

# Appendix 4E (rule 4.3A)

Preliminary Final Report  
Financial Year Ended 30 June 2018  
(previous corresponding period is for the year ended 30 June 2017)

## CONTENTS

	Page
Results for announcement to the market	2
Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Explanatory notes	9
Statement of compliance	15

# NSX Limited

ABN: 33 089 447 058

## Results For Announcement To The Market

				\$A'000
Revenues from ordinary activities <i>(Appendix 4E Item 2.1)</i>	Down	45%	To	2,226
Net loss for the period attributable to members <i>(Appendix 4E item 2.2)</i>	Up	72%	To	(3,755)
Net loss from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.3)</i>	Up	72%	To	(3,755)
Loss attributable to Discontinued Operations	Up	N/A	To	(1,159)
Loss attributable to members excluding Discontinued Operations	Up	N/A	To	(2,596)

<b>Dividends/distributions</b> <i>(Appendix 4E item 2.4)</i>	<b>Amount per security</b>	<b>Franked Amount per security</b>
Final dividend	Nil	Nil
Previous corresponding period	Nil	Nil

<b>Record date</b> for determining entitlements to dividends. <i>(Appendix 4E item 2.5)</i>	<b>N/A</b>
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<b>EXPLANATION OF RESULT</b> <i>(Appendix 4E item 2.6)</i> <b>CONSOLIDATED SUMMARY</b> <b>TABLE 1: SUMMARY OF GROUP RESULTS</b>
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# NSX Limited

ABN: 33 089 447 058

<b>30 June</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>Summary</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Revenue	2,226	3,232	-31
Expenses	5,760	5,162	12
EBITDA	(3,534)	(1,930)	83
Depreciation / Amortisation	221	253	-13
<b>Net loss after tax</b>	<b>(3,755)</b>	<b>(2,183)</b>	72
Loss attributable to Discontinued Operations	(1,159)	-	N/A
<b>Net loss excluding Discontinued Operations</b>	<b>(2,596)</b>	-	N/A
<b>Key Statistics</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
Earnings per share (cents)	(2.5)	(1.5)	-72
Net tangible asset backing (cents)	0.7	3.2	-80
Share price at end of period (cents)	19.0	25.0	-24
Shares on Issue at end of period (mil)	147.9	147.9	0
Market capitalisation (\$'mil)	28.1	37.0	-24
Cash at bank (\$'000)	2,421	4,914	-51
Cash held for statutory purposes (\$'000)	2,200	2,200	0
Working Capital (\$'000)	221	2,714	-92

## CONSOLIDATED SUMMARY (cont'd)

The net loss after tax for NSX Limited (NSXL) was \$3.8 million for the period, or \$2.6 million excluding \$1.2 million in non-recurring items attributable to the Discontinued Operations of IR Plus Securities Exchange.

Revenue for the operation of the National Stock Exchange of Australia (NSXA) in FY18 was \$2.2 million, \$1.0 million lower than the pcp. This result was impacted by a single abnormally large invoice in the prior year of \$0.5 million and by fewer companies successfully listing on the exchange, offset by an increase in the average market capitalization of listed issuers, and an increase in fees from 1 July 2017.

Expenses for the Group before depreciation and amortization were \$5.8 million, or \$4.6 million after excluding Discontinued Operations. This result is consistent with \$4.6 million in the pcp on a like for like basis.

Discontinued Operations relate to the closure of the IR Plus Securities Exchange joint venture. This business was jointly owned and operated with Asian Exchange Infrastructure Pty Ltd. The board of the joint venture entity made the decision to discontinue the business in February 2018.

NSXL maintains a cash balance of \$2.4 million at the end of the period. Of the cash held, \$1.4 million is held as part of the compensation arrangements of the NSXA Market License and other general guarantees leaving \$1.0 million as working capital for NSXL as at 30 June.

Earnings per share (EPS) decreased from (1.5) cents per share to (2.5) cents per share or a decrease of 35% based on a weighted average number of shares of 147,905,288. Net tangible asset backing per share diminished from 3.2 cents to 0.7 cents.

# NSX Limited

ABN: 33 089 447 058

## REVENUE

TABLE 2: TOTAL REVENUE

30 June Revenue Category	Notes	2018 \$'000	2017 \$'000	Change %
Exchange Revenue	2	2,111.7	3,062.1	-31
Interest Received	2	59.1	167.0	-65
Other Revenue	2	55.2	3.3	1,573
<b>Total Revenue</b>		<b>2,226.0</b>	<b>3,232.4</b>	<b>-31</b>

Revenue associated with the operation of the NSXA account for 95% of all receipts. The balance of revenue is principally interest earned on cash and investments held during the period.

