NZX LIMITED

2011 HALF YEAR REPORT

Financial Statements

For the six months ended 30 June 2011

NZX Limited
Income statement
For the six months ended 30 June 2011

	Note	Group 6 months Jun 2011 unaudited $000	Group 12 months Dec 2010 audited $000	Group 6 months Jun 2010 unaudited $000	Parent 6 months Jun 2011 unaudited $000	Parent 12 months Dec 2010 audited $000	Parent 6 months Jun 2010 unaudited $000
Revenue	3	26,589	50,228	23,931	17,772	34,881	16,895
Employee, contractor and related expenses	4	-7,391	-15,414	-8,497	-4,500	-8,296	-4,265
Other expenses	5	-7,545	-13,922	-6,879	-3,953	-7,169	-3,787
Profit before interest, income tax, depreciation and amortisation, and financial instruments		**11,652**	**20,892**	**8,555**	**9,319**	**19,416**	**8,843**
Gain/(loss) on foreign exchange		-2,048	-1899	18	-130	-8	23
Gain/(loss) on investment		-	-72	1,304	-	-388	71
Depreciation and amortisation expense		-2,548	-4,693	-2,152	-1,941	-3,443	-1,510
Interest income		321	642	367	56	314	319
Interest expense		-228	-478	-274	-228	-478	-274
Dividends received from subsidiaries		-	-	-	2,229	-	-
Share of profit of associates		133	199	69	-	-	-
Profit before income tax expense		7,283	14,591	7,887	9,305	15,413	7,472
Income tax expense		-2,772	-5,289	-2,204	-1,967	-4,630	-2,257
Profit for the period attributable to shareholders		4,511	9,302	5,683	7,337	10,783	5,215
Earnings per share							
Fully diluted		3.67c	7.50c	4.62c			
Basic		3.76c	7.65c	4.68c			
Net tangible assets per share		29.25	32.99c	37.35c			

Statement of Comprehensive Income
For the six months ended 30 June 2011

	Note	Group 6 months Jun 2011 unaudited $000	Group 12 months Dec 2010 audited $000	Group 6 months Jun 2010 unaudited $000	Parent 6 months Jun 2011 unaudited $000	Parent 12 months Dec 2010 audited $000	Parent 6 months Jun 2010 unaudited $000
Profit for the period		4,511	9,302	5,683	7,337	10,783	5,215
Other comprehensive income							
Foreign currency translation differences		- 11	93	113	-	-	-
Total comprehensive income and expense for the period		4,500	9,395	5,796	7,337	10,783	5,215

Notes to the financial statements are included on pages 8 to 16.

NZX Limited
Statement of changes in equity
For the six months ended 30 June 2011

Group	Share Capital $000	Retained Earnings $000	Translation Reserve $000	Total Equity $000
Balance at 1 January 2010	**32,101**	**62,010**	**(137)**	**93,974**
Profit for the period	-	5,683	-	5,683
Foreign currency translation differences	-	-	113	113
Distribution plan	4,519	(8,039)	-	(3,520)
Issue of shares	532	-	-	532
Share based payments	(19)	-	-	(19)
Balance at 30 June 2010	**37,133**	**59,654**	**(24)**	**96,763**
Profit for the period	-	3,619	-	3,619
Foreign currency translation differences	-	-	(20)	(20)
Distribution plan	(1)	(4,641)	-	(4,642)
Issue of shares	(153)	-	-	(153)
Share based payments	252	-	-	252
Share buyback	(4,969)	-	-	(4,969)
Redemption of shares	(50)	-	-	(50)
Balance at 31 December 2010	**32,212**	**58,632**	**(44)**	**90,800**
Profit for the period	-	4,511	-	4,511
Foreign currency translation differences	-	-	(11)	(11)
Distribution plan	-	(10,908)	-	(10,908)
Issue of shares	294	-	-	294
Share based payments	-	-	-	-
Redemption of shares	-	-	-	0
Balance at 30 June 2011	**32,506**	**52,235**	**(55)**	**84,686**

Notes to the financial statements are included on pages 8 to 16.

