NZX LIMITED

Financial Statements

For the year ended 31 December 2014

NZX Limited
Financial Statements
For the year ended 31 December 2014

Index	**Page**

Directors' Responsibility Statement

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of NZX Limited and its subsidiaries (the "NZX Group") as at 31 December 2014 and the results of their operations and cash flows for the year ended 31 December 2014.

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

The Directors are pleased to present the financial statements of the NZX Group for the year ended 31 December 2014.

The financial statements were authorised for issue for and on behalf of the Directors on 16 February 2015.

A W Harmos	N Paviour-Smith
Chairman of Directors	Director and Chairman of Audit and Risk Committee

NZX Limited
Income Statement
For the year ended 31 December 2014

		Group		Parent	
		2014	2013	2014	2013
	Note	$000	$000	$000	$000
Revenue					
Securities information		10,406	8,924	10,109	8,590
Listing fees		13,155	12,984	13,316	13,126
Other issuer services		1,013	976	1,013	976
Securities trading		4,424	4,345	4,424	4,345
Participant services		3,479	3,132	3,479	3,132
Securities clearing		4,653	4,593	-	-
Commodities trading		1,251	1,446	-	-
Dairy derivatives		254	109	46	26
Agri information		12,204	11,950	-	-
Fund services		2,716	2,458	-	-
Market operations		11,634	11,875	12,655	13,346
Total revenue	4	**65,189**	**62,792**	**45,042**	**43,541**
Dividend income		**-**	**-**	**3,223**	**23,458**
Expenses					
Personnel costs	5	(21,975)	(19,992)	(14,210)	(12,245)
Information technology		(5,828)	(5,832)	(5,055)	(4,946)
Professional fees		(3,437)	(2,127)	(2,470)	(1,532)
Marketing, printing and distribution		(3,827)	(3,550)	(326)	(233)
Fund expenditure		(1,063)	(1,100)	-	-
Other expenses	6	(4,458)	(4,417)	(3,179)	(3,618)
Total expenses		**(40,588)**	**(37,018)**	**(25,240)**	**(22,574)**
Earnings before net finance income, income tax, depreciation and amortisation, impairment, and share of profit of associates		**24,601**	**25,774**	**23,025**	**44,425**
Interest income		615	539	308	519
Interest expense		(407)	(396)	(215)	(515)
Net loss on foreign exchange		(121)	(40)	(113)	(34)
Net finance income/(expense)		87	103	(20)	(30)
Gain on disposal of assets		42	-	60	-
Impairment expense	7	-	(2,600)	(988)	(2,600)
Depreciation and amortisation expense	8	(5,490)	(6,451)	(4,838)	(5,402)
Share of profit of associates	14	673	554	-	-
Profit before income tax		**19,913**	**17,380**	**17,239**	**36,393**
Income tax expense	9	(6,802)	(5,294)	(4,607)	(4,198)
Profit for the year		**13,111**	**12,086**	**12,632**	**32,195**

Earnings per share			
Basic (cents per share)	10	5.2	4.8
Diluted (cents per share)	10	5.1	4.7

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

NZX Limited
Statement of Comprehensive Income
For the year ended 31 December 2014

	Group		Parent	
	2014	2013	2014	2013
	$000	$000	$000	$000
Profit for the year	13,111	12,086	12,632	32,195
Other comprehensive income recognised through equity				
Foreign currency translation differences	93	137	-	-
Total other comprehensive income	93	137	-	-
Total comprehensive income for the year	**13,204**	**12,223**	**12,632**	**32,195**

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

NZX Limited
Statement of Changes in Equity
For the year ended 31 December 2014

		Group			
	Note	Share Capital $000	Retained Earnings $000	Translation Reserve $000	Total Equity $000
Balance at 1 January 2013		**29,622**	**20,899**	**(43)**	**50,478**
Profit for the year		-	12,086	-	12,086
Foreign currency translation differences		-	-	137	137
Total comprehensive income for the year		**-**	**12,086**	**137**	**12,223**
Transactions with owners recorded directly in equity:					
Dividends paid	22	-	(13,413)	-	(13,413)
Issue of shares		324	-	-	324
Non-vesting shares		(96)	-	-	(96)
Total transactions with owners recorded directly in equity		**228**	**(13,413)**	**-**	**(13,185)**
Balance at 31 December 2013		**29,850**	**19,572**	**94**	**49,516**
Profit for the year		-	13,111	-	13,111
Foreign currency translation differences		-	-	93	93
Total comprehensive income for the year		**-**	**13,111**	**93**	**13,204**
Transactions with owners recorded directly in equity:					
Dividends paid	22	-	(11,756)	-	(11,756)
Share based payments		313	-	-	313
Non-vesting shares		(188)	-	-	(188)
Total transactions with owners recorded directly in equity		**125**	**(11,756)**	**-**	**(11,631)**
Balance at 31 December 2014		**29,975**	**20,927**	**187**	**51,089**

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

NZX Limited
Statement of Changes in Equity (continued)
For the year ended 31 December 2014

		Parent			
	Note	Share Capital $000	Retained Earnings $000	Translation Reserve $000	Total Equity $000
Balance at 1 January 2013		**29,534**	**(2,387)**	**-**	**27,147**
Profit for the year		-	32,195	-	32,195
Total comprehensive income for the year		**-**	**32,195**	**-**	**32,195**
Transactions with owners recorded directly in equity:					
Dividends paid	22	-	(13,413)	-	(13,413)
Share based payments		412	-	-	412
Non-vesting shares		(96)	-	-	(96)
Total transactions with owners recorded directly in equity		**316**	**(13,413)**	-	**(13,097)**
Balance at 31 December 2013		**29,850**	**16,395**	-	**46,245**
Profit for the year		-	12,632	-	12,632
Total comprehensive income for the year		-	12,632	-	12,632
Transactions with owners recorded directly in equity:					
Dividends paid	22	-	(11,756)	-	(11,756)
Share based payments		313	-	-	313
Non-vesting shares		(188)	-	-	(188)
Total transactions with owners recorded directly in equity		**125**	**(11,756)**	-	**(11,631)**
Balance at 31 December 2014		**29,975**	**17,271**	-	**47,246**

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

NZX Limited
Statement of Financial Position
As at 31 December 2014

		Group		Parent	
		2014	2013	2014	2013
	Note	$000	$000	$000	$000
Current assets					
Cash and cash equivalents		20,160	17,416	3,180	1,835
Funds held on behalf of third parties	12	34,361	33,477	1,296	1,176
Receivables and prepayments	13	9,522	7,033	6,833	4,696
Intercompany receivables		-	-	2,992	2,441
Total current assets		**64,043**	**57,926**	**14,301**	**10,148**
Non-current assets					
Investments in associates	14	2,930	2,757	2,274	2,274
Investments in subsidiaries	25	-	-	32,222	33,210
Property, plant & equipment	15	2,282	2,174	1,937	1,815
Goodwill	16	13,233	13,233	7,720	7,720
Other intangible assets	17	23,363	26,870	19,453	22,655
Total non-current assets		**41,808**	**45,034**	**63,606**	**67,674**
Total assets		**105,851**	**102,960**	**77,907**	**77,822**
Current liabilities					
Funds held on behalf of third parties	12	34,361	33,477	1,296	1,176
Trade payables	19	6,305	5,218	2,748	2,784
Other liabilities	20	11,238	10,749	8,670	7,849
Current tax liability	9	195	975	1,305	1,166
Intercompany payables		-	-	13,804	15,311
Total current liabilities		**52,099**	**50,419**	**27,823**	**28,286**
Non-current liabilities					
Deferred tax liability	9	2,663	3,025	2,838	3,291
Total non-current liabilities		**2,663**	**3,025**	**2,838**	**3,291**
Total liabilities		**54,762**	**53,444**	**30,661**	**31,577**
Net assets		**51,089**	**49,516**	**47,246**	**46,245**
Equity					
Share capital		29,975	29,850	29,975	29,850
Retained earnings		20,927	19,572	17,271	16,395
Translation reserve		187	94	-	-
Total equity attributable to shareholders		**51,089**	**49,516**	**47,246**	**46,245**

Net tangible assets per share (cents per share)		5.66	3.68

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

NZX Limited
Statement of Cash Flows
For the year ended 31 December 2014

		Group		Parent	
		2014	2013	2014	2013
	Note	$000	$000	$000	$000
Cash flows from operating activities					
Receipts from customers		63,684	66,228	44,294	46,644
Dividends received		-	-	3,223	3,458
Interest received		194	193	72	56
Payments to suppliers and employees		(40,835)	(34,637)	(25,751)	(21,064)
Income tax paid		(6,952)	(5,597)	(4,921)	(3,876)
Net cash provided by operating activities	11	**16,091**	**26,187**	**16,917**	**25,218**
Cash flows from investing activities					
Receipts from investments		500	1,150	-	350
Payments for investments		-	-	(2,058)	(702)
Payment for property, plant and equipment		(1,181)	(1,311)	(1,023)	(1,022)
Payment for intangible assets		(910)	(1,466)	(735)	(637)
Net cash (used in)/provided by investing activities		**(1,591)**	**(1,627)**	**(3,816)**	**(2,011)**
Cash flows from financing activities					
Proceeds from issues of shares		-	-	-	-
Dividends paid	22	(11,756)	(13,413)	(11,756)	(13,413)
Share buyback		-	-	-	-
Net cash used in financing activities		**(11,756)**	**(13,413)**	**(11,756)**	**(13,413)**
Net increase in cash and cash equivalents		2,744	11,147	1,345	9,794
Cash and cash equivalents at the beginning of the year		17,416	6,269	1,835	(7,959)
Cash and cash equivalents at the end of the year		**20,160**	**17,416**	**3,180**	**1,835**
Cash comprises:					
Cash at bank		12,660	9,916	3,180	1,835
Bank deposits		7,500	7,500	-	-
Net cash and cash equivalents and bank overdraft		**20,160**	**17,416**	**3,180**	**1,835**

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.