NSXL reported Total Revenue of \$2.2 million representing a decrease of \$1.0 million on the pcp. This was primarily attributable to lower Application Fees, net of a growth in Annual Fees, which increased 12% or \$0.1 million on the pcp.

Higher listing standards, reflecting enhanced quality expectations implemented by the exchange, have seen fewer successful listings onto the exchange in FY18. This, along with the impact of an abnormally large invoice in the pcp, has resulted in lower Application Fees in the current period. 7 companies listed on NSXA during the period at an average market capitalization of \$28.3 million, this compares with 14 new listings at an average market capitalization of \$25.7 million (excluding abnormal items) in the pcp. 10 companies were declined a listing on NSXA on the grounds of suitability during FY18.

Over the past two years NSXA has invested significantly to enhance market surveillance and compliance capabilities and procedures, aligning the exchange operations with regulatory expectations and industry best practice. Evidence of this can be seen with 13 companies delisted, one nominated advisor banned, and one stockbroker disqualified by the exchange during the period. While the value of this clean-up to NSXA is evident, this period of change will inevitably have a short-term impact on revenue.

Annual Listing Fees reported for the period were \$1.5 million, and represent an increase of \$0.4 million or 36% from \$1.1 million in the pcp. This is a function of the net growth in listing activity during the last two years (as the full year impact of annual fees from the prior year are realized in the current period), combined with an increase in the average market capitalization of NSXA listed securities. The stability of this revenue line underpins the strategic value of the annuity or recurring revenue stream from Annual Listing Fees, which is characteristic of a Listings Exchange.

Subsequent Quotation Fees were \$0.3 million in FY18, down \$0.2 million or 36% from the pcp. This number is at present driven largely by the release of securities held in escrow following an IPO, and therefore the current year reflects the run off of prior years' activity.

Interest received decreased by \$0.1 million due to lower investments on account in the current period.

# NSX Limited

ABN: 33 089 447 058

*This report is based on the consolidated financial statements which are being audited.*

## EXPENSES

**TABLE 3: TOTAL EXPENSES**

<b>30 June</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>Expense Category</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Employee benefits expense	1,761.7	1,575.4	12
Market trading expenses	1,261.6	1,104.1	14
Consultancy expenses	615.7	159.9	285
Administration & Other expenses	481.0	725.2	-34
Depreciation, amortisation and impairments	221.1	252.8	-13
Occupancy expenses	205.1	251.8	-19
Compliance expenses	145.4	88.6	64
Marketing and promotion expenses	106.0	70.9	49
Legal expenses	24.7	20.3	22
Restructure costs	-	367.6	-100
Discontinued operations	1,159.0	798.9	45
<b>Total Expenses</b>	<b>5,981.4</b>	<b>5,415.5</b>	<b>10</b>

NSXL incurred \$5.7 million excluding depreciation and amortization in Expenses in FY18, or \$4.5 million after excluding \$1.2 million in costs attributable to Discontinued Operations.

Employee benefits, including NSXA and Corporate resources, increased by \$0.2 million to \$1.8 million. This was driven by the addition of two new personnel, enhancing the Market Surveillance and Compliance capabilities of NSXA, and the full year impact of new hires in the pcpc.

Market trading expenses of \$1.3 million encompass costs associated with the trading and settlement activities of the exchanges, including trading systems, data centres, security, market access and regulatory fees. This expense increased by \$0.2 million in the current period as a result of the substantial upgrade to the market access model and the introduction of new surveillance and verification systems.

Consultancy expenses for the period were \$0.6 million, an increase on the pcpc of \$0.4 million. Included in this item are contractor payments and external advisers.

Administration and other expenses decreased by \$0.3 million from the pcpc to \$0.5 million.

Depreciation, amortisation and impairments of \$0.2 million reflects the investment in PP&E as part of the establishment of the new Sydney Head Office.

Occupancy expense of \$0.2 million is down 20% from the pcpc, and includes expense related to the offices maintained by NSXL at a point in time during the period.

Costs attributable to the Discontinued Operations of IR Plus Securities Exchange totaled \$1.2 million. This predominantly constituted employee benefits expense, and excludes any allocations from NSXL or NSXA which are eliminated on consolidation.

