

NSX LIMITED

ABN: 33 089 447 058
 HALF YEAR ENDED 31 DECEMBER 2017

APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET (Comparative figures being the half year ended 31 December 2016)

				\$A'000
Revenues	Down	8.5%	to	1,245.2
Loss after tax attributable to members	Up	52.8%	to	1,491.6
Loss attributable to members for the period	Up	52.8%	to	1,491.6

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 2017.	

NTA backing	Half-year ended 31 Dec 2017	Half-year ended 31 Dec 2016
Net tangible asset backing per ordinary share	0.02 cents	0.04 cents

Details of shares and results in associates and joint venture entities

As at 31 December 2017 an agreement was in place between Asian Exchange Infrastructure Pty Limited (AEI) and NSX Limited for the venture with IR Plus Group Holdings Limited for the operation of an Australian Market Licence; IR Plus Securities Exchange Limited, whereby NSX owns 50% of the venture and AEI owns 50%. As at Balance Date, the joint venture entity is consolidated in the accounts and is shown as a non-controlling interest. 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 2017	30-Jun 2017
Non-controlling Interest		
Share Capital \$	3,835,053	3,835,053
Current Year profit/(loss)	(144,576)	(396,782)

Discontinued operations

On 5 July 2017, NSX Ltd was provided formal notice from ASIC that it had deregistered TWEPL Pty Limited and WGMPL Pty Limited and as such it is no longer part of the group.



NSX Limited and its controlled entities
ABN 33 089 447 058

Half-Year Financial Report

Including additional
Appendix 4D disclosures

31 DECEMBER 2017

RELEASED
28 February 2018

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 2017 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 2017

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NSX Limited

ABN: 33 089 447 058

Directors' Report

For the Half Year Ended 31 December 2017

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 2017 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 2017 attributable to the shareholder of NSX was \$1.5 million (December 2016: \$1.0 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. Appointed 7 March 2006.

Review of Operations

The Group's loss after tax for the half year ended 31 December 2017 was \$1.5million, up from \$1.0 million in the prior comparable period (pcp) reflecting the investment in regulatory, compliance, technology and capabilities, following the business restructure.

Directors' Report

For the Half Year Ended 31 December 2017

Review of Operations (Cont'd)

	31-Dec-17 \$'000	31-Dec-16 \$'000	Change %
Revenue	1,245.2	1,360.2	(8.5)
Expenses including non recurring costs	2,736.8	2,336.3	17.1
Net loss after tax	(1,491.6)	(976.1)	52.8
Net tangible asset backing (cents)	0.02	0.04	(45.5)
Share price at end of period (cents)	26.5	23.0	15.2
Shares on Issue at end of period (mil)	147.91	147.91	-
Market capitalisation (\$'m)	39.2	34.0	15.2
Earnings per share (cents)	(1.01)	(0.66)	52.8

OPERATING REVENUE

Group operating revenues were materially consistent with the pcp. Total Revenue for the period of \$1.2 million when compared to the equivalent pcp (December 2016, \$1.4 million), reflected the net impact of an increase in both Subsequent Raising Fees and Annual Fees, offset by a decrease in Listing Fees as a result of two larger than average listings in the pcp.

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

31 December Revenue Category	2017 \$'000	2016 \$'000	Change %
Listing fees	275.8	477.7	-42.3
Secondary capital raising	203.2	190.1	6.9
Annual fees	677.3	609.7	11.1
Interest received	28.3	60.9	-53.5
Other revenue	60.6	21.8	178.0
Total Revenue	1,245.2	1,360.2	-8.5

Discussion on the operating revenues is detailed below.

Listing fees - \$0.3 million, down 42.3%

The key drivers of this line of revenue are the number of new listings received in the period, the market capitalisation of those issuers and the fee charged. The decrease of \$0.2 million in Listing Fees from the pcp was driven by the lower average market capitalisation of new issuers (\$31.6 million in HY17 versus \$43.4 million in HY16), weighted by two abnormally large listing in the pcp. The number of new listings of six was consistent with the pcp.

Directors' Report

For the Half Year Ended 31 December 2017

OPERATING REVENUE (Cont'd)

Secondary capital raising fees - \$0.2 million, up 6.9%

The increase in revenue derived from secondary capital raisings on the exchange increased marginally to \$0.2 million as a result of an increase in fees. A total of \$60.2 million in new capital was raised by companies listed on the exchange (excluding IPO capital raised) in the six-month period to 31 December 2017, which was 115% higher than the pcp.

