

NZX LIMITED

Financial Statements

For the six months ended 30 June 2014

NZX Limited
Income Statement
For the six months ended 30 June 2014

	Group		
	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	ended	ended	ended
30 June 2014	30 June 2013	31 Dec 2013	
Note	\$000	\$000	\$000
Revenue			
Securities information	4,929	4,423	8,924
Listings	6,202	5,656	12,984
Other issuer services	488	457	976
Securities trading	2,221	2,051	4,345
Participant services	1,695	1,485	3,132
Securities clearing	2,230	2,171	4,593
Commodities trading	671	770	1,446
Dairy derivatives	88	25	109
Agri information	6,004	5,697	11,950
Fund services	1,217	1,203	2,458
Market operations	5,417	6,361	11,875
Total revenue	4	31,162	30,299
		62,792	
Expenses			
Personnel costs	(10,491)	(9,793)	(19,992)
Information technology	(2,872)	(2,860)	(5,832)
Professional fees	(1,718)	(1,309)	(2,127)
Marketing, printing and distribution	(1,745)	(1,636)	(3,550)
Fund expenditure	(413)	(756)	(1,100)
General administration	(1,780)	(1,889)	(4,417)
Total expenses	(19,019)	(18,243)	(37,018)
Earnings before net finance costs, income tax, depreciation and amortisation, and share of profit of associates	12,143	12,056	25,774
Interest income	275	257	539
Interest expense	(133)	(225)	(396)
Net gain/(loss) on foreign exchange	(35)	43	(40)
Net finance costs	107	75	103
Depreciation and amortisation expense	(2,712)	(3,240)	(6,451)
Impairment expense	-	-	(2,600)
Share of profit of associates	9	212	314
		554	
Profit before income tax	9,750	9,205	17,380
Income tax expense	(2,780)	(2,769)	(5,294)
Profit for the period	6,970	6,436	12,086
Earnings per share			
Basic (cents per share)	5	2.7	2.5
Diluted (cents per share)	5	2.7	2.5
		4.8	4.7

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

NZX Limited
Statement of Comprehensive Income
For the six months ended 30 June 2014

	Group		
	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	ended	ended	ended
	30 June 2014	30 June 2013	31 Dec 2013
	\$000	\$000	\$000
Profit for the period	6,970	6,436	12,086
Other comprehensive income			
Foreign currency translation differences	20	47	137
Total comprehensive income for the period	6,990	6,483	12,223

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

NZX Limited
Statement of Changes in Equity
For the six months ended 30 June 2014

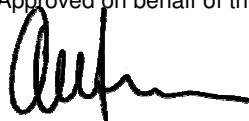
Group				
	Share Capital	Retained Earnings	Translation Reserve	Total Equity
Note	\$000	\$000	\$000	\$000
Opening balance at 1 January 2013	29,622	20,899	(43)	50,478
Profit for the period	-	6,436	-	6,436
Foreign currency translation differences	-	-	47	47
Total comprehensive income for the period	-	6,436	47	6,483
Transactions with owners recorded directly in equity:				
Dividends paid	12	-	(6,385)	-
Share based payments	-	184	-	-
Cancellation of non-vesting shares	-	(96)	-	-
Total transactions with owners recorded directly in equity	-	88	(6,385)	-
Unaudited closing balance at 30 June 2013	29,710	20,950	4	50,664
Profit for the period	-	5,650	-	5,650
Foreign currency translation differences	-	-	90	90
Total comprehensive income for the period	-	5,650	90	5,740
Transactions with owners recorded directly in equity:				
Dividends paid	-	-	(7,028)	-
Share based payments	-	140	-	-
Cancellation of non-vesting shares	-	-	-	-
Total transactions with owners recorded directly in equity	-	140	(7,028)	-
Audited closing balance at 31 December 2013	29,850	19,572	94	49,516
Profit for the period	-	6,970	-	6,970
Foreign currency translation differences	-	-	20	20
Total comprehensive income for the period	-	6,970	20	6,990
Transactions with owners recorded directly in equity:				
Dividends paid	12	-	(4,089)	-
Share based payments	-	152	-	-
Cancellation of non-vesting shares	-	(166)	-	-
Total transactions with owners recorded directly in equity	-	(14)	(4,089)	-
Unaudited closing balance at 30 June 2014	29,836	22,453	114	52,403

