



**NSX Limited**

**Newcastle**

Ground Floor, 384 Hunter Street, Newcastle  
NSW, 2300  
PO BOX 283, Newcastle, NSW, 2300  
P: +61 2 4929 6377  
F: +61 2 4929 1556

**Melbourne**

Ground Floor, 410 Collins Street, Melbourne,  
VIC, 3000  
P: +61 3 9664 0000  
F: +61 3 9664 0011

**Canberra**

Unit 11A, 40 Brisbane Avenue, Barton, ACT 2600  
P: +61 2 6112 8123  
F: +61 8282 4528

[www.nsxa.com.au](http://www.nsxa.com.au)

[www.bsx.com.au](http://www.bsx.com.au)

[www.bsxtaximarket.com.au](http://www.bsxtaximarket.com.au)

[www.waterexchange.com.au](http://www.waterexchange.com.au)

# NSX LIMITED

ABN 33 089 447 058

and its controlled entities

## Half-Year Financial Report

Including additional  
Appendix 4D disclosures

31 DECEMBER 2007

**RELEASED**  
**26 February 2008**

# CONTENTS

	Page
<b>Half Year Review</b>	
Chief Executive Officer's Report	3
National Market Statistics	10
<b>Shareholder Information</b>	
Appendix 4D Statement	17
<b>Statutory Reports</b>	
Directors' Report	20
Auditor's Independence Declaration	22
Income Statement	23
Balance Sheet	24
Statement of Change in Equity	25
Statement of Cash Flows	26
Notes to the Financial Statements	27
Directors' Declaration	31
Independent Audit Report	32

---

*This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by NSX Limited ("the Company") during the half year reporting period in accordance with the continuous disclosure requirements of the Listing Rules of the Corporations Act 2001.*

# CHIEF EXECUTIVE OFFICER'S REPORT

## Introduction

The first six months of this financial year has seen substantial growth in the activities of NSX Limited (NSX). NSX operates two Australian Market Licences, the National Stock Exchange of Australia (NSXA) and Bendigo Stock Exchange (BSX). The BSX Taxi Market, trading in Melbourne CBD Taxi Licences, and the recently acquired WaterExchange, which facilitates the trading of water entitlements, are also assets of NSX. Together, these businesses comprise the main revenue earning divisions. NSXA and BSX rely on the support of corporate advisers, brokers and companies to effect listings on NSX Stock Exchanges. The taxi market relies on trading by taxi brokers and the water exchange relies on the demand for trading by farmers and large users of water. Revenue is generated through trading fees, fees and charges such as listing and application fees or contract fees, depending on the market.

Clearly the confidence of investors in the rigour of NSX's markets is an essential element to NSX's success. Much of the company's resources are devoted to ensuring the operation of "fair, orderly and transparent" exchanges so stakeholders have an effective mechanism for price discovery, efficient execution of transactions and certainty of settlement. The systems operating the various markets are scalable to the extent that the marginal return of future listings and trading is very positive.

The period saw growth in the number of Corporate Legal and Advisory firms joining NSXA as Nominated Advisers (NOMADs). Their applications are usually precursors to a company seeking listing, as NSXA rules require the appointment of a NOMAD prior to an application for listing being approved. As a result, the existing pipeline of 20 companies who have lodged documentation with the intention of listing equates to a combined capitalisation approaching \$700 million. Companies such as Golden Circle have advised their shareholders of their intention to list on NSXA but require shareholder approval to do so. We anticipate an exciting period ahead as the majority of companies in the pipeline list and new companies are added.

Our strategy to partner with regional and industry specific organisations to create targeted exchanges has developed interest among investors, the advisory community and companies looking at developing effective conduits to capital for growth and succession initiatives.

The opening of the FEX-SIM Exchange in September by ex-US Vice President Al Gore, provides for the first time in Australia, a dedicated exchange for sustainable and clean technologies. In October we launched the NSX Gold Coast Exchange in partnership with Business Growth Gold Coast, a not for profit organisation dedicated to economic development in the region. Other initiatives agreed through the period include exchanges in the Sunshine Coast and Geelong which are partnerships with the National Institute for Socio-Economic & Environmental Research and the Geelong Chamber of Commerce, respectively.

This is also the first period in which the NSX accounts reflect the integration of the WaterExchange (WEX) activities. As is to be expected NSX's operating expenses now reflect the expenses of WEX including staff, the Canberra office and the once off transaction expenses.

