

MARKET RELEASE

Quarterly Activities Report and Appendix 4C Cashflow Statement

31 July 2013

Sydney, NSW – NSX Limited (ASX: NSX) NSX submits the following activities and appendix 4C cashflow statement for the period ended 30 June 2013.

Highlights

- Net Cash outflow (including financing activities) for the quarter ended 30 June 2013 was \$89,000 (previous quarter outflow \$351,000);
- The closing balance for working capital is \$205,000 at the end of quarter;
- A 1 for 8 Entitlement Offer at 20 cents to raise up to \$2.5million was closed on 30 April raising a total of \$677,000. The Board wishes to confirm that the Shortfall Facility as part of the entitlement Offer is closed. No shares are to be issued under the shortfall facility;
- A funding loan from Financial and Energy Exchange Limited (FEX) that was entered into in March 2013 was closed after utilising \$270,000;
- A Funding Guarantee Deed has been entered into by NSX with Financial and Energy Exchange Limited (FEX) to fund the operating expenses of the company (more details are provided below);
- Enquiry levels from companies wishing to list and brokers wishing to join have increased from the previous period with six new brokers approved on NSXA and two new broker on SIMVSE markets;
- NSX via its SIMVSE Joint Venture made a small equity investment in Financial News Network.

NSX Limited Corporate Activities

- The net cash outflow for the quarter was \$89,000 (previous quarter: outflow \$351,000).
- The Board closed the entitlement offer on 30 April which raised \$677,000 in funds for the Company.
- A funding agreement with FEX was closed in May.
- The Board was unable to place the remaining shares as part of the entitlement issue and subsequently the shortfall facility has been closed.
- The Board has negotiated additional funding with its major shareholder, Financial and Energy Exchange Limited (FEX) via a Funding Guarantee Deed ("Guarantee"). The Guarantee will provide for the payment of the operating costs of NSX each month as required with a minimum being \$220,000. The agreement can be terminated at any time by either party giving one calendar month's notice. Repayment of the facility is at the discretion of NSX and can be made in the way of cash or shares subject to ASX listing rules, the Corporations Act and Shareholder approval.

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

During the quarter:

- There was one pending listing application;
- There was one nominated adviser application pending and one application approved, Curwoods Lawyers;
- There are three applications pending for Broker Participant status and six broker applications were approved being Vertical Capital Markets (t/a Vertical Financial Solutions), CPS Capital, Veritas Securities, New York Securities, Affinity Wealth Services and Alpha Broking;
- NSX's pipeline of potential listings, broker applications and adviser applications remains solid despite the difficult market.

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

During the quarter:

- There is one listing application pending;
- There were two broker applications approved being Affinity Wealth Services and Veritas Securities.
- The Joint Venture partners agreed to an equity investment in Financial News Network (FNN www.finnewsnetwork.com.au) of \$250,000 to be paid in two tranches. The first tranche of \$100,000 was paid during the quarter. (item 1.09b)
- To date \$990,000 in funding remains available to be received by the Joint Venture. (more detail may be found in the attached Quarterly Cash Flow Appendix 4C disclosure).

For further information please contact

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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")

30 June 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	112	1,207
1.2 Payments for		
(a) staff costs	(275)	(1,272)
(b) advertising and marketing	(1)	(36)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(353)	(1,647)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21	97
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	(1)
Net operating cash flows	(495)	(1,651)

+ See chapter 19 for defined terms.

Appendix 4C
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admitted on the basis of commitments

	Current quarter \$A'000	Year to date (...12.. months) \$A'000
1.8 Net operating cash flows (carried forward)	(495)	(1,651)
Cash flows related to investing activities		
1.9 Payment for acquisition of:	-	-
(a) businesses (item 5)	-	-
(b) equity investments	(100)	(100)
(c) intellectual property	-	-
(d) physical non-current assets	(1)	(3)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:	-	-
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	10
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	(101)	(93)
Net investing cash flows		
1.14 Total operating and investing cash flows	(596)	(1,744)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	507	507
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	207
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
	507	777
Net financing cash flows		
Net increase (decrease) in cash held	(89)	(967)
1.21 Cash at beginning of quarter/year to date	2,520	3,398
1.22 Exchange rate adjustments to item 1.20	-	-
	2,431	2,431
1.23 Cash at end of quarter		