1) Reporting entity

NZX Limited (the “Company”, “Parent” or “NZX”) is 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.

Financial statements for the Parent Company and consolidated financial statements are presented. The consolidated financial statements as at and for the year ended 31 December 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 financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The financial statements also comply with International Financial Reporting Standards (“IFRS”).

The financial statements were authorised for issue by the Board of Directors on 16 February 2015.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis.

(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.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with NZ IFRS 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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- note 16 - goodwill
- note 17 - other intangible assets
- note 23 - employee share ownership plans

3) Summary of Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

(a) Reclassifications

Certain comparative amounts in the income statement have been reclassified to conform with the current year’s presentation.

(b) New standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early. None of these are expected to have a significant effect on the financial statements of the Group. The standards which are relevant to the Group are as follows.

i) IFRS 9 Financial instruments -effective for periods beginning on or after 1 January 2018

The standard adds requirements related to the classification and measurement of financial liabilities and derecognition of financial assets and liabilities.

ii) Amendments to IAS 27 Separate financial statements - effective for periods beginning on or after 1 January 2016

These amendments remove the accounting and disclosure requirement for consolidated financial statements as a result of the issue of NZ IFRS 10 Consolidated financial statements and NZ IFRS 12 Disclosure of interests in other entities.

iii) IFRS 15 Revenue from Contracts with Customers- effective for period beginning on or after 1 January 2017

The standard introduces a new revenue recognition model for contracts with customers and may have a significant impact on how and when revenue is recognised.

(c) Basis of consolidation

The Group financial statements are prepared by consolidating the financial statements of all the entities that comprise the Group, being NZX and its subsidiaries. A list of subsidiaries appears in note 25 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. In determining the fair value of assets acquired, NZX assesses identifiable intangible assets including brands, intellectual property, software, and any other identifiable intangible assets using recognised valuation methodologies and with reference to suitably qualified experts. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the bargain purchase gain is recognised in the Income Statement in the period of acquisition.

ii) Investment in subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

iii) Investment in associates

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

(d) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss.

The assets and liabilities of foreign operations are translated to New Zealand Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand Dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

(e) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. The specific revenue recognition criteria for the classes of revenue are as follows:

i) Capital markets

Capital markets revenue includes five broad categories.

(1) Securities related information is recognised over the period the service is provided.

(2) Issuer services, which consists of revenue from annual listing fees, initial listing fees, subsequent capital raisings and regulatory services. Initial and subsequent listing fees are recognised when the listing or subsequent event has taken place. Annual listing fees are recognised over the period the service is provided. Regulatory services are recognised when the service is provided.

(3) Trading fees from the trading of debt and equities securities. Fees for the trading of debt and equities securities are recognised at trade date.

(4) Participant services, which consist of annual participant fees and initial participant fees. Initial participant fees are recognised when the participant's application has been approved. Annual participant fees are recognised over the period the service is provided.

(5) Fees for debt and equity clearing and settlement are recognised at settlement date. Market convention is for settlement to occur three days after initial trade date.

ii) Soft commodities markets

Fees from the trading and clearing of derivatives and commodities. Fees for the trading of derivatives and commodities are recognised at trade date. Fees for derivative market clearing and settlement are recognised at trade date.

iii) Agricultural information

Agricultural related information is recognised over the period the service is provided.

iv) Funds management

Revenue for the provision of fund services, which is recognised when the services are rendered.

v) Market operations

Revenue from the provision of energy post-trade systems and technology services and advisory and related services is recognised over the period the service is provided.

vi) Interest

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

(f) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(g) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(h) Income tax

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

i) Current tax

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

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

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

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

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

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

(i) Goods and services tax

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

(j) Financial instruments

i) Financial assets

The Group classifies financial assets into the loans and receivable category. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Loans and receivables are measured at amortised cost using the effective interest method less impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents also includes the amount set aside for risk capital requirements by the Group and is not available for general cash management use.

ii) Financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument e.g. when the entity becomes obliged to make future payments resulting from the purchase of goods and services. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise loans and borrowings, bank overdrafts, intercompany payables and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(k) Property, plant and equipment

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

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

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

• Computer equipment	3 – 7 years
• Furniture and equipment	3 – 10 years
• Leasehold improvements	5 – 10 years

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

(m) Intangible assets
Intangible assets comprise software applications, brands and intellectual property rights. The Group classifies its intangible assets into two categories; those with indefinite lives and those with finite lives. Intangible assets with indefinite lives are not amortised but are subject to impairment tests annually and whenever there is an indication that the asset may be impaired. The classification of indefinite life intangibles is also reviewed by the Group annually.

All intangible assets with finite useful lives are recorded at cost less accumulated amortisation and impairment losses. Software is amortised on a straight line basis over its estimated useful life of between 3 to 10 years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Software applications acquired may involve expenditure on both research and development activities. Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

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

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

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

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

Where an impairment loss subsequently reverses other than for goodwill, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

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

(n) Impairment of assets (continued)

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

(o) Share-based payments

Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of awards that will eventually vest. For plans where vesting conditions are based on total shareholder returns, the fair value at date of grant reflects these conditions, whereas for plans with non-market based vesting conditions, the conditions are reflected in the calculation of awards that will eventually vest over the vesting period.

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity.

(q) Earnings per share

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

(r) Employee benefits

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

(s) Novation of trades

The Group’s wholly owned subsidiary, New Zealand Clearing Limited acts as a central counterparty to all trades on NZX securities and derivatives markets. This involves the novation of all cash market securities and derivatives contracts.

i) Novation

Through novation, a single trade is replaced by two settlement transactions. New Zealand Clearing Limited becomes the buyer to every sell transaction and the seller to every buy transaction. Accordingly, the clearing participant on each side of the trade will be the counterparty to New Zealand Clearing Limited.

ii) Netting

A clearing participant’s settlement obligations to New Zealand Clearing Limited are netted for each currency, security and settlement day. This means that each clearing participant will settle with New Zealand Clearing Limited one net obligation per security and one overall cash obligation per currency for each settlement time and each settlement account.

iii) Cash market securities (comprises debt and equities)

Revenue from cash market securities is recognised on settlement date. This means that trades occurring in the last three trading days before balance date are not recognised as a financial asset or liability. As a consequence, clearing and settlement related revenue on cash market securities in the last three trading days before balance date is not recognised during the period in which the trade occurs.

(s) Novation of trades (continued)

iv) Derivatives (comprises dairy futures)

Derivatives are recognised at fair value at trade date, which is zero. Participants are required to lodge an amount (initial margin) to cover the risk of future price movements which varies from contract to contract and is based on the risk parameters ascribed to that product at trade date. Movements in the fair value of futures contracts after trade date are paid or received on a daily basis via cash settlement. Margin collateral, which is held in cash by New Zealand Clearing Limited, is recognised on balance sheet at fair value and is classified as ‘funds held on behalf’.

(t) Securities borrowing and lending

The Group’s wholly owned subsidiary, New Zealand Depository Limited, operates a securities lending programme whereby depository participants may make securities available for borrowing by other approved depository participants. Depository participants may borrow securities to meet both settlement obligations and for strategic purposes.

Securities lending involves transfer of title of securities to a borrower, who will then give the lender collateral in the form of cash. The borrower pays a fee calculated daily at an effective borrowing rate for the outstanding loan and is contractually obliged to return the securities on demand. The borrower will also pass over to the lender any dividends and corporate actions that may arise during the period for which securities are lent.

In essence, the lender retains the key rights they would have had if they had not lent the securities. As a consequence, the NZCDC Group does not record an offsetting asset and liability on balance sheet date arising out of securities borrowing and lending.

As a depository participant itself, New Zealand Clearing Limited may also borrow securities via the securities lending programme so as to meet its settlement obligations.