NZX Limited
Statement of changes in equity
For the six months ended 30 June 2011

Parent			
	Share Capital $000	Retained Earnings $000	Total Equity $000
Balance at 31 December 2009	**35,801**	**36,650**	**72,451**
Profit for the period	-	5,215	5,215
Distribution plan	4,519	-8,039	-3,520
Shares cancelled	-1,264	-	-1,264
Issue of shares	2,709	-	2,709
Share based payments	-19	-	-19
Balance at 30 June 2010	**41,746**	**33,826**	**75,572**
Profit for the period	-	5,568	5,568
Distribution plan	-1	-4,641	-4,642
Shares cancelled	1,264	-	1,264
Issue of shares	-241	-	-241
Share based payments	-221	-	-221
Share buyback	-4,969	-	-4,969
Redemption of shares	-1,078	-	-1,078
Balance at 31 December 2010	**36,500**	**34,753**	**71,253**
Profit for the period	-	7,337	7,337.00
Distribution plan	-	(10,907)	(10,907)
Shares cancelled	-	-	-
Issue of shares	755	-	755
Share based payments	-	-	-
Redemption of shares	(600)	-	(600)
Balance at 30 June 2011	**36,654**	**31,183**	**67,838**

Notes to the financial statements are included on pages 8 to 16.

NZX Limited
Statement of Financial Position
As at 30 June 2011

		Group			Parent		
	Note	Jun 2011 unaudited $000	Dec 2010 audited $000	Jun 2010 unaudited $000	Jun 2011 unaudited $000	Dec 2010 audited $000	Jun 2010 unaudited $000
Current assets							
Cash and cash equivalents	15	13,639	19,295	16,080	1,020	3,865	2,190
Funds held on behalf		13,053	8,864	822	967	782	822
Receivables and prepayments		5,730	6,938	8,457	3,673	4,652	5,509
Other financial assets		1,245	2,054	2,602	5,258	6,343	7,215
Total current assets		33,667	37,151	27,961	10,918	15,642	15,736
Non-current assets							
Investments accounted for using the equity method		3,525	3,942	3,924	2,824	3,373	3,808
Investments in subsidiaries		-	-	-	35,981	36,232	34,645
Investment in equities		25,862	27,772	30,886	-	-	-
Property, plant and equipment		1,383	1,465	1,612	1,145	1,216	1,368
Current tax receivable/(payable)		846	642	1,407	-	-	-
Goodwill	6	13,249	13,249	13,211	7,720	7,720	7,720
Other intangible assets	7	36,132	36,612	37,636	30,148	30,378	30,856
Total non-current assets		80,999	83,682	88,676	77,818	78,919	78,397
Total assets		114,666	120,833	116,637	88,736	94,561	94,133
Current liabilities							
Trade payables		1,208	2,067	3,574	643	1,177	1,939
Other liabilities		18,815	19,453	6,196	4,075	9,342	4,231
Current tax liability		-	-	-	18	541	712
Deferred tax liability/(asset)		2,458	1,477	68	2,654	1,622	205
Intercompany payable/(receivable)		-	-	-	6,007	3,590	1,438
Bank loan	8	7,500	7,036	10,036	7,500	7,036	10,036
Total current liabilities		29,981	30,033	19,806	20,896	23,308	18,561
Non-current liabilities							
Total non-current liabilities		-	-	68	-	-	205
Total liabilities		29,981	30,033	19,874	20,896	23,308	18,766
Net assets		84,685	90,800	96,763	67,840	71,253	75,572
Equity							
Share capital	10	32,505	32,212	37,133	36,655	36,500	41,746
Retained earnings		52,236	58,632	59,654	31,183	34,753	33,826
Foreign currency translation reserve		-56	-44	-24	-	-	-

These financial statements were authorised for release on 15 August 2011.

A W Harmos	N Paviour-Smith	M R Weldon
Chairman	Director, Chair of the Audit Committee	Chief Executive Officer

Notes to the financial statements are included on pages 8 to 16.

