in current tax balances	(1,599)	1,185	1,252	(940)	1,854	1,533
(Increase)/decrease in deferred tax balances	(4)	259	(176)	(13)	316	(132)
Decrease/(increase) in current receivables	(2,901)	500	552	(472)	(1,498)	490
	706	**14,461**	**7,644**	**4,504**	**13,629**	**7,959**
Increase/(decrease) in current payables	2,210	156	(6,218)	(575)	(3,698)	(6,522)
Current provisions	2,916	14,617	1,426	3,929	9,931	1,437
Non-operating payables	(731)	1,027	-	(731)	1,027	-
Non-operating provisions	(894)	(1,039)	2,290	(973)	2,528	1,289
Other non-operating liabilities	(1,625)	(12)	2,290	(1,704)	3,555	1,289
Net cash from operating activities	**1,291**	**14,605**	**3,716**	**2,225**	**13,486**	**2,726**

Directory

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Auditors' review report

To the shareholders of NZX Limited

We have reviewed the interim financial statements on pages 10 to 21 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. The interim financial statements provide information about the past financial performance and financial position of NZX Limited (the 'Company') and its subsidiary companies (the 'Group') as at and for the six month period ended 30 June 2009.

Directors' responsibilities

The Directors of NZX Limited are responsible for the preparation of interim financial statements which give a true and fair view of the financial position of the Company and Group as at 30 June 2009 and the results of its operations and cash flows for the six month period ended on that date.

Reviewers' responsibilities

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

Basis of opinion

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

Other than in our capacity as auditors we have no relationship with or interests in the company.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements on pages 10 to 21 do not give a true and fair view of the financial position of the Company and Group as at 30 June 2009 and the results of its operations and cash flows for the six month period ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting.*

Our review was completed on 7 August 2009 and our opinion is expressed as at that date.

KPMG

Wellington