

# NSX LIMITED

ABN: 33 089 447 058  
HALF YEAR ENDED 31 DECEMBER 2015

## APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET (Comparative figures being the half year ended 31 December 2014)

				\$A'000
<b>Revenues</b>	Up	22.7%	to	955.9
<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.				
<b>Loss after tax attributable to members</b>	Down	23.3%	to	547.2
<i>Explanation</i> The decrease in losses stems from higher revenue growth (27.7%) and small growth in operating expenses (0.7%) arising from business operations as explained in the attached Half Year report.				
Loss attributable to members for the period	Down	23.3%	to	547.2

<b>Dividends/distributions</b>	Amount per security	Franked Amount per security
Final dividend (prior year - paid)	Nil	Nil
Interim Dividend (declared)	Nil	Nil
<b>Record date</b> for determining entitlements to dividends.	No dividends are proposed by the Directors' for the period ended 31 December 2015.	

<b>NTA backing</b>	Half-year ended 31 Dec 2015	Half-year ended 31 Dec 2014
Net tangible asset backing per ordinary share	<u>(0.22) cents</u>	<u>(0.28) cents</u>

### Controlled entities acquired or disposed of:

During the half-year ended 31 December 2015 no entities were acquired or disposed of.

### Successful placement to an investor – December 2015

As announced on 11 December 2015, NSX successfully placed 16,500,000 fully paid ordinary shares to SHKL Group Limited which raised AUD \$5,733,945 (exclusive of costs, USD \$4,125,000) which will be utilised for working capital.

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

During July 2015 NSX Limited revised with FEX the terms of the funding guarantee due to the full repayment to FEX under the Funding Deed as part of the completed rights issue. The new deed states that the interest rate will be 8% on the accrued balance and a facility fee of \$50,000 will be paid by NSX on repayment of the loan balance. In addition, there is a change of the notification period that FEX must give to NSX in the event of non-payment of a draw down request by NSX from one month to 5 business days. The change was made to align the notice period with weekly draw down requests made to FEX so that NSX has earlier warning of any potential non-payment event. Non-payment by FEX means that NSX may elect to terminate the agreement, and if NSX elects to do so, then the six month termination notice period, that FEX has to comply with, would begin.

Given the recent funding from the placement, the Board will review the continuation of this facility.

## 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 58.9% of the venture and FEX owns 41.1%. 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:

	<b>31-Dec 2015</b>	<b>30-Jun 2015</b>
<b>Non-controlling Interest</b>		
Share Capital \$	<b>2,681,531</b>	2,423,090
Current Year profit/(loss)	<b>(149,841)</b>	(278,541)

In July 2015 FEX contributed \$176,253 to the SIM VSE Joint Venture. The remaining balance of funding from FEX as part of the JV arrangements is \$533,747.



and its controlled entities

ABN 33 089 447 058

# Half-Year Financial Report

Including additional  
Appendix 4D disclosures

31 DECEMBER 2015

**RELEASED**  
**23 February 2016**

*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 2015 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 2015

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# Directors' Report

For the Half Year Ended 31 December 2015

Your directors submit the financial report of the Economic Entity for the half-year ended 31 December 2015.

## 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.

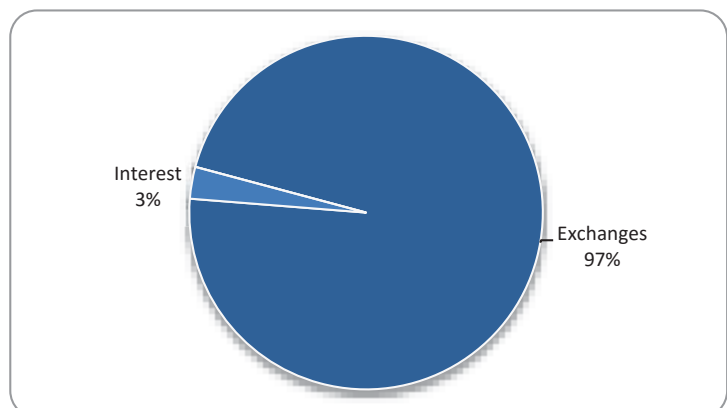
### Review of Operations

Summary results for the operations are as follows:

- Revenue – \$955,970 (up 27.7%, 2014: \$779,150)
- Operating Expenses – \$1,503,127 (up 0.7%, 2014: \$1,492,390)
- Loss after tax – \$547,157 (down 23.3%, 2014: Loss \$713,240)
- Normal earnings per share increased from (0.7) cents to (0.4) cents.
- Net Tangible Assets per share increased from (0.28) cents to (0.27) 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 97% of all revenue earned.