NZX Limited
Statement of Cash Flows
For the six months ended 30 June 2011

		Group			Parent		
	Note	6 months Jun 2011 unaudited $000	12 months Dec 2010 audited $000	6 months Jun 2010 unaudited $000	6 months Jun 2011 unaudited $000	12 months Dec 2010 audited $000	6 months Jun 2010 unaudited $000
Cash flows from operating activities							
Receipts from customers		23,241	50,464	18,530	14,255	34,956	12,121
Interest received/(paid)		70	208	96	- 190	-114	72
Payments to suppliers and employees		-15,383	-29,658	-15,447	-8,815	-15,647	-8,818
Income tax paid		-1,990	-3,902	-2,991	-1,458	-3,635	-2,508
Net cash provided by operating activities	15(b)	5,938	17,112	188	3,791	15,560	867
Cash flows from investing activities							
Payment for property, plant and equipment		-207	-374	-101	- 115	-162	-73
Payment for other assets		-1,778	-6,531	-4,329	-1,525	-4,716	-3,616
Receipts from/(Payments for) investments		539	-843	-2,200	5,448	-9,440	-10,201
Net cash used in investing activities		-1,447	-7,748	-6,630	3,808	-14,318	-13,890
Cash flows from financing activities							
Proceeds from issues of shares		296	4,943	4,923	-	4,943	4,923
(Repayments of)/proceeds from bank loan		464	-11,882	-8,882	464	-11,882	-8,882
Dividends paid		-10,908	-12,680	-8,039	-10,908	-12,680	-8,039
Share buyback		-	-4,969	-	-	-4,969	-
Net cash (used in)/provided by financing activities		-10,147	-24,588	-11,998	-10,443	-24,588	-11,998
Net (decrease)/increase in cash and cash equivalents		-5,656	-15,224	-18,440	-2,845	-23,346	-25,021
Cash and cash equivalents at the beginning of the period		19,295	34,520	34,520	3,865	27,211	27,211
Cash and cash equivalents at the end of the period	15(a)	13,639	19,295	16,080	1,020	3,865	2,190

Notes to the financial statements are included on pages 8 to 16.

1. Accounting policies

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

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 NZX Group ("Company") Annual Report for the year ended 31 December 2010. The financial statements for the six months ended 30 June 2011 are unaudited. The financial statements are expressed in New Zealand dollars, the Company's functional currency.

2. CEO share scheme

At 30 June 2011, 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 not to account for the LTI and the OPLTI portions of the CEO Share Scheme.

3. Revenue

	Group			Parent		
	6 months Jun 2011 unaudited $000	12 months Dec 2010 audited $000	6 months Jun 2010 unaudited $000	6 months Jun 2011 unaudited $000	12 months Dec 2010 audited $000	6 months Jun 2010 unaudited $000
Revenue:						
Information	10,239	20,515	9,997	4,333	8,948	4,498
Markets	10,323	21,654	8,940	8,528	18,413	7,285
Infrastructure	6,027	8,059	4,994	4,911	7,520	5,112
Total revenue	26,589	50,228	23,931	17,772	34,881	16,895

4. Employee and related expenses

	Group			Parent		
	6 months Jun 2011 unaudited $000	12 months Dec 2010 audited $000	6 months Jun 2010 unaudited $000	6 months Jun 2011 unaudited $000	12 months Dec 2010 audited $000	6 months Jun 2010 unaudited $000
Employee and related expenses:						
Salary and related expenses	-6,778	-14,818	-7,477	-3,887	-7,923	-3,910
CEO share plan	-	-288	-273	-	-288	-273
Other	-613	-308	-747	-613	-85	-82
Total employee and related expenses	-7,391	-15,414	-8,497	-4,500	-8,296	-4,265

