

NSX LIMITED

ABN: 33 089 447 058
HALF YEAR ENDED 31 DECEMBER 2018

APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET (Comparative figures being the half year ended 31 December 2017)

\$A'000				
Revenues	Down	17.2%	to	1,088.3
Loss after tax attributable to members	Down	6.8%	to	1,325.5
Loss attributable to members for the period	Down	6.8%	to	1,325.5

Dividends/distributions	Amount per security	Franked Amount per security
Final dividend (prior year - paid)	Nil	Nil
Interim Dividend (declared)	Nil	Nil
Record date for determining entitlements to dividends.	No dividends are proposed by the Directors' for the period ended 31 December 2018.	

NTA backing	Half-year ended 31 Dec 2018	Half-year ended 31 Dec 2017
Net tangible asset backing per ordinary share	0.02 cents	0.02 cents

Details of shares and results in associates and joint venture entities

On 14 December 2018, NSX Limited sold its 50% stake in IR Plus Group Holdings Limited to its Joint Venture partner Asian Exchange Infrastructure Pty Limited (AEI). As at Balance Date, the effect of the joint venture entity in the consolidated financial report is shown below. The following table is provided as information on the financial performance of the venture as required by Appendix 4D:

	IR Plus Joint Venture	
	31-Dec 2018	30-Jun 2018
	\$	\$
Non-controlling Interest		
Share Capital \$	-	3,835,053
Current period profit/(loss)	219,822	(396,782)

This balance represents expenses incurred during the period net of debt forgiveness.



NSX Limited and its controlled entities
ABN 33 089 447 058

Half-Year Financial Report

Including additional
Appendix 4D disclosures

31 DECEMBER 2018

RELEASED
28 February 2019

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by NSX Limited (the "Company") during the half year reporting period in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange ("ASX") and of the Corporations Act 2001.

NSX Limited

ABN: 33 089 447 058

Half Yearly Report

For the Half Year Ended 31 December 2018

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Directors' Report

For the Half Year Ended 31 December 2018

The directors present their report together with the financial statements of NSX Limited (NSX or the Company) and its subsidiary entities (together referred to as the Group), for the half-year ended 31 December 2018 and the auditor's report thereon. The financial statements have been reviewed and approved by the board of directors.

The consolidated net loss after tax for the half year ended 31 December 2018 attributable to the group of NSX was \$1.3 million (December 2017: \$1.4 million).

General information

Directors

The names of the directors in office at any time during, or since the end of, the period are:

Ann Bowering	Appointed 25 May 2009
Michael Cox	Appointed 23 November 2009
Thomas Price	Appointed 17 November 2009
Shen Weiguo (Tony)	Appointed 29 September 2016

Directors have been in office since the beginning of the reporting period, to the date of this report, unless otherwise stated.

Company Secretary

Scott Evans has held the position of Company Secretary from the beginning of the reporting period. He was appointed on 7 March 2006.

Review of Operations

The Group's loss after tax for the half year ended 31 December 2018 was \$1.3 million, an improvement of \$0.1 million on the prior comparable period (pcp) \$1.4 million.

Directors' Report

For the Half Year Ended 31 December 2018

Review of Operations (Cont'd)

	31-Dec-18	31-Dec-17	Change
Profit & Loss	\$'000	\$'000	%
Revenue	1,088.3	1,314.7	(17.2)
Expenses including non recurring costs	(2,413.8)	(2,736.8)	11.8
Net loss after tax	(1,325.5)	(1,422.1)	6.8
Net tangible asset backing (cents)	0.02	0.02	(19.4)
Share price at end of period (cents)	14.0	26.5	(47.2)
Shares on Issue at end of period (mil)	183.45	147.91	24.0
Market capitalisation (\$'m)	25.7	39.2	(34.5)
Earnings per share (cents)	(0.72)	(0.96)	(24.9)

	Accounts	Change in	Restated
	31-Dec-17	Accounting Policy	31-Dec-17
Revenue	1,245.2	69.5	1,314.7
Expenses including non recurring costs	(2,736.8)	-	(2,736.8)
Net loss after tax	(1,491.6)	69.5	(1,422.1)

OPERATING REVENUE

Group operating revenues of \$1.1 million were down \$0.2 million on the pc of \$1.3 million. This reflects the refocussing of the National Stock Exchange of Australia towards better quality listings through the implementation of new and revised listing suitability standards.

