

NSX LIMITED

ABN: 33 089 447 058

HALF YEAR ENDED 31 DECEMBER 2014

APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(Comparative figures being the half year ended 31 December 2013)

				\$A
Revenues <i>Explanation</i> The increase in revenue is attributable to an increase in Issuer fees, Nominated Adviser fees and an increase in Issuer listings during the period combined with low cost growth.	Up	41%	to	779,150
Loss after tax attributable to members <i>Explanation</i> The decrease in losses stems from higher revenue and lower operating expenses as explained in the attached Half Year report.	Down	33%	to	713,240
Loss attributable to members for the period	Down	33%	to	713,240

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 2014.	

NTA backing	Half-year ended 31 Dec 2014	Half-year ended 31 Dec 2013
Net tangible asset backing per ordinary share	(0.3) cents	1.4 cents

Controlled entities acquired or disposed of:

During the half-year ended 31 December 2014 no entities were acquired or disposed of.

Deed of Funding Guarantee (the “Guarantee”) with Financial and Energy Exchange Limited (FEX)

As at 31 December 2014 NSX has drawn down \$1,898,000 of the facility. The Group continues to be supported financially by FEX by way of the Deed of Funding Guarantee.

Background to Guarantee

As announced on 31 July 2013, the Board has negotiated funding arrangements with its major shareholder, Financial and Energy Exchange Limited (“FEX”) via a Funding Guarantee Deed (“Guarantee”). The Guarantee provides for the payment of operating costs of NSX each month as required.

As advised to the market on 17 December 2013, the Guarantee was amended where by FEX could only terminate the agreement with six months’ notice on condition that there was no takeover offer in effect. If there is a takeover offer in effect then the notice period would revert back to one months’ notice. All other terms and conditions remain unchanged. Repayment of the facility is at the discretion of the NSX as it can be made in the way of cash or shares subject to ASX listing rules, the *Corporations Act 2001* and Shareholder approval.

Details of shares and results in associates and joint venture entities:

There is currently an agreement between Financial and Energy Exchange Limited (FEX) and NSX Limited for the venture with SIM VSE Group Holdings Limited for the operation of an Australian Market Licence; SIM Venture Securities Exchange Limited. As at the Balance Date, NSX owned 61.8% of the venture and FEX owns 38.1%. As at Balance Date, the joint venture entity is consolidated in the accounts and is shown as non-controlling interest. The following table is provided as information on the financial performance of the venture as required by Appendix 4D:

	31-Dec 2014	30-Jun 2014
Non-controlling Interest		
Share Capital \$	2,393,941	2,393,941
Current Year profit/(loss)	138,891	309,122

Remaining funding from FEX as part of the JV arrangements is \$710,000.



Limited

Newcastle

Level 2, 117 Scott Street,
Newcastle NSW, 2300
PO BOX 283, Newcastle, NSW, 2300
P: +61 2 4929 6377
F: +61 2 4929 1556

Melbourne

Level 13, 575 Bourke Street,
Melbourne, VIC, 3000
P: +61 3 9001 0304
F: +61 2 4929 1556

Sydney

Level 19, 1 O'Connell Street,
Sydney, NSW 2000
P: +61 2 4921 2424
F: +61 2 4929 1556

www.nsga.com.au

www.simvse.com.au

NSX LIMITED

ABN 33 089 447 058

and its controlled entities

Half-Year Financial Report

Including additional
Appendix 4D disclosures

31 DECEMBER 2014

RELEASED

27 February 2014

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 2014 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

For the Half Year Ended 31 December 2014

CONTENTS

	Page
Directors' Report	5
Review of Operations	5
Auditors Independence Declaration under Section 307C of the <i>Corporations Act 2001</i>	12
Statement of Profit or Loss and Other Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17
Directors' Declaration	27
Independent Audit Report	28

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Half Year Ended 31 December 2014

Your directors submit the financial report of the Economic Entity for the half-year ended 31 December 2014.

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.

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, General Manager, held the position of Company Secretary from the beginning of the reporting period. Appointed 7 March 2006.