5. Other expenses

		Group			Parent	
	6 months Jun 2011 unaudited $000	12 months Dec 2010 audited $000	6 months Jun 2010 unaudited $000	6 months Jun 2011 unaudited $000	12 months Dec 2010 audited $000	6 months Jun 2010 unaudited $000
Other expenses:						
Remuneration paid to auditors	-49	-149	-56	-48	-102	-49
Operating lease rental expense	-651	-1,133	-674	-522	-855	-531
Information technology	-1,979	-3,448	-1,721	-1,842	-3,295	-1,655
Professional fees	-907	-1,945	-987	-746	-1,501	-839
Rebates and incentives	-448	-221	-	-309	-16	-
Marketing, printing and distribution	-2,156	-4,027	-2,007	-23	-158	-116
Fund expenditure	-383	-819	-376	71	-	-
General administration	-973	-2,180	-1,058	-535	-1,242	-597
Total other expenses	-7,545	-13,922	-6,879	-3,953	-7,169	-3,787

6. Goodwill

		Group			Parent	
	Jun 2011 unaudited $000	Dec 2010 audited $000	Jun 2010 unaudited $000	Jun 2011 unaudited $000	Dec 2010 audited $000	Jun 2010 unaudited $000
Gross carrying amount						
Balance at beginning of the period	13,249	13,878	13,878	7,720	7,720	7,720
Goodwill on acquisition	-	1,662	1,624	-	-	-
Movement in earn out provisions post acquisition	-	-2,291	-2,291	-	-	-
Balance at end of the period	13,249	13,249	13,211	7,720	7,720	7,720
Net book value						
Balance at beginning of the period	13,249	13,878	13,878	7,720	7,720	7,720
Balance at end of the period	13,249	13,249	13,211	7,720	7,720	7,720

Goodwill on acquisition comprises $1,342,000 of goodwill on the acquisition of Callum Downs Pty Limited (“Callum Downs”), $267,000 on the acquisition of the CLEAR Group (“CLEAR”), and $15,000 on the acquisition of Australian Crop Forecasters Pty Limited (“ACF”) in the Group only.

The estimated earn-out provisions arising on acquisitions have been reviewed and adjusted to reflect current operating performance.

7. Other intangible assets

		Group				Parent	
		Jun 2011 unaudited $000	**Dec 2010 audited $000**	**Jun 2010 unaudited $000**		**Jun 2011 unaudited $000**	**Dec 2010 audited $000**	**Jun 2010 unaudited $000**
Gross carrying amount								
Balance at beginning of the period		47,543	41,922	41,922		38,385	32,945	32,945
Additions		1,768	5,621	4,437		1,480	5,440	4,235
Disposals		-	-	-		-	-	-
Impairment		-	-	-		-	-	-
Balance at end of the period		49,311	47,543	46,359		39,865	38,385	37,180
Accumulated amortisation and impairment								
Balance at beginning of the period		10,931	6,911	6,911		8,007	5,119	5,119
Amortisation expense		2,248	4,020	1,812		1,711	2,888	1,205
Disposals		-	-	-		-	-	-
Balance at end of the period		13,179	10,931	8,723		9,718	8,007	6,324
Net book value		36,132	36,612	37,636		30,148	30,378	30,856
Comprising:								
Other intangibles – definite life		27,544	28,024	29,393		24,898	25,128	25,606
Other intangibles – indefinite life		8,588	8,588	8,243		5,250	5,250	5,250
Net book value		36,132	36,612	37,636		30,148	30,378	30,856

Other intangible assets include software, brand names and trademarks, data archives, customer lists, databases, websites & IP, management rights.

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

All intangible assets are reviewed for impairment based on the performance of the intangible asset or cash-generating unit relative to expected future performance and other relevant factors. The directors review all intangibles for impairment using discounted cash flow analysis, comparable EBITDA multiple analysis and/or other relevant factors. Discounted cash flow analysis used a discount rate of 12.5% and a forecast period of four and a half years. Specifically, the directors tested that the net present value of intangible assets and cash-generating units was greater than current carrying values, and that forecast 2011 and 2012 multiples are consistent with equivalent multiples for NZX and comparable companies trading both in New Zealand and overseas. The full year 2011 and 2012 forecasts are based on the first half of 2011 actual performance adjusted for known circumstances that will impact the second half of 2011 and 2012. The individual assets tested generated EBITDA multiples in a range from 1.8 to 8.6. As at 30 June 2011 the Group EBITDA multiple was 13.2.