Annual fees - \$0.7 million, up 11.1%

The \$0.1 million increase in annual fees is the product of three key drivers, the number of listed securities, the market capitalization of the listed entities and fees, all of which increased for the period. As at 31 December 2017 there were 83 listed securities listed, compared to 76 at the same date in the prior year. The increase of 9% in the number of securities listed compared to the pcp, reflects the progress that the NSX has made over the period. The total market capitalisation of the exchange at 31 December 2017 was \$4.8 billion. An increase in fees at the beginning of the period also contributed to the increase in revenue.

Interest received - \$0.03 million, down 53.5%

Interest received in cash holdings decreased as a result of the one off receipt of interest on a loan in the pcp which will not be reoccurring. Cash and cash equivalents represent NSX's own cash balances.

OPERATING EXPENSES

Operating expenses increased by 17.1% pcp from \$2.3 million to \$2.7 million.

Employee benefits expense increased by 48% pcp due to the recruitment of senior personnel in Business Development, Listings, Compliance and Technology along with redundancy costs.

Market trading expenses has decreased by 25.6% pcp reflecting that the investment in new market access functionality, via the IRESS platform, is working as expected and reducing our overall costs for market trading activity.

Depreciation and amortisation expense increased to \$108,231 from \$93,150. This reflects the Company's significant investment in technology and connectivity to enhance liquidity, security and performance. The next phase of investment will focus on customer and user efficiency, and experiential enhancements.

Other material changes in operating costs were due to a decrease in occupancy costs following the relocation of the Company's offices to Sydney along with administration expenses offset by ASX related costs.

Directors' Report

For the Half Year Ended 31 December 2017

BALANCE SHEET

As at 31 December 2017, the net assets of the Group were \$3.2 million, down \$1.5 million from 30 June 2017, primarily driven by the timing difference of deferred revenue for annual fees of \$0.7 million.

A summary balance sheet is presented below.

Balance Sheet	31-Dec-17 \$'m	30-Jun-17 \$'m	Change %
Assets			
Cash	0.9	0.7	24.0
Financial assets	3.8	4.6	-17.7
Other assets	0.6	0.6	-9.0
Total assets	5.3	5.9	-11.6
Liabilities			
Payables	1.9	0.9	99.6
Provisions	0.1	0.3	-49.6
Total liabilities	2.0	1.2	66.9
Equity	3.2	4.7	-31.6

The balance of Cash and cash equivalents decreased \$0.6 million from 30 June 2017. This reflects the investment into Property, plant and equipment along with normal operations.

The increase of \$1.0 million in trade and other creditors reflects \$0.7 million in deferred revenue plus other liabilities of \$0.3 million. This accrual reflects annual fees that have been billed to and collected from issuers, but the balance of which is amortised over the period of a full year. Consequently, as at 31 December each year, only part of the revenue has been earned. The balance of \$0.7 million will be recognised as revenue in the Statement of Profit and Loss in the six months to 30 June 2018.

Provisions have declined by \$0.2 million as the result of the payment of termination benefits to employees as part of the restructure of the operations. These benefits were provided for, and therefore the profit and loss impact reported in prior periods. Consequently, this was a cash item only in the current period.

WORKING CAPITAL

The Group maintains a cash balance of \$4.3 million (2016: \$5.9 million) at the end of the period. Of the working cash held, \$2.5 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 2017

WORKING CAPITAL (Cont'd)

	31-Dec 2017 \$'000	31-Dec 2016 \$'000
Reconciliation of Cash		
Cash on hand and at bank	917	1,405
Deposits at call	3,360	4,475
Total: cash at end of period	<u>4,277</u>	<u>5,880</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.

As part of the IR Plus Securities Exchange Limited's (IR Plus) Australian Financial Markets Licence, IR Plus operates investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the *Corporations Act 2001*. NSX Limited has provided a cash deposit of \$1.0 million on behalf of IR Plus as part of IR Plus' Compensation Arrangements for the IR Plus Equity Market. The deposit backs a letter of credit issued by an ADI for the purposes of satisfying claims as soon as called upon by IR Plus. This is over and above the money that is included in the Fidelity Fund operated by IR Plus. Interest generated by the Fidelity Fund is re-invested into the fund.

In total \$1.7 million in cash is held as deposits to support the Compensation Arrangements. Interest generated from the cash held in the Group's deposits is available for working capital.