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 year ended 31 December 2014

Unaudited	**Capital Markets**	**Soft Commodities**	**Agricultural information**	**Funds Management**	**Market Operations**	**Other**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Revenue	37,130	1,505	12,204	2,716	11,634	-	65,189
Unallocated expenditure						(40,588)	(40,588)
Total segment result	**37,130**	**1,505**	**12,204**	**2,716**	**11,634**	**(40,588)**	**24,601**
Segment assets:							
Goodwill	323	-	5,190	-	7,720	-	13,233
Other intangible assets	11,536	3,608	4,921	2,344	-	954	23,363
Total segment assets	**11,859**	**3,608**	**10,111**	**2,344**	**7,720**	**954**	**36,596**
Unallocated assets:							
Cash and cash equivalents	-	-	-	-	-	20,160	20,160
Other assets	-	-	-	-	-	49,095	49,095
Unallocated liabilities	-	-	-	-		(54,762)	(54,762)
Net assets	**11,859**	**3,608**	**10,111**	**2,344**	**7,720**	**15,447**	**51,089**

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.

	Group	
	2014	2013
Revenue	$000	$000
New Zealand	53,483	51,244
Australia	4,764	5,187
Other	6,942	6,361
Total revenue	**65,189**	**62,792**

	Group	
	2014	2013
Non-current assets	$000	$000
New Zealand	37,814	40,577
Australia	3,994	4,457
Total non-current assets	**41,808**	**45,034**

NZX Limited
Notes to the financial statements
For the year ended 31 December 2014

5 Personnel costs

		Group		Parent	
		2014	2013	2014	2013
	Note	$000	$000	$000	$000
Personnel costs:					
Salary and related expenses		(20,864)	(19,061)	(13,478)	(11,580)
CEO share plan	23	(77)	(77)	(77)	(77)
Other personnel costs		(1,034)	(854)	(655)	(588)
Total personnel costs		**(21,975)**	**(19,992)**	**(14,210)**	**(12,245)**

6 Other expenses

		Group		Parent	
		2014	2013	2014	2013
	Note	$000	$000	$000	$000
Other expenses:					
Remuneration paid to Group auditors					
- audit of financial statements		(160)	(157)	(101)	(97)
- other audit related services		(77)	(40)	(10)	-
Remuneration paid to other auditors		(3)	(3)	-	-
Operating lease rental expense		(1,179)	(1,323)	(935)	(1,029)
Directors' fees	26	(469)	(483)	(410)	(406)
General administration		(2,570)	(2,411)	(1,723)	(2,086)
Total other expenses		**(4,458)**	**(4,417)**	**(3,179)**	**(3,618)**

Other audit related services provided by the Group auditors included an operational audit ($31,000) and depository review ($5,000) for the Clearing House, trust account reporting ($10,000) for the Energy Clearing House and prospectus extraction reports ($5,000) and spreadsheet calculation reviews ($26,000) for funds managed by Smartshares Limited.

Group Directors' fees includes fees paid to non-executive directors of NZX's wholly owned subsidiary New Zealand Clearing and Depository Corporation Limited.

7 Impairment expense

		Group		Parent	
		2014	2013	2014	2013
	Note	$000	$000	$000	$000
Impairment in carrying value of subsidiary	25			(988)	(395)
Impairment of goodwill asset	16	-	(395)	-	-
Impairment of intangible assets	17	-	(2,205)	-	(2,205)
Total impairment expense		**-**	**(2,600)**	**(988)**	**(2,600)**

Please refer to note 25 for the details on the Parent impairment in the carrying value of subsidiary. In the 2013 year the Group impairment charge of $2,600,000 is made up of $2,412,000 relating to the Group's investment in the Clear Grain Exchange (made up of $395,000 of goodwill impairment and $2,017,000 of software impairment) and $188,000 relating to one of the Group's brand assets. Further details of the impairment tests are provided in note 18.

The impact on tax expense of the impairment charge in 2013 is a credit of $565,000 in relation to the impairment of software, with the remainder of the impairment expense being non-deductible.

8 Depreciation and amortisation expense

		Group		Parent	
		2014	2013	2014	2013
	Note	$000	$000	$000	$000
Depreciation of property, plant and equipment	15	(1,073)	(838)	(901)	(724)
Amortisation of intangible assets	17	(4,417)	(5,613)	(3,937)	(4,678)
Depreciation and amortisation expense		**(5,490)**	**(6,451)**	**(4,838)**	**(5,402)**

9 Taxation

(a) Income tax expense recognised in profit or loss

	Group		Parent	
	2014	2013	2014	2013
	$000	$000	$000	$000
Tax expense comprises:				
Current tax expense	6,225	5,975	5,060	4,837
Prior period adjustment	958	175	-	105
Deferred tax relating to the origination and reversal of temporary differences	(381)	(856)	(453)	(744)
Total tax expense	**6,802**	**5,294**	**4,607**	**4,198**

As outlined in NZX's previous financial statements, the IRD commenced a tax audit of NZX in November 2012. NZX's 30 June 2014 financial statements disclosed that in March 2014 the IRD had issued Notices Of Proposed Adjustment in relation to certain items.

NZX has subsequently agreed a settlement in principle with the IRD in respect of these matters. As a result, a provision of $1.02m has been recognised at 31 December 2014 for additional tax payable pursuant to the settlement (which is included within the prior period adjustment figure above), with a further $0.22m provided for use of money interest (which is included within interest expense). This settlement will conclude the tax audit.

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

	Group		Parent	
	2014	2013	2014	2013
	$000	$000	$000	$000
Profit before income tax expense	19,913	17,380	17,239	36,393
Income tax calculated at 28%	**(5,576)**	**(4,866)**	**(4,827)**	**(10,190)**
Non-deductible expenses	(652)	(703)	(737)	(535)
Non-taxable intercompany dividends	-	-	762	6,344
Equity accounted earnings of associate	189	155	-	-
	(6,039)	**(5,414)**	**(4,802)**	**(4,381)**
Under provision of income tax in prior year	(958)	(191)	-	(128)
Foreign investor tax credits & imputation credits	195	311	195	311
	(6,802)	**(5,294)**	**(4,607)**	**(4,198)**

9 Taxation (continued)

(b) Current tax assets and liabilities

	Group		Parent	
	2014	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**
Balance at beginning of the year - Asset / (Liability)	(975)	(293)	(1,166)	(168)
Current year charge	(6,225)	(5,975)	(5,060)	(4,837)
Prior period adjustment	53	(304)	-	(37)
Tax paid	6,952	5,597	4,921	3,876
Balance at end of year - (Liability)	**(195)**	**(975)**	**(1,305)**	**(1,166)**

(c) Deferred tax

	Group		Parent	
	2014	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**
Balance at beginning of the year	(3,025)	(3,938)	(3,291)	(4,111)
Current year movement	381	856	453	744
Prior period adjustments	(19)	57	-	76
Balance at end of the year	**(2,663)**	**(3,025)**	**(2,838)**	**(3,291)**
Deferred tax balance comprises:				
Employee entitlements	467	402	436	308
Doubtful debts	78	79	34	28
Property, plant and equipment, and software	(3,349)	(3,704)	(3,365)	(3,710)
Other	141	198	57	83
	(2,663)	**(3,025)**	**(2,838)**	**(3,291)**

(d) Imputation credit account

	Group		Parent	
	2014	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**
Imputation credits available for use in subsequent reporting periods	**10,128**	**8,085**	**8,759**	**6,849**

10 Earnings per share

(a) Basic earnings per share

	Group	
	2014	**2013**
Profit for the year ($000)	13,111	12,086
Weighted average number of ordinary shares for the purpose of earnings per share (in thousands)	254,004	254,031
Basic earnings per share (cents per share)	**5.2**	**4.8**

10 Earnings per share (continued)

(b) Diluted earnings per share

	Group	
	2014	**2013**
Profit for the year ($000)	13,111	12,086
Weighted average number of ordinary shares for the purpose of earnings per share (in thousands)	256,068	256,115
Fully diluted earnings per share (cents per share)	**5.1**	**4.7**

	Group	
	2014	**2013**
Number of shares	**000's**	**000's**
Weighted average number of ordinary shares for the purpose of earnings per share (basic)	254,004	254,031
Weighted average shares issued under the CEO share plan and employee share plans	2,064	2,084
Weighted average number of shares for the purpose of earnings per share (diluted)	256,068	256,115

11 Bank overdraft and cash flow reconciliation

(a) Bank overdraft facility

The Group has access to an overdraft facility which was established in 2011 to allow the Group flexibility in its working capital management. The facility limit is $20.0m and has no fixed expiry date. The bank may cancel the facility by giving 180 days written notice. The effective interest rate of the facility at 31 December 2014 was 5.09% (2013: 4.12%).