The directors have tested the carrying value of all intangible assets and have assessed that all carrying values are appropriate and that no impairment charge is required.

Software

Given the nature of NZX and its operations, the Group has a strong investment in software, both acquired and internally generated. This software is a definite life intangible and has a book value of $22,944,819 in the Parent and $23,116,749 in the Group as at 30 June 2011, and WIP in relation to software of $1,952,853 in the Parent (Group: $2,235,102).

Software at 30 June 2011 includes Clearing House software with a book value of $10,540,314 and an estimated useful life of twelve years. This asset has five main value drivers. These are:

1. Cash market volumes (debt and equity);
2. Derivatives market volumes;
3. Depository customers;
4. Value added services from the depository, such as securities lending; and
5. Direct customer participation and membership in the Clearing House as a paid member, or potentially other markets that the Clearing House may provide clearing services to.

Based on discounted cash flow analysis using internal base case assumptions, the net present value of the Clearing House software is higher than the carrying value at 30 June 2011 of $10,540,314.

A portion of the net present value of the Clearing House asset is derived from expected revenue generated from the derivatives market. The derivatives market was launched in October 2010, and is thus in start-up phase. Revenue generated from the derivatives market is currently less than 10% of Clearing House's total revenue. Cash-market related revenues (i.e. membership, clearing, settlement, stock lending and depository) are forecast to grow to slowly. Derivatives related revenues (lots cleared and settled, open interest margin, derivatives based membership) are forecast to grow to be approximately 25% of Clearing House total revenues in 4 years time.

Clear Grain Exchange (CGX)
During the period 8 to 17 July 2011, the Audit and Financial Risk Committee oversaw a comprehensive and detailed process designed to assess the value of the CGX asset on the NZX Group balance sheet. That process involved a number of Committee and Board meetings to consider detailed analysis on matters including, but not limited to: trading volumes, relevant market catchment area, likely harvest size, discount rate, customer connectivity, market relationships, technology platform, expenses, capital expenditure, terminal value and other matters.

Software at 30 June 2011 includes CGX software with a book value of $7,449,622 and an estimated useful life of ten years. The value of the grain exchange software is based on the free cash flow generated over and above the operating cost base of the business. The revenues generated are directly related to the fees charged per tonne, and the number of tonnes traded. To assess the appropriateness of the carrying value of the CGX asset, significant emphasis was placed, in particular, on the long-run assumptions. Sensitivity analyses, stress testing and various market scenarios were also undertaken and assessed. To sustain CGX's carrying value on the NZX Group balance sheet, the CGX business is expected to need to achieve market share in relevant market segments (i.e. not the entire Australian grain market) at or around 7% by 2015, which is not materially above current market share levels estimated at around 4% of the relevant market.

Following the CGX review, the NZX Board resolved that the carrying value of the CGX asset remain unchanged.

8. Bank Loan

At 30 June 2011 NZX holds a bank loan totalling $7,500,000 denominated in New Zealand Dollars with a nominal interest rate of 3.89%. The bank loan has a duration of less than one year, and was 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 periodically. 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 repayment of existing debt.

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate 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). 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. The Treasury Committee meets periodically 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.