ASX Settlement Performance Bond

National Stock Exchange of Australia (NSXA) acts as a settlement agent on behalf of several NSXA and IR Plus 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 CHES 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 Newcastle totalling \$Nil (2016: \$15,000) and \$260,000 for the Sydney office. 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 2017

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 2017 \$'000	31-Dec 2016 \$'000
Net working capital		
Total cash at end of the period	4,277	5,880
Deposits held for equity markets compensation arrangements	(1,700)	(1,700)
Deposits held while National Stock Exchange of Australia is a general participant of CHESSE	(500)	(500)
Other bank guarantees	(260)	(275)
Total: cash available for use by the group at the end of the period	<u>1,817</u>	<u>3,405</u>

EARNINGS PER SHARE

Earnings per share (EPS) has reduced to (1.01) 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

On 15 February 2018, the board of directors of IR Plus Securities Exchange Limited, and its shareholders, in consultation with ASIC, has made the decision to dissolve the IR Plus Joint Venture, and as a result the IR Plus Securities Exchange market license will be withdrawn. This decision will return \$1.0 million in cash to NSX Limited, which had been provided to IR Plus Securities Exchange for the purpose of Part 7.5 Division 3 Compensation Arrangements under the license. In addition, it was resolved by the Board of Directors to provide for loans receivable from IR Plus Group of \$0.8 million, as at 15 February 2018.

There are no further 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 2017

Auditors Independence Declaration

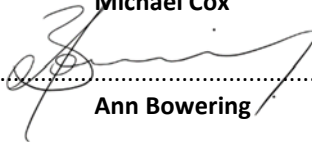
The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 12 for the period ended 31 December 2017.

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



Director:

Michael Cox



Director:

Ann Bowering

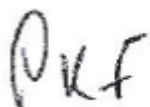
Dated this 28th day of February 2018

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 2017, 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



CLAYTON HICKEY
PARTNER

28 FEBRUARY 2018
SYDNEY, NSW

Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2017

	Note	Consolidated	
		31-Dec 2017 \$	31-Dec 2016 \$
Revenue	2	1,245,238	1,360,242
Employee benefits expense	2	(1,478,314)	(998,416)
Market trading expenses	2	(413,996)	(557,007)
Administration	2	(110,812)	(177,506)
Occupancy expenses	2	(104,155)	(128,690)
Depreciation and amortisation	2	(108,231)	(93,150)
IT costs		(62,042)	(71,481)
Legal expenses		(12,187)	(56,689)
Travel costs		(37,759)	(44,591)
Consultancy expenses		(3,520)	(37,432)
Compliance expenses		(56,198)	(35,310)
Marketing and promotion expenses		(28,621)	(29,038)
Finance costs		-	(1,482)
Other costs		(321,046)	-
Non recurring costs		-	(105,500)
Loss before income tax		(1,491,643)	(976,050)
Income tax expense		-	-
Loss for the period		(1,491,643)	(976,050)
Loss attributable to non controlling equity interest		(144,576)	(227,257)
Loss attributable to members of the parent entity		(1,347,067)	(748,793)
		(1,491,643)	(976,050)
Other comprehensive income		-	-
Total comprehensive income for the period		(1,491,643)	(976,050)
<u>Earnings per share</u>			
Basic earnings per share (cents per share)		(1.01)	(0.66)
Diluted earnings per share (cents per share)		(1.01)	(0.66)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 31 December 2017

	Note	Consolidated	
		31-Dec 2017 \$	30-Jun 2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	916,582	739,197
Trade and other receivables		243,814	335,671
Financial assets	3	3,360,000	4,175,000
Other current assets		164,076	109,132
Total current assets		4,684,472	5,359,000
Non-current assets			
Investment		76,354	76,365
Property, plant and equipment		491,285	546,777
Total non-current assets		567,639	623,142
TOTAL ASSETS		5,252,111	5,982,142
LIABILITIES			
Current liabilities			
Trade and other payables		1,891,390	997,673
Short-term provisions		133,923	266,028
Total current liabilities		2,025,313	1,263,701
Non-current liabilities			
Other long-term provisions		600	600
Total non-current liabilities		600	600
TOTAL LIABILITIES		2,025,913	1,264,301
NET ASSETS		3,226,198	4,717,841
EQUITY			
Issued capital	9	44,251,385	44,251,385
Accumulated Losses		(42,267,657)	(40,920,590)
Parent Interest		1,983,728	3,330,795
Non Controlling interest		1,242,470	1,387,046
TOTAL EQUITY		3,226,198	4,717,841

