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ABN: 33 089 447 058

# **NSX Limited**

## **Notice of Annual General Meeting 2007**

**Monday 15<sup>th</sup> October 2007, 2.00pm**

**Innovation @ 257**  
Level 1,  
257 Collins Street  
Melbourne, VIC 3000

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# Notice of Annual General Meeting 2007

NSX Limited ("NSX" or "the Company") will hold its 8<sup>th</sup> Annual General Meeting at **2.00 pm** (Melbourne time) on **Monday 15<sup>th</sup> October 2007**, at Innovation @ 257, Level 1, 257 Collins Street, Melbourne, VIC 3000.

## Business

### NSX's Financial Statements and Reports

To receive and consider/discuss the

- a. financial report;
- b. directors' report;
- c. remuneration report; and
- d. auditor's report

for NSX and its controlled entities for the year ended 30 June 2007.

*Note: Reports are tabled at the meeting. Shareholders are not required to vote on this item. Sufficient time will be allowed at the meeting to discuss the reports and to ask questions of the auditor.*

### Adoption of Remuneration Report

To consider and if thought fit, to pass the following ordinary resolution:

- 1 "That the remuneration report for the financial year ended 30 June 2007 be adopted."

*Note: The vote on this item is advisory only and does not bind the directors or the Company. However the outcome of the vote on the report will be taken under advisement by the directors when formulating future remuneration policies.*

### Purchase of The Water Exchange Pty Ltd and Settlement and Registry Services Limited (WEX, S&RS)

To consider and if thought fit, to pass the following ordinary resolution:

- 2 "That pursuant to ASX listing rule 7.1 shareholders approve the issue of 20,250,000 shares in NSX Limited as consideration for the purchase of the whole of the issued capital of Watergroup Management Pty Ltd"

*Note: Information on this transaction is provided as part of the explanatory memorandum attached to this notice of meeting.*

### **Employee Incentive Scheme (EIS)**

To consider and if thought fit, to pass the following ordinary resolution:

- 3 “Pursuant to ASX Listing Rule 10.14 that the NSX Employee Incentive Scheme (“EIS”) be approved.”
  
- 4 “That pursuant to ASX listing rule 7.2 exception 9 shareholders approve the issue of securities under the Employee Incentive Scheme for 3 years.”

*Note: A document containing the terms and conditions of the EIS is attached to this notice of meeting for the information of shareholders.*

### **Election of Directors**

To consider and if thought fit, to pass the following ordinary resolutions:

- 5 That Hugh Robertson, who retires by rotation, is re-elected as a director of NSX. That Hugh Robertson, retiring by rotation in accordance with section 12.4 of the Company’s Constitution and ASX Listing Rule 14.4, being eligible, offers themselves for re-election, be re-elected as a director of the Company.
  
- 6 That Ian Mansbridge, who retires by rotation, is re-elected as a director of NSX. That Ian Mansbridge, retiring by rotation in accordance with section 12.4 of the Company’s Constitution and ASX Listing Rule 14.4, being eligible, offers themselves for re-election, be re-elected as a director of the Company.

By Order of the Board

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**Scott Evans,**  
**Company Secretary**  
**11<sup>th</sup> September 2007.**

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## NOTES TO NOTICE OF MEETING

### VOTING ENTITLEMENTS

For the purposes of this General Meeting, in accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Board of Directors has determined that a member's entitlement to vote at the Annual General Meeting will be the entitlement of that member set out in the register of members as at 2.00pm Thursday 11<sup>th</sup> October 2007 (AEST). Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the general meeting.

### VOTING EXCLUSION STATEMENT

Pursuant to ASX Listing Rule 7.3.8 a voting exclusion statement has been included.

Brian John Peardon, Irrico Pty Ltd, Brian John Price, Ironmountain Entertainment Pty Ltd, Ironmountain Pty Ltd and Financial and Energy Exchange Limited, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed have been excluded from voting on resolution 2 above.

As some directors and senior officers of the company may derive a benefit from the Employee Incentive Scheme they are not entitled to vote on Resolutions 3 and 4. The current directors excluded from voting are: Richard Symon. Ian Mansbridge, Hugh Robertson and Michael Cox are not excluded from the voting on the EIS as they derive no benefit having been excluded from the EIS. The current senior managers who derive a benefit from the EIS and are excluded from voting are: Ian Craig and Scott Evans.

### EXCEPTION TO VOTING EXCLUSION STATEMENT

NSX need not disregard a vote in accordance with the above exclusion statement if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with direction on the proxy form to vote as the proxy decides.