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2011

10. Share capital

	Group				Parent		
	Jun 2011	Dec 2010	Jun 2010		Jun 2011	Dec 2010	Jun 2010
	unaudited	audited	unaudited		unaudited	audited	unaudited
	$000	$000	$000		$000	$000	$000
Share capital	32,505	32,212	37,133		36,655	36,500	41,746
	32,505	**32,212**	**37,133**		**36,655**	**36,500**	**41,746**

Share capital at period end							
	Group				Parent		
	6 months	12 months	6 months		6 months	12 months	6 months
	Jun 2011	Dec 2010	Jun 2010		Jun 2011	Dec 2010	Jun 2010
	Number of Shares	Number of Shares	Number of Shares		Number of Shares	Number of Shares	Number of Shares
	unaudited	audited	unaudited		unaudited	audited	unaudited
	000	000	000		000	000	000
Ordinary shares on issue							
General	120,439	119,475	122,687		120,439	119,475	122,687
CEO shares					907	1,803	1,803
Total ordinary shares on issue	120,439	119,475	122,687		121,346	121,278	124,490
Restricted shares							
Employees		68	33		998	1,305	1,334
Country Wide Publishing Limited	270	270	270		270	270	270
Total restricted shares	270	338	303		1,268	1,575	1,604
Total share capital	120,709	119,813	122,990		122,614	122,853	126,094

On 24 March 2011 NZX Limited completed the reclassification of 67,658 NZX restricted shares on issue under the NZX Employee Share Plan 2008 (2009 Offer) as NZX Ordinary Shares. No shares remain on issue under this Plan.

Please note, issued capital figures at the Group level omit (1) those shares issued, and still restricted, under the CEO Share Scheme 2007 (907,082) from the total number of ordinary shares on issue, and (2) those shares issued and still restricted under the Employee – Team and Results Plan (997,694) from the total number of restricted shares on issue. Both these quantum's of shares are included within the share capital figures for the Parent.

Movement in share capital	Group				Parent		
	6 months	12 months	6 months		6 months	12 months	6 months
	Jun 2011	Dec 2010	Jun 2010		Jun 2011	Dec 2010	Jun 2010
	Number of Shares	Number of Shares	Number of Shares		Number of Shares	Number of Shares	Number of Shares
	unaudited	audited	unaudited		unaudited	audited	unaudited
	000	000	000		000	000	000
Balance at beginning of period	**119,813**	**120,659**	**120,659**		**122,853**	**122,973**	**122,973**
Issue of shares							
Rights	-	-	-		-	-	0
Employee share plans	-	35	-		374	1,300	1,300
Profit distribution plan	-	2,333	2,331		-	2,414	2,412
On acquisition of businesses	-	-	-		-	-	-
Redemption of shares							
Employee share plans	-	-	-		(613)	(620)	(591)
Share buyback	-	(3,214)	-		-	(3,214)	-
Cancellation of shares - treasury stock	-	-	-		-	-	-
Shares vested	896	-	-		-	-	-
Balance at end of period	120,709	119,813	122,990		122,614	122,853	126,094

As at 30 June 2011 the Parent had 122,613,915 shares issued and fully paid. The total number of shares on issue includes ordinary shares (121,346,054, which includes 907,082 shares that are still restricted under the 2007 CEO Share Plan) and employee and other restricted shares (totalling 1,267,861). All ordinary shares carry one vote per share and carry the right to dividends. All issued shares are fully paid and have no par value.

11. Dividends

	6 months		12 months		6 months	
	Jun 2011		Dec 2010		Jun 2010	
	unaudited		audited		unaudited	
	Cents per share	Total $000	Cents per share	Total $000	Cents per share	Total $000
Recognised amounts						
Fully paid ordinary shares	9.00c	10,907	10.25c	12,680	6.50c	8,039

12. Acquisition of businesses

Name business acquired	Proportion of assets/shares acquired (%)	Principal activity	Date of acquisition
2011			
No acquisitions have taken place in the first six months of 2011	-	-	-
2010			
Callum Downs Pty Limited	100	Data sales	16 June 2010

13. 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 $22,932,930.27 in cash held from such deposits at 30 June 2011.

14. Electricity settlement

At 30 June 2011, ECH has outstanding payables and receivables for the purchase and sale of electricity, and the settlement of transmission losses. These items are not recorded in the Group's statement of financial position, because in aggregate, a nil net position arises which is consistent with the fact that other parties have accepted the risks associated with electricity settlements. No legal right of set-off exists between these electricity settlement liabilities and assets.