(b) Reconciliation of profit for the year to net cash provided by operating activities

	Group		Parent	
	2014	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**
Profit for the year	**13,111**	**12,086**	**12,632**	**32,195**
Share of profit of associates	(673)	(554)	-	-
Share based payment bonus accrual	125	228	125	316
Non cash dividends received from subsidiary	-	-	-	(20,000)
Depreciation and amortisation expense	5,490	6,451	4,838	5,402
Impairment expense	-	2,600	-	2,205
Tax losses transferred from subsidiary company	-	-	-	144
Impairment in carrying value of subsidiary company	-	-	988	395
	4,942	**8,725**	**5,951**	**(11,538)**
Decrease/(increase) in receivables and prepayments	(2,489)	3,410	(2,137)	3,287
Increase/(decrease) in trade payables and other liabilities	437	2,197	785	1,096
Increase/(decrease) in current tax liability	452	682	139	998
(Decrease)/increase in deferred tax liability	(362)	(913)	(453)	(820)
	(1,962)	**5,376**	**(1,666)**	**4,561**
Net cash provided by operating activities	**16,091**	**26,187**	**16,917**	**25,218**

NZX Limited
Notes to the financial statements
For the year ended 31 December 2014

12 Funds held on behalf of third parties

	Group		Parent	
	2014	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**
Bond Deposit	1,296	1,176	1,296	1,021
Collateral Deposit	25,462	28,573	-	-
Fund held on behalf of clients	7,603	3,728	-	-
	34,361	**33,477**	**1,296**	**1,021**

The collateral deposit represent balances deposited by participants to cover margins on outstanding settlement obligations for cash market, 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 funds held on behalf of clients represent balances deposited by participants in addition to their cash collateral requirements. The funds are lodged in a non interest bearing account and are carried at the amount deposited which represent fair value. 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. There is an equal and opposite amount disclosed under current liabilities for the total amount repayable to issuers.

13 Receivables and prepayments

	Group		Parent	
	2014	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**
Trade receivables	7,451	5,680	5,077	3,630
Provision for doubtful debts	(278)	(283)	(123)	(100)
	7,173	**5,397**	**4,954**	**3,530**
Sundry debtors	860	939	575	814
Prepayments	1,358	590	1,276	345
Accrued interest	59	45	28	7
Accrued income	72	62	-	-
	9,522	**7,033**	**6,833**	**4,696**

(a) Movement in provision for doubtful debts

	Group		Parent	
	2014	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**
Balance at beginning of the year	(283)	(420)	(100)	(247)
Amounts written off during the year	30	36	21	25
Decrease/(Increase) in provision recognised in profit or loss	(25)	101	(44)	122
Balance at end of the year	**(278)**	**(283)**	**(123)**	**(100)**

NZX Limited
Notes to the financial statements
For the year ended 31 December 2014

14 Investment in associates

Name of Entity	Country of Incorporation	Ownership interest		Carrying value of asset in Group Accounts	
		2014 (%)	2013 (%)	2014 $000	2013 $000
Associates					
AXE ECN Pty Limited	Australia	50	50	-	-
Link Market Services Limited	New Zealand	50	50	2,930	2,757
Total investment in associates				**2,930**	**2,757**

Link Market Services Limited is a share registry and related market services provider in New Zealand.

Amount of goodwill in carrying value of equity accounted associates:	**213**	**213**

	Group		Parent	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Movement in carrying value of associates:				
Balance at beginning of the year	2,757	3,353	2,274	2,624
Distributions received	(500)	(800)	-	-
Capital repayment	-	(350)	-	(350)
Share of profit of associates	673	554	-	-
Balance at end of the year	**2,930**	**2,757**	**2,274**	**2,274**

Summarised financial information of associates not adjusted for the percentage ownership held by the Group is as follows:

	Group	
	2014 $000	**2013 $000**
Summarised financial information of associates:		
Current assets	3,029	2,353
Non-current assets	3,647	4,054
Total assets	**6,676**	**6,407**
Current liabilities	1,227	1,340
Total liabilities	**1,227**	**1,340**
Net assets	**5,449**	**5,067**
Revenue	8,624	7,713
Net profit after tax	1,346	1,109

NZX Limited
Notes to the financial statements
For the year ended 31 December 2014

15 Property, plant and equipment

	Group					
	Computer equipment	Furniture and equipment	Leasehold improvements	Motor Vehicles	Capital work in progress	Total
	$000	$000	$000	$000	$000	$000
Gross carrying amount						
Balance at 1 January 2013	**4,196**	**1,039**	**1,369**	**184**	**-**	**6,788**
Additions	583	30	26	66	623	1,328
Disposals	(1,891)	-	-	(4)	-	(1,895)
Reclassifications	-	-	-	-	-	-
Balance at 31 December 2013	**2,888**	**1,069**	**1,395**	**246**	**623**	**6,221**
Additions	597	187	7	65	326	1,182
Disposals	-	(4)	-	(34)	-	(38)
Reclassifications	-	202	552	-	(754)	-
Balance at 31 December 2014	**3,485**	**1,454**	**1,954**	**277**	**195**	**7,365**
Accumulated depreciation						
Balance at 1 January 2013	**3,078**	**863**	**1,029**	**117**	**-**	**5,087**
Depreciation expense	561	68	145	64	-	838
Disposals	(1,875)	-	-	(3)	-	(1,878)
Balance at 31 December 2013	**1,764**	**931**	**1,174**	**178**	**-**	**4,047**
Depreciation expense	706	98	206	63	**-**	1,073
Disposals	**-**	(3)	**-**	(34)	**-**	(37)
Balance at 31 December 2014	**2,470**	**1,026**	**1,380**	**207**	**-**	**5,083**
Net Book Value						
As at 31 December 2013	**1,124**	**138**	**221**	**68**	**623**	**2,174**
As at 31 December 2014	**1,015**	**428**	**574**	**70**	**195**	**2,282**

	Parent					
	Computer equipment	Furniture and equipment	Leasehold improvements	Motor Vehicles	Capital work in progress	Total
	$000	$000	$000	$000	$000	$000
Gross carrying amount						
Balance at 1 January 2013	**3,952**	**880**	**1,369**	**-**	**-**	**6,201**
Additions	366	23	26	-	623	1,038
Disposals	(1,891)	-	-	-	-	(1,891)
Balance at 31 December 2013	**2,427**	**903**	**1,395**	**-**	**623**	**5,348**
Additions	560	142	-	-	321	1,023
Disposals	-	202	552	-	(754)	-
Balance at 31 December 2014	**2,987**	**1,247**	**1,947**	**-**	**190**	**6,371**

15 Property, plant and equipment (continued)

	Parent					
	Computer equipment	Furniture and equipment	Leasehold improvements	Motor Vehicles	Capital work in progress	Total
	$000	$000	$000	$000	$000	$000
Accumulated depreciation						
Balance at 1 January 2013	**2,870**	**785**	**1,029**	-	**-**	**4,684**
Depreciation expense	531	48	145	-	-	724
Disposals	(1,875)	-	-	-	-	(1,875)
Balance at 31 December 2013	**1,526**	**833**	**1,174**	**-**	**-**	**3,533**
Depreciation expense	623	73	205	-	-	901
Balance at 31 December 2014	**2,149**	**906**	**1,379**	**-**	**-**	**4,434**

Net Book Value						
As at 31 December 2013	**901**	**70**	**221**	**-**	**623**	**1,815**
As at 31 December 2014	**838**	**341**	**568**	**-**	**190**	**1,937**

16 Goodwill

	Group		Parent	
	2014	2013	2014	2013
Carrying amount	$000	$000	$000	$000
Balance at beginning of the year	13,233	13,628	7,720	7,720
Impairment expense	-	(395)	-	-
Balance at end of the year	**13,233**	**13,233**	**7,720**	**7,720**

For the purposes of impairment testing, the aggregate carrying amount of goodwill is allocated to the Group's cash generating units (CGUs) as follows:

	Group		Parent	
	2014	2013	2014	2013
Carrying amount	$000	$000	$000	$000
Agri	2,181	2,181	-	-
Direct Data	323	323	-	-
Grain Information Unit	3,009	3,009	-	-
Energy	7,720	7,720	7,720	7,720
Balance at end of the year	**13,233**	**13,233**	**7,720**	**7,720**

A CGU to which goodwill has been allocated is 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. For the year ended 31 December 2014, the directors have reviewed all carrying values of goodwill for impairment using discounted cash flow analysis, comparable EBITDA multiple analysis and/or other relevant factors. A description of the impairment tests carried out and the key assumptions used is set out in note 18.