# Directors' Report

For the Half Year Ended 31 December 2015

## REVENUE (Cont'd)

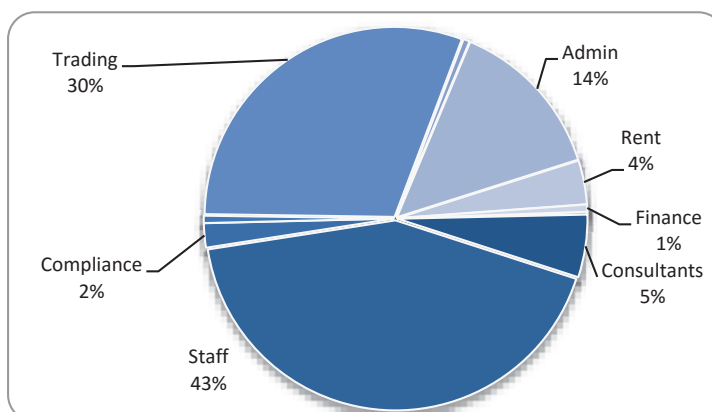
Exchange revenue is defined as all receipts derived from operating the stock exchange businesses which includes listing fees both annual and application, additional quotation of securities fees, nominated adviser fees, broker fees, exchange hosting fees and fees charged in respect of cost recovery membership to the CHESSTransfer Facility. Exchange revenue increased by 27.4 compared to the previous corresponding period (pcp) due mainly to the increase in fees charged to Issuers and increased listing application fees during the period.

31 December Revenue Category	2015 \$'000	2014 \$'000	Change %
Exchange Revenue	928.0	728.3	27.4
Interest Received	27.8	50.3	-44.7
Other Revenue	-	0.5	-100.0
Total Revenue	955.8	779.2	22.7

## EXPENSES

The pie chart reflects the percentage weightings of each expense within the accounts. Gross operating expenses increased by 0.7% pcp from \$1.49million to \$1.50million. The following is an explanation of major movements within each expense category that led to the above result.

Employee benefits expense increased by 2.7% pcp due to the roll over of staff long service leave entitlements. There have been no staff pay increases during the last 12 months.



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 increased by 7.1% pcp due to increased 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.

# Directors' Report

For the Half Year Ended 31 December 2015

## EXPENSES (Cont'd)

Legal and professional expenses includes any payments for outside legal and professional representation. This expense increased by 599% pcp due to an increased requirement for corporate 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 which requires legal advice. 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 increased by 7.5% pcp reflecting increased activity with sponsorships and launches for the markets.

Occupancy expense includes any expense related to the three offices maintained by NSX in Sydney, Melbourne and Newcastle during the year. This expense has decreased by 29% pcp due reduced occupancy costs in each office particularly in Melbourne.

Administration expenses have decreased by 5.6% pcp due to a decrease in information technology and other service fees. Finance costs decreased due to the decrease in accumulated interest with respect to the FEX Funding Guarantee and no draw downs of the Funding Guarantee during the period.

<b>31 December</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Expense Category</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Employee benefits expense	639.9	623.1	2.7
Depreciation, amortisation and impairments	3.1	4.4	-28.8
Consultancy expenses	80.1	80.1	0.0
Compliance expenses	31.0	28.9	7.1
Legal expenses	9.3	1.3	599.2
Market trading expenses	458.9	426.7	7.5
Marketing and promotion expenses	8.0	2.2	271.7
Occupancy expenses	56.1	79.0	-29.0
Administration	207.5	219.8	-5.6
Finance Costs	9.2	26.9	-65.8
<b>Total Expenses</b>	<b>1,503.1</b>	<b>1,492.4</b>	<b>0.7</b>

# Directors' Report

For the Half Year Ended 31 December 2015

## WORKING CAPITAL

The Group maintains a cash balance of \$7,779,973 (2014: \$2,292,550) at the end of the period. Of the working cash held, \$2,215,000 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.