The operating revenue for each of our business activities is reflected in the table following.

Directors' Report

For the Half Year Ended 31 December 2018

31 December Revenue Category	2018 \$'000	2017 \$'000	Change %
Listing fees	317.9	345.3	-7.9
Subsequent quotation fees	81.0	203.2	-60.1
Annual fees	661.7	677.3	-2.3
Interest received	27.7	28.3	-2.1
Other revenue	-	60.6	-100.0
Total Revenue	1,088.3	1,314.7	-17.2

Discussion on the operating revenues is detailed below.

Listing fees - \$0.3 million, down 7.9%

The drivers of this revenue line are the number of new listings approved in the period, the market capitalisation of those issuers and the schedule fee charged. The small decrease in Listing Fees from the pcg reflects a lower average market capitalisation of new issuers and one fewer listing during the period.

Subsequent quotation fees - \$0.1 million, down 60.1%

The drivers of this revenue line are the number of new listings approved in preceding periods, the market capitalisation of those issuers, subsequent capital raised on the exchange, and the schedule fees charged. Subsequent quotation fees on the exchange reduced by \$0.1 million reflecting a lower run off of escrowed securities in the current period. A total of \$25.7 million in new capital was raised by companies listed on the exchange (excluding IPO capital raised) in the six-month period to 31 December 2018, compared to \$208.3 million in the pcg.

Annual fees - \$0.7 million, down 2.3%

Annual fees are the product of three key drivers, the number of listed securities, the market capitalization of the listed entities and the schedule fee charged. Annual fees were consistent with the pcg reflecting the net impact of 82 listed securities in the current period compared to 81 in the pcg, with an average market capitalisation of \$33.7 million, up from \$18.8 million in the prior period. The total market capitalisation of the exchange at 31 December 2018 was \$4.6 billion. However, the impact of higher metrics in the current period at the point of invoicing was negated by the impact of uncollected revenues attributable to issuers delisted during the period.

NSX Limited

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Directors' Report

For the Half Year Ended 31 December 2018

OPERATING EXPENSES

Operating expenses decreased from \$2.7 million to \$2.4 million, reflecting a saving of \$0.3 million or 11.8% on pcg.

Employee benefits expense decreased by 7.4% pcg to \$1.4 million as a result of the disposal of IR Plus Securities Group Holdings Limited (IRP).

Market trading expenses increased by \$0.2 million on the pcg to \$0.6 million, reflecting enhanced market access functionality, security, support and maintenance costs.

Depreciation and amortisation expense, premises and administration expenses were consistent with the pcg.

Directors' Report

For the Half Year Ended 31 December 2018

BALANCE SHEET

As at 31 December 2018, the net assets of the Group were \$4.0 million, up \$3.7 million from 30 June 2018, primarily driven by the issue of \$5.3 million in new capital during the period.

A summary balance sheet is presented below.

	31-Dec-18	30-Jun-18	Change
Balance Sheet	\$'000	\$'000	%
Assets			
Cash	3,997.1	951.9	319.9
Financial assets	1,472.1	1,469.3	0.2
Other assets	655.8	577.7	13.5
Total assets	6,125.0	2,998.9	104.2
Liabilities			
Payables	1,950.7	2,252.0	-13.4
Provisions	139.3	480.1	-71.0
Total liabilities	2,090.0	2,732.2	-23.5
Equity	4,035.0	266.7	1,412.9

The balance of Cash and cash equivalents increased \$3.0 million from 30 June 2018. This reflects the funds received from the issue of new shares less capital raising and operating costs during the period.