We are pleased with the trading undertaken through the WaterExchange. The combination of record water prices and the extent that rural Australia used the exchange via our broker network to trade water entitlements demonstrated its efficiency. The value of trades over the period was \$155,913,778 representing 200,735 megalitres (or 200.7 gigalitres). The efficiency of the WaterExchange is being enhanced by the initiatives of authorities and governments especially in cross-border transactions. Resources are currently being devoted to creating new water and environmental products for trading. (Note NSX took control of the WaterExchange and its subsidiaries on October 19<sup>th</sup>, 2007).

The highlights for the operating divisions are as follows:

- Revenue – Up 13.9%
- Expenses – Up 52%
- Loss after tax – Down 70%
- Normal earnings per share increased from (5.74) to (1.54).
- Opening of the Gold Coast Exchange and the signing of agreements with Sunshine Coast and Geelong to open regional exchanges.
- Launched FEX - Sustainable and Investment Market hosted on the NSXA platform
- The listing of Australian United Food Retailers Limited (t/a Foodworks) and the intention of 20 companies, including Golden Circle Limited to list on NSXA through 2008.
- Number of Listed Securities – Up 5.4%
- Number of Participant Brokers – Up 7.1%
- Number of Nominated Advisers – Up 7.4%

NSX is undertaking a number of initiatives to provide better visibility for companies listed on its exchanges. For example, the Melbourne office has moved to street level at 410 Collins Street. Once construction of the facility is complete, NSX will be in a position to provide trading information about all of its markets and offer its listed companies the opportunity to exhibit to investors, advisers, fund managers and financial press.

Internet developments on the NSX group site and BSX taxi site commenced through the period and are nearing completion. These developments should provide better access to information pertaining to our markets, allow for the expansion of the taxi market to other regions and allow other licences and permits to be traded.

These projects are once off expenses and are nearing completion.

In November, an SMS and email service was introduced providing trading data to investors. By logging on to [www.nsx.com.au](http://www.nsx.com.au) interested investors can subscribe to the MyNSX service. Bid, offer, price and quantity changes are sent via SMS or email for free during the trial period.

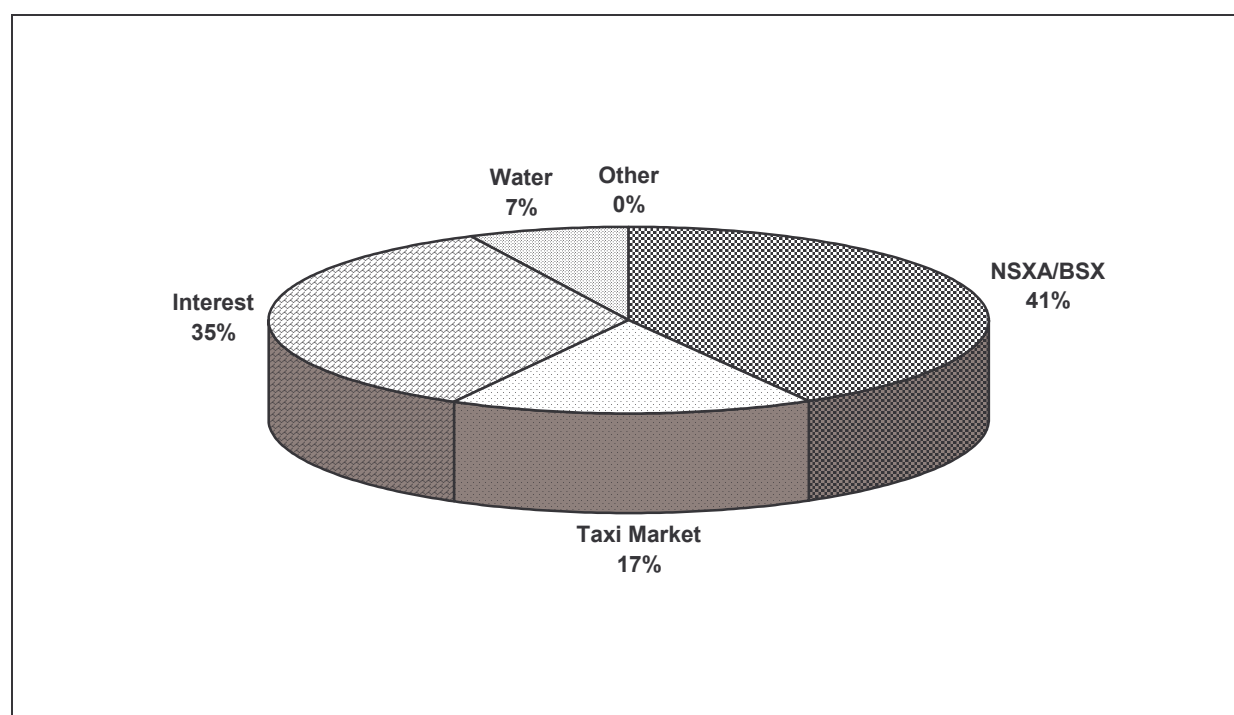
## Analysis of Financial Results

### Goodwill

There was no impairment of goodwill for the current half year. Correspondingly this fact gives rise to the majority of the reduction in the loss when compared to the 31 December 2006 period.