*This report is based on the consolidated financial statements which are being audited.*

# NSX Limited

ABN: 33 089 447 058

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

	Note	Consolidated	
		2018	2017
		\$	\$
Revenue	2	2,226,024	3,232,426
Employee benefits expense		(2,889,052)	(2,072,473)
Depreciation, amortisation and impairment		(221,098)	(252,828)
Consultancy fees		(620,374)	(190,243)
Compliance expenses		(145,381)	(88,602)
Legal expenses		(31,931)	(40,963)
Market trading expenses		(1,270,493)	(1,211,052)
Marketing and promotion		(106,212)	(80,120)
Occupancy expenses		(205,136)	(251,770)
Administration expenses		(179,906)	(441,620)
Restructure costs		-	(367,562)
Other expenses		(311,807)	(418,215)
<b>Loss before income tax</b>		<b>(3,755,366)</b>	<b>(2,183,022)</b>
Income tax expenses		-	-
<b>Loss after tax attributable to members from continuing operations</b>		<b>(3,755,366)</b>	<b>(2,183,022)</b>
<b>Loss Attributable to:</b>			
Non controlling equity interest		355,717	(396,782)
Members of the parent entity		(4,111,083)	(1,786,240)
		<b>(3,755,366)</b>	<b>(2,183,022)</b>
<b>Total comprehensive income attributable to:</b>			
Non controlling equity interest		355,717	(396,782)
Members of the parent entity		(4,111,083)	(1,786,240)
		<b>(3,755,366)</b>	<b>(2,183,022)</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share			
earnings from continuing operations		(2.5)	(1.5)
Diluted earnings per share			
earnings from continuing operations		(2.5)	(1.5)

# NSX Limited

ABN: 33 089 447 058

## Statement of Financial Position As At 30 June 2018

	Note	Consolidated	
		2018	2017
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		951,937	739,197
Trade and other receivables		121,003	335,521
Financial assets		1,469,303	4,175,000
Other current assets		75,610	109,282
<b>Total current assets</b>		<b>2,617,853</b>	<b>5,359,000</b>
<b>Non-current assets</b>			
Property, plant, and equipment		381,052	546,777
Other financial assets		-	76,365
<b>Total non-current assets</b>		<b>381,052</b>	<b>623,142</b>
<b>TOTAL ASSETS</b>		<b>2,998,905</b>	<b>5,982,142</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,556,310	997,673
Short term provisions	3	479,570	266,028
<b>Total current liabilities</b>		<b>2,035,880</b>	<b>1,263,701</b>
<b>Non-current liabilities</b>			
Other long-term provisions	3	550	600
<b>Total non-current liabilities</b>		<b>550</b>	<b>600</b>
<b>TOTAL LIABILITIES</b>		<b>2,036,430</b>	<b>1,264,301</b>
<b>NET ASSETS</b>		<b>962,475</b>	<b>4,717,841</b>
<b>EQUITY</b>			
Issued capital	4	44,251,385	44,251,385
Retained earnings		(45,031,673)	(40,920,590)
Non-controlling interest		1,742,763	1,387,046
<b>TOTAL EQUITY</b>		<b>962,475</b>	<b>4,717,841</b>
Net Tangible Assets per share: (Cents per share)		<b>0.65</b>	<b>3.19</b>

# NSX Limited

ABN: 33 089 447 058

## Statement of Changes in Equity For the Year Ended 30 June 2018

	Consolidated			
	Issued Capital	Non-Controlling Interests	Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 July 2017	44,251,385	1,387,046	(40,920,590)	4,717,841
Loss for the year	-	-	(4,111,083)	(4,111,083)
Shares issued	-	-	-	-
Transaction costs on share issue	-	-	-	-
Share issues by subsidiaries	-	-	-	-
Loss attributable to non-controlling interest	-	355,717	-	355,717
<b>Balance at 30 June 2018</b>	<b>44,251,385</b>	<b>1,742,763</b>	<b>(45,031,673)</b>	<b>962,475</b>
Balance at 1 July 2016	44,251,385	1,783,828	(39,134,350)	6,900,863
Loss for the year	-	-	(1,786,240)	(1,786,240)
Shares issued	-	-	-	-
Transaction costs on share issue	-	-	-	-
Share issues by subsidiaries	-	-	-	-
Loss attributable to non-controlling interest	-	(396,782)	-	(396,782)
<b>Balance at 30 June 2017</b>	<b>44,251,385</b>	<b>1,387,046</b>	<b>(40,920,590)</b>	<b>4,717,841</b>