Review of Operations

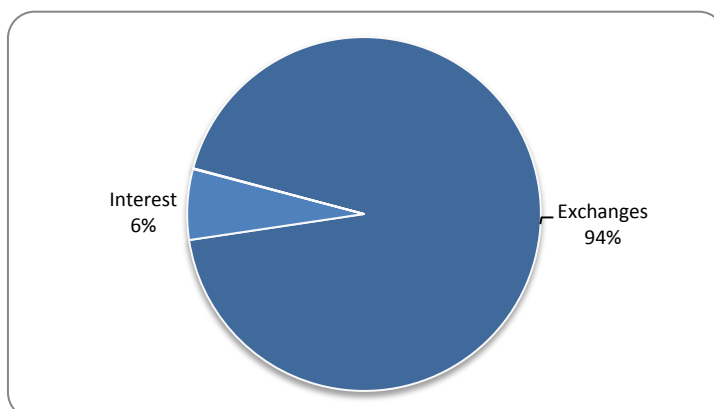
Summary results for the operations are as follows:

- Revenue – \$779,150 (up 41.3%, 2013: \$551,300)
- Operating Expenses – \$1,492,390 (down 7.7%, 2013: \$1,615,900)
- Loss after tax – \$713,240, (down 33.0%, 2013: Loss \$1,064,800)
- Normal earnings per share increased from (1.04) cents to (0.70) cents.
- Net Tangible Assets per share decreased from 1.4 cents to (0.3) cents

REVENUE

The pie chart represents the relative weightings of each revenue category within the accounts. Receipts associated with the operation of the stock exchanges business accounts for 94% of all revenue earned.

Gross revenue has increased by 41.3% compared to the previous corresponding period (pcp) due to an increase in Issuer fees, Nominated Advisers and new Issuer listings during the period.



NSX Limited

ABN: 33 089 447 058

Directors' Report For the Half Year Ended 31 December 2014

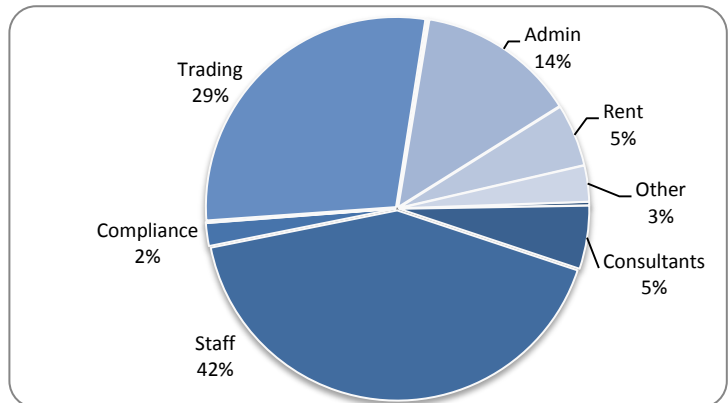
Exchange revenue is defined as all receipts derived from operating the stock exchange businesses which includes listing fees both annual and application, additional quotation of securities fees, nominated adviser fees, broker fees, exchange hosting fees and fees charged in respect of cost recovery membership to the CHESSTransfer Facility. Exchange revenue increased by 41.7% compared to the previous corresponding period (pcp) due mainly to the increase in fees charged to Issuers, nominated advisers and increased listing applications during the period.

31 December Revenue Category	2014 \$'000	2013 \$'000	Change %
Exchange Revenue	728.3	514.0	41.7
Interest Received	50.3	37.3	34.9
Other Revenue	0.5	-	0.0
Total Revenue	779.2	551.3	41.3

EXPENSES

The pie chart reflects the percentage weightings of each expense within the accounts. Gross operating expenses decreased by 7.6% pcp from \$1.6million to \$1.5million. The following is an explanation of major movements within each expense category that led to the above result.

Employee benefits expense decreased by 23.9% pcp due to less staff and no executive employee incentive plans in place compared to last period.



Consultancy expenses includes contractor payments, fees from FEX for the services of the SIM VSE CEO and external advisers that have not been allocated elsewhere in the accounts. There was no change in the value of this service relative to the pcp.