Trade and other creditors of \$2.0 million is represented by \$1.2 million in deferred revenue plus creditors and other accrued liabilities of \$0.8 million. Deferred revenue reflects the unamortised balance of annual listing fees that have been billed and collected from issuers and are recognised over 3 years as well as annual fees recognised over the current year. Consequently, as at 31 December, only part of the revenue has been recognised. The balance of \$1.2 million will be recognised as revenue in the Statement of Profit and Loss in future periods.

WORKING CAPITAL

The Group maintains a cash balance of \$5.5 million (2017: \$2.4 million) at the end of the period. Of the working cash held, \$1.4 million is held as part of the market Compensation Arrangements, settlement participation arrangements and rental bonds. Interest derived from the cash held on deposit is used for working capital. The following discussion details various arrangements that have an impact on the Company's cash balances held.

Directors' Report

For the Half Year Ended 31 December 2018

WORKING CAPITAL (Cont'd)

	31-Dec 2018 \$'000	31-Dec 2017 \$'000
Reconciliation of Cash		
Cash on hand and at bank	3,996.8	917.0
Deposits at call	1,472.1	3,360.0
Total: cash at end of period	<u>5,468.9</u>	<u>4,277.0</u>

Compensation Arrangements

As part of the National Stock Exchange of Australia Limited's Australian Financial Markets Licence, the Group operates investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the *Corporations Act 2001*. National Stock Exchange of Australia Limited has provided a cash deposit of \$0.7 million as part of its Compensation Arrangements. This is over and above the money that is included in the Fidelity Fund operated by NSXA. Interest generated by the Fidelity Fund is re-invested into the fund.

ASX Settlement Performance Bond

National Stock Exchange of Australia (NSXA) acts as a settlement agent on behalf of several NSXA broker participants. Consequently NSXA is registered with ASX Settlement as a General Settlement Participant for the purposes of ASX Settlement Pty Ltd Operating Rules (ASXOR 4.3.13) to effect CHESSE Settlements. ASX Settlement Operating Rule 4.9.1 requires General Participants to post a Settlement Performance Bond to the value of \$0.5 million. ASX Settlement can make a demand under Operating Rule 4.9.5 if ASX Settlement is satisfied that a Participant has contravened a provision of the rules and as a result of that contravention, ASX settlement has suffered or incurred any losses, damages, costs or expenses.

NSX Limited has established a bank guarantee backed by a term deposit of \$0.5 million to satisfy the requirements of the Settlement Performance Bond.

Interest generated from the cash held in the NSX deposit is available for working capital.

Rental Bonds and Other Bank Guarantees

NSX Limited has in place a bank guarantee for the rental of premises in Sydney of \$272,107 (2017: \$260,000). These amounts are not available cash for use by the NSX Group as working capital. Interest generated from the cash held in the NSX deposit is re-invested into the Bond to allow for growth in the Bond requirements over time.

Directors' Report

For the Half Year Ended 31 December 2018

WORKING CAPITAL (Cont'd)

Net Working Capital

The following table details the impact of the bank guarantee arrangements on NSX Limited's current cash balances available for use.

	31-Dec 2018 \$'000	31-Dec 2017 \$'000
Net working capital		
Total cash at end of the period	5,469.3	4,277.0
Deposits held for equity markets compensation arrangements	(700.0)	(1,700.0)
Deposits held while National Stock Exchange of Australia is a general participant of CHES	(500.0)	(500.0)
Other bank guarantees	(272.0)	(260.0)
Total: cash available for use by the group at the end of the period	<u>3,997.3</u>	<u>1,817.0</u>

EARNINGS PER SHARE

Earnings per share (EPS) has reduced to (0.72) cents per share.

DIVIDENDS PAID OR DECLARED

The Directors do not recommend payment of any dividends at this time and no dividend was paid during the period.

EVENTS OCCURRING AFTER BALANCE DATE

There are no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in future financial years.

NSX Limited

ABN: 33 089 447 058

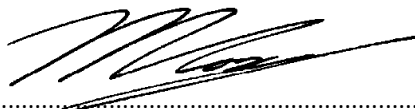
Directors' Report

For the Half Year Ended 31 December 2018

Auditors Independence Declaration

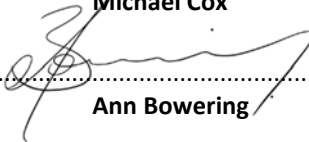
The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 12 for the period ended 31 December 2018.