Notes to items 1.09b and 1.15

The amount in item 1.15 is made up of a combination of the net results of the Entitlement Offer and funding contribution to the SIMVSE Joint Venture as follows:

Entitlement Offer (item 1.15)

The non-renounceable entitlement offer was closed on 30 April 2013 under-subscribed. The NSX

+ See chapter 19 for defined terms.

collected proceeds of \$406,928.20. To date, NSX has received no applications to the shortfall and will proceed to close the shortfall effective 31 July 2013.

SIM Venture Securities Exchange Joint Venture Funding

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.

During the period FEX contributed \$100,000 as part of the financing arrangements. (item 1.15)

The Joint Venture partners agreed to an equity investment in Financial News Network (FNN www.finnewsnetwork.com.au) of \$250,000 to be paid in two tranches. The first tranche of \$100,000 was paid during the quarter. (item 1.09b)

To date \$990,000 in funding remains available to be received by 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 \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	\$40.246
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.	

+ See chapter 19 for defined terms.

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

-

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Funding agreement with Financial and Energy Exchange Limited (FEX)

As announced on 27 March 2013, NSX has entered into a funding agreement with FEX where FEX would fund the operating expenses of NSX for April and May 2013 while the Entitlement Offer is open. As reported in the last cash flow report, on 28 March FEX contributed \$270,000 towards NSX's April expenses. NSX had expected an additional payment under the funding agreement to be made in May. However the NSX entitlement Offer was closed by the Board on 30 April and NSX gained access to the funds received under the Entitlement Offer.

The funding agreement with FEX was terminated in May and no further funds were drawn down.

Of the funds received from FEX (\$270,000), FEX requested to have these funds applied to its allocation in the Entitlement Offer. Therefore total proceeds of the entitlement Offer were \$676,928.20.

+ See chapter 19 for defined terms.

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 \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	205	294
4.2 Deposits at call	2,226	2,226
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	2,431	2,520

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

Compensation Funds

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.

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.

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

Settlement Bond

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 with ASX Settlement. The amount of the bond is \$500,000 and is used to compensate ASX Settlement if a Settlement Participant (in this case NSX) breaches any rule that causes ASX Settlement to suffer or incur any losses or damages as a result of that breach. The bond was established in May 2012.

Rental Bonds

NSX limited has in place a bank guarantee for the rental of premises in Newcastle and also a bank guarantee for credit card facilities totaling \$25,329.

Deed of Funding Guarantee

On 31 July 2013, NSX and Financial and Energy Exchange Limited (FEX) entered into a Deed of Funding Guarantee whereby FEX would fund NSX's operating costs to a minimum of \$220,000 per month as and when required by NSX.

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Appendix 4C
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The following table details the impact of the bank guarantee arrangements on NSX Limited's current cash balances available for use.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Total cash at end of quarter (item 1.23)	2,431	2,520
5.2 Deposits held for Equity Markets Compensation Arrangements.	(1,700)	(1,700)
5.3 Deposits held while National Stock Exchange of Australia is registered as a General Settlement Participant of ASX Settlement Pty Ltd (activated May 2012)	(500)	(500)
5.4 Other Bank Guarantees (as detailed above)	(26)	(26)
Total: cash available for use by the Group at the end of the Quarter	205	294

Current Working Capital

As of 31 July the current cash working capital balance is defined as follows:

	July \$A'000
6.1 Total cash at 30 June (item 1.23)	2,431
6.2 Deposits held for Equity Markets Compensation Arrangements.	(1,700)
6.3 Deposits held while National Stock Exchange of Australia is registered as a General Settlement Participant of ASX Settlement Pty Ltd (activated May 2012)	(500)
6.4 Other Bank Guarantees (as detailed above)	(26)
6.5 Funding guarantee drawn down from FEX	-
6.6 Net increase in cash from operations during July	337
Total: cash available for use by the Group at the end of July	542

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