Compliance expense includes any activities associated with the independent external committees for the Exchanges such as the Listing and Admission Committee and the Compliance Committee. It also includes any other compliance related expenses not classified elsewhere in the accounts. This expense decreased by 8.4% pcp due to decreased listing and compliance related activities on both Exchanges during the period. This expense category tends to increase or decrease depending on the amount of listing applications by issuers, applications for participant broker status, applications for nominated adviser status, compliance and surveillance activity as required.

Legal and professional expenses includes any payments for outside legal and professional representation. This expense decreased by 81.3% pcp due to no legal actions and less requirement for legal advice during the period. There are no known current or pending legal actions. This expense tends to increase or decrease depending on corporate activity such as capital raising documentation and other legal advice as required.

NSX Limited

ABN: 33 089 447 058

Directors' Report For the Half Year Ended 31 December 2014

Market trading expenses encompasses any costs associated with the running of the trading and settlement activities of the exchanges, including trading systems enhancements, websites, fees to regulators, CHES Settlement and key service provider costs that can be identified as contributing to the operation of the exchange markets. This expense increased by 4.8% pcp reflecting a CPI adjustment to operating fees and work performed for South Pacific Stock Exchange on system upgrades.

Marketing and promotion includes any costs associated with external promotion of the exchanges such as sales activities at exhibitor conferences, sponsorships, marketing material production and seminars. Expenditure has decreased by 47.5% pcp reflecting cost savings in marketing expenses.

Occupancy expense includes any expense related to the three offices maintained by NSX in Sydney, Melbourne and Newcastle during the year. This expense has increased by 7.3% pcp due scheduled rent reviews contained in leases and renewal agreements, increases in outgoings such as electricity, rates and tenancy expenses for the three offices.

Administration and other expenses have increased by 17.7% pcp due to an increase in bank fees and information technology services. Finance costs increased due to the accumulated interest with respect to the FEX Funding Guarantee.

31 December	2014	2013	Change
Expense Category	\$'000	\$'000	%
Employee benefits expense	623.1	818.4	-23.9
Depreciation, amortisation and impairments	4.4	4.6	-5.4
Consultancy expenses	80.1	80.1	0.0
Compliance expenses	28.9	31.6	-8.4
Legal expenses	1.3	7.1	-81.3
Market trading expenses	426.7	407.1	4.8
Marketing and promotion expenses	2.2	4.1	-47.5
Occupancy expenses	79.0	73.6	7.3
Administration	219.8	186.7	17.7
Finance Costs	26.9	2.6	934.6
Total Expenses	1,492.4	1,615.9	-7.6

NSX Limited

ABN: 33 089 447 058

Directors' Report For the Half Year Ended 31 December 2014

WORKING CAPITAL

The Group maintains a cash balance of \$2,292,550 (2013: \$2,344,000) at the end of the period. Of the working cash held, \$2,228,000 is held as part of the Stock Exchange's 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 NSX Limited's cash balances held.

	31-Dec 2014 \$'000
Reconciliation of Cash	
Cash on hand and at bank	65
Deposits at call	2,228
Total: cash at end of period	<u>2,293</u>

Compensation Arrangements

As part of the National Stock Exchange of Australia Limited's Australian Financial Markets Licence, NSX 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 \$700,000 as part of its Compensation Arrangements for its Equity Market. 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 SIM Venture Securities Exchange Limited's (SIM VSE) Australian Financial Markets Licence, SIM VSE 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 \$1,000,000 on behalf of SIM VSE as part of SIM VSE's Compensation Arrangements for the SIM VSE 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 SIM VSE. This is over and above the money that is included in the Fidelity Fund operated by SIM VSE. Interest generated by the Fidelity Fun is re-invested into the fund.

In total \$1,700,000 in cash is held as deposits to support the Compensation Arrangements. Interest generated from the cash held in the NSX 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 SIM VSE 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 \$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 Limited has established a bank guarantee backed by a term deposit of \$500,000 to satisfy the requirements of the Settlement Performance Bond.

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

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Half Year Ended 31 December 2014

Rental Bonds and Other Bank Guarantees

NSX limited has in place a bank guarantee for the rental of premises in Newcastle and also a bank guarantee for credit card facilities totalling \$28,000 (2013: \$26,242). This amount is 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.