### Revenue

#### Revenue by Category (Figure 1)



#### Changes in Revenue 31 Dec 2007 vs. 31 Dec 2006 (Table 1)

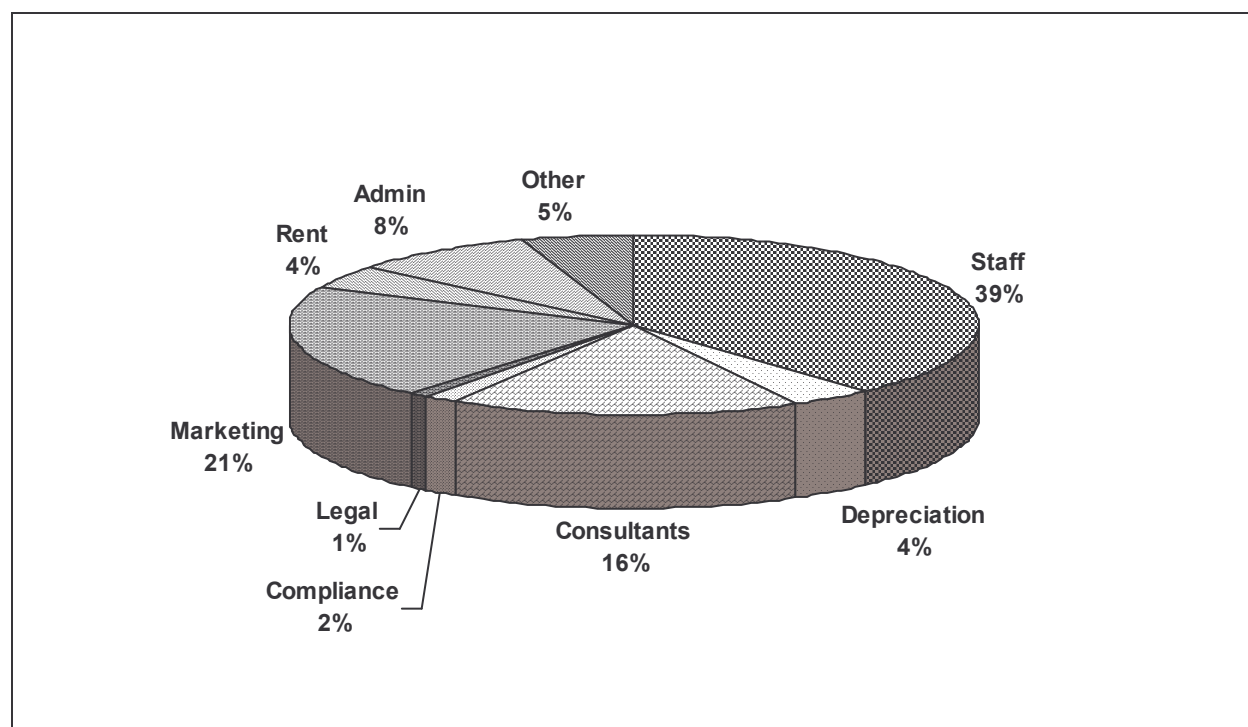
Revenue	31-Dec-07	31-Dec-06	Change
	\$'000	\$'000	%
NSXA/BSX	385.2	338.0	14.0%
Taxi Market	154.3	150.0	2.9%
WaterExchange	67.7	-	N/A <sup>(1)</sup>
Interest	320.6	322.8	-0.7%
Other	0.7	4.4	-84.1%
<b>Total Revenue</b>	<b>928.5</b>	<b>815.2</b>	<b>13.9%</b>

Note: (1) no comparative figures are available for the Waterexchange.

The increase in revenues for NSXA/BSX is due to increased listing income. Total revenue increased by 13.9% which was due to both increased listing income and the first time inclusion of Waterexchange revenue.

## Expenses

Expenses by Category (Figure 2)



Changes in Expenses 31 Dec 2007 vs. 31 Dec 2006 (Table 2)

Expenses	31-Dec-07 \$'000	31-Dec-06 \$'000	Change %
Employees	689.9	473.8