### Reconciliation of Cash

Cash on hand and at bank  
Deposits at call  
Total: cash at end of period

31-Dec 2015 \$'000
5,565
2,215
<b>7,780</b>

### 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 \$1million 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 \$1.7million 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

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# Directors' Report

For the Half Year Ended 31 December 2015

## **WORKING CAPITAL (Cont'd)**

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.

### *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 (2014: \$28,000). 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. After the balance date NSX closed a credit facility which released \$13,000 back into working capital.

### *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 \$533,747.

### *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 2015 NSX has drawn down \$Nil (2014: \$1,898,000) of the facility.

Given the recently completed placement the Board will review the continuation of this facility.

# Directors' Report

For the Half Year Ended 31 December 2015

## 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.

	<b>31-Dec 2015 \$'000</b>	31-Dec 2014 \$'000
<b>Net working capital</b>		
Total cash at end of the period	<b>7,780</b>	<b>2,293</b>
Deposits held for equity markets compensation arrangements	<b>(1,700)</b>	<b>(1,700)</b>
Deposits held while National Stock Exchange of Australia is a general participant of CHESSE	<b>(500)</b>	<b>(500)</b>
Other bank guarantees	<b>(15)</b>	<b>(28)</b>
Total: cash available for use by the group at the end of the period	<b>5,565</b>	<b>65</b>

## CONSOLIDATED SUMMARY

The operating loss for the Group was \$547,157 (2014: \$713,240) for the period (23.3% 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 \$7.8 million 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 \$5,551,973, as at 31 Dec 2015 as working capital for the NSX Group. The remaining funding due from Financial and Energy Exchange for the SIMVSE joint venture is \$533,747.

Earnings per share (EPS) increased from (0.70) cents per share to (0.41) cents per share or an increase of 41.0% pcp reflective of the above loss. A total of 16,500,000 shares were issued during the period as a price of USD\$0.25 (AUD\$0.3476) to a single investor SHKL Group Limited.

	<b>31-Dec-15 \$'000</b>	<b>31-Dec-14 \$'000</b>	<b>Change %</b>
Revenue	955.9	779.2	22.7
Expenses excluding impairments	1,503.1	1,492.4	0.7
Operating loss	(547.2)	(713.2)	(23.3)
Expenses including impairments	1,503.1	1,492.4	0.7
<b>Net loss after tax</b>	<b>(547.2)</b>	<b>(713.2)</b>	<b>(23.3)</b>
Earnings per share (cents)	(0.41)	(0.70)	(41.0)
Net tangible asset backing (cents)	(0.22)	(0.28)	(23.1)
Share price at end of period (cents)	10.0	7.4	35.1
Shares on Issue at end of period (mil)	147.9	102.4	44.4
Market capitalisation (\$'mil)	14.8	7.6	95.1
Cash at bank (\$'000)	7,779.9	2,292.5	239.4
Cash held for statutory purposes (\$'000)	2,215.0	2,228.0	(0.6)
<b>Working Capital ('000)</b>	<b>5,564.9</b>	<b>64.5</b>	<b>8,527.8</b>

NSX Limited

ABN: 33 089 447 058

# Directors' Report

For the Half Year Ended 31 December 2015

## Dividends paid or declared

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

## Events occurring after balance date

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

## Auditors Independence Declaration

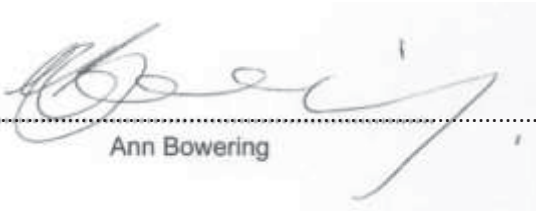
The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 12 for the period ended 31 December 2015.

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



Director: .....

**Michael Cox**



Director: .....