SIM Venture Securities Exchange Joint Venture Funding and Investments

A Joint Venture partnership exists between SIM VSE Group Holdings Ltd and Financial and Energy Exchange Limited (FEX) for the purpose of funding the activities of the SIM Venture Securities Exchange Ltd. The funding amounts to \$3 million to be paid by FEX in return for 50% of the issued capital of SIM VSE Group Holdings Ltd the parent of SIM Venture Securities Exchange Ltd.

Outstanding funding from FEX under the JV is \$710,000.

Deed of Funding Guarantee (the "Guarantee") with Financial and Energy Exchange Limited (FEX)

As announced on 31 July 2013, the Board negotiated additional funding with its major shareholder, Financial and Energy Exchange Limited ("FEX") via a Funding Guarantee Deed ("Guarantee"). The Guarantee provided for the payment of operating costs of NSX each month as required.

As advised to the market on 17 December 2013, the Guarantee was amended where by FEX could only terminate the agreement with six months' notice on condition that there was no takeover offer in effect. If there is a takeover offer in effect then the notice period would revert back to one months' notice. All other terms and conditions remain unchanged. Repayment of the facility is at the discretion of the NSX and can be made in the way of cash or shares subject to ASX listing rules, the *Corporations Act 2001* and Shareholder approval.

As at 31 December 2014 NSX has drawn down \$1,898,000 (2013: \$551,611) of the facility. Since 1 January 2015 FEX have contributed a further \$322,000 in funding. The Group continues to be supported financially by FEX by way of the Deed of Funding Guarantee.

NSX maintains close communications with FEX with respect to the funding of NSX. It does this

- (a) on a weekly basis to appraise FEX of NSX's cash requirements for the next 4 to 6 weeks of expenses; and
- (b) Review the statutory financial report of FEX to ascertain its financial position; and
- (c) NSX has two directors on its board that are aware of FEX's financial position; and
- (d) The NSX Chairman is able to correspond independently, as appropriate, with the Chairman of FEX concerning NSX's and FEX's financial positions.

NSX Limited

ABN: 33 089 447 058

Directors' Report For the Half Year Ended 31 December 2014

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 2014 \$'000
Net working capital	
Total cash at end of the period	2,293
Deposits held for equity markets compensation arrangements	(1,700)
Deposits held while National Stock Exchange of Australia is a general participant of CHESSE	(500)
Other bank guarantees	(28)
Total: cash available for use by the group at the end of the period	<u>65</u>

CONSOLIDATED SUMMARY

The operating loss for the Group was \$713,240 (2013: \$1,064,757) for the period (33.0% decrease on the previous corresponding period). Factors leading to this result are explained in the revenue and expense analysis section above. The Group maintains a cash balance of \$2.3million at the end of the period. Of the cash held, \$2.2million is held as part of the Stock Exchange's market Compensation Arrangements and other deposits leaving \$64,550, as at 31 Dec 2014 as working capital for the NSX Group. The remaining funding due from Financial and Energy Exchange for the SIMVSE joint venture is \$710,000.

Earnings per share (EPS) increased from (1.04) cents per share to (0.70) cents per share or a increase of 33.0% pcp reflective of the above loss. No new shares were issued in NSX Limited during the period.

	31-Dec-14 \$'000	31-Dec-13 \$'000	Change %
Revenue	779.2	551.3	41.3
Expenses excluding impairments	1,492.4	1,616.1	(7.7)
Operating loss	(713.2)	(1,064.8)	(33.0)
Expenses including impairments	1,492.4	1,616.1	(7.7)
Net loss after tax	(713.2)	(1,064.8)	(33.0)
Earnings per share (cents)	(0.70)	(1.04)	(33.0)
Net tangible asset backing (cents)	(0.3)	1.4	(120.0)
Share price at end of period (cents)	7.4	14.0	(47.1)
Shares on Issue at end of period (mil)	102.4	102.4	-
Market capitalisation (\$'mil)	7.6	14.3	(47.1)
Cash at bank (\$'000)	2,292.5	2,343.9	(2.2)
Cash held for statutory purposes (\$'000)	2,228.0	2,226.0	0.1
Working Capital ('000)	64.5	117.9	(45.3)

NSX Limited

ABN: 33 089 447 058

**Directors' Report
For the Half Year Ended 31 December 2014**

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 9 February 2015 the National Stock Exchange of Australia (NSXA) and the Shanghai Equity Exchange ("SEE"), China's largest over-the counter ("OTC") equity market, signed a strategic agreement. The two exchanges intend to offer growth companies an effective and efficient pathway to access global markets.

