

MARKET RELEASE

Quarterly Activities Report and Appendix 4C Cashflow Statement

19 January 2017

Sydney, NSW – NSX Limited (ASX: NSX) NSX submits the following activities and appendix 4C cashflow statement for the period ended 31 December 2016.

NSX Limited Corporate Activities (“NSX”)

- The net cash outflows for the quarter was \$1,267,000 (previous quarter: inflow \$321,000).
- The difference between the net cash balances as at 31 December 2016 and 31 December 2015 was a net outflow of \$1,900,000.
- Cash receipts from customers were \$464,000 in the quarter compared to the previous December 2015 quarter of \$186,000 or an increase of \$278,000.
- The increase in cash outflows was due to payment of redundancies during the quarter for staff in the Melbourne and Newcastle offices, the costs of the development of the NSX offices at Bligh Street, Sydney and CAPEX associated with the establishment of the NSX trading platform in a new data centre in Sydney. In relation to the Bligh Street office NSX expects to recoup \$272,764 as part of the fitout arrangements.

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

During the quarter:

- From 1 October 2016 until 31 December 2016 four companies were approved to list with several applications pending at the end of the quarter.
- There were two adviser applications approved – Mills Oakley and HWL Ebsworth.

IR Plus Securities Exchange Incorporated Joint Venture

During the quarter:

- Further work was completed on the re-launch of the exchange.
- There were no new listings or participants approved.

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

Ann Bowering
Managing Director
NSX Limited

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, 01/09/16

Name of entity

NSX Limited

ABN

33 089 447 058

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...6...months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	464	1,881
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(1,147)	(1,542)
(f) administration and corporate costs	(605)	(1,352)
1.3 Dividends received (see note 3)		
1.4 Interest received	21	67
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,267)	(946)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...6...months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(351)	(640)
(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	(351)	(640)

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	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...6...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	7,498	7,466
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,267)	(946)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(351)	(640)
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	5,880	5,880

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	1,405	2,523
5.2 Call deposits	2,275	2,775
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)	5,880	7,498

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)	5,880	7,498
5.7 Cash Deposits held for Equity Markets Compensation Arrangements.	(1,700)	(1,700)
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)	3,680	5,298

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 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 IR Plus. There is currently excess funds to the cover required in the compensation arrangements. The cash balances for the Fidelity Fund are not consolidated with NSX accounts above.

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 5.8 - 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.

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.

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.		

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	471,863
9.6 Administration and corporate costs	283,609
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	755,472

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

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

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

Date:19 January 2017...

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. 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.
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.