**Ann Bowering**

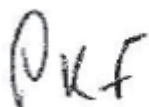
Dated this 23<sup>rd</sup> day of February 2016

**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 2015, 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**  
Chartered Accountants

Newcastle

Dated: 23 February 2016



**CLAYTON HICKEY**  
Partner

# Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2015

	Note	Consolidated	
		31-Dec 2015	31-Dec 2014
		\$	\$
Revenue	2	955,970	779,150
Employee benefits expense		(639,869)	(623,112)
Depreciation, amortisation and impairments	2	(3,111)	(4,351)
Consultancy fees		(80,115)	(80,115)
Compliance expenses		(31,011)	(28,940)
Legal expenses		(9,343)	(1,330)
Market trading expenses		(458,850)	(426,720)
Marketing and promotion		(8,031)	(2,152)
Occupancy expenses		(56,160)	(78,996)
Administration expenses		(173,288)	(174,208)
Finance expenses		(9,179)	(26,910)
Other expenses		(34,170)	(45,556)
<b>Loss before income tax</b>		<b>(547,157)</b>	<b>(713,240)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(547,157)</b>	<b>(713,240)</b>
Loss attributable to non controlling equity interest		(397,316)	(138,891)
<b>Loss attributable to members of the parent entity</b>		<b>(149,841)</b>	<b>(574,349)</b>
		<b>(547,157)</b>	<b>(713,240)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(547,157)</b>	<b>(713,240)</b>
<u>Earnings per share</u>			
Basic earnings per share			
(cents per share)		(0.41)	(0.70)
Diluted earnings per share			
(cents per share)		(0.41)	(0.70)

The accompanying notes form part of these financial statements.

NSX Limited

ABN: 33 089 447 058

# Statement of Financial Position

As At 31 December 2015

	Note	Consolidated	
		31-Dec 2015 \$	30-Jun 2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	5,564,973	206,525
Trade and other receivables		147,116	145,494
Financial assets	3	2,215,000	2,228,000
Other current assets		238,412	108,833
<b>Total current assets</b>		<b>8,165,501</b>	<b>2,688,852</b>
<b>Non-current assets</b>			
Investment		120,000	120,000
Property, plant and equipment		12,064	9,892
<b>Total non-current assets</b>		<b>132,064</b>	<b>129,892</b>
<b>TOTAL ASSETS</b>		<b>8,297,565</b>	<b>2,818,744</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		873,605	380,487
Borrowings		116,902	112,281
Short-term provisions		291,046	276,048
<b>Total current liabilities</b>		<b>1,281,553</b>	<b>768,816</b>
<b>Non-current liabilities</b>			
Other long-term provisions		5,234	4,761
<b>Total non-current liabilities</b>		<b>5,234</b>	<b>4,761</b>
<b>TOTAL LIABILITIES</b>		<b>1,286,787</b>	<b>773,577</b>
<b>NET ASSETS</b>		<b>7,010,778</b>	<b>2,045,167</b>
<b>EQUITY</b>			
Issued capital	9	44,251,385	38,914,870
Retained earnings		(38,411,620)	(38,014,304)
<b>Parent Interest</b>			
Non Controlling interest		1,171,013	1,144,601
<b>TOTAL EQUITY</b>		<b>7,010,778</b>	<b>2,045,167</b>

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

For the Half Year Ended 31 December 2015

	Note	Consolidated			Total \$
		Issued Capital \$	Non-Controlling Interests \$	Retained Earnings \$	
Balance at 1 July 2015		38,914,870	1,144,601	(38,014,304)	2,045,167
Loss for the year		-	-	(397,316)	(397,316)
Other comprehensive income for the period		-	-	-	-
Loss attributable to non-controlling interest		-	(149,841)	-	(149,841)
Shares issued during the period		5,733,945	176,253	-	5,910,198
Transaction costs on share issue		(397,430)	-	-	(397,430)
Non-cash share based payments		-	-	-	-
Transaction costs on share issue		-	-	-	-
<b>Balance at 31 December 2015</b>	9	<b>44,251,385</b>	<b>1,171,013</b>	<b>(38,411,620)</b>	<b>7,010,778</b>
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)
Share issued during the period		-	-	-	-
Establishment of non-controlling interest		-	-	-	-
Non-cash share based payments		-	-	-	-
Transaction costs on share issue		-	-	-	-
<b>Balance at 31 December 2014</b>		<b>36,018,761</b>	<b>1,284,251</b>	<b>(37,469,818)</b>	<b>(166,806)</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