Signed in accordance with a resolution of the Board of Directors:



Director:

Michael Cox



Director:

Ann Bowering

Dated this 28th day of February 2019

NSX Limited

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2018, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



PKF



PAUL PEARMAN
PARTNER

28 FEBRUARY 2019
SYDNEY, NSW

Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2018

		Consolidated	
		31-Dec-18	31-Dec-17
	Note	\$	Restated \$
Revenue	3	1,088,329	1,314,698
Employee benefits expense	3	(1,369,567)	(1,478,314)
Market trading expenses	3	(655,890)	(413,996)
Administration	3	(107,950)	(110,812)
Occupancy expenses	3	(101,688)	(104,155)
Depreciation and amortisation	3	(71,227)	(108,231)
IT costs		(63,569)	(62,042)
Legal expenses		(145)	(12,187)
Travel costs		(9,411)	(37,759)
Consultancy expenses		-	(3,520)
Compliance expenses		(18,033)	(56,198)
Other costs		(16,320)	(349,667)
Loss before income tax		(1,325,471)	(1,422,183)
Income tax expense		-	-
Loss for the period		(1,325,471)	(1,422,183)
Profit / (Loss) attributable to non controlling equity interest		219,822	(144,576)
Loss attributable to members of the parent entity		(1,545,293)	(1,277,607)
		(1,325,471)	(1,422,183)
Other comprehensive income		-	-
Total comprehensive income for the period		(1,325,471)	(1,422,183)
<u>Earnings per share</u>			
Basic earnings per share			
(cents per share)		(0.72)	(0.96)
Diluted earnings per share			
(cents per share)		(0.72)	(0.96)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 31 December 2018

		31-Dec 2018 \$	Consolidated	
			30-Jun-18 Restated \$	01-Jul-17 Restated \$
ASSETS	Note			
Current assets				
Cash and cash equivalents	4	3,997,158	951,937	739,197
Trade and other receivables		121,953	121,003	335,671
Financial assets	4	1,472,108	1,469,303	4,175,000
Other current assets		226,235	75,610	109,132
Total current assets		5,817,454	2,617,853	5,359,000
Non-current assets				
Other financial investments		-	-	76,365
Property, plant and equipment		307,608	381,052	546,777
Total non-current assets		307,608	381,052	623,142
TOTAL ASSETS		6,125,062	2,998,905	5,982,142
LIABILITIES				
Current liabilities				
Trade and other payables		1,439,342	1,556,310	997,673
Deferred income		364,570	569,130	598,580
Short-term provisions		138,756	479,570	266,028
Total current liabilities		1,942,668	2,605,010	1,862,281
Non-current liabilities				
Deferred income		146,800	126,600	442,530
Other long-term provisions		550	550	600
Total non-current liabilities		147,350	127,150	443,130
TOTAL LIABILITIES		2,090,018	2,732,160	2,305,411
NET ASSETS		4,035,044	266,745	3,676,731
EQUITY				
Issued capital	10	49,155,987	44,251,385	44,251,385
Accumulated Losses		(45,120,943)	(43,575,650)	(39,809,947)
Parent Interest		4,035,044	675,735	4,441,438
Non Controlling interest		-	(408,990)	(764,707)
TOTAL EQUITY		4,035,044	266,745	3,676,731

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Half Year Ended 31 December 2018