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

NZX Limited
Statement of Financial Position
As at 30 June 2014

	Group			
		Unaudited	Unaudited	Audited
	Note	30 June 2014 \$000	30 June 2013 \$000	31 Dec 2013 \$000
Current assets				
Cash and cash equivalents		13,526	15,188	17,416
Funds held on behalf	7	45,177	33,935	33,477
Receivables and prepayments	8	18,591	9,286	7,033
Current tax receivable	15	567	162	-
Total current assets		77,861	58,571	57,926
Non-current assets				
Investments in associates	9	2,969	3,267	2,757
Property, plant & equipment		2,175	1,597	2,174
Goodwill		13,233	13,628	13,233
Other intangible assets		24,814	31,338	26,870
Total non-current assets		43,191	49,830	45,034
Total assets		121,052	108,401	102,960
Current liabilities				
Bank overdraft		2,209	11,109	-
Funds held on behalf	7	45,177	33,935	33,477
Trade payables		4,446	3,807	5,218
Other liabilities	8	13,937	5,076	10,749
Current tax payable		-	-	975
Total current liabilities		65,769	53,927	50,419
Non-current liabilities				
Deferred tax liability		2,880	3,810	3,025
Total non-current liabilities		2,880	3,810	3,025
Total liabilities		68,649	57,737	53,444
Net assets		52,403	50,664	49,516
Equity				
Share capital		29,836	29,710	29,850
Retained earnings		22,453	20,950	19,572
Translation reserve		114	4	94
Total equity attributable to shareholders		52,403	50,664	49,516
Net tangible assets per share (cents per share)		5.61	2.23	3.68

Approved on behalf of the Board on 11 August 2014.



A W Harmos
Chairman of Directors



N Paviour-Smith
Director and Chairman of the Audit and Risk Committee

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

NZX Limited
Statement of Cash Flows
For the six months ended 30 June 2014

	Group		
	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	ended	ended	ended
30 June 2014	30 June 2013	31 Dec 2013	
Note	\$000	\$000	\$000
Cash flows from operating activities			
Receipts from customers	25,440	27,244	66,228
Net interest received	89	33	193
Payments to suppliers and employees	(22,415)	(18,925)	(34,637)
Income tax paid	(4,467)	(3,352)	(5,597)
Net cash (used in)/provided by operating activities	6	(1,353)	5,000
Cash flows from investing activities			
Receipts from investments	-	447	1,150
Payment for property, plant and equipment	(498)	(299)	(1,311)
Payments for intangible assets	(159)	(953)	(1,466)
Net cash used in investing activities	(657)	(805)	(1,627)
Cash flows from financing activities			
Dividends paid	(4,089)	(6,385)	(13,413)
Net cash used in financing activities	(4,089)	(6,385)	(13,413)
Net (decrease)/increase in cash	(6,099)	(2,190)	11,147
Cash at the beginning of the period	17,416	6,269	6,269
Cash at the end of the period	11,317	4,079	17,416

Cash comprises:

	Unaudited	Unaudited	Audited
	30 June 2014	30 June 2013	31 Dec 2013
	\$000	\$000	\$000
Cash at bank	6,026	7,688	9,916
Bank deposits	7,500	7,500	7,500
Bank overdraft	(2,209)	(11,109)	-
Total cash	11,317	4,079	17,416

Included within the cash and cash equivalent balance is \$10.0 million that is held for risk capital requirements by the Clearing House and is not available for general cash management use by the Group.

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

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2014

1 Reporting entity

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

The consolidated interim financial statements of NZX Limited as at and for the six months ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The Company operates New Zealand securities, derivatives and energy markets and an Australian grain commodity market. The Company also builds and maintains the infrastructure on which they operate, and provides a range of information and data to support market growth and development.

2 Basis of preparation

(a) Statement of compliance

The Group financial statements have been prepared in accordance with the New Zealand equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) and Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2013. These Group financial statements do not include all the information required for full annual financial statements prepared in accordance with NZ IFRS.

These consolidated interim financial statements were approved by the Board of Directors on 11 August 2014 and are unaudited.

(b) Judgements and estimates

Preparing the Group financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these Group financial statements, significant judgements are made by management in applying the Group's accounting policies. The key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2013.

(c) Functional and presentation currency

These financial statements are presented in New Zealand Dollars (\$), which is the Company's functional currency. All financial information presented in New Zealand Dollars has been rounded to the nearest thousand, except when otherwise indicated.