For the Half Year Ended 31 December 2015

	Note	Consolidated	
		31-Dec 2015 \$	31-Dec 2014 \$
<b>Cash from operating activities:</b>			
Receipts from customers		1,560,871	1,233,468
Payments to suppliers and employees		(1,750,752)	(1,615,468)
Interest received		27,844	50,301
Finance Costs		-	-
<b>Net cash provided by (used in) operating activities</b>		<b>(162,037)</b>	<b>(331,699)</b>
<b>Cash flows from investing activities:</b>			
Payment of subsidiary, net of cash acquired		-	-
Acquisition of property, plant and equipment		(5,283)	-
Acquisition of intangibles		-	-
Net loans from/(to) related parties		-	-
<b>Net cash provided by (used in) investing activities</b>		<b>(5,283)</b>	<b>-</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issue of shares		5,733,945	-
Costs of issue of shares		(397,430)	-
Proceeds from issue of shares by subsidiary		176,253	-
Proceeds from borrowings		-	293,000
Repayment of borrowings		-	-
<b>Net cash provided by (used in) financing activities</b>		<b>5,512,768</b>	<b>293,000</b>
<b>Net increase (decreases) in cash held</b>		<b>5,345,448</b>	<b>(38,699)</b>
Cash at beginning of financial period		2,434,525	2,331,249
<b>Cash at end of financial year</b>	3	<b>7,779,973</b>	<b>2,292,550</b>

The accompanying notes form part of these financial statements.



# Notes to the Financial Statements

For the Half Year Ended 31 December 2015

## 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 2015 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 2015, 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 – 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 do not apply hedge accounting. Therefore this is not expected to impact NSX's accounts.

# Notes to the Financial Statements

For the Half Year Ended 31 December 2015

## (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 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

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

### **AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality**

*Applicable for annual financial reporting periods beginning on or after 1 July 2015.*

AASB 2015-3 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality as each standard is amended for another purpose.

There is not expected to be any changes to the reported financial position, performance or cash flows of the entity.

### **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.

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

## (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 SIMVSE 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 2015

## 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 2015	31-Dec 2014
\$	\$
895,744	688,491
32,319	39,846
<b>928,063</b>	<b>728,337</b>

### Other Income

Other revenue  
Interest - other persons  
Total other income

63	512
27,844	50,301
<b>27,907</b>	<b>50,813</b>

### Total Revenue

<b>955,970</b>	<b>779,150</b>
----------------	----------------

### Expenses

Depreciation, amortisation and impairments

3,111	4,351
<b>3,111</b>	<b>4,351</b>

## 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 2015	30-Jun 2015
\$	\$
5,564,973	206,525
2,215,000	2,228,000
<b>7,779,973</b>	<b>2,434,525</b>

# Notes to the Financial Statements

For the Half Year Ended 31 December 2015

## 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 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.

# Notes to the Financial Statements

For the Half Year Ended 31 December 2015

## 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.

# Notes to the Financial Statements

For the Half Year Ended 31 December 2015

## 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
	\$	\$	\$
<b>6 Months Ended 31 Dec 2015</b>			
<b>Revenue</b>			
External sales - services	928,063	-	<b>928,063</b>
Interest revenue	7,663	20,181	<b>27,844</b>
Other	-	64	<b>64</b>
<b>Total segment revenue</b>	<b>935,726</b>	<b>20,245</b>	<b>955,971</b>
<b>Total group revenue</b>			<b>955,971</b>
<b>Results</b>			
Segment net profit before tax	191,516	(738,673)	<b>(547,157)</b>
<b>Other Items</b>			
Depreciation and amortisation	3,111	-	<b>3,111</b>
<b>6 Months Ended 31 Dec 2014</b>			
<b>Revenue</b>			
External sales - services	728,337	-	<b>728,337</b>
Interest revenue	13,634	36,667	<b>50,301</b>
Other	-	512	<b>512</b>
<b>Total segment revenue</b>	<b>741,971</b>	<b>37,179</b>	<b>779,150</b>
<b>Total group revenue</b>			<b>779,150</b>
<b>Results</b>			
Segment net profit before tax	(8,187)	(705,053)	<b>(713,240)</b>
<b>Other Items</b>			
Depreciation and amortisation	4,351	-	<b>4,351</b>