### PROXIES

- (a) A member entitled to attend and vote at a meeting is entitled to appoint not more than 2 proxies.
- (b) Where more than 1 proxy is appointed, each proxy may be appointed to represent a specified portion of the member's voting rights. The Company will supply an additional form on request. If 2 proxies are appointed and a proportion is not specified, each proxy is deemed to vote in respect of half the appointer's shares.
- (c) A proxy need not be a member of the Company.
- (d) A proxy form must be signed by the member or his or her Attorney. Proxies given by corporations must either be signed under seal or under the hand of a duly authorised Officer or Attorney.
- (e) To be valid, the form appointing the proxy and the Power of Attorney or other authority (if any), under which it is signed or authenticated or a certified copy must be lodged at the Registered Office of the Company (stated on the first page of this form) not later than 48 hours before the time for holding the meeting.

## PROXY INSTRUCTIONS

- (a) To direct the proxy to cast all votes covered by this instrument in a particular manner, place a tick or a cross in the relevant box.
- (b) To direct the proxy to cast some only of the votes covered by this instrument in respect of an item of business in a particular manner, place in the relevant box either the number of votes to be cast in that manner on a poll or the percentage of total votes covered by this instrument to be cast in that manner on a poll. This direction, if given, is also an instrument to the proxy to vote according to the proxy's discretion on a show of hands.
- (c) Unless the proxy is directed, he or she may vote or abstain as he or she thinks fit.

## ATTENDING THE MEETING

If attending the meeting, please bring along your personalised proxy form with you. The bar code at the top of the form will help you to register. If you do not bring your form with you, you will still be able to attend the meeting but representatives from Registries Limited will need to verify your identity. You will be able to register from 1.30 pm on the day of the meeting.

## CORPORATE SHAREHOLDERS

Corporate shareholders who wish to appoint a representative to attend the meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the company's representative. The authorisation may be effective either for this meeting only or for all meetings of NSX.

## EXPLANATORY NOTES

These explanatory notes have been prepared to assist shareholders to understand the business to be put to Shareholders at the Annual General Meeting.

### NSX's financial statements, reports and shareholder questions

The financial report, Directors' Report, Remuneration Report and Auditor's Report for NSX for the year ended 30 June 2007 will be laid out before the meeting. There is no requirement for shareholders to approve those reports. However, the Chairman will allow a reasonable opportunity for shareholders to ask questions or make comments about those reports and the management of NSX. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

### Resolution 1: Adoption of the remuneration Report

Shareholders are required to vote on the remuneration report.

The Remuneration Report is contained within the Director's Report of the Company's 2007 Annual Report including the required presentation of the remuneration tables referred to in the report and set out in note 23 of the financial statements. A summary table of requirements of Section 300A of the Corporations Act is also provided within the Remuneration Report.

The vote on this proposed resolution is advisory only and will not bind the directors or the Company. However, the board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

The board unanimously recommends that the shareholders pass the resolution to adopt the Remuneration Report.

Resolution 2 : Purchase of Water Group Management Pty Ltd

For further information on this purchase please read the attached Explanatory Memorandum.

Resolutions 3 & 4: Employee Incentive Scheme ("EIS")

For details on the Employee Incentive Scheme please read the attached documents ("NSX Employee Incentive Scheme Terms and Conditions"). In compliance with ASX Listing rule 7.2 exception 9 the following information is provided.

**Purpose of the EIS:**

The primary purpose of the grant of the Options and Shares is to provide an incentive for the Directors to maintain their future involvement, commitment and loyalty to the Company. The issue of the Options and Shares will also act as a strong incentive to align the employee interests with the Company's strategic plan of seeking improved performance, growth and better returns for Shareholders..

Given the purpose, the Director(s) do not consider that there is any opportunity cost or benefit foregone to the Company in granting the Options proposed by Resolutions of the Annual General Meeting. The Director(s) consider that the incentive represented by the grant of the Options, is a cost effective and efficient incentive when compared to other forms of incentive such as cash, bonuses or greater remuneration.

As declared in the Annual Report, the CEO's remuneration package includes both Short Term Incentive (STI) components and Long Term Incentive Components (LTI). The Board proposes to reward Mr Symon for achieving STI and LTI targets with reference to the EIS.

