

# MARKET RELEASE

## Quarterly Activities Report and Appendix 4C Cashflow Statement

29 January 2016

**Sydney, NSW – NSX Limited (ASX: NSX)** NSX submits the following activities and appendix 4C cashflow statement for the period ended 31 December 2015.

### NSX Limited Corporate Activities

- The net cash inflow for the quarter was \$4,804,000 (previous quarter: inflow \$542,000).
- On 11 December 2015, the Company completed a placement of 16,500,000 shares at an issue price of USD \$0.25 to raise USD \$4,125,000 exclusive of costs. The transaction provided the Company with additional working capital of AUD \$5,353,949 inclusive of costs.
- The difference between the net cash balances as at 31 December 2015 and 31 December 2014 was a net inflow of \$5,488,000.
- Cash receipts from customers were \$186,000 in the quarter compared to the previous December 2014 quarter of \$182,000 or an increase of \$4,000.
- NSX has in place a funding guarantee with Financial and Energy Exchange Ltd (FEX) should receipts from customers or working capital not be sufficient to fund the business. The Board will review the continuation of this arrangement.

### National Stock Exchange of Australia (“NSXA”) Business Activities

During the quarter:

- From 1 September 2015 until 31 December 2015 two companies were approved to list with a combined market capitalisation of AUD\$35 million. The companies listed were Beaver Entech Limited (NSXCode: B3L) and Air Change International Limited (NSXCode: AC1).
- There are six listing applications pending at the end of quarter.
- There are no pending participant applications. Two Nominated Advisers were approved during the quarter: BizTrack Consultants and Shanghai Chu Cheng Investment Management Co. Limited.

### SIM Venture Securities Exchange (“SIM VSE”) Business Activities

During the quarter:

- As at 31 December 2015 there was \$533,747 in funding remaining to be received from FEX.
- There were no new listings or participants approved.

**For further information please contact**

Emlyn Scott  
**Chief Executive Officer, NSX Limited**

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

NSX Limited

ABN

33 089 447 058

Quarter ended ("current quarter")

31 December 2015

### Consolidated statement of cash flows

| Cash flows related to operating activities                | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from customers                               | 186                        | 1,631                                 |
| 1.2 Payments for  |                            |                                       |
| (a) staff costs   | (304)                      | (629)                                 |
| (b) advertising and marketing                             | -                          | (3)                                   |
| (c) research and development                              | -                          | -                                     |
| (d) leased assets   | -                          | -                                     |
| (e) other working capital                                 | (448)                      | (1,219)                               |
| 1.3 Dividends received                                    | -                          | -                                     |
| 1.4 Interest and other items of a similar nature received | 16                         | 36                                    |
| 1.5 Interest and other costs of finance paid              | -                          | -                                     |
| 1.6 Income taxes paid                                     | -                          | -                                     |
| 1.7 Other (provide details if material)                   | -                          | -                                     |
| <b>Net operating cash flows</b>                           | <b>(550)</b>               | <b>(184)</b>                          |

+ See chapter 19 for defined terms.

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|   | Current quarter<br>\$A'000 | Year to date<br>(6.. months)<br>\$A'000 |
|---|----------------------------|---|
| 1.8 Net operating cash flows (carried forward)        | (550)                      | (184)                                   |
| <b>1.9 Cash flows related to investing activities</b> |                            |   |
| Payment for acquisition of:                           | -                          | -                                       |
| (a) businesses (item 5)                               | -                          | -                                       |
| (b) equity investments                                | -                          | -                                       |
| (c) intellectual property                             | -                          | -                                       |
| (d) physical non-current assets                       | -                          | -                                       |
| (e) other non-current assets                          | -                          | -                                       |
| <b>1.10 Proceeds from disposal of:</b>                |                            |   |
| (a) businesses (item 5)                               | -                          | -                                       |
| (b) equity investments                                | -                          | -                                       |
| (c) intellectual property                             | -                          | -                                       |
| (d) physical non-current assets                       | -                          | -                                       |
| (e) other non-current assets                          | -                          | -                                       |
| 1.11 Loans to other entities                          | -                          | -                                       |
| 1.12 Loans repaid by other entities                   | -                          | -                                       |
| 1.13 Other (provide details if material)              | -                          | -                                       |
|   | -                          | -                                       |
| <b>Net investing cash flows</b>                       |                            |   |
| <b>1.14 Total operating and investing cash flows</b>  | <b>(550)</b>               | <b>(184)</b>                            |
| <b>Cash flows related to financing activities</b>     |                            |   |
| 1.15 Proceeds from issues of shares, options, etc.    | 5,354                      | 5,530                                   |
| 1.16 Proceeds from sale of forfeited shares           | -                          | -                                       |
| 1.17 Proceeds from borrowings                         | -                          | -                                       |
| 1.18 Repayment of borrowings                          | -                          | -                                       |
| 1.19 Dividends paid                                   | -                          | -                                       |
| 1.20 Other (provide details if material)              | -                          | -                                       |
|   | 5,354                      | 5,530                                   |
| <b>Net financing cash flows</b>                       |                            |   |
| <b>Net increase (decrease) in cash held</b>           | <b>4,804</b>               | <b>5,346</b>                            |
| 1.21 Cash at beginning of quarter/year to date        | 2,976                      | 2,434                                   |
| 1.22 Exchange rate adjustments to item 1.20           | -                          | -                                       |
| 1.23 <b>Cash at end of quarter</b>                    | <b>7,780</b>               | <b>7,780</b>                            |

**Item 1.15 – Proceeds from share issues**

**a. Placement (current quarter)**

On 11 December 2015, the Company announced that it had completed a share placement to a single investor at an issue price of \$AUD0.3476 (\$USD0.25) which raised \$5,733,945 (\$USD 4,125,000) exclusive of costs. Costs of the offer were \$379,996. Net of costs the Company received \$5,353,949. The proceeds are to be used for working capital.