NZX Limited
Notes to the financial statements
For the year ended 31 December 2014

17 Other intangible assets

	Group					
	Software and websites	Brands, Trademarks and rights to use Brands	Data archives, customer lists, databases, and other IP	Management rights	Intangible work in progress	Total
	$000	$000	$000	$000	$000	$000
Gross carrying amount						
Balance at 1 January 2013	**41,193**	**8,318**	**3,132**	**2,344**	**373**	**55,360**
Additions	264	-	-	-	752	1,016
Disposals	(5,353)	-	-	-	-	(5,353)
Reclassification	867	-	-	-	(867)	-
Balance at 31 December 2013	**36,971**	**8,318**	**3,132**	**2,344**	**258**	**51,023**
Additions	238	-	-		762	1,000
Disposals	(191)	(412)	-			(603)
Reclassification	636	-	-		(636)	-
Balance at 31 December 2014	**37,654**	**7,906**	**3,132**	**2,344**	**384**	**51,420**
Accumulated amortisation & impairment						
Balance at 1 January 2013	**17,395**	**4,293**	-	-	**-**	**21,688**
Amortisation expense	4,923	690	-	-	-	5,613
Impairment of intangible assets	2,017	188	-	-	-	2,205
Disposals	(5,353)	-	-	-	-	(5,353)
Balance at 31 December 2013	**18,982**	**5,171**	**-**	**-**	**-**	**24,153**
Amortisation expense	4,193	223	-	-	-	4,416
Disposals	(100)	(412)				(512)
Balance at 31 December 2014	**23,075**	**4,982**	**-**	**-**	**-**	**28,057**
Net Book Value						
As at 31 December 2013	**17,989**	**3,147**	**3,132**	**2,344**	**258**	**26,870**
As at 31 December 2014	**14,579**	**2,924**	**3,132**	**2,344**	**384**	**23,363**

17 Other intangible assets (continued)

	Parent					
	Software and websites	Brands, Trademarks and rights to use Brands	Data archives, customer lists, databases, and other IP	Management rights	Intangible work in progress	Total
	$000	$000	$000	$000	$000	$000
Gross carrying amount						
Balance at 1 January 2013	**40,204**	**2,470**	**2,780**	**-**	**139**	**45,593**
Additions	319	-	-	-	318	637
Disposals	(5,353)	-	-	-	-	(5,353)
Reclassification	206	-	-	-	(206)	-
Balance at 31 December 2013	**35,376**	**2,470**	**2,780**	**-**	**251**	**40,877**
Additions	44	-	-	-	691	735
Reclassification	563				(563)	-
Balance at 31 December 2014	**35,983**	**2,470**	**2,780**	**-**	**379**	**41,612**
Accumulated amortisation & impairment						
Balance at 1 January 2013	**16,692**	-	-	-	**-**	**16,692**
Amortisation expense	4,678	-	-	-	**-**	4,678
Impairment of intangible assets	2,017	188	-	-	**-**	2,205
Disposals	(5,353)	-	-	-	**-**	(5,353)
Balance at 31 December 2013	**18,034**	**188**	**-**	**-**	**-**	**18,222**
Amortisation expense	3,937	-	-	-	-	3,937
Balance at 31 December 2013	**21,971**	**188**	**-**	**-**	**-**	**22,159**
Net Book Value						
As at 31 December 2013	**17,342**	**2,282**	**2,780**	**-**	**251**	**22,655**
As at 31 December 2014	**14,012**	**2,282**	**2,780**	**-**	**379**	**19,453**

Change in estimate

During the year, the Group reviewed the useful life for its Clear Grain Exchange ("CGX") software, which resulted in a change in the useful life from ten years to seven years. The effect of this change on amortisation expense in the second half of the year was an increase in amortisation expense of $409,000.

18 Impairment tests

Indefinite life intangible assets are reviewed for impairment annually. They are also reviewed for impairment whenever there are indicators of impairment, as are finite life intangible assets.

A summary of the CGU's to which intangible assets have been allocated is outlined below:

	Software & websites	Other finite life intangible	Indefinite life intangible	Work in progress	Total other intangible assets	Goodwill	TOTAL
	$000	$000	$000	$000	$000	$000	$000
Cash generating unit							
Clearing House	6,748	-	-	32	**6,780**	-	**6,780**
Agri	473	-	2,488	-	**2,961**	2,181	**5,142**
Grain Information Unit	88	-	1,971	-	**2,059**	3,009	**5,068**
Clear Grain Exchange	2,782	-	0	-	**2,782**	-	**2,782**
Smartshares	-	-	2,344	-	**2,344**	-	**2,344**
Energy	-	-	-	-	-	7,720	**7,720**
Direct Data	-	-	-	-	-	323	**323**
Other							
Other intangible assets	876	-	1,598	9	**2,483**	-	**2,483**
Other computer software	3,609	-	-	345	**3,954**	-	**3,954**
	14,576	-	**8,401**	**386**	**23,363**	**13,233**	**36,596**

For the year ended 31 December 2014, the Directors have reviewed all intangible assets for impairment using discounted cash flow analysis, comparable EBITDA multiple analysis and/or other factors. All impairment tests have been undertaken on a value in use basis.

Key assumptions used in the calculation of recoverable amounts in discounted cash flow analysis are consistent with those used and disclosed in the financial statements for the year ended 31 December 2013 unless indicated otherwise. Discounted cash flow analysis used an independently assessed base discount of 10.4% for New Zealand CGUs and 12.3% for Australian CGUs (stress tested at higher and lower rates) and a forecast period of five years. For the prior year an independently assessed base discount rate of 10.5% for New Zealand CGUs and 12.9% for Australian CGUs was used. A terminal growth rate of 3% has been used to extrapolate cash flow projections beyond five years. Where relevant, EBITDA multiples were used to cross-check the discounted cash flow analysis for established businesses. Implied multiples ranged from 1.8x to 6.5x (2013: 2.1x to 6.7x) and were considered reasonable in comparison to observable market values.

The review of the carrying values of goodwill and intangible assets for the CGUs have been assessed as having recoverable amounts exceeding their carrying values. Therefore no impairment charges are required for the year ended 31 December 2014.

a) *Clearing House*

Based on discounted cash flow analysis using internal base case assumptions, the net present value of the Clearing House CGU is assessed to be higher than the carrying value at 31 December 2014. Other than the general assumptions outlined above, the principal assumption on which the discounted cash flows are dependent is the future revenue growth rate. Future revenue growth is dependent on growth in equity and dairy derivatives markets which are expected to trade within a range of 5% to 25% of their respective underlying markets by the end of the forecast period (currently this range is 0% to 5%). These assumptions are based on trading statistics for similar derivative products in overseas markets.

b) *Agri*

Based on discounted cash flow analysis using internal base case assumptions, the net present value of the Agri CGU is assessed to be higher than the carrying value at 31 December 2014. Other than the general assumptions outlined above, the principal assumption on which the discounted cash flows are dependent is the future revenue growth rate which is assumed to be 3% during the explicit forecast period. The Company based its assumption on rates it considers reasonable based on historical experience.

c) *Grain Information Unit*

Based on discounted cash flow analysis using internal base case assumptions, the net present value of the Grain Information Unit CGU is assessed to be higher than the carrying value at 31 December 2014. Other than the general assumptions outlined above, the principal assumption on which the discounted cash flows are dependent is the future revenue growth rate which is assumed to be 2% during the explicit forecast period. The Company based its assumption on rates it considers reasonable based on historical experience.

d) *Clear Grain Exchange (CGX)*

Based on discounted cash flow analysis using internal base case assumptions, the net present value of the Clear Grain Exchange (CGX) CGU is assessed to be higher than the carrying value at 31 December 2014. 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 CGU significant emphasis was placed, in particular, on the long-run assumptions. In arriving at CGX's carrying value on the NZX Group balance sheet, the CGX business is expected to need to achieve market share in its respective market segments at or around 5.0% for the new market segment it is entering into, to 14.3% in the market segments operated in by GrainCorp Operations Limited ("GrainCorp") with which NZX has a formal operating agreement in place. GrainCorp markets currently provide the vast majority of CGX's revenue. The operating arrangement between CGX and GrainCorp is governed by an agreement which expires on 30 October 2017.

e) *Smartshares*

Smartshares Limited acquired the management rights for SmartOZZY, SmartMOZY, and the SmartMIDZ funds for a total value of $2,344,000. These are held in the Group accounts with an indefinite life, as there is no expiry date for these rights and they are expected to be used indefinitely. Other than the general assumptions outlined above, the principal assumption on which the discounted cash flows are dependent is the future level of funds under management which is assumed to grow by 3% per annum during the explicit forecast period and the establishment of new fund products.

f) *Energy*

The Energy CGU is comprised only of a goodwill amount of $7,720,000. This business has a significant reliance on service provider contracts it has in place with the Electricity Authority ("EA") which were renewed in 2012 and now expire on 1 May 2016. The EA has indicated that it will tender these contracts in accordance with its normal procurement process in the first half of 2015. If NZX does not retain these contracts, or a significant portion of contract revenue ceased, then an impairment would likely result. Additionally, the contract nature of this business is such that as time passes, the amount of future contracted revenues decreases and the risk of impairment increases unless additional revenues are obtained from other sources.