15. 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 are reconciled to the related items in the statement of financial position as follows:

			Group			Parent		
			Jun 2011 unaudited $000	Dec 2010 audited $000	Jun 2010 unaudited $000	Jun 2011 unaudited $000	Dec 2010 audited $000	Jun 2010 unaudited $000
	Interest Rates	Maturities						
Cash at bank	1.0% - 2.25%	Call	6,139	13,795	15,080	1,020	3,865	1,756
Bank deposits	2.75% - 4.6%	30 to 180 days	7,500	5,500	1,000	-	-	-
			13,639	19,295	16,080	1,020	3,865	1,756

$7.5 million of the Group bank deposit balance is ring-fenced as risk capital for the New Zealand Clearing Corporation ("NZCC").

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

		Group			Parent	
	6 months Jun 2011 unaudited $000	**12 months Dec 2010 audited $000**	**6 months Jun 2010 unaudited $000**	**6 months Jun 2011 unaudited $000**	**12 months Dec 2010 audited $000**	**6 months Jun 2010 unaudited $000**
Profit after tax for the period	4,511	9,302	5,683	7,337	10,783	5,215
Loss/(Gain) on revaluation of fair value through profit or loss on financial assets	1,910	1,949	-1,304	-	388	-71
Share of associates' profit	-133	-199	-69	-	-	-
Dividends received from subsidiaries	-	-	-	- 2,229	-	-
Depreciation and amortisation of non-current assets	2,548	4,693	2,152	1,941	3,443	1,510
	8,835	**15,745**	**6,462**	**7,049**	**14,614**	**6,654**
Impairment of non-current assets	-	-	-		-	-
(Increase)/decrease in current tax balances	- 238	-267	-1,032	- 524	-648	-477
Increase/(decrease) in deferred tax balances	1,020	1654	245	1,033	1643	226
Decrease/(increase) in current receivables	1,993	-655	-2,174	2,198	-394	-1,251
	11,610	**16,477**	**3,501**	**9,756**	**15,215**	**5,152**
Increase/(decrease) in current payables	-5,673	4,822	-6,928	-5,965	-1,192	-5,541
	5,938	21,299	-3,427	3,791	14,023	-389
Non-operating payables		-6,288	3,615		1,794	1,256
Non-operating provisions	-	2,101	-	-	-257	-
Other non-operating liabilities	0	-4,187	3,615	0	1,537	1,256
Net cash from operating activities	**5,938**	**17,112**	**188**	**3,791**	**15,560**	**867**

16. New Zealand Clearing Corporation risk capital

The NZCC, a subsidiary of NZX, was capitalised with $10 million of risk capital in June 2010 and NZX has committed to inject a further amount of up to $5 million of risk capital if required. In addition, there has been working capital provided to NZCC of $2 million cash, although actual working capital needs are expected to be significantly below this level. All amounts were funded from NZX's own cash reserves.

17. Segment information

NZX has determined that there are three revenue segments, being Information, Markets and Infrastructure. NZX considers that there are no expenditure segments as resource allocation decisions across the Group are made to optimise the consolidated Group's financial result.

NZX considers that on the balance sheet, segments exist for intangible assets only. There are no other asset or liability segments as NZX has a shared asset base with assets and liabilities operated without allocation. There have been no material changes in the intangible assets segments since December 2010.

	Group – 6 months Jun 2011 unaudited				
	Information $000	**Markets $000**	**Infrastructure $000**	**Other $000**	**Total $000**
Allocated revenue	10,239	10,323	6,027	-	26,589
Unallocated expenditure	-	-	-	- 14,936	- 14,936
Total segment result	10,239	10,323	6,027	-14,936	11,653
	Group – 12 months Dec 2010 audited				
	Information $000	**Markets $000**	**Infrastructure $000**	**Other $000**	**Total $000**
Allocated revenue	20,515	21,654	8,059	-	50,228
Unallocated expenditure	-	-	-	- 29,336	- 29,336
Total segment result	20,515	21,654	8,059	-29,336	20,892
	Group – 6 months Jun 2010 unaudited				
	Information $000	**Markets $000**	**Infrastructure $000**	**Other $000**	**Total $000**
Allocated revenue	9,997	8,994	4,940	-	23,931
Unallocated expenditure	-	-	-	- 15,376	-15,376
Total segment result	9,997	8,994	4,940	-15,376	8,555