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Half Year Ended 31 December 2017

	Note	Consolidated			Total \$
		Issued Capital \$	Non-Controlling Interests \$	Accumulated Losses \$	
Balance at 1 July 2017		44,251,385	1,387,046	(40,920,590)	4,717,841
Loss for the year		-	-	(1,347,067)	(1,347,067)
Other comprehensive income for the period		-	-	-	-
Loss attributable to non-controlling interest		-	(144,576)	-	(144,576)
Balance at 31 December 2017	9	44,251,385	1,242,470	(42,267,657)	3,226,198
Balance at 1 July 2016		44,251,385	1,783,828	(39,134,350)	6,900,863
Loss for the year		-	-	(748,793)	(748,793)
Other comprehensive income for the period		-	-	-	-
Loss attributable to non-controlling interest		-	(227,257)	-	(227,257)
Balance at 31 December 2016		44,251,385	1,556,571	(39,883,143)	5,924,813

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Half Year Ended 31 December 2017

	Consolidated	
	31-Dec 2017	31-Dec 2016
	\$	\$
Cash from operating activities:		
Receipts from customers	2,213,720	1,887,265
Payments to suppliers and employees	(2,826,879)	(2,892,971)
Interest received	28,272	60,960
Finance Costs	-	(1,482)
Net cash provided by (used in) operating activities	(584,887)	(946,228)
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(52,728)	(640,428)
Net cash provided by (used in) investing activities	(52,728)	(640,428)
Cash flows from financing activities:		
Proceeds from issue of shares	-	-
Costs of issue of shares	-	-
Proceeds from issue of shares by subsidiary	-	-
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash held	(637,615)	(1,586,656)
Cash at beginning of financial period	4,914,197	7,466,497
Cash at end of financial year	4,276,582	5,879,841

Note

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The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Half Year Ended 31 December 2017

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 2017 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 2017, 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.

Reporting Basis and Conventions

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

(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 2017 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.

IFRS 16 Leases

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

IFRS 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet.

The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.

Notes to the Financial Statements

For the Half Year Ended 31 December 2017

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

Whilst the impact of IFRS 16 has not yet been quantified, it is not anticipated that this will result in a material impact on the financial statements of NSX Limited. Interest and amortisation expense will increase and rental expense will decrease.

AASB 15 Revenue from contracts with customers

Applicable for Annual reporting periods beginning on or after 1 January 2018.

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The changes in revenue recognition requirements in AASB 15 are not likely to cause any material changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

Applicable for the financial year ended 30 June 2018.

These standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

Once adopted, this standard will affect the Group's accounting for its available-for-sale financial assets resulting in fair value gains and losses associated with the instruments being recognised directly in profit or loss.

(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 and SIR Plus Compensation Arrangements have been classified as a current financial asset. This is due to a requirement that these deposits 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.

Notes to the Financial Statements

For the Half Year Ended 31 December 2017

Note 2 Loss from Ordinary Activities

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

Revenue

	Consolidated	
	31-Dec 2017	31-Dec 2016
	\$	\$
Listing fees	275,842	477,724
Secondary capital raising	203,201	190,078
Annual fees	677,307	609,710
	1,156,350	1,277,512

Other Income

Other revenue	60,616	21,770
Interest - other persons	28,272	60,960
Total other income	88,888	82,730
Total Revenue	1,245,238	1,360,242

Expenses

Employee benefits expense	1,478,314	998,416
Market trading expenses	413,996	557,007
Administration costs	110,812	177,506
Occupancy expenses	104,155	128,690
Depreciation and amortisation	108,231	93,150
	2,215,508	1,954,769

Notes to the Financial Statements

For the Half Year Ended 31 December 2017

Note 3 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
Held to maturity (amortised cost)

Consolidated	
31-Dec	30-Jun
2017	2017
\$	\$
916,582	739,197
3,360,000	4,175,000
4,276,582	4,914,197

Note 4 Reliance on Key Suppliers

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

The ability of the National Stock Exchange of Australia Limited and IR Plus Securities Exchange 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 2017

Note 5 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 2017

Note 5 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 2017

Note 5 Operating Segments (Cont'd)