The MOU covers three main parts:

1. **Information sharing** – covering rules, SEE listings on NSXA, capital raising and regulatory requirements;
2. **Project cooperation** – dual listing, capital raising solutions and NSX global service
3. **Financial cooperation** – in Shanghai Free Trade Zone

Other than the above events there are no 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.

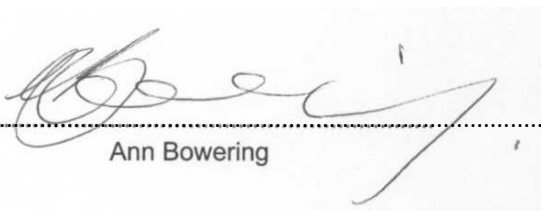
Auditors Independence Declaration

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 2014.

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

Director:

Michael Cox

Director:

Ann Bowering

Dated this 27 day of February 2015

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

TO THE DIRECTORS OF NSX LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2014, 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 LAWLER PARTNERS
Chartered Accountants

Newcastle

Dated: 27 February 2015

CLAYTON HICKEY
Partner

NSX Limited

ABN: 33 089 447 058

Statement of Profit or Loss and Other Comprehensive Income For the Half Year Ended 31 December 2014

	Note	Consolidated	
		31-Dec 2014	31-Dec 2013
		\$	\$
Revenue	2	779,150	551,327
Employee benefits expense		(623,112)	(818,413)
Depreciation, amortisation and impairments	2	(4,351)	(4,649)
Consultancy fees		(80,115)	(80,115)
Compliance expenses		(28,940)	(31,626)
Legal expenses		(1,330)	(7,136)
Market trading expenses		(426,720)	(407,075)
Marketing and promotion		(2,152)	(4,114)
Occupancy expenses		(78,996)	(73,641)
Administration expenses		(174,208)	(176,161)
Finance expenses		(26,910)	(2,574)
Other expenses		(45,556)	(10,580)
Loss before income tax		(713,240)	(1,064,757)
Income tax expense		-	-
Loss for the period		(713,240)	(1,064,757)
Loss attributable to non controlling equity interest		(138,891)	(145,688)
Loss attributable to members of the parent entity		(574,349)	(919,069)
		(713,240)	(1,064,757)
Other comprehensive income		-	-
Total comprehensive income for the period		(713,240)	(1,064,757)
<u>Earnings per share</u>			
Basic earnings per share (cents per share)		(0.70)	(1.04)
Diluted earnings per share (cents per share)		(0.70)	(1.04)

The accompanying notes form part of these financial statements.

NSX Limited

ABN: 33 089 447 058

Statement of Financial Position As At 31 December 2014

	Note	Consolidated	
		31-Dec 2014 \$	30-Jun 2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	64,550	131,249
Trade and other receivables		169,944	131,086
Financial assets	3	2,228,000	2,200,000
Other current assets		249,755	113,960
Total current assets		2,712,249	2,576,295
Non-current assets			
Investment		120,000	120,000
Property, plant and equipment		11,011	15,362
Total non-current assets		131,011	135,362
TOTAL ASSETS		2,843,260	2,711,657
LIABILITIES			
Current liabilities			
Trade and other payables		2,745,983	1,898,093
Short-term provisions		245,633	247,600
Total current liabilities		2,991,616	2,145,693
Non-current liabilities			
Other long-term provisions		18,450	19,530
Total non-current liabilities		18,450	19,530
TOTAL LIABILITIES		3,010,066	2,165,223
NET ASSETS		(166,806)	546,434
EQUITY			
Issued capital		36,018,761	36,018,761
Retained earnings		(37,469,818)	(36,895,469)
Parent Interest			
Non Controlling interest		1,284,251	1,423,142
TOTAL EQUITY		(166,806)	546,434

The accompanying notes form part of these financial statements.