Short Term Incentive Plan

The CEO is entitled to a Short Term Incentive (STI) Plan which is determined by the Board. The target award opportunity will be equivalent to 30% of annual base pay, with a maximum award opportunity equivalent to 150% of the target award. Awards under the STI Plan will be considered at the end of the financial year and will be based upon the satisfaction of performance hurdles over that financial year. These hurdles will be set by the Board and will relate to both the financial performance of the Company and non-financial measures. Awards under the STI Plan are at the discretion of the Board and there is no guarantee of either a payment being made or a payment being made at any particular level. STI Plan will not be considered for superannuation purposes.

Long Term Incentive Plan

The Long Term Incentive (LTI) Plan is in the form of equity instruments with a fair value (as determined by AASB2) equivalent to 30% of the CEO's Base salary. The final quantum and detailed plan design is to be determined by the Board and will require approval by Shareholders. The timing of any awards under the LTI Plan depends upon legal and corporate governance considerations affecting the Company.

**Securities to be issued under the EIS:**

The key details of the Options to be granted by the company to the Director(s) are as follows:

Director	Number of Options	Price per Option	Exercise Price	Expiry Date	Vesting Period	Performance Hurdles	Grant Date
Richard Symon	413,971	No consideration is payable in respect of the grant of the Options.	\$0.50 cents per option	On or before 15th October 2017	3 years from Grant date	A combination of Revenue Growth Earnings before Interest and Tax and Total Shareholder Return Improvement	15 <sup>th</sup> October 2007

A further 737,387 Options will be granted to other Executives of NSX on terms similar to the above, except for the Grant date which will be the 16<sup>th</sup> October 2007.

The key details of the Shares under the EIS to be granted by the company to the Director(s) are as follows:

Director	Number of Shares	Value of Shares	Price per Share	Vesting Period	Performance Hurdles	Grant Date
Richard Symon	11,628	\$5,000	No consideration is payable in respect of the grant of the Shares.	3 years from Grant date	A combination of Revenue Growth Earnings before Interest and Tax and Total Shareholder Return Improvement	15 <sup>th</sup> October 2007

The value of the shares is based on a price of \$0.43 per share.

A further 34,884 of Shares will be granted to other executives and employees of NSX on terms similar to the above.

**The Number of securities issued under the EIS since the date of the last approval:**

As this is the first plan that NSX has initiated there have been no securities issued to date.

Details of any securities issued under the EIS will be published in each annual report of the Company relating to a period in which the securities have been issued, and that approval for the issue of securities was obtained under listing rule 10.14.

Resolutions 5 and 6: Election of Directors

Resolutions 5 and 6 above relate to the election and re-election of directors.

Pursuant to ASX listing rules 14.4 and 14.5 and NSX's constitution section 12.4, a director must not hold office without re-election past the third annual general meeting following the director's appointment or three years which ever is longer or at least one-third of the existing director's must retire by rotation irrespective of when they were appointed. A director who retires in accordance with these requirements may offer themselves for re-election.

Information on directors offering themselves for election or re-election

**Name:** Ian Mansbridge  
**Term of Office:** Appointed  
**Current Office Title:** Chairman  
**Independent:** No  
**External Directorships of listed entities** Tasmanian Perpetual Trustees Limited

**Skills Experience and expertise:**

Mr Mansbridge is Chair of Sandhurst Trustees Ltd, also Community Enterprise Foundation. He is on the boards of Australian Friendly Society, Elders Rural Bank, Sunstate Licensed Mortgage Insurance, Tasmanian Banking Services, Tasmanian Perpetual Trustees Ltd and Victorian Innovation Centre Ltd. He is a member of the Federal Government's Agricultural Finance Forum. Mr Mansbridge's career has included the positions of CEO/Managing Director of Elders Rural Bank, Sandhurst Trustees Ltd and National Mortgage Market Corporation also as a General Manager of Bendigo Bank Ltd. (FCIM, CPA, FCIS, DCM)

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**Name:** Hugh Robertson  
**Term of Office:** Appointed  
**Current Office Title:** Director  
**Independent:** No  
**External Directorships of listed entities** Wentworth Mutual Limited  
Rattoon Holdings Limited

**Skills, experience and expertise:**

Mr Robertson has had 23 years experience in the Securities industry and his positions have included acting as Director of Falkiners Stockbroking Limited, Bell Potter Securities Limited and OAMPS Limited. In addition to his role as Director of NSX Limited, Mr Robertson is also currently acting as Director of Catalyst Recruitment Limited, Rattoon Limited and Wentworth Mutual Limited. Mr Robertson is a Member of the Securities and Derivatives Industry Association (SDIA).

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Board Recommendation on Directors

For the reasons set out above the non-candidate director unanimously supports the election of the directors offering themselves for re-election.