# Notes to the Financial Statements

For the Half Year Ended 31 December 2015

## Note 5 Operating Segments (Cont'd)

### (b) Segment Assets

	Stock Exchanges	Unallocated Items	Total
<b>As at 31 December 2015</b>	\$	\$	\$
<b>Segment Assets</b>	<b>983,332</b>	<b>7,314,233</b>	<b>8,297,565</b>
<b>Segment asset increases for - Acquisitions</b>	<b>5,283</b>	<b>-</b>	<b>5,283</b>
<b>As at 30 June 2015</b>			
<b>Segment Assets</b>	<b>924,330</b>	<b>1,894,414</b>	<b>2,818,744</b>
<b>Segment asset increases for the period: - Acquisitions</b>	<b>-</b>	<b>-</b>	<b>-</b>

### (c) Segment Liabilities

	Stock Exchanges	Unallocated Items	Total
<b>As at 31 December 2015</b>	\$	\$	\$
<b>Segment Liabilities</b>	<b>716,677</b>	<b>570,110</b>	<b>1,286,787</b>
<b>As at 30 June 2015</b>			
<b>Segment Liabilities</b>	<b>242,038</b>	<b>531,539</b>	<b>773,577</b>

# Notes to the Financial Statements

For the Half Year Ended 31 December 2015

## 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 2015 \$	31-Dec 2014 \$
	Due to FEX 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.	80,115	80,115
Mr Tom Price & Ms Ann Bowering	Amounts owed 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.	116,902	-
	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 2015 was \$Nil	-	(293,000)

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 associated companies other than those disclosed above.

## 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*.



# Notes to the Financial Statements

For the Half Year Ended 31 December 2015

## Note 7 Contingent Liabilities (Cont'd)

### *National Stock Exchange of Australia Limited Compensation Arrangements*

The minimum cover that NSX is required to have as part of the compensation arrangements is \$800,000. 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 \$700,000. The combined sources have over \$1.2 million in funds which exceeds the minimum cover by over \$400,000.

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

### *SIM Venture Securities Exchange Limited Compensation Arrangements*

The minimum cover that SIM is required to have as part of the compensation arrangements is \$1million. The arrangements to meet the minimum cover are in two parts: (a) the SIM Fidelity Fund and (b) a Letter of Credit for the amount of \$1million. The combined sources have over \$1.1million in funds which exceeds the minimum cover by over \$100,000.

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 SIMVSE broker participants. Consequently NSX is registered with ASX Settlement as a General Participant for the purpose of ASX Settlement Operating Rules 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 has established a bank guarantee backed by a term deposit of \$500,000 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

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.

# Notes to the Financial Statements

For the Half Year Ended 31 December 2015

## Note 9 Issued Capital

	Consolidated	
	31-Dec 2015	31-Dec 2014
	\$	\$
At the beginning of the reporting period (30-June)	<b>38,914,870</b>	36,018,761
Shares Issued during the period	<b>5,733,945</b>	-
Transaction costs on share issue	<b>(397,430)</b>	-
At the end of the reporting period (31-December)	<b>44,251,385</b>	<b>36,018,761</b>

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

At beginning of period (30-June)	<b>131,405,288</b>	102,444,197
Issued during the period (Placement shares 11-Dec-2015)	<b>16,500,000</b>	-
At the end of the period (31-December)	<b>147,905,288</b>	<b>102,444,197</b>

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 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 2015 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 23<sup>rd</sup> day of February 2016

## 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 2015, 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 2015 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*.

PKF(NS) Audit & Assurance Limited  
Partnership

ABN 91 850 861 839

Liability limited by a scheme  
approved under Professional  
Standards Legislation

#### Sydney

Level 8, 1 O'Connell Street  
Sydney NSW 2000 Australia  
GPO Box 5446 Sydney NSW 2001

p +61 2 8346 6000  
f +61 2 8346 6099

#### Newcastle

755 Hunter Street  
Newcastle West NSW 2302 Australia  
PO Box 2368 Dangar NSW 2309

p +61 2 4962 2688  
f +61 2 4962 3245

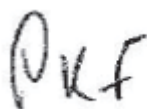
**INDEPENDENT REVIEW REPORT**

**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 2015, 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*.



**PKF NEWCASTLE**  
Chartered Accountants

Newcastle

Dated: 23 February 2016



**CLAYTON HICKEY**  
Partner

## 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

## Web

[www.nsga.com.au](http://www.nsga.com.au)  
[www.simvse.com.au](http://www.simvse.com.au)

## ABN

33 089 447 058