18. Contingent liabilities and commitments

M-co

NZX entered into a sale and purchase agreement with M-co in 2009, which includes an earn out provision whereby NZX is required to pay $1,500,000 if gross revenue during the period between 30 June 2009 and 30 June 2012 attributable to the business and the business opportunities exceeds $30,250,000. No provision has been made at 30 June 2011, as NZX does not expect the revenue target to be met.

Clear

Grain Market Software Payment
NZX entered into a sale and purchase agreement with Clear in 2009 (the "Clear SPA") to acquire the assets required to operate the Clear electronic grain trading platform. The Clear SPA provides for NZX to make an additional payment of AU$7m ($9,043,928), which is contingent upon:

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

No provision for this payment has been made at 30 June 2011, as based on grain volumes, NZX Clear traded less than 13% of the required metric tonnes at 30 June 2011. Given its track record NZX Clear is a 'transitional' business that is evolving with the market, rather than a 'breakthrough' business which transforms the market. It is not expected that the required threshold at 30 June 2012 (which is 33% greater than the threshold at 30 June 2011) will be met.

Agri-Portal Payment
The Clear SPA also provides for a further additional payment of AU$7m ($9,043,928) on the meeting of certain criteria by October 2012. The Agri-Portal Purchase Payment is payable if the Agri-portal, which is based on the Grain Market Software, has been completed and put into operation to the satisfaction of NZX. No provision has been made for the Agri-Portal Purchase Payment.

The Agri-Portal has three distinct, unique value propositions, and sources of competitive advantage, delivered via a single platform: Proprietary content (being data, analysis and media related to its relevant soft commodities and core proprietary markets); Proprietary markets (being the operation of the key marketplace for spot trading for the relevant soft commodities in New Zealand and Australia), and Proprietary design, (providing the key comprehensive functionality and world-leading usability that meets all customer business requirements).

The grain trading volumes on Clear to date have not reached close to the level where it is the key marketplace for spot trading of grain as required under the SPA. Neither is the Clear platform the key marketplace for the spot trading of any other soft commodities, nor - and closely related to this - is there sufficient proprietary content for the Agri-Portal to be put into operation to the satisfaction of NZX at this time.

RALEC Litigation
NZX has filed a suit against Ralec Commodities Pty Limited, Ralec Interactive Pty Limited, Grant Thomas, Dominic Pym and other related parties (together "Ralec") in the New Zealand High Court. The proceedings relate to claims under the Clear SPA. NZX's claims are for breach of warranty and related claims, and are made to protect NZX's commercial best interests. The amount of the claim is not quantified.

There has been suggestion in the media that Ralec intends to commence proceedings against NZX in connection with the earn-out provisions of the Clear SPA, however no notification has been received by NZX as of the date of release, 15 August 2011.

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Auditors' review report

To the shareholders of NZX Limited

We have reviewed the attached interim financial statements in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. The financial statements provide information about the past financial performance of NZX Limited (the 'Company') and its subsidiary companies (the 'Group') and their financial position as at 30 June 2011.

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 2011 and the results of their operations and cash flows for the six months ended on that date.

Reviewers' responsibilities

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

Basis of opinion

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

Partners and employees of our firm may deal with the Company and Group on normal terms within the ordinary course of trading activities of the business of the Company and Group. This matter has not impaired our independence as auditors of the Company and Group. The firm has no other relationship with, or interest in, the Company and Group.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the attached interim financial statements do not give a true and fair view of the financial position of NZX Limited and its subsidiary companies as at 30 June 2011 and the results of their operations and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting*.

Our review was completed on 15 August 2011 and our opinion is expressed as at that date.

KPMG

Wellington