NSX Limited

ABN: 33 089 447 058

Statement of Changes in Equity For the Half Year Ended 31 December 2014

	Consolidated			Total \$
	Issued Capital \$	Non- Controlling Interests \$	Retained Earnings \$	
Balance at 1 July 2014	36,018,761	1,423,142	(36,895,469)	546,434
Loss for the year	-	-	(574,349)	(574,349)
Other comprehensive income for the period	-	-	-	-
Loss attributable to non-controlling interest	-	(138,891)	-	(138,891)
Shares issued by subsidiary during the year	-	-	-	-
Establishment of non-controlling interest	-	-	-	-
Non-cash share based payments	-	-	-	-
Transaction costs on share issue	-	-	-	-
Balance at 31 December 2014	36,018,761	1,284,251	(37,469,818)	(166,806)
Balance at 1 July 2013	36,018,761	1,452,264	(35,113,570)	2,357,455
Loss for the year	-	-	(919,069)	(919,069)
Other comprehensive income for the period	-	-	-	-
Loss attributable to non-controlling interest	-	(145,688)	-	(145,688)
Share issued by subsidiary during the year	-	260,000	-	260,000
Establishment of non-controlling interest	-	-	-	-
Non-cash share based payments	-	-	-	-
Transaction costs on share issue	-	-	-	-
Balance at 31 December 2013	36,018,761	1,566,576	(36,032,639)	1,552,698

The accompanying notes form part of these financial statements.

NSX Limited

ABN: 33 089 447 058

Statement of Cash Flows For the Half Year Ended 31 December 2014

	Consolidated	
	31-Dec 2014 \$	31-Dec 2013 \$
Cash from operating activities:		
Receipts from customers	1,233,468	948,943
Payments to suppliers and employees	(1,615,468)	(1,878,511)
Interest received	50,301	37,290
Finance Costs	-	-
Net cash provided by (used in) operating activities	(331,699)	(892,278)
Cash flows from investing activities:		
Payment of subsidiary, net of cash acquired	-	-
Acquisition of property, plant and equipment	-	(4,734)
Acquisition of intangibles	-	-
Net loans from/(to) related parties	-	-
Net cash provided by (used in) investing activities	-	(4,734)
Cash flows from financing activities:		
Proceeds from issue of shares by subsidiary	-	260,000
Costs of issue of shares	-	-
Proceeds from borrowings	293,000	550,000
Repayment of borrowings	-	-
Net cash provided by (used in) financing activities	293,000	810,000
Net increase (decreases) in cash held	(38,699)	(87,012)
Cash at beginning of financial year	2,331,249	2,430,978
Cash at end of financial year	2,292,550	2,343,966

The accompanying notes form part of these financial statements.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2014

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 2014 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 2014, 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

Other new and amending Standards that became applicable to the Group for the first time during this reporting period are as follows:

- **AASB 2013–3: Amendments to AASB 136 – Recoverable Amount: Disclosures for Non-Financial Assets:** This standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment. These amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Additional disclosures may be necessary if the Group has impaired assets going forward.

- **AASB 2013–5 Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]:** This standard requires entities who satisfy the definition of an investment entity to record its subsidiaries at fair value rather than applying the business combination principles and consolidating the entities.

These changes will not impact NSX as it does not meet the definition of an investment entity per the standard.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2014

(b) New accounting standards for application in future periods

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.

The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

AASB 2013–4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting

Applicable for Annual reporting periods beginning on or after 1 January 2014.

This Standard amends AASB 139 to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

NSX does not apply hedge accounting. Therefore this is not expected to impact NSX's accounts.

AASB 15 Revenue from contracts with customers

Applicable for Annual reporting periods beginning on or after 1 January 2017

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 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2014

Note 2 Profit from Ordinary Activities

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

Revenue

Listing and application fees
Exchange hosting service fees

Consolidated	
31-Dec 2014	31-Dec 2013
\$	\$
688,491	483,007
39,846	31,001
728,337	514,008

Other Income

Other revenue
Interest - other persons
Total other income

512	29
50,301	37,290
50,813	37,319

Total Revenue

779,150	551,327
----------------	----------------

Expenses

Depreciation, amortisation and impairments

4,351	4,649
4,351	4,649

Note 3 Cash Flow Information

(a) 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 2014	30-Jun 2014
\$	\$
64,550	131,249
2,228,000	2,200,000
2,292,550	2,331,249

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2014

Note 4 Reliance on Australian Securities Exchange Limited and NASDAQ Systems

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

The ability of the National Stock Exchange of Australia Limited and SIM Venture 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.