3 Summary of Accounting Policies

These Group financial statements have been prepared using the same accounting policies as, and should be read in conjunction with, the financial statements and related notes included in the Group's Annual Report for the year ended 31 December 2013.

(a) Reclassification of comparative figures

Certain comparative amounts in the income statement and segmental reporting note have been reclassified to confirm with the current period's presentation.

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2014

4 Segment reporting

The Group has five reportable segments, as described below, which are the Group's strategic business areas. In the prior periods the Group had three reportable segments and the change to five is to better reflect the nature of the Group's businesses and the way the information is now reported internally.

- Capital Markets - operator and regulator of securities and derivatives markets and provider of trading, post-trade and data services for securities and derivatives, as well as the provider of a central securities depository;
- Soft Commodities- Operator of an electronic grain trading platform through Clear Grain Exchange, and operator of a dairy derivatives market;
- Agricultural Information - Provider of information, news and data relating to the agriculture sectors in New Zealand and Australia through printed publications and online services;
- Funds Management - Provider of passive funds management products; and
- Market Operations - Market operator for New Zealand's wholesale electricity market and the Fonterra Shareholders Market.

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

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

Segmental information for the six months ended 30 June 2014

Unaudited	Capital Markets	Soft Commodities	Agricultural information	Funds Management	Market Operations	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	17,765	759	6,004	1,217	5,417	-	31,162
Unallocated expenditure	-	-	-	-	-	(19,019)	(19,019)
Total segment result	17,765	759	6,004	1,217	5,417	(19,019)	12,143
Segment assets:							
Goodwill	323	-	5,190	-	7,720	-	13,233
Other intangible assets	12,346	4,440	4,945	2,344	-	739	24,814
Total segment assets	12,669	4,440	10,135	2,344	7,720	739	38,047
Unallocated assets:							
Cash and cash equivalents	-	-	-	-	-	13,526	13,526
Other assets	-	-	-	-	-	69,479	69,479
Unallocated liabilities	-	-	-	-	-	(68,649)	(68,649)
Net assets	12,669	4,440	10,135	2,344	7,720	15,095	52,403

Segmental information for the six months ended 30 June 2013

Unaudited	Capital Markets	Soft Commodities	Agricultural information	Funds Management	Market Operations	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	16,243	795	5,697	1,203	6,361	-	30,299
Unallocated expenditure	-	-	-	-	-	(18,243)	(18,243)
Total segment result	16,243	795	5,697	1,203	6,361	(18,243)	12,056
Segment assets:							
Goodwill	323	395	5,190	-	7,720	-	13,628
Other intangible assets	13,955	7,450	5,949	2,344	932	708	31,338
Total segment assets	14,278	7,845	11,139	2,344	8,652	708	44,966
Unallocated assets:							
Cash and cash equivalents	-	-	-	-	-	15,188	15,188
Other assets	-	-	-	-	-	48,247	48,247
Unallocated liabilities	-	-	-	-	-	(57,737)	(57,737)
Net assets	14,278	7,845	11,139	2,344	8,652	6,406	50,664

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2014

4 Segment reporting (continued)

Segmental information for the year ended 31 December 2013

Restated

Audited	Capital Markets	Soft Commodities	Agricultural information	Funds Management	Market Operations	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	34,954	1,555	11,950	2,458	11,875	-	62,792
Unallocated expenditure	-	-	-	-	-	(37,018)	(37,018)
Total segment result	34,954	1,555	11,950	2,458	11,875	(37,018)	25,774
Segment assets:							
Goodwill	323	-	5,190	-	7,720	-	13,233
Other intangible assets	13,041	4,773	5,387	2,344	408	917	26,870
Total segment assets	13,364	4,773	10,577	2,344	8,128	917	40,103
Unallocated assets:							
Cash and cash equivalents	-	-	-	-	-	17,416	17,416
Other assets	-	-	-	-	-	45,441	45,441
Unallocated liabilities	-	-	-	-	-	(53,444)	(53,444)
Net assets	13,364	4,773	10,577	2,344	8,128	10,330	49,516

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment non-current assets are based on the geographical location of the assets.

