

15 July 2015

NexGen Due Diligence Completed

Independent Expert Validates Technology, Outstanding Results Achieved

- Successful completion of Due Diligence regarding the acquisition of NexGen Networks Limited (NGN)
- Over 1,400 tests conducted in a 96-hour period, processing over 13.8 GB of data across key market channels
- Tests conducted demonstrate considerable data transfer optimisation across video, audio and file transfers
- Outstanding results achieved within testing environment and throughout testing period:
 - Increased speed transfers of over 100%;
 - Peaks over 300%; and
 - Minimum data savings of 18% with peaks as high as 42%
- Commercialisation strategy planning to commence immediately, with further plans to monetise and roll out technology in coming months with clear milestones in place
- Testing highlighted further potential and new opportunities within the enterprise sector – I.T enterprise spend estimated to reach \$3.9 trillion globally by the end of 2015
- Significant market opportunity for NexGen technology, addressing initial target of over 3 Billion Smartphone and Tablet Users globally
- NexGen is currently operating in alpha mode; the next milestone includes the delivery of a further optimised Beta Application on Android in Q4 2015

VTX Holdings Limited (ASX: VTX) ("**VTX**" or the "**Company**") today announces it has successfully completed the due diligence regarding the acquisition of NexGen Networks Limited (**NGN**), as announced on 16 June 2015.

On 2 July 2015 the Company appointed Mr. Cam Worth, as an Independent Technical and Commercial Advisor to the board to advise on the technology potential and commercialisation strategy of NexGen.

The Company is pleased to announce today that by way of a formal review of the technology and an extensive testing regime under controlled conditions, performed by Mr Worth, VTX has successfully completed its due diligence.

This review and testing has provided validation of NGN's technology and unique ability to optimise network performance, delivering significant efficiencies and improvements in transfer speeds and reducing data usage when transferring data between devices.

The technology has been shown to work effectively on video data and over encrypted connections, opening up significant opportunities based on the current global demand for digital video content and secure / private data exchange over the Internet.

Further tests will be performed across streaming Audio and Video platforms such as iTunes, YouTube and Netflix, with considerable data speed and efficiency improvements expected as further development is carried out on the software. This will include hardware optimisations that have yet to be explored and are expected to yield significant gains.

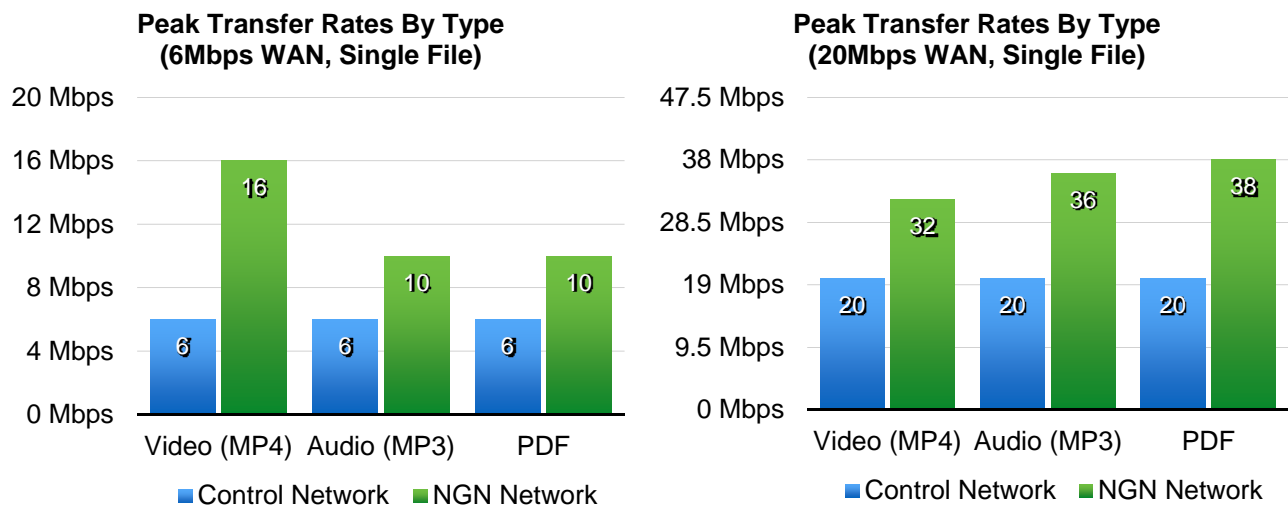
Testing was conducted within a closed virtualised lab environment, prepared specifically for the testing period. The tests utilised wide area network (**WAN**) emulation technologies to simulate Internet conditions.