		Consolidated			
	Note	Issued Capital	Non-Controlling Interests	Accumulated Losses	Total
		\$	\$	\$	\$
Balance at 1 July 2018 (Restated)		44,251,385	(408,990)	(43,575,650)	266,745
Loss for the the period attributable to members of the parent entity		-	-	(1,545,293)	(1,545,293)
Disposal of JV	11	-	189,168	-	189,168
Issued capital		4,904,602	-	-	4,904,602
Profit attributable to non-controlling interest		-	219,822	-	219,822
Balance at 31 December 2018	10	49,155,987	-	(45,120,943)	4,035,044
Balance at 1 July 2017 (Restated)		44,251,385	(764,707)	(39,809,947)	3,676,731
Loss for the the period attributable to members of the parent entity		-	-	(1,277,607)	(1,277,607)
Loss attributable to non-controlling interest		-	(144,576)	-	(144,576)
Balance at 31 December 2017 (restated)		44,251,385	(909,283)	(41,087,554)	2,254,548

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Half Year Ended 31 December 2018

	Note	Consolidated	
		31-Dec 2018	31-Dec 2017
		\$	\$
Cash from operating activities:			
Receipts from customers		1,745,952	2,213,720
Payments to suppliers and employees		(3,312,590)	(2,826,879)
Interest received		29,046	28,272
Finance costs		-	-
Net cash provided by (used in) operating activities		(1,537,592)	(584,887)
Cash flows from investing activities:			
Costs related to exit from JV		(194,666)	-
Acquisition of property, plant and equipment		-	(52,728)
Net cash provided by (used in) investing activities		(194,666)	(52,728)
Cash flows from financing activities:			
Proceeds from issue of shares		4,894,928	-
Costs of issue of shares		-	-
Proceeds from issue of shares by subsidiary		-	-
Net cash provided by (used in) financing activities		4,894,928	-
Net increase (decrease) in cash held		3,162,670	(637,615)
Cash at beginning of financial period		2,306,596	4,914,197
Cash at end of financial year	4	5,469,266	4,276,582

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Half Year Ended 31 December 2018

Note 1 Statement of Significant Accounting Policies

(a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of NSX Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards, which are discussed below.

Reporting Basis and Conventions

During the current year, the Group adopted some of the new and revised Australian Accounting Standards and Interpretations applicable to its operations.

(b) New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

AASB 16 Leases

Applicable for reporting periods beginning on or after 1 January 2019.

AASB 16 : Leases (issued February 2016) will supersede the existing lease accounting requirements in AASB 117 : Leases and the related Interpretations. It introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership. The key requirements of AASB 16 are summarised as follows:

– recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);

Notes to the Financial Statements

For the Half Year Ended 31 December 2018

(b) New accounting standards for application in future periods (cont'd)

- depreciation of right-of-use assets in line with AASB 116: Property Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components, instead accounting for all components as a lease; and
- inclusion of additional disclosure requirements.

AASB 16 will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group had non-cancellable operating lease commitments of \$4.6 million. If applied, the impact of this at 31 December 2018 would be an increase in the value of Fixed Assets of approximately \$4.0 to \$4.5 million, the creation of a lease liability of approximately \$3.5 to \$4.0 million, and a increase to retained earnings.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

The Standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the Standard before its effective date.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less such as term deposits, and bank overdrafts. Term deposits held on a short term basis in support of operating guarantees and letters of credit for the NSXA has been classified as a current financial asset. This is due to a requirement that this deposit be available for immediate payment to a claimant, should they be called upon, and the obligations of section 885B(1)(g) of the Corporations Act, which requires the Company to provide timely access to Compensation Arrangements. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(d) Prior period adjustments

The entity has prepared a third balance sheet to account for the restatement in the opening position in the financial statements as at 1 July 2017. This takes into account adjustments on the change in accounting policy following the adoption of AASB 15 and identified upon the disposal of IR Plus Group Holdings Limited on 14 December 2018, where it was identified that historic differences existed within non controlling interests brought forward in the pre comparative financial period. As a result, the non controlling interest and accumulated losses brought forward have been decreased by an amount of \$2.1 million as at 1 July 2017.

Details in relation to the changes in accounting policy regarding AASB 15 Revenue from Contracts with Customers are described in Note 2.

Notes to the Financial Statements

For the Half Year Ended 31 December 2018

Note 2 Changes in Accounting Policy

The Group has adopted AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers from 1 July 2018. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in AASB 9 (7.2.15) and (7.2.22) and AASB 15(C3)(a) the Group has adopted both standards retrospectively and the comparative have been restated. Any retrospective adjustments have been recognised in the opening balance sheet on 1 July 2017.