19 Trade payables

	Group		Parent	
	2014 $000	2013 $000	2014 $000	2013 $000
Trade payables	271	600	225	339
Goods and services tax payable	1,199	1,018	897	758
Accrued expenses	4,777	3,542	1,572	1,633
Accrued interest	58	58	54	54
	6,305	**5,218**	**2,748**	**2,784**

20 Other liabilities

	Group		Parent	
	2014 $000	2013 $000	2014 $000	2013 $000
Employee benefits	3,523	3,310	3,139	2,831
Unearned income	7,715	7,439	5,531	5,018
	11,238	**10,749**	**8,670**	**7,849**

21 Shares on issue

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

	Group		Parent	
	2014 Number	2013 Number	2014 Number	2013 Number
Ordinary shares on issue				
General	254,038,669	253,997,949	254,038,669	253,997,949
CEO shares	-	-	1,575,000	1,575,000
Total ordinary shares on issue	**254,038,669**	**253,997,949**	**255,613,669**	**255,572,949**
Restricted shares				
Employees	-	-	496,254	373,624
Total restricted shares on issue	**-**	**-**	**496,254**	**373,624**
Total shares on issue	**254,038,669**	**253,997,949**	**256,109,923**	**255,946,573**

21 Shares on issue (continued)

The Company has 1,575,000 shares issued under the CEO Share Plan and 496,254 restricted shares issued under the NZX Limited employee share plan - Team and Results held by entities within the Group. All shares issued under the employee share plan 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 NZX Main Board.

(b) Movement in the number of shares

	Group		Parent	
	2014 Number	2013 Number	2014 Number	2013 Number
Balance at beginning of the year	**253,997,949**	**254,040,160**	**255,946,573**	**256,319,575**
Issue of shares				
Employee share plans	40,720	241,466	559,942	271,963
Redemption of shares				
Employee share plans	-	-	(40,720)	(241,466)
Other	-	(283,677)	-	(283,677)
Share cancellation	-	-	(355,872)	(119,822)
Balance at end of the year	**254,038,669**	**253,997,949**	**256,109,923**	**255,946,573**

22 Dividends

		Group and Parent			
		2014		2013	
	For year ended	Cents per share	Total $000	Cents per share	Total $000
Dividends declared and paid					
March 2013	31 Dec 12			1.25	3,192
May 2013	31 Dec 13			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		
September 2014	31 Dec 14	3.00	7,667		
Total dividends paid for the year		**4.60**	**11,756**	**5.25**	**13,413**

Refer to note 30 for details of the second half 2014 dividend.

23 Share based payments

(a) CEO Share Plan

A CEO share scheme is in place under the CEO's employment contract. The scheme runs for a period of 5 years expiring mid 2017.

Pursuant to the terms of the scheme, 1,575,000 new ordinary shares were issued on 31 December 2012 at an issue price of $1.19 per share, being the volume weighted average price of NZX shares for the 10 business days ended on Friday 4 May 2012 (the business day immediately preceding the CEO's start date).

The issue price of the shares is funded by a loan from NZX, which bears interest at NZX's cost of bank funding. The shares rank for dividends and are held by a nominee wholly owned by NZX for the duration of the scheme.

If over the period of the scheme NZX's total shareholder return (TSR) exceeds a margin of 1% over NZX's weighted average cost of capital (to be determined annually by the Board), the CEO will receive a taxable bonus equivalent to the amount of the loan and will receive a transfer of the shares on full repayment of the loan and any accrued interest. If the hurdle rate is not met, then on expiry of the scheme the CEO will not receive the bonus and will be required to repay the loan from his own resources and will receive a transfer of shares.

The Group has accounted for the scheme in accordance with NZ IFRS 2 by calculating the fair value of the shares and recognising this as an expense on a straight line basis over the 5 years. The total fair value was determined to be $383,000. The fair value was calculated by reference to an independent valuation which was based on the following assumptions:

- Grant date: 2 August 2012
- Share price on grant date: $1.19
- Historic volatility (NZX share price): 29%

The scheme is currently being accounted for based on the expectation that the performance hurdle will be met. If the Group subsequently determines that it no longer expects the hurdle to be met then it will cease to recognise compensation expense and recognise the loan to the CEO as a receivable in the statement of financial position with a corresponding increase in equity.

(b) Employee and other restricted shares

NZX Limited employee share plan – Team and Results

The NZX Limited employee share plan – team and results ("Team and Results Plan") was implemented in May 2010.

Under the terms of the Team and Results Plan, NZX offered selected employees ("Participants") non-participating redeemable shares ("Restricted Shares") which will be reclassified as NZX ordinary shares at the completion of the term of the Team and Results Plan, subject to certain eligibility and transfer conditions.

On issue, the Restricted Shares are transferred to a nominee, to hold the shares on trust for each Participant for the term of the Team and Results Plan, which varies between Participants. At the end of the term, providing certain eligibility and transfer conditions are met, and subject to the Participant paying any required taxes and Kiwisaver deductions, NZX will offset the Loan obligation by paying a bonus equal to the aggregate Issue Price of the shares which are to vest in the Participant ("Bonus"). The Restricted Shares will then be reclassified as ordinary shares in NZX and transferred to the Participant.

The Team component of the Team and Results Plan is offered on terms of either two or three years, whereas the Results component of the Team and Results Plan is offered on terms of three years. Historically both components of the Team and Results Plan had earnings per share thresholds that must be met for the Restricted Shares to be eligible to vest at the end of the term, subject to the ability of the Board to exercise a discretion to deem shares to be vesting shares. In 2013 one of the eligibility and transfer conditions for the Results Plan was changed to a total shareholder return hurdle which is the same as the CEO Share Plan. This will apply for future issues.

23 Share based payments (continued)

(b) Employee and other restricted shares

NZX Limited employee share plan – Team and Results

During 2013 the Board exercised its discretion over part of the Team plan to deem shares to be vesting shares. The earnings per share hurdle no longer applies for awards made in 2014. This has been reflected in the financial statements. This applies to a number of employees over a two to three year period and in aggregate is not material.

If the eligibility or transfer conditions are not met, the Team and Results Plan requires that the Restricted Shares be redeemed by NZX. The proceeds from the redemption of the Restricted Shares will be applied in repayment of the Loan, which will discharge any obligation on the Participant to repay the Loan. Following redemption, the Participant will not receive any entitlements, such as distributions or dividends, issued in respect of the Restricted Shares. The effect of this is that the Participant receives no shares or cash and the Loan is repaid.

Details of Restricted Shares issued under the Team and Results Plan,transfers of shares to NZX employees and redemptions of shares during the period are set out below.

	Number of shares 000's	Average share price $
Balance at 1 January 2013	**705**	**0.94896**
Share issued	30	1.32806
Shares transferred to NZX employees	(241)	0.97812
Redemptions	(120)	0.95720
Balance at 31 December 2013	**374**	**0.95794**
Shares issued	519	1.23988
Shares transferred to NZX employees	(41)	1.20732
Redemptions	(356)	0.95225
Balance at 31 December 2014	**496**	**1.23589**

Total financial assistance provided by NZX under the Team & Results Plan as at 31 December 2014 was $2,487,250 (2013: $358,000).

24 Financial instruments

The Group's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk, which includes foreign currency risk and interest rate risk.

(a) Financial risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit and Risk Committee ("Committee"), which is responsible for developing and monitoring the Group's financial risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the financial risks faced by the Group, to set appropriate financial risk limits and controls, and to monitor financial risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Committee oversees how management monitors compliance with the Group's financial risk management policies and procedures, and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Group.

(b) Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents held.

NZX is exposed to the risk that a party may fail to discharge an obligation in the normal course of business. NZX treasury policy is to limit the exposure to counterparties so as to not exceed:

- The greater of $10 million or 60% of cash and cash equivalents for registered banks that operate in New Zealand with a minimum credit rating of AA-.
- 30% of total cash and cash equivalents for other institutions with a minimum credit rating of A- (the total exposure for other institutions cannot exceed 50% of the total cash and cash equivalents)

Detail on other forms of credit risk resulting from the activities of the Clearing House is provided in note 23 (i).

The status of trade receivables at the reporting date was as follows.

	Group		Parent	
	2014 $000	2013 $000	2014 $000	2013 $000
Not past due	5,497	4,546	4,082	3,178
Past due 0 - 30 days	763	379	387	120
Past due > 30 days	1,191	755	608	332
	7,451	**5,680**	**5,077**	**3,630**

24 Financial instruments (continued)

(b) Credit risk management (continued)

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

	Group		Parent	
	2014 $000	2013 $000	2014 $000	2013 $000
Gross trade receivables	7,451	5,680	5,077	3,630
Individual impairment	(138)	(153)	(80)	(68)
Collective impairment	(140)	(130)	(43)	(32)
	7,173	**5,397**	**4,954**	**3,530**

The movement in the allowance for impairment in respect of trade and other receivables during the year is set out in note 13(a).

(c) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities it considers reasonable relative to the assessed liquidity risk determined by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Liquidity risk arises from mismatches in the timing of amounts payable and receivable in the normal course of the operations of the Group. Liquidity risk would also result in the event of default by a counterparty to a trade to which the Group subsidiary, New Zealand Clearing Limited, acts a central counterparty and the Group's approach to managing this risk is outlined in note 24 (h) below.