# NSX Limited

ABN: 33 089 447 058

## Statement of Cash Flows For the Year Ended 30 June 2018

	Consolidated	
	2018	2017
Note	\$	\$
<b>Cash from operating activities:</b>		
Receipts from customers	2,579,786	3,104,290
Payments to suppliers and employees	(5,188,432)	(5,457,906)
Interest received	55,442	167,001
Lease incentive	-	300,040
<b>Net cash provided by/(used in) operating activities</b>	<b>(2,553,204)</b>	<b>(1,886,575)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of property, plant and equipment	115,620	-
Acquisition of property, plant and equipment	(55,373)	(781,032)
Payments for investments	-	-
Repayment/(Payment) of loan	-	115,307
<b>Net cash provided by (used in) investing activities</b>	<b>60,247</b>	<b>(665,725)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issue of shares by parent	-	-
Costs of issue of shares by parent	-	-
Proceeds from issue of shares by subsidiary	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
<b>Net cash provided by/(used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decreases) in cash held</b>	<b>(2,492,957)</b>	<b>(2,552,300)</b>
Cash at beginning of financial year	4,914,197	7,466,497
<b>Cash at end of financial year</b>	<b>2,421,240</b>	<b>4,914,197</b>

# NSX Limited

ABN: 33 089 447 058

## Explanatory Notes

### Note 1: Summary of Significant Accounting Policies

Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

#### Basis of Preparation of Preliminary Final Report

The preliminary final report has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The preliminary final report has also been prepared on a historical cost basis.

The preliminary final 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 last annual report and any public announcements to the market made by the Company during the reporting period in accordance with the continuous disclosure requirement of the Corporations Act 2001 and the listing rules of the Australian Stock Exchange.

The accounting policies adopted are consistent with those of the previous year. The preliminary final report is presented in Australian dollars.

Comparative information is reclassified where appropriate to enhance comparability.

### Note 2: Revenue

	Consolidated	
	2018	2017
	\$	\$
Operating Activities		
Trading & listing fees (exchanges)	2,111,743	3,062,170
Interest received	59,060	167,001
Other revenue	55,221	3,255
Total revenue	2,226,024	3,232,426
(a) Reconciliation of revenue		
Revenue from continuing operations	2,226,024	3,232,426
Total revenue	2,226,024	3,232,426

# NSX Limited

ABN: 33 089 447 058

## Explanatory Notes

### Note 3: Provisions

Consolidated	
Employee Entitlements	Total
\$	\$
285,445	285,445
75,245	75,254
(94,071)	(94,071)
266,628	266,628

#### (a) Movements in carrying amounts

Opening balance at 1 July 2016

Additional provisions

Amounts used

Balance at 30 June 2017

Opening balance at 1 July 2017

Additional provisions

Amounts used

Balance at 30 June 2018

285,445	285,445
349,169	349,169
(155,044)	(155,044)
479,570	479,570

#### (b) Analysis of total provisions

Current

Non-current

Balance at 30 June

Consolidated	
2018	2017
\$	\$
479,020	266,028
550	600
479,570	266,628

#### (c) Restructure Costs

Opening balance at 1 July

Additional provisions

Amounts used

Balance at 30 June

Consolidated	
2018	2017
\$	\$
10,000	415,000
294,808	-
(10,000)	(405,000)
294,808	10,000

# NSX Limited

ABN: 33 089 447 058

## Explanatory Notes

### Note 4: Issued Capital NSX Limited

147,905,288 (2016: 147,905,288) fully paid ordinary shares

1,500,000 (2016: 1,500,000) ordinary shares paid to 1 cent

Consolidated	
2018	2017
\$	\$
44,236,385	44,236,385
15,000	15,000
<u>44,251,385</u>	<u>44,251,385</u>

#### (a) Reconciliation of movements of fully paid ordinary shares

At beginning of period  
Placement

44,236,385	44,236,385
-	-
<u>44,236,385</u>	<u>44,236,385</u>

At Reporting Date

At beginning of period  
Placement

No.	No.
147,905,288	147,905,288
-	-
<u>147,905,288</u>	<u>147,905,288</u>

At Reporting Date

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.