The following table shows the adjustments recognised for each individual line item in the Financial Statements. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Balance Sheet

The total impact on the Group's Balance Sheet as at 1 July 2018 is:

	30-Jun-18 Reported \$,000	AASB 15 \$,000	1-Jul-18 Restated \$,000
Balance Sheet			
Current Liabilities			
Deferred revenue	-	569.1	569.1
Non current liabilities			
Revenue received in advance	-	126.6	126.6
Total Liabilities	2,036.4	695.7	2,732.1
Equity			
Accumulated losses	(45,031.7)	(695.7)	(45,727.4)
Total Equity	962.5	(695.7)	266.8

Initial Application of AASB 9: Financial Instruments

The Group has adopted AASB 9 with a date of initial application of 1 July 2017. As a result, the Group has changed its financial instruments accounting policies as follows.

There were no financial assets/liabilities which the Group had previously designated as fair value through profit or loss under AASB 139: Financial Instruments: Recognition and Measurement that were subject to reclassification/elected reclassification upon the application of AASB 9.

There were no financial assets/liabilities which the Group has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

The Group applied AASB 9 and the related consequential amendments to other Standards. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment.

Notes to the Financial Statements

For the Half Year Ended 31 December 2018

Recognition of expected credit losses in financial statements

Based on the expected credit loss at each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Initial Application of AASB 15: Revenue from contracts with customers

Under AASB 15, revenue is recognised using the 5 step approach outlined below to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The following 5 steps have been applied in analysing transactions to determine when revenue is recognised:

Step 1 – Identify the contract with a customer

Step 2 – Identify the separate performance obligations in the contract

Step 3 – Determine the transaction price

Step 4 – Allocate the transaction price to the separate performance obligation in the contract

Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

The recognition of initial listing fees has been impacted by the new approach outlined above. These fees were previously recognised on the date of admission or quotation of the shares. Upon adoption of AASB 15, these listing fees are deferred and recognised over the period in which it is estimated that the listing service will be provided. This is because the services provided in relation to the initial or subsequent listing are not considered to be distinct from the ongoing listing service provided throughout the period which the entity has listed.

Based on historical data, the Group has determined that the revenue for Initial listing fees will be deferred and recognised over 3 years.

The group has applied the above accounting policy retrospectively. This resulted in an adjustment to opening retained earnings at 1 July 2017 of \$1.04m. These fees will be recognised in future periods in line with the accounting policies outlined above.

Amounts received in advance not yet recognised as revenue in accordance with the policy outlined above are taken directly to the Statement of Financial Position as a liability of Deferred income.

The adoption of AASB 15 did not have any impact on the measurement or timing of revenue recognition on other revenue from contract with customers.

Notes to the Financial Statements

For the Half Year Ended 31 December 2018

Note 3 Loss from Ordinary Activities

The following significant revenue and expense items are relevant to explaining the financial performance:

Revenue

Listing fees
Secondary capital raising
Annual fees

Other Income

Other revenue
Interest - other persons
Total other income

Total Revenue

Expenses

Employee benefits expense
Market trading expenses
Administration costs
Occupancy expenses
Depreciation and amortisation

Consolidated	
31-Dec 2018 \$	31-Dec 2017 \$
317,944	345,302
81,028	203,201
661,645	677,307
1,060,617	1,225,810
-	60,616
27,712	28,272
27,712	88,888
1,088,329	1,314,698
1,369,567	1,478,314
655,890	413,996
107,950	110,812
101,688	104,155
71,227	108,231
2,306,322	2,215,508

Notes to the Financial Statements

For the Half Year Ended 31 December 2018

Note 4 Cash Flow Information

Reconciliation Of Cash

Cash at the end of the financial period as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents
Term Deposits

Consolidated	
31-Dec 2018 \$	30-Jun 2018 \$
3,997,158	951,937
1,472,108	1,469,303
5,469,266	2,421,240

Note 5 Reliance on Key Suppliers

The ability of the National Stock Exchange of Australia Limited to conduct its operations is reliant upon the capability and reliability of the ASX Settlement CHESS settlement systems which are used by the Economic Entity.