To complement the testing environment third-party software was commissioned to assist in consistently running both the test and control scenarios and accurately capturing results.

Over 1,400 tests were conducted over a 96-hour period and were verified across a range of network scenarios, including simulated web browsing and single file and multiple file transfers. The scenarios were designed to gain insight into how the system would perform under everyday heavy Internet usage conditions.

The tests were conducted in a virtualised environment using a Control Network. An optimised network ran the NGN system and the Control Network imitated a standard Internet connection, setting the benchmark. The results below demonstrate the optimisation of the system's ability to transfer larger amounts of data at increased speeds.

Comparative Testing Results – NGN Network vs Control Network (Megabits per second)



Key results observed during testing:

- 13.8 GB of data successfully processed via the NGN system
- Total transfer of the data reduced to 11.29 GB on the NGN optimised network (representing an 18% reduction in data usage when compared to a standard Internet connection)
- Peak data transfer optimisation of 42% recorded when streaming/downloading uncompressed audio files

- ADSL transfer speeds improved by over 100% and demonstrated peaks of circa 300% (6Mbps WAN transferring at 12.2Mbps) when transferring MP3, MP4 and PDF files
- Peak improvements in download speeds over HTTPS of 83.17%
- Optimisation of compressed video (MP4) and audio (MP3) files exposes a significant opportunity to increase speeds across popular streaming media platforms such as Netflix and iTunes
- Significantly improved individual transfer rates under concurrent load when compared to Control Network (improved network speeds when more than one person uses the data)

Mr. Cam Worth, Independent Advisor, commented:

"The NGN system has delivered impressive results under test conditions. Even under load, and over encrypted channels the results demonstrated optimisation and efficiencies beyond levels currently in the market. NGN have an exciting opportunity in data transfer optimisation as demand grows for quicker transfer speeds at lower data levels."

Market Opportunity

Successful optimisation of compressed video, imagery and audio over the HTTPS protocol opens significant opportunities within the video streaming market. The combination is expected to enable increased transfer speeds and higher quality of videos on popular platforms such as Netflix, YouTube and Facebook. This will drive higher value into developed markets looking to improve the quality of customer experience when accessing these platforms.

Next steps for NGN will focus on the development of the mobile application front-end for the platform to be delivered to the Android marketplace initially, with development of the beta application already underway. Android OS currently claims 81.2% of the global market, with Apple iOS taking 14.8% in 2014 (Source: *International Data Corporation*).

Improvements to the network contention ratio (number of users sharing the same data capacity) and multiple transfer potential enables network operators to carry greater numbers of users on existing infrastructure, exposing further enterprise market opportunities, not previously expected or evaluated. This is a considerable opportunity within the enterprise market, which is estimated to spend US\$3.9 trillion on I.T in 2015 (Source: *Gartner*).

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ABOUT NEXGEN NETWORKS

NexGen is a New Zealand based software technology company founded in 2013, by experienced technology entrepreneurs and retail executives Jason Gitmans and Robert Pole.

NexGen has developed cutting edge software technology, which uses intelligent customised algorithms to optimise data flow between devices and facilitates faster speeds on existing hardware. The ability to deliver such optimal results is due to NexGen's customised virtual based technology, which re-directs data through to its own proprietary server, delivering faster and more efficient data usage to each user through existing infrastructure.

INDEPENDENT TECHNICAL ADVISOR – MR CAM WORTH

Technical information contained in the announcement has been prepared under the supervision of Mr Cam Worth of Simplisite Business Solutions - a specialist web, software & IT solutions provider. As announced on 2 July 2015, Mr Worth has been engaged as Technical and Commercial Advisor to the Board of VTX. Mr Worth has led projects across multiple jurisdictions and successfully launched platforms and deployed large-scale business intelligence systems in multiple markets. He has extensive experience in the design and development of web-based software solutions and has consulted extensively in software development and cloud solutions. Mr Worth also acts as an Industry Representative, in Communication and Cultural Studies for Curtin University, Western Australia. Mr Worth consents to the inclusion in this report of the information in the form and context in which it appears.