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 segments, 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 units provide a facility to trade the securities of issuers admitted to the official list. It also provides hosting services for other exchanges.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2014

Note 5 Operating Segments (Cont'd)

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.

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.

NSX Limited

ABN: 33 089 447 058

**Notes to the Financial Statements
For the Half Year Ended 31 December 2014**

Note 5 Operating Segments (Cont'd)

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.

(a) Segment Performance

	Stock Exchanges	Unallocated Items	Total
	\$'000	\$'000	\$'000
6 Months Ended 31 Dec 2014			
Revenue			
External sales - services	728,337	-	728,337
Interest revenue	13,634	36,667	50,301
Other	-	512	512
Total segment revenue	741,971	37,179	779,150
Total group revenue			779,150
Results			
Segment net profit before tax	(8,187)	(705,053)	(713,240)
Other Items			
Depreciation and amortisation	4,351	-	4,351
6 Months Ended 31 Dec 2013			
Revenue			
External sales - services	514,008	29	514,037
Interest revenue	9,564	27,726	37,290
Other	-	-	-
Total segment revenue	523,572	27,755	551,327
Total group revenue			551,327
Results			
Segment net profit before tax	(826,702)	(238,055)	(1,064,757)
Other Items			
Depreciation and amortisation	4,649	-	4,649

NSX Limited

ABN: 33 089 447 058

**Notes to the Financial Statements
For the Half Year Ended 31 December 2014**

Note 5 Operating Segments (Cont'd)

(b) Segment Assets

	Stock Exchanges	Unallocated Items	Total
	\$'000	\$'000	\$'000
As at 31 December 2014			
Segment Assets	929,068	1,914,193	2,843,261
Segment asset increases for - Acquisitions	-	-	-
As at 30 June 2014			
Segment Assets	829,688	1,881,969	2,711,657
Segment asset increases for the period: - Acquisitions	-	-	-

(c) Segment Liabilities

	Stock Exchanges	Unallocated Items	Total
	\$'000	\$'000	\$'000
As at 31 December 2014			
Segment Liabilities	1,204,754	1,805,312	3,010,066
As at 30 June 2014			
Segment Liabilities	652,728	1,512,495	2,165,223

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2014

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 2014 \$	31-Dec 2013 \$
Mr Michael Cox	as a director of Solidus Financial Services	-	-
Mr Tom Price & Ms Ann Bowering	as Directors and Executives of Financial and Energy Exchange Limited - Payments made to FEX by the NSX Group as part of the SIM VSE Joint Venture. Payments received from FEX during the period pursuant to the Funding Guarantee and applied to working capital. The total amount of the loan as at 31 December 2014 was \$1,898,000.	80,115 (293,000)	80,115 (40,000)

Note: negative numbers are inflows to NSX and positive numbers are outflows.

During the financial period a number of transactions occurred with FEX, a related party of the company, relating to the provision of working capital funds as per the Funding Guarantee. A description of the Funding Guarantee and amounts of these transactions are further detailed on pages 2 and 9 to this financial report.

(b) Associated Companies

No payments were made to associate companies other than those disclosed above.

Note 7 Contingent Liabilities

Compensation Arrangements

As part of the National Stock Exchange of Australia Limited's Australian Financial Markets Licence, NSX operates Investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the *Corporations Act 2001*. The NSX is required to have in place minimum cover of \$800,000 to compensate investors. Of this amount a minimum of \$100,000 is sourced from the NSX Fidelity Fund and the remaining \$700,000 is in the form of a cash deposit provided by NSX Limited and National Australia Bank has issued a Letter of Credit in support of these arrangements. Interest from the cash deposit is utilised for working capital.

As part of the SIM Venture Securities Exchange Limited's (SIM VSE) Australian Financial Markets Licence, SIM VSE operates Investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the *Corporations Act 2001*. SIM VSE is required to have in place minimum cover of \$1,000,000 to compensate investors. Of this amount \$1,000,000 is in the form of a cash deposit provided by NSX

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2014

Limited and National Australia Bank has issued a Letter of Credit in support of these arrangements. Interest from the cash deposit is utilised for working capital.