The ability of the National Stock Exchange of Australia Limited to conduct operations is heavily reliant upon the capability and reliability of the trading systems which are licensed to the Economic Entity by NASDAQ.

A significant and sustained failure of these systems would have a materially detrimental effect on the Economic Entity's short term results, which in turn could undermine the longer term confidence in the Economic Entity.

Notes to the Financial Statements

For the Half Year Ended 31 December 2018

Note 6 Operating Segments

Segment Information

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group operates in one operating segment, being:

- Stock Exchanges

There is no aggregation of operating segments into reportable segments, given that each segment represents a distinct business.

Type of Products and Services by Segment

Stock Exchanges

The stock exchange cash generating unit provides a facility to trade the securities of issuers admitted to the official list. It also provides hosting services for other exchanges.

Accounting Policies and Inter-segment Transactions

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. Interest is not charged on such loans.

Inter-segment sales and purchases are made on the basis of the Group's internal transfer pricing policies. No allocation of corporate charges is made to the operating segments, as these are predominately incurred by the Head Office and are not allocated in the internal management reports.

Notes to the Financial Statements

For the Half Year Ended 31 December 2018

Note 6 Operating Segments (Cont'd)

Segment Assets and Liabilities

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

Geographical Segments

The Group conducts all of its business from Australia; therefore no reporting of results by geographical segment is performed.

Major Customers

The Group has a number of customers to which it provides both products and services. The Group has no major customers who contribute more than 10% of total revenue.

Notes to the Financial Statements

For the Half Year Ended 31 December 2018

Note 6 Operating Segments (Cont'd)

(a) Segment Performance

	Stock Exchanges	Corporate Costs	Total
	\$	\$	\$
6 Months Ended 31 Dec 2018			
Revenue			
External fees	1,061,129	-	1,061,129
Interest revenue	-	27,200	27,200
Total segment revenue	1,061,129	27,200	1,088,329
Total group revenue			1,088,329
Results			-
Segment net loss before tax	652,713	(1,978,184)	(1,325,471)
Other Items			
Depreciation and amortisation	91,776	-	91,776
6 Months Ended 31 Dec 2017			
Revenue			
External fees	1,286,559	-	1,286,559
Interest revenue	-	28,139	28,139
Other	-	-	-
Total segment revenue	1,286,559	28,139	1,314,698
Total group revenue			1,314,698
Results			
Segment net loss before tax	177,433	(1,599,616)	(1,422,183)
Other Items			
Depreciation and amortisation	108,231	-	108,231

Notes to the Financial Statements

For the Half Year Ended 31 December 2018

Note 6 Operating Segments (Cont'd)

(b) Segment Assets

	\$	\$	\$
As at 31 December 2018			
Segment Assets	2,933,162	3,191,900	6,125,062
As at 30 June 2018			
Segment Assets	2,942,000	56,905	2,998,905

(c) Segment Liabilities

	Stock Exchanges	Corporate Costs	Total
As at 31 December 2018	\$	\$	\$
Segment Liabilities	1,478,358	611,660	2,090,018
As at 30 June 2018			
Segment Liabilities	2,100,160	632,000	2,732,160

Note 7 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties:

(a) Director Related Entities

Director	Description of related party transaction	Consolidated	
		31-Dec 2018	31-Dec 2017
		\$	\$
Tom Price	Amounts paid to FEX for services rendered for the provision of the FEX market site.	-	4,000

Notes to the Financial Statements

For the Half Year Ended 31 December 2018

Note 8 Contingent Liabilities

Compensation Arrangements

Part 7.5 of the *Corporations Act 2001* requires licensed markets through which participants provide services for retail clients to have compensation arrangements. The compensation arrangements are limited to the coverage of losses arising from defalcation of client assets held by participants registered with the Exchanges as the holders of Australian Market Licences (AML) as detailed in the *Corporations Act 2001*.