The financial liabilities of the Group include bank overdraft, trade payables and other liabilities. The contractual maturities for these financial liabilities are all less than one year.

(d) Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risks

NZX utilises foreign currency receipts to offset purchases denominated in foreign currencies. The Company determines 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 kept to an acceptable level by buying or selling foreign currencies at the spot rate. There is no significant exchange rate risk.

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.

24 Financial instruments (continued)

Interest rate risk sensitivity analysis:

	Group		Parent	
	2014	2013	2014	2013
	$000	$000	$000	$000
Effect on net interest income:				
1% increase in interest rate	215	186	45	30
1% decrease in interest rate	(215)	(186)	(45)	(30)

(e) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. Capital comprises share capital, retained earnings and other reserves.

The Board of NZX reviews the capital structure on a regular basis. Based on recommendations of the Board the Group will balance its overall capital structure through the payment of dividends, new share issues, share buy-backs and other capital management activities.

There were no changes in the Group's approach to capital management during the year.

(f) Accounting classification and fair values

The table below shows the carrying amounts of all financial instruments classified into their categories. The fair value of the financial instruments approximates their carrying amounts.

Group 2014 Financial instruments	Note	Loans & receivables $000	Amortised cost $000	Total carrying amount $000
Assets				
Cash and cash equivalents		20,160	-	20,160
Funds held on behalf of third parties	12	34,361	-	34,361
Receivables	13	8,164	-	8,164
Total		**62,685**	**-**	**62,685**
Liabilities				
Trade payables	19	-	(6,305)	(6,305)
Funds held on behalf of third parties	12	-	(34,361)	(34,361)
Other liabilities	20	-	(3,523)	(3,523)
Total		**-**	**(44,189)**	**(44,189)**

NZX Limited
Notes to the financial statements
For the year ended 31 December 2014

24 Financial instruments (continued)

Group 2013 Financial instruments	Note	Loans & receivables $000	Amortised cost $000	Total carrying amount $000
Assets				
Cash and cash equivalents		17,416	-	17,416
Funds held on behalf of third parties	12	33,477	-	33,477
Receivables	13	6,443	-	6,443
Total		**57,336**	**-**	**57,336**
Liabilities				
Trade payables	19	-	(5,218)	(5,218)
Funds held on behalf of third parties	12	-	(33,477)	(33,477)
Other liabilities	20	-	(3,310)	(3,310)
Total		**-**	**(42,005)**	**(42,005)**

Parent 2014 Financial instruments	Note	Loans & receivables $000	Amortised cost $000	Total carrying amount $000
Cash and cash equivalents		3,180	-	3,180
Funds held on behalf of third parties	12	1,296	-	1,296
Receivables	13	5,557	-	5,557
Intercompany receivables		2,992	-	2,992
Total		**13,025**	**-**	**13,025**
Liabilities				
Trade payables	19	-	(2,748)	(2,748)
Funds held on behalf of third parties	12	-	(1,296)	(1,296)
Other liabilities	20	-	(3,139)	(3,139)
Intercompany payables		-	(13,804)	(13,804)
Total		**-**	**(20,987)**	**(20,987)**

24 Financial instruments (continued)

Parent 2013 Financial instruments	Note	Loans & receivables $000	Amortised cost $000	Total carrying amount $000
Assets				
Cash and cash equivalents		1,835	-	1,835
Funds held on behalf of third parties	12	1,176	-	1,176
Receivables	13	4,351	-	4,351
Intercompany receivables		2,441	-	2,441
Total		**9,803**	**-**	**9,803**
Liabilities				
Trade payables	19	-	(2,784)	(2,784)
Funds held on behalf	12	-	(1,176)	(1,176)
Other liabilities	20	-	(2,831)	(2,831)
Intercompany payables		-	(15,311)	(15,311)
Total		**-**	**(22,102)**	**(22,102)**

(g) Energy Clearing House

NZX, through its subsidiary Energy Clearing House Limited ("ECH"), is the electricity-market operation service provider responsible for ensuring that market participants pay or are paid the correct amount for the electricity they generated or consumed during the previous month. ECH also manages the prudential security requirements of participants, intended to ensure payers can meet their obligations in the market.

At 31 December 2014, 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 the energy market participants have accepted the risks associated with electricity settlement.

In discharging its obligations under the Electricity Industry Participation Code, ECH is required to ensure that purchasers maintain adequate levels of prudential security. Participants can comply with this obligation in a number of ways, including third party guarantees, letters of credit and deposits of cash with the ECH.

ECH holds cash deposit security on trust, and does not recognise the security provided in its statement of financial position. There was $8,712,619 cash held from such deposits at 31 December 2014 (2013: $6,632,434).

(h) Clearing House counterparty credit risk

The Group is exposed to counterparty credit risk on unsettled trades, which may arise from the failure by a counterparty to meet its obligation or commitment to New Zealand Clearing Limited ("NZCL"), a fully owned subsidiary who acts as a central counterparty. Trades on NZX's securities and derivatives markets that enter the Clearing House are immediately novated such that NZCL becomes the buyer to every sell trade and the seller to every buy trade. As buy and sell settlement transactions that are novated to NZCL offset each other, the Group is not exposed to direct price movements in the underlying equities or derivatives.

24 Financial instruments (continued)

(h) Clearing House counterparty credit risk (continued)
However, equity or derivative price movements, market activity and an individual participant's own solvency may have an impact on a counterparty's ability to meet their obligations to the Group. Failure to meet these obligations exposes the Group to potential market risk on unsettled transactions.

This counterparty credit risk is managed primarily through:

- Initial entry and ongoing obligations for clearing participants;
- Risk based capital adequacy requirements;
- Margin requirements calculated daily that must be met by the submission of eligible collateral; and
- Capital resources to be used in the event of participant default where margin collateral is insufficient to cover the default.

The Group regularly stress-tests clearing participant exposures against the amount and liquidity of margin collateral and risk capital resources. The Group's ongoing monitoring of participants' unsettled positions and exposures, coupled with daily margining and collateral management, enables it to efficiently manage its central counterparty credit risk. Margin requirements are calculated for each participant based on that participant's unsettled transaction in each security. Margin rates for each security are based on the underlying characteristics of the security and its price volatility. Margin requirements are calculated on a daily basis using current market prices. Each day, margin requirements are compared to collateral held and a margin call made where necessary. Participants are then required to post additional eligible collateral. Eligible collateral includes cash, bank performance bonds, and securities (including NZ and US government securities and NZX50 listed securities). Securities provided as collateral are subject to a prudential value discount, commonly referred to as a "haircut".

The Group is also exposed to counterparty credit risk through NZCL by acting as central counterparty for securities lending transactions. As NZCL is exposed to the full principal value of each loan, NZCL requires collateral to be posted equal to 105% of the loan. All loans are revalued on a daily basis and additional collateral required where appropriate.

As at 31 December 2014, NZCL has a right to receive $15.129 million (2013: $5.056 million) from Clearing Participants and an obligation to pay $15.129 million (2013: $5.056 million) to Clearing Participants for the settlement of cash market transactions. All of these outstanding transactions were settled subsequent to 31 December 2014. The aggregate absolute value of all net outstanding cash market settlement transactions at 31 December 2014 was $75.511 million (2013: $54.351 million). In addition, at 31 December 2014, the total value of outstanding securities loans was $2.176 million (2013: $3.587 million) and the absolute notional value of open derivative contracts was US$23.070 million (2013: US$44.727 million).

Cash collateral held to cover these outstanding settlement positions at 31 December 2014 was $25.462 million (2013: $28.573 million). In addition, at 31 December 2014 an additional $5.5 million collateral (2013: $5.5 million) was held by way of performance bonds..

Reserve Bank of New Zealand Liquidity
Under a Memorandum of Understanding with the Reserve Bank of New Zealand ("RBNZ"), signed 6 October 2010, the Clearing House is eligible for backup liquidity support from the RBNZ subject to the Clearing House maintaining its designation status and meeting the eligibility criteria for RBNZ counterparties. This liquidity support is only available via the discounting of Eligible Securities (as defined by RBNZ and published in their website). The Clearing House did not hold any Eligible Securities during 2014.

Other Liquidity Facility
During the financial year NZCL entered into a liquidity facility to be utilised in the event a participant has defaulted on its settlement obligations and NZCL's cash position is insufficient to meet its obligations as the central counterparty. The facility allows NZCL to borrow up to $50m in cash or securities, with collateral provided in the form of securities NZCL will hold as part of the default resolution process. The facility is for an initial term of two years ending December 2016.