	Unaudited 6 months ended 30 Jun 2014 \$000	Unaudited 6 months ended 30 Jun 2013 \$000	Audited 12 months ended 31 Dec 2013 \$000
Revenue			
New Zealand	24,589	23,686	51,244
Australia	3,779	3,915	5,187
Other	2,794	2,698	6,361
Total revenue	31,162	30,299	62,792

	Unaudited As at 30 Jun 2014 \$000	Unaudited As at 30 Jun 2013 \$000	Audited As at 31 Dec 2013 \$000
Non-current assets			
New Zealand	39,184	45,599	40,577
Australia	4,007	4,231	4,457
Total non-current assets	43,191	49,830	45,034

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2014

5 Earnings per share

(a) Basic earnings per share

	Unaudited 6 months ended 30 June 2014	Unaudited 6 months ended 30 June 2013	Audited 12 months ended 31 Dec 2013
Earnings (\$000)	6,970	6,436	12,086
Weighted average number of ordinary shares (in thousands)	253,998	254,089	254,031
Basic earnings per share (cents per share)	2.7	2.5	4.8

(b) Diluted earnings per share

	Unaudited 6 months ended 30 June 2014	Unaudited 6 months ended 30 June 2013	Audited 12 months ended 31 Dec 2013
Earnings (\$000)	6,970	6,436	12,086
Weighted average number of shares (in thousands)	255,947	256,316	256,115
Diluted earnings per share (cents per share)	2.7	2.5	4.7

	Unaudited 30 June 2014 000's	Unaudited 30 June 2013 000's	Audited 31 Dec 2013 000's
Number of shares			
Weighted average number of ordinary shares (basic)	253,998	254,089	254,031
Weighted average shares issued under the CEO share plan and employee share plans	1,949	2,227	2,084
Weighted average number of shares (diluted)	255,947	256,316	256,115

6 Reconciliation of profit for the period to net cash provided by operating activities

	Unaudited 6 months ended 30 June 2014 \$000	Unaudited 6 months ended 30 June 2013 \$000	Audited 12 months ended 31 Dec 2013 \$000
Profit for the period	6,970	6,436	12,086
Share of profit of associates	(212)	(314)	(554)
Share based payment bonus accrual	(14)	88	228
Depreciation and amortisation expense	2,712	3,240	6,451
Impairment expense	-	-	2,600
	2,486	3,014	8,725
(Increase)/decrease in current tax receivable/(payable)	(1,542)	(455)	682
(Decrease)/increase in deferred tax liability	(145)	(128)	(913)
(Increase)/decrease in receivables and prepayments	(11,558)	1,157	3,410
(Decrease)/increase in trade payables and other liabilities	2,436	(5,024)	2,197
	(10,809)	(4,450)	5,376
Net cash from operating activities	(1,353)	5,000	26,187

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2014

7 Funds held on behalf

	Unaudited 30 June 2014 \$000	Unaudited 30 June 2013 \$000	Audited 31 Dec 2013 \$000
Bond deposit	1,206	1,191	1,176
Collateral deposits	43,971	32,744	32,301
	45,177	33,935	33,477

Collateral deposits represent balances deposited by participants to cover margins on outstanding settlement obligations for cash market transactions, stock lending transactions and derivative contracts. Funds lodged as margin collateral are interest bearing and are carried at the amounts deposited which represent fair value. Interest earned on collateral deposits is returned to participants and a collateral management fee is charged. There is an equal and opposite amount disclosed under current liabilities for the total amount repayable to participants.

The bond deposits represent balances deposited by issuers, required as a condition of listing on NZX's markets. Funds lodged as bond deposits are interest bearing and are carried at the amounts deposited which represent fair value. Interest earned on bond deposits is retained by the Group. There is an equal and opposite amount disclosed under current liabilities for the total amount repayable to issuers.

8 Annual listing and participant fees

The increase in receivables and prepayments, reflects the billing of annual listing and participant fees on 30 June 2014. The equivalent amounts were billed on 1 July in 2013. This resulted in an equivalent increase in revenue received in advance within other liabilities.