National Stock Exchange of Australia Limited Compensation Arrangements

The minimum cover that NSX is required to have as part of the compensation arrangements is \$0.8 million. The arrangements to meet the minimum cover are in two parts: (a) the NSX Fidelity Fund and (b) a Letter of Credit for the amount of \$0.7 million. The combined sources have over \$1.2 million in funds which exceeds the minimum cover by over \$0.4 million.

ASX Settlement Performance Bond

National Stock Exchange of Australia acts as a settlement agent on behalf of several NSX and IR Plus broker participants. Consequently NSX is registered with ASX Settlement as a General Participant for the purpose of ASX Settlement Operating Rules to effect CHESS settlements. ASX Settlement Operating Rule 4.9.1 requires General Participants to post a Settlement Performance Bond to the value of \$500,000. ASX Settlement can make a demand under Operating Rule 4.9.5 if ASX Settlement is satisfied that a Participant has contravened a provision of the rules and as a result of that contravention, ASX settlement has suffered or incurred any losses, damages, costs or expenses.

NSX has established a bank guarantee backed by a term deposit of \$0.5 million to satisfy the requirements of the Settlement Performance Bond. During the period there were no claims arising from ASX Settlement Operating Rule 4.9.5.

Note 9 Events after the Balance Date

There are no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in future financial years.

Notes to the Financial Statements

For the Half Year Ended 31 December 2018

Note 10 Issued Capital

	Consolidated	
	31-Dec 2018	31-Dec 2017
	\$	\$
147,905,288 Fully paid ordinary shares (2017: 147,905,288)	44,236,385	44,236,385
1,500,000 (2017: 1,500,000) ordinary shares paid to 1 cent	15,000	15,000
At the beginning of the reporting period (30-June)	44,251,385	44,251,385
Shares issued during the period	5,332,313	-
Transaction costs on share issue	(427,711)	-
At the end of the reporting period (31-December)	49,155,987	44,251,385

(a) Reconciliation of movements of fully paid ordinary shares

	# of Shares	# of Shares
At beginning of period (30-June)	147,905,288	147,905,288
Issued during the period	35,548,755	-
At the end of the period (31-December)	183,454,043	147,905,288

Ordinary shares participate in dividends and the proceeds on winding up of the economic entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Partly paid shares are only callable at the option of the holder or on liquidation. They can be voted in proportion to the amount that is paid up.

The Company does not have authorised capital or par value in respect of its shares.

Notes to the Financial Statements

For the Half Year Ended 31 December 2018

Note 11 Sale of Joint Venture

On 14 December 2018 the Group sold its 50% stake in IR Plus Group Holdings Limited to its joint venture partner Asian Exchange Infrastructure Pty Limited.

In transferring its share of ownership in respect to the joint venture the NSX paid a cash consideration \$194,666. As at this date the Statement of Financial Position of the entity was as follows:

	\$
Assets	
Cash at Bank	29,572
Total Assets	29,572
Liabilities	
Loans payable	53,980
Tax Payable	127,218
Payroll related costs	176,710
Accruals	50,000
Total Liabilities	407,908
Net Assets	(378,336)

Directors' Declaration

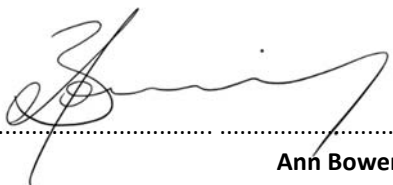
The directors of the Economic Entity declare that:

1. The financial statements and notes, as set out on pages 13 to 29:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Act 2001*; and
 - (b) give a true and fair view of the Economic Entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Economic Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director:

Michael Cox

Director:

Ann Bowering

Dated this 28th day of February 2019

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NSX LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of NSX Limited (the consolidated entity), which comprises the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NSX Limited is not in accordance with the Corporations Act 2001 including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the consolidated entity a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors' of the consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of NSX Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Auditor's Responsibility (cont'd)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF



PAUL PEARMAN
PARTNER

28 FEBRUARY 2019
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