The 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.

# **NSX Limited**

**ABN: 33 089 447 058**

## **Explanatory Notes**

### **Note 5: Non-Controlling Interest Accounting**

IR Plus Group Holdings Ltd issued shares to Financial and Energy Exchange Limited as part of the Share Purchase Agreement (“SPA”) dated 4 March 2010. In June 2016, subsequent to the final tranche payment being received Financial and Energy Exchange Limited, that entity sold all of their shares, equating to 50% of the issued capital, to Asian Exchange Infrastructure Pty Limited. As a result, Asian Exchange Infrastructure Pty Limited became the Joint Venture partner at 30 June 2017.

On the 19th February 2018, the Board of IR Plus Securities Exchange Limited and its shareholders, in consultation with ASIC, made the decision to dissolve the IR Plus Joint Venture, and as a result the IR Plus Securities Exchange market license was cancelled on 27 February 2018.

Final wind up procedures are expected to be complete by October 2018.

### **Note 6 Segment Reporting**

#### **Primary reporting - Business segments**

#### **Major Customers**

The Group has a number of customers to which it provides both products and services. During the period the NSX Group had no major customers that contributed more than 5.0% (2017: one major customer contributed more than 5.0%) of total revenue.

# NSX Limited

ABN: 33 089 447 058

## Note 6 (a) Segment Performance

	Stock Exchanges	Unallocated Items	Total
	\$'000	\$'000	\$'000
<b>12 Months Ended 30 June 2018</b>			
Revenue			
External sales - services	2,112	-	2,112
Interest revenue	59	-	59
Other	-	55	55
Total segment revenue	<u>2,171</u>	<u>55</u>	<u>2,226</u>
Total group revenue			<u>2,226</u>
Results			
Segment net profit before tax	<u>3,481</u>	<u>(7,236)</u>	<u>(3,755)</u>
Other Items			
Depreciation and amortisation	<u>221</u>	<u>-</u>	<u>221</u>
<b>12 Months Ended 30 June 2017</b>			
Revenue			
External sales - services	3,049	-	3,049
Interest revenue	18	149	167
Other	-	17	17
Total segment revenue	<u>3,067</u>	<u>165</u>	<u>3,232</u>
Total group revenue			<u>3,232</u>
Results			
Segment net profit before tax	<u>300</u>	<u>(2,483)</u>	<u>(2,183)</u>
Other Items			
Depreciation and amortisation	<u>253</u>	<u>-</u>	<u>253</u>

# NSX Limited

ABN: 33 089 447 058

## Note 6 (b) Segment Assets

	Stock Exchanges \$'000	Unallocated Items \$'000	Total \$'000
<b>As at 30 June 2018</b>			
Segment Assets	2,942	57	<b>2,999</b>
Segment asset increases for the period:			
Acquisitions	-	-	-
<b>As at 30 June 2017</b>			
Segment Assets	2,147	3,835	<b>5,982</b>
Segment asset increases for the period:			
Acquisitions	-	-	-

## Note 6 (c) Segment Liabilities

	Stock Exchanges \$'000	Unallocated Items \$'000	Total \$'000
<b>As at 30 June 2018</b>			
Segment Liabilities	1,404	632	<b>2,036</b>
<b>As at 30 June 2017</b>			
Segment Liabilities	749	515	<b>1,264</b>

## Note 6 (d) Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, intangibles, property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

## Note 6 (e) Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Economic Entity at an arm's length. These transfers are eliminated on consolidation.

## Note 6 (f) Business and Geographical Segments

### Business segments

The Economic Entity has a single business segment. This is the Stock Exchanges segment and primarily includes the activities of the National Stock Exchange of Australia.

### Geographic segments

The Economic Entity's business segments are located in Australia.

**NSX Limited**

**ABN: 33 089 447 058**

**Compliance Statement**

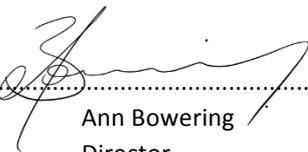
**The directors of the company declare that:**

1. This preliminary report, and the accounts upon which the report is based, use the same accounting policies;
2. This report does give a true and fair view of the matters disclosed; and
3. The accounts are in the process of being audited and no audit report is attached. The directors expect an unqualified opinion to be issued.

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



.....  
Michael Cox  
Director



.....  
Ann Bowering  
Director

Dated 31 August 2018, Sydney