NZX Limited
Notes to the financial statements
For the year ended 31 December 2014

25 Group entities

Name of subsidiaries	Country of Incorporation	Ownership interest and voting rights	
		2014	2013
		%	%
Subsidiaries			
Energy Clearing House Limited	New Zealand	100	100
Fundsource Limited	New Zealand	100	100
Mandela Investments Limited	New Zealand	100	100
MXF Nominees Limited	New Zealand	100	100
New Zealand Clearing and Depository Corporation Limited	New Zealand	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 Exchange Limited	New Zealand	100	100
NZX CEO Share Scheme Nominee Limited	New Zealand	100	100
NZX CPL Nominee Limited	New Zealand	100	100
NZX Executive Share Plan Nominees Limited	New Zealand	100	100
NZX Holding No. 3 Limited	New Zealand	100	100
NZX Holding No. 4 Limited	New Zealand	100	100
NZX Rural Limited	New Zealand	100	100
Smartshares Limited	New Zealand	100	100
Tane Nominees Limited	New Zealand	100	100
TZ1 Limited	New Zealand	100	100
NZX ProFarmer Australia Pty Limited	Australia	100	100
NZX Agri Advisors Pty Limited	Australia	100	100

Investment in subsidiaries

The carrying values of the Parent's investments in subsidiaries are as follows:

	Carrying values	
	2014	2013
	$000	$000
Subsidiaries of the Parent:		
NZX Rural Limited	7,295	7,295
FundSource Limited	922	922
Smartshares Limited	4,000	4,000
TZ1 Limited	6,091	6,091
NZX Holding No. 4 Limited (holding company for CGX)	1,914	2,902
New Zealand Clearing and Depository Corporation Limited	12,000	12,000
Total	**32,222**	**33,210**

The Parent impaired the carrying value of its investment in NZX Holdings No.4 Limited during the year based on an analysis of future cash flows relating to the investment and to align the parent company carrying value with the Group carrying value.

26 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:

	Group		Parent	
	2014	2013	2014	2013
	$000	$000	$000	$000
Short-term employee benefits	4,197	3,966	3,508	3,314
Share-based payments	(37)	249	(74)	232
Termination benefits	-	7	-	7
	4,160	**4,222**	**3,434**	**3,553**

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 year were $469,000 (2013: $483,000) and have been included in other expenses (note 6).

c) Transactions with other related parties

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

	Group	
	2014	2013
	$000	$000
Transactions with related parties		
Sales to Link Market Services Limited	638	512
Purchases from Link Market Services Limited	(341)	(307)
Balances with related parties		
Receivable from Link Market Services Limited	8	182
Payable to Link Market Services Limited	(66)	(44)

26 Related party transactions

c) Transactions with other related parties

During the year, the Parent made sales to and purchases from its subsidiary companies. The amounts of sales and purchases between the Parent and its subsidiary companies, and any outstanding balances as at reporting date, are set out below.

	Parent	
	2014	2013
	$000	$000
Transactions with subsidiary companies		
Sales to NZX Rural Limited	250	136
Sales to Smartshares Limited	223	197
Sales to Fundsource Limited	21	21
Sales to NZX Holdings No.4 Limited	260	282
Sales to NZX Profarmer Australia Pty Limited	59	58
Sales to NZX Agri Advisors Pty Limited	9	13
Sales to NZ Clearing Limited	425	425
Balances with subsidiary companies		
Receivable from Smartshares Limited	21	89
Receivable from NZ Clearing Limited	35	35
Receivable from NZX Agri Advisors Pty Limited	1	6

27 Lease commitments as lessee

	Group		Parent	
	2014	2013	2014	2013
	$000	$000	$000	$000
Non-cancellable operating lease payments:				
Up to 1 year	1,673	1,505	1,430	1,265
1 - 2 years	1,656	1,002	1,415	765
2 - 5 years	4,757	1,712	4,245	1,055
> 5 years	1,920	869	1,880	733
	10,006	**5,088**	**8,970**	**3,818**

The Group leases a number of office premises under operating leases. The leases run for a period of between 1 to 7 years, with an option to renew the lease after that date.

28 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.

29 Capital commitments

	Group		Parent	
	2014	**2013**	**2014**	**2013**
	$000	**$000**	**$000**	**$000**
Capital expenditure commitments:				
Software development	104	126	104	126
	104	126	104	126

The Group has no exposure or obligations to capital commitments of Associates.

30 Subsequent events

Dividend

Subsequent to balance date the Board declared a second half 2014 dividend of 3.00 cents per share, to be paid on 27 March 2015 (with a record date of 13 March 2015). This is in line with the NZX dividend policy adopted on 21 February 2014.

Acquisition of SuperLife Limited

On 16 January 2015 NZX acquired 100% ownership of SuperLife Limited ("SuperLife"), a provider of superannuation, Kiwisaver, and managed investments products with approximately $1.2 billion in funds under management.

The acquisition of SuperLife enables NZX to grow the scale of its passive funds management business and accelerate the development of its portfolio of Exchange Traded Funds (ETFs).

As the acquisition occurred subsequent to balance date, no earnings from SuperLife are reported in the current period. If the acquisition had occurred on 1 January 2014, management estimates that consolidated NZX Group revenue would have been $71.67m and consolidated profit for the year would have been $14.22m. These amounts do not take account of any fair value adjustments that may arise upon finalisation of the acquisition accounting. As outlined below the initial acquisition accounting has not been finalised.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred	**$000**
Cash	10,000
Equity instruments (being 8,264,463 ordinary shares)	10,000
Contingent equity consideration (being 4,132,232 ordinary shares)	5,000
Present value of contingent cash consideration	8,000
	33,000

Equity instruments issued

The value of the ordinary shares issued was based on the volume weighted average price during the 20 business days prior to 8 December 2014 (the date of the sale and purchase agreement), with the issue price being $1.21 per ordinary share.

Contingent consideration

In addition to the initial consideration of $20 million, the sale and purchase agreement provides for additional consideration of up to $15.0 million dependent on the retention and growth of SuperLife's Funds Under Management (FUM) over a three year period ending 31 December 2017. These further payments, if targets are achieved, will be $5.0 million of NZX ordinary shares at an issue price of $1.21 per share and up to $10.0 million in cash.

The issue of the $5.0 million of NZX ordinary shares will be payable if SuperLife's funds under management exceed $1.207b for a period of twelve consecutive months.

Up to $10.0 million in cash will become payable at 31 December 2017, with the amount payable dependant on the rate of growth in FUM over the three year earnout period. No additional amount is payable if FUM is less than $1.41b at 31 December 2017 (equivalent to a 7% compound annual growth rate). The full $10.0m is payable if FUM exceeds $1.57b (equivalent to an 11% compound annual growth rate). Partial payment of the earnout amount will result if FUM at 31 December 2017 is between $1.41m and $1.57m.

Based on growth rates achieved by SuperLife in recent years, the Group expects that its initial accounting for the acquisition will be based on the assumption that the full $15.0 million of contingent consideration will be paid by the end of the three year period. The contingent cash consideration shown in the table of consideration transferred above is based on the present value of this expected payment.

Allocation of consideration transferred to assets and liabilities acquired and recognition of goodwill

As the acquisition occurred close to reporting date, the initial acquisition accounting has not been completed. This will require determination of the fair value of tangible and identifiable intangible assets acquired. The principal identifiable intangible assets acquired are the management rights to the existing SuperLife superannuation and KiwiSaver schemes and proprietary internally developed software, which is of a specialised nature. Tangible assets consist primarily of some office equipment.

Accordingly, the Company is not able to provide disclosure of the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed or the value of goodwill arising on acquisition.

Acquisition-related costs

NZX incurred acquisition-related costs of $342,000 related to consultancy, legal fees and due diligence costs. These acquisition-related costs have been included in the current years Income Statement within professional fees.

New banking facilities

On 16 January 2015, the Group entered into new banking facilities, consisting of a $10.0 million overdraft facility for working capital purposes, a $10.0 million three year term debt facility to fund the initial cash consideration for the acquisition of SuperLife Limited and a $10.0 million term debt facility (undrawn) to provide for additional risk capital funding to the Clearing House. These facilities replaced the existing overdraft facility outlined in note 11(a).

The facilities are unsecured and contain two covenant requirements

- The ratio of interest bearing debt to EBITDA shall not exceed 3.5 times; and
- The ratio of EBITDA to interest shall exceed 4.0 times

Independent auditor's report

To the shareholders of NZX Limited

Report on the company and group financial statements

We have audited the accompanying financial statements of NZX Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 4 to 46. The financial statements comprise the statements of financial position as at 31 December 2014, the income statements and statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' responsibility for the company and group financial statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these company and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and group's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other assurance services to the company and group. Partners and employees of our firm may also deal with the group on normal terms within the ordinary course of the business of the group. These matters have not impaired our independence as auditor of the company and group. The firm has no other relationships with, or interests in, the company and group.

Opinion

In our opinion the financial statements on pages 4 to 46:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the company and the group as at 31 December 2014 and of the financial performance and cash flows of the company and the group for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by NZX Limited as far as appears from our examination of those records.

KPMG

16 February 2015
Wellington