9 Investment in associates

Name of Entity	Ownership interest			Carrying value of asset in Group Accounts		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	30 June 2014 (%)	30 June 2013 (%)	31 Dec 2013 (%)	30 June 2014 \$000	30 June 2013 \$000	31 Dec 2013 \$000
Associates						
AXE ECN Pty Limited	Australia	50	50	50	-	-
Link Market Services Limited	New Zealand	50	50	50	2,969	3,267
Total investment in associates				2,969	3,267	2,757
Amount of goodwill in carrying value of equity accounted associates:				213	213	213

	Unaudited 6 months ended 30 June 2014 \$000	Unaudited 6 months ended 30 June 2013 \$000	Audited 12 months ended 31 Dec 2013 \$000
Movement in carrying value of associates:			
Balance at beginning of the period	2,757	3,353	3,353
Distributions received	-	(400)	(800)
Capital repayment	-	-	(350)
Share of profit of associates	212	314	554
Balance at end of the period	2,969	3,267	2,757

NZX Limited
Notes to the financial statements
For the six months ended 30 June 2014

10 Impairment test

The Group's cash generating units (CGU's) to which goodwill has been allocated are tested for impairment annually, and whenever there is an indicator of impairment based on the performance of the CGU relative to expected future performance and other relevant factors.

Indefinite life intangible assets are reviewed for impairment annually. Finite and indefinite life intangible assets are also reviewed for impairment whenever there are indicators of impairment. Impairment testing is based on the performance of the intangible asset or cash-generating unit relative to expected future performance and other relevant factors. A description of the impairment tests carried out is included in the annual report for the year ended 31 December 2013.

For the period ended 30 June 2014, the Group reviewed the Energy CGU for impairment as the business for this CGU has a significant reliance on service provider contracts it has in place with the Electricity Authority ("EA") which were renewed in 2012 and expire on 1 May 2016. Based on discounted cash flow analysis using internal base case assumptions, the net present value of the Energy CGU asset was assessed to be higher than the carrying value at 30 June 2014. The discounted cash flow analysis used a discount rate of 10.5% (December 2013: 10.5%). The updated valuation took into account the amount of future contracted revenues that had decreased since the previous valuation due to the passage of time, as well as additional revenues that had arisen in the current period.

11 Shares on issue

a) Number of shares on issue at the end of the period

	Unaudited 30 June 2014	Unaudited 30 June 2013	Audited 31 Dec 2013
Ordinary shares on issue			
General	253,997,949	253,972,723	253,997,949
Total ordinary shares on issue	253,997,949	253,972,723	253,997,949
Restricted shares			
Employees	-	-	-
Total restricted shares on issue	-	-	-
Total shares on issue	253,997,949	253,972,723	253,997,949

There are also 1,575,000 shares issued under the CEO share scheme and 373,624 restricted shares issued under employee share plans held by entities within the Group and treated as treasury stock for the purposes of the table above. All shares issued under the employee share plans and other restricted shares are subject to transfer conditions and eligibility criteria before they are able to vest as ordinary shares. Until those transfer conditions and/or eligibility criteria are met, none are quoted on the NZSX.

(b) Movement in the number of shares

	Unaudited 6 months ended 30 June 2014	Unaudited 6 months ended 30 June 2013	Audited 12 months ended 31 Dec 2013
Balance at beginning of the period	253,997,949	254,040,160	254,040,160
Issue of shares			
Employee share plans	-	216,240	241,466
Redemption of shares			
Other	-	(283,677)	(283,677)
Balance at end of the period	253,997,949	253,972,723	253,997,949

NZX Limited
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12 Dividends

Dividends declared and paid	For year ended	Unaudited 6 months ended 30 June 2014			Unaudited 6 months ended 30 June 2013			Audited 12 months ended 31 December 2013		
		Cents per share	Total	\$000	Cents per share	Total	\$000	Cents per share	Total	\$000
March 2013	31 Dec 12				1.25	3,192		1.25	3,192	
May 2013	31 Dec 13				1.25	3,193		1.25	3,193	
September 2013	31 Dec 13							1.25	3,194	
December 2013	31 Dec 13							1.50	3,834	
March 2014	31 Dec 13	1.60	4,089							
Total dividends paid for the period		1.60	4,089		2.50	6,385		5.25	13,413	

Refer to note 16 for details of the first half 2014 dividend.

13 Share based payments

(a) CEO Share Plan

The CEO share scheme agreed under the CEO's employment contract runs for a period of five years expiring mid 2017. The details of the CEO share scheme are outlined in the Group's financial statements for the year ended 31 December 2013.

b) Employee Share Plan

The NZX Limited employee share plan - team and results ("Team and Results Plan") was implemented in May 2010. The details of the Team and Results Plan are outlined in the Group's financial statements for the year ended 31 December 2013. During the current period new offers have been made under the plans, as at 30 June 2014, no further shares have been issued under these plans.

