

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C CASHFLOW STATEMENT

Sydney, NSW – NSX Limited (ASX: NSX) submits the following activities and Appendix 4C Cashflow Statement for the period ended 31 March 2018.

Group Cash Flow Activities

\$0.8 million net cash outflow for the March quarter, a \$0.3 million improvement from the December quarter.

\$2.0 million net cash outflow for the year to date, a \$0.5 million increase when compared to the prior year comparable figure (PCP) of \$1.4 million net outflow, driven primarily by the receipt of an abnormally large invoice (of \$0.5 million) in the PCP.

Cash at bank post balance date but pre-reporting date includes the release into working capital of \$1.0 million previously held as collateral for the IR Plus market license.

Cash Flow by Business Unit

National Stock Exchange of Australia Cash Flow Activities:

- \$2.2 million in cash Receipts from Customers for the year to date is \$0.5 million (17.9%) lower than the PCP predominantly due to an abnormally large customer receipt of \$0.5 million in the PCP, but in line with expectations.
- \$1.7 million in cash Payments for Staff for the year to date is a \$0.3 million (13.7%) lower spend than the PCP. This is primarily driven by the occurrence of redundancy payments in the PCP, net of new staff members under the restructured organization.
- \$2.4 million in cash Payments for Administration and Corporate costs for the period, is \$0.3 million (15.0%) higher than the PCP. This reflects the go-forward footprint following the substantial restructure of our operations, and our investment into technology, security and compliance, and enhanced distribution models.
- Net Investing cash out flows for the year to date are \$55,373. This is \$0.5 million less spend than the year to date PCP of \$0.6 million.

IR Plus Cash Flow Activities:

- Payments for staff of \$0.2 million was 50% higher than the pcp due to multiple pay periods falling in the period.
- Payments for Administration and Corporate costs for the period of \$25,000 are 50% down on the pcp due to the wind down of operations.

Business Activities by Business Unit

National Stock Exchange of Australia Business Activities

During the quarter:

- Patersons, State One Stockbroking, Ord Minnett and Morgans all live and trading NSX listed securities using IRESS. Bell Potter, Baillieu Holst, OpenMarkets and Macquarie Bank are expected to commence in the current quarter.
- NSX also anticipates the addition of two new brokers to the exchange who will commence trading using the IRESS platform.
- PWC review of NSX's market operations was completed. The findings of their investigations were in full satisfaction of the recommendations made by ASIC.
- Terms for the licensing agreement with South Pacific Stock Exchange were negotiated and extended for a further two years.

30 April 2018

ASX Market
Announcements
Office

ASX Limited

20 Bridge St,
SYDNEY NSW 2000

- NSX has received enquiries for similar services from other markets and is in discussions regarding the scoping of the opportunity.
- NSX has commenced formal engagement with ASX regarding access to the Trade Acceptance Service for the National Stock Exchange of Australia following extensive engagement with ASX and market and competition regulators.
- NSX has finalized and agreed scoping requirements with the foundation NSX Private Markets customer. The commercial terms are expected executed in Q4 of FY18.
- Development of an online trading app for NSX listed securities by an existing NSX broker is complete and is expected to launch in the current quarter.
- 3 new Nominated Advisors were approved during the March Quarter, bringing the total number of Nominated Advisors to 46.

IR Plus Securities Exchange Business Activities

During the quarter:

- The decision was made to wind up the operations of IR Plus.

For further information on the financial aspects of the activities please refer to the attached Appendix 4C or contact:

Ann Bowering
Managing Director and CEO
NSX Limited
ann.bowering@nsx.com.au

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/0 9/16

Name of entity

NSX Limited

ABN

33 089 447 058

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	144	2,233
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing		(24)
(d) leased assets		
(e) staff costs	(429)	(1,737)
(f) administration and corporate costs	(563)	(2,406)
1.3 Dividends received (see note 3)		
1.4 Interest received	10	37
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (Lease incentive received)		
1.9 Net cash from / (used in) operating activities	(838)	(1,897)

* This balance reduced by \$1.0 million post quarter end
~ This balance increased by \$1.0 million post quarter end
+ See chapter 19 for defined terms
1 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(55)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(3)	(55)

Item 2.1(a) – Capital Equipment

Expenditure on capital equipment required for the new offices at 1 Bligh Street and also for new systems to support the equity markets.

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	-	-

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1 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,802	4,913
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(838)	(1,897)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3)	(55)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of quarter	2,961	2,961

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	92	442
5.2 Call deposits	669	1,160
5.3 Bank overdrafts		
5.4 Other (provide details)	2,200	2,200
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,961	3,802

Item 5: Other disclosures required by AASB 107: Cash available for use by the Group.

Reconciliation of funding arrangements to support business operations

	Current quarter \$A'000	Previous quarter \$A'000
5.6 Total cash at end of quarter (item 4.6)	2,961	3,802
5.7 Cash Deposits held for Equity Markets Compensation Arrangements.*	(1,700)	(1,700)

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5.8 Cash Deposit held while National Stock Exchange of Australia is registered as a General Settlement Participant of ASX Settlement Pty Ltd.	(500)	(500)
Total: cash on hand and at bank (items 5.1 and 5.2) ~	761	1,602

Item 5.7 - Exchange 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 sources for the cover is a Fidelity Fund and also a Letter of Credit as allowed by the Act. The Fidelity Fund currently has over \$520,000 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. The cash balances for the NSXA Fidelity Fund are not consolidated with NSX accounts above.

As part of the IR Plus Securities Exchange Limited's (IR Plus) Australian Financial Markets Licence, IR Plus operates investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the Corporations Act 2001. The minimum cover required by the Licence is \$1,000,000. The sources for the cover is a Fidelity Fund and also 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.

On 27 February 2018 the IR Plus license was cancelled. As a result, whilst still in place as at 31 March 2018, the Compensation Arrangements in accordance with Part 7.5 Division 3 of the Corporations Act 2001 were no longer required. The \$1,000,000 provided by the National Stock Exchange of Australia was released to NSX Limited on 24 April 2018.

Therefore, as at 31 March 2018, \$1,700,000 was not available cash for use by the NSX Group as working capital, however post quarter end date, \$1,000,000 was returned back into NSX Limited's working capital account.

Interest earned from the cash deposits is available for working capital purposes.

Item 5.8 - General Settlement Participant Requirements

The National Stock Exchange of Australia (NSXA) is registered as a General Settlement Participant for the purposes of ASX Settlement Pty Ltd Operating Rules (ASXOR 4.3.13). As part of these arrangements NSX has lodged 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.

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	124
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Includes payments to Ann Bowering both as a director and Managing Director of the Company along with Michael Cox, Thomas Price and Weiguo Shen as Directors of the company.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	NIL
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	500
9.6 Administration and corporate costs	700
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	1,200

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Sign here:Michael Cox.....
(Director/~~Company secretary~~)

Date:30 April 2018...

Print name:Michael Cox.....

Notes

- 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

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3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.