Note 7 Contingent Liabilities (Cont'd)

ASX Settlement Performance Bond

National Stock Exchange of Australia (NSXA) acts as a settlement agent on behalf of several NSXA and SIM VSE broker participants. Consequently NSXA 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 Limited has established a bank guarantee backed by a term deposit of \$500,000 to satisfy the requirements of the Settlement Performance Bond. Interest from the cash deposit is utilised for working capital.

Note 8 Events After the Balance Date

On 9 February 2015 the National Stock Exchange of Australia (NSXA) and the Shanghai Equity Exchange ("SEE"), China's largest over-the counter ("OTC") equity market, signed a strategic agreement. The two exchanges intend to offer growth companies an effective and efficient pathway to access global markets.

The MOU covers three main parts:

1. **Information sharing** – covering rules, SEE listings on NSXA, capital raising and regulatory requirements;
2. **Project cooperation** – dual listing, capital raising solutions and NSX global service
3. **Financial cooperation** – in Shanghai Free Trade Zone

Other than the above events there, there are no other 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.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2014

Note 9 Going Concern

These financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the payment of liabilities in the ordinary course of business. Should the company be unable to continue as a going concern, it may be unable to realise the carrying value of its assets and to meet its liabilities as they become due.

The company has incurred losses of \$713,240 for the half year ended 31 December 2014 (2013: \$1,064,757). In addition to this the company's current cash burn rate indicates that the company may not have sufficient working capital to meet its operational obligations for the coming 12 months.

The Directors have noted that the ongoing ability of the Company to remain a going concern is dependent upon an increase in the level of working capital within the Company. The Directors have implemented or are investigating the following strategies in an attempt to increase the level of working capital:

- Executed a Funding Guarantee Deed with Financial and Energy Exchange on 29 July 2013, to provide working capital as required with a six month termination notice of the agreement. The Company is currently reliant on this source of funding;
- Should FEX not have the financial capacity to provide the Company with its funding requirements as outlined in the Funding Deed Guarantee dated 29 July 2013, the Board of the Company has resolved that it will seek to execute a draft agreement with an investor which would provide the Company with sufficient working capital to meet its operational obligations for the coming 12 months;
- Continuing to leverage the remaining contribution due from FEX for the SIM VSE Joint venture; and
- Possible share placement's to private investors.

Given the above, the accounts have been prepared on a going concern basis which contemplates the realisation of assets and the payment of liabilities in the ordinary course of business. The Directors have adopted this basis of preparation having regard for their assessment, which is based on information available as at the date of this report. Should the above strategies be unsuccessful, there is significant uncertainty whether the Company will be able to continue as a going concern.

NSX Limited

ABN: 33 089 447 058

Directors' Declaration

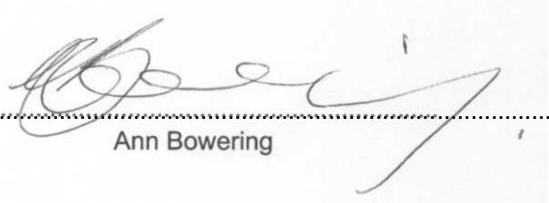
The directors of the Economic Entity declare that:

1. The financial statements and notes, as set out on pages 13 to 26:
 - (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 2014 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 27 day of February 2015

INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF NSX LIMITED

Report on the Half Year Financial Report

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 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Auditing Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation 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, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, 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 2014 and its performance for the half-year ended on that date; and complying with 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.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Sydney

Newcastle

INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF NSX LIMITED

Report on the Half Year Financial Report (Continued)

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of NSX Limited does not present fairly, in all material respects, the financial position of the consolidated entity as at 31 December 2014, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 9 Going Concern in the financial report, which indicates that the company incurred a net loss of \$713,240 during the half year ended 31 December 2014. This condition, along with other matters set forth in Note 9, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.



PKF LAWLER
Chartered Accountants

Newcastle

Dated: 27 February 2015



CLAYTON HICKEY
Partner