

## **QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C CASHFLOW STATEMENT**

31 July 2018

Sydney, NSW – NSX Limited (ASX: NSX) submits the following activities and Appendix 4C Cashflow Statement for the period ended 30 June 2018.

ASX Market  
Announcements  
Office

### **Group Cash Flow Activities**

ASX Limited

- \$0.2 million (22%) improvement in net cash flows for the group in the June Quarter, compared to the previous quarter, which is also a \$0.4 million (37%) improvement on the prior comparable period (pcp).
- This improvement was driven by an increase in the cash receipts in the June quarter. Cash receipts were up \$0.2 million or 141% on the March quarter, and 11% on the pcp.
- Cash payments for operations in the June quarter (unadjusted) were consistent with the previous quarter reflecting the stable cost base.
- Net cash flows used in operating activities for the full year were (\$2.6 million) or, (\$1.9 million) when adjusted for payments associated with discontinued operations.

20 Bridge St,  
SYDNEY NSW 2000

### **Cash Flow by Business Unit**

National Stock Exchange of Australia (NSXA) Cash Flow Activities:

- \$2.6 million in cash receipts from customers for the full year in line with expectations. As previously noted, the pcp contained an abnormally high invoice (\$0.5 million), which did not reoccur in the current period, accounting for the \$0.5 million (17%) differential with the pcp.
- Receipts for the June quarter were up 141% on the March quarter to \$0.4 million. An improvement of 11% on pcp.
- Cash payments for administration and corporate costs for the full year period are down \$0.3 million to \$2.8 million, an improvement of 10.0% over the pcp. Payments for the June quarter were \$0.4 million.
- Cash payments for staff, corporate and board costs for the full year of \$1.8 million are consistent with the prior year. \$0.5 million is attributable to the June quarter.

IR Plus Cash Flow Activities:

- Cash outflows associated exclusively with IR Plus Securities Exchange Ltd were \$0.2 million for the June quarter, and \$0.6 million for the full year.

Investing Cash Flows:

- Cash payments of \$0.1 million were made in the full year for investing. This compares to \$0.7 million in payments in the pcp, predominantly in relation to the restructure and relocation of the exchange operations.

### **Business Activities by Business Unit**

National Stock Exchange of Australia Business Activities

During the quarter:

- Ord Minnett commenced trading NSXA listed securities using the IRESS order interface in June, while Morgans, Bell Potter and Open Markets commenced in July.

This change has transformed the NSXA market access model from a single point of contact using a proprietary interface (taking it from a proprietary "single point" of contact model, to a "same as ASX" model accessible by all advisors at the broker). NSXA has seen an initial increase in activity on the market with a 48% increase in orders entered/modified/deleted and trades.

- NSXA has applied to ASX Ltd for use the Trade Acceptance Service. Access to this service will enable

transactions effected through NSXA to be accepted for clearing and settlement in an identical fashion to trades executed on other cash equity markets in Australia, namely ASX and Chi-X. This delivers a standardisation of post trade processes for market participants, irrespective of which market the trade was executed on.

- NSXA has invoiced more than \$1.4 million in annual fees to issuers, advisors and brokers during July.
- One new listing was admitted to the official list during the quarter, bringing the total for the full year to 8. This activity is supported by a solid pipeline of predominantly Australian (80%) new listings, covering sectors such as Pharmaceuticals, Real Estate, Agriculture & Food, LICs and Environmental Service.
- Connectivity under development for Thomson Reuters and Bloomberg for real-time full market data connectivity, significantly enhancing the existing arrangements with these two major data vendors.
- Resignation of AAP Securities and Dolphin Partners as participants of NSXA due to the increased capital and regulatory requirements applicable under the Market Integrity Rules.
- Final vendor assessment for the NSX Private Markets platform, associated regulatory assessment and customer engagement is being progressed and finalised.

#### IR Plus Securities Exchange Business Activities

During the quarter:

- Expiration of the run off period for compensation arrangements.

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](mailto: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")**

30 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	347	2,580
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	(654)	(2,391)
(f) administration and corporate costs	(366)	(2,772)
1.3 Dividends received (see note 3)		
1.4 Interest received	18	55
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)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(655)</b>	<b>(2,552)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(55)</b>

<b>3. Cash flows from financing activities</b>		
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)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,961	4,913
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(655)	(2,551)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(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		
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>2,307</b>	<b>2,307</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	333	92
5.2 Call deposits	774	669
5.3 Bank overdrafts		
5.4 Other (provide details)	1,200	2,200
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,307</b>	<b>2,961</b>

**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)	2,307	2,961
5.7 Cash Deposits held for Equity Markets Compensation Arrangements.	(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)
<b>Total: cash on hand and at bank (items 5.1 and 5.2)</b>	<b>1,107</b>	<b>761</b>

### 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.

Therefore \$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 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. <b>Financing facilities available</b> <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. <b>Estimated cash outflows for next quarter</b>	\$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	600
9.6 Administration and corporate costs	650
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>1,250</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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..... Date: .....31 July 2018...  
(Director/~~Company secretary~~)

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.