14 Related party transactions

(a) Transactions with key management personnel

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

	Unaudited 6 months ended 30 June 2014 \$000	Unaudited 6 months ended 30 June 2013 \$000	Audited 12 months ended 31 Dec 2013 \$000
Short-term employee benefits	2,017	1,935	3,966
Share-based payments	(53)	131	249
Termination benefits	-	-	7
	1,964	2,066	4,222

Further details in relation to share based payment arrangements with key management personnel are disclosed in note 13.

NZX Limited
Notes to the financial statements
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14 Related party transactions (continued)

(b) Transactions with directors and other entities NZX directors are associated with

The Company regularly enters into transactions on an arm's length basis and under normal commercial terms and conditions with other entities that some of the directors may sit on the board of or are employed by.

Directors fees for the six month period to 30 June 2014 were \$243,000 (30 June 2013: \$239,000, 31 December 2013: \$483,000) and have been included in professional fees.

(c) Transactions with other related parties

During the period, the Group made sales to and purchases from its associates. The amounts of the sales and purchases between the Group and its associates, and any outstanding balances as at reporting date, are listed below.

	Unaudited 6 months ended 30 June 2014 \$000	Unaudited 6 months ended 30 June 2013 \$000	Audited 12 months ended 31 Dec 2013 \$000
Sales to Link Market Services Limited	348	199	512
Purchases from Link Market Services Limited	(147)	(155)	(307)

	Unaudited 30 June 2014 \$000	Unaudited 30 June 2013 \$000	Audited 31 Dec 2013 \$000
Receivable from Link Market Services Limited	50	54	182
Payable to Link Market Services Limited	(18)	-	(44)

15 Contingent liabilities and commitments

(a) Ralec Litigation

NZX filed proceedings against Ralec Commodities Pty Limited, Ralec Interactive Pty Limited, Grant Thomas, Dominic Pym and other related parties (together "Ralec") in the New Zealand High Court. The proceedings relate to claims under the sale and purchase agreement entered into with Clear Commodities Pty Limited and Clear Interactive Pty Limited in 2009 (the "Clear SPA") for breach of warranty and associated claims.

The defendants filed a statement of defence and counterclaim on 22 December 2011. The quantum of this counterclaim has not been finally particularised but is substantially for the value of the lost opportunity to earn under the Clear SPA the Grain Market Software Payment of AU\$7.0 million, the Agri-Portal Payment of AU\$7.0 million and consequent damages.

The claim and counterclaim will be heard through the New Zealand Courts. On the basis of the Company's assessment of the circumstances and the information available to it, no provision has been made.

(b) Tax

NZX received notification in November 2012 that the IRD had progressed its risk review of the NZX Group, undertaken in 2011, to a tax audit. This audit has been ongoing throughout 2013 and 2014. In March 2014 the IRD issued Notices of Proposed Adjustment (NOPAs) in respect of items for which the Company estimates the tax effect is approximately \$1.3m. NZX has submitted Notices of Response to the IRD disputing these NOPAs. No provision has been made at 30 June 2014 for these items. The IRD also continues to consider other matters for which it has made requests for information.

16 Subsequent events

Dividend

Subsequent to balance date the Board declared a first half 2014 dividend of 3.00 cents per share, fully imputed, to be paid on 12 September 2014 (with a record date of 29 August 2014). This is in line with the NZX dividend policy adopted on 21 February 2014.



Auditors' review report

To the shareholders of NZX Limited

We have completed a review of the interim financial statements on pages 2 to 14 in accordance with the Review Engagement Standard RS-1 issued by the External Reporting Board. The financial statements provide information about the past financial performance of NZX Limited and its subsidiary companies (the "Group") and their financial position as at 30 June 2014.

Directors' responsibilities

The Directors of the Group are responsible for the preparation of interim financial statements which give a true and fair view of the financial position of the Group as at 30 June 2014 and the results of its operations and cash flows for the 6 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.

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

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements on pages 2 to 14 do not give a true and fair view of the financial position of the Group as at 30 June 2014 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 11 August 2014 and our opinion is expressed as at that date.

A handwritten signature of the KPMG firm, written in black ink, appearing as 'KPMG' in a stylized, cursive font.

Wellington