+ See chapter 19 for defined terms.

**b. SIM Venture Securities Exchange Joint Venture Funding (previous quarter)**

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 \$3million 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.

As at 31 December 2015 \$533,747 in funding remains available to be received by the Joint Venture. In July 2015 FEX contributed \$176,253 where the funds were used to pay the costs associated with the operations of the joint venture.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | \$47.2                     |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11   | -                          |

1.26 Explanation necessary for an understanding of the transactions

Director fees.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000               | Amount used<br>\$A'000 |
|---------------------------------|---|------------------------|
| 3.1 Loan facilities             | payment of operating<br>costs as required | 112                    |
| 3.2 Credit standby arrangements | -   | -                      |

**Item 3.1 – Loan Facilities: Funding deed with Financial and Energy Exchange Limited (FEX)**

As announced on 31 July 2013, the Board has 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 if made by way of shares then the share issue would be subject to ASX listing rules, the Corporations Act and Shareholder approval.

Due to the repayment under the Funding Deed the Board and FEX have executed a new funding deed. 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.

As at 31 December 2015 the amount owing to FEX is \$112,200. The balance relates to services rendered by FEX on behalf of NSX but which have not yet been paid by NSX and is not part of the drawn down. As NSX has been funded by receipts from customers and with the placement completed on 11 December 2015 no drawdown of funding has been required from FEX.

The Board will review the continuation of this arrangement.

**Reconciliation of cash**

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 4.1 Cash on hand and at bank  | 5,552                      | 748                         |
| 4.2 Deposits at call  | 2,228                      | 2,228                       |
| 4.3 Bank overdraft  | -                          | -                           |
| 4.4 Other (provide details)   | -                          | -                           |

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+ See chapter 19 for defined terms.

|  |       |       |
|--|-------|-------|
| <b>Total: cash at end of quarter</b> (item 1.23) | 7,780 | 2,976 |
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**Other disclosures required by AASB 107: Cash available for use by the Group.**

**Reconciliation of funding arrangements to support the Equity Exchange operations**

|   | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Total cash at end of quarter (item 1.23)  | 7,780                      | 2,976                       |
| 5.2 Cash Deposits held for Equity Markets Compensation Arrangements.  | (1,700)                    | (1,700)                     |
| 5.3 Cash Deposit held while National Stock Exchange of Australia is registered as a General Settlement Participant of ASX Settlement Pty Ltd. | (500)                      | (500)                       |
| 5.4 Other Bank Guarantees (as detailed below)   | (28)                       | (28)                        |
| <b>Total: cash on hand and at bank (item 4.1)</b>   | <b>5,552</b>               | <b>748</b>                  |

**Item 5.2 - Equity Markets 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 minimum cover required by the Licence is \$800,000. The source for the cover is a Fidelity Fund and a Letter of Credit as allowed by the Act. The Fidelity Fund currently has over \$500,000 on deposit. To support the Letter of Credit the National Stock Exchange of Australia Limited has provided a cash deposit of \$700,000. There is currently excess funds to the cover required in the compensation arrangements.

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. The minimum cover required by the Licence is \$1,000,000. The sources for the cover is a Fidelity Fund and a Letter of Credit as allowed by the Act. The Fidelity Fund currently has over \$50,000 on deposit. To support the Letter of Credit NSX Limited has provided a cash deposit of \$1,000,000 on behalf of SIM VSE. There is currently excess funds to the cover required in the compensation arrangements.

Therefore \$1,700,000 is not available cash for use by the NSX Group as working capital. Interest earned from the cash deposits is available for working capital purposes.

**Item 5.3 - General Settlement Participant Requirements**

As part of the requirements for the National Stock Exchange of Australia (NSXA) to be registered as a General Settlement Participant for the purposes of ASX Settlement Pty Ltd Operating Rules (ASXOR 4.3.13) NSX has to lodge a Settlement Bond in the form of a Bank Guarantee with ASX Settlement. The amount of the settlement bond is \$500,000 and is used to compensate ASX Settlement if and only if NSX, as a Settlement Participant, breaches any rule that causes ASX Settlement to suffer or incur any losses or damages as a result of that breach.

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Therefore \$500,000 is not available cash for use by the NSX Group as working capital. Interest earned from the cash deposits is available for working capital purposes.

**Item 5.4 - Rental Bonds**

As at 31 December 2015 NSX limited had in place a bank guarantee for the rental of premises in Newcastle and also a bank guarantee for credit card facilities totalling \$28,000. From 4 January 2016 the bank guarantee for the credit card facility was no longer required and has been closed leaving \$15,000 for the purposes of the rental bond. NSX continues to operate a credit card facility.

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: .....Michael Cox..... Date: 29 January 2016.....  
(Director)

Print name: .....Michael Cox.....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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