(a) Segment Performance

	Stock Exchanges	Corporate Costs	Total
6 Months Ended 31 Dec 2017	\$	\$	\$
Revenue			
External fees	1,217,099	-	1,217,099
Interest revenue	-	28,139	28,139
Total segment revenue	1,217,099	28,139	1,245,238
Total group revenue			1,245,238
Results			-
Segment net loss before tax	107,973	(1,599,616)	(1,491,643)
Other Items			
Depreciation and amortisation	108,231	-	108,231
6 Months Ended 31 Dec 2016			
Revenue			
External fees	1,299,337	-	1,299,337
Interest revenue	11,409	49,496	60,905
Other	-	-	-
Total segment revenue	1,310,746	49,496	1,360,242
Total group revenue			1,360,242
Results			
Segment net loss before tax	98,736	(1,074,786)	(976,050)
Other Items			
Depreciation and amortisation	93,150	-	93,150

Notes to the Financial Statements

For the Half Year Ended 31 December 2017

Note 5 Operating Segments (Cont'd)

(b) Segment Assets

	Stock Exchanges	Corporate Costs	Total
As at 31 December 2017	\$	\$	\$
Segment Assets	3,442,600	1,809,511	5,252,111
As at 30 June 2017			
Segment Assets	2,147,059	3,835,083	5,982,142

(c) Segment Liabilities

	Stock Exchanges	Corporate Costs	Total
As at 31 December 2017	\$	\$	\$
Segment Liabilities	1,385,641	640,272	2,025,913
As at 30 June 2017			
Segment Liabilities	749,273	515,028	1,264,301

Notes to the Financial Statements

For the Half Year Ended 31 December 2017

Note 6 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 2017 \$	31-Dec 2016 \$
Tom Price	Amounts paid to FEX for services rendered for the provision of the FEX market site and capital raising services in the previous financial year and not yet paid.	4,000	-

(b) Associated Companies

AEI has loaned the IR Plus Securities Exchange Limited \$100,000 during the period (2016: Nil).

Note 7 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.

Notes to the Financial Statements

For the Half Year Ended 31 December 2017

Note 7 Contingent Liabilities (Cont'd)

During the period there were no claims on the compensation arrangements.

IR Plus Securities Exchange Limited Compensation Arrangements

The minimum cover that IR Plus is required to have as part of the compensation arrangements is \$1.0 million. The arrangements to meet the minimum cover are in two parts: (a) the IR Plus Fidelity Fund and (b) a Letter of Credit for the amount of \$1.0 million. The combined sources have over \$1.1 million in funds which exceeds the minimum cover by over \$0.1 million.

During the period there were no claims on the compensation arrangements.

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 CHESSE 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 \$0.5m to satisfy the requirements of the Settlement Performance Bond. During the period these were no claims arising from ASX Settlement Operating Rule 4.9.5.

Note 8 Events after the Balance Date

On 15 February 2018, the board of directors of IR Plus Securities Exchange Limited, and its shareholders, in consultation with ASIC, has made the decision to dissolve the IR Plus Joint Venture, and as a result the IR Plus Securities Exchange market license will be withdrawn. This decision will return \$1.0 million in cash to NSX Limited, which had been provided to IR Plus Securities Exchange for the purpose of Part 7.5 Division 3 Compensation Arrangements under the license. In addition, it was resolved by the Board of Directors to provide for loans receivable from IR Plus Group of \$0.8 million, as at 15 February 2018.

There are no further matters or circumstances 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 2017

Note 9 Issued Capital

	Consolidated	
	31-Dec 2017	31-Dec 2016
	\$	\$
147,905,288 Fully paid ordinary shares (2016: 147,905,288)	44,236,385	44,236,385
1,500,000 (2016: 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	-	-
Transaction costs on share issue	-	-
At the end of the reporting period (31-December)	44,251,385	44,251,385

(a) Reconciliation of movements of fully paid ordinary shares

At beginning of period (30-June)	147,905,288	147,905,288
Issued during the period	-	-
At the end of the period (31-December)	147,905,288	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.

Directors' Declaration

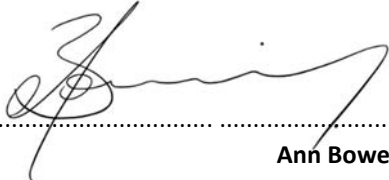
The directors of the Economic Entity declare that:

1. The financial statements and notes, as set out on pages 13 to 27:
 - (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 2017 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 2018

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 2017, 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 2017, 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

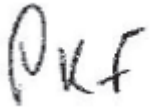
The directors' of the consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary 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 2017 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



CLAYTON HICKEY
PARTNER

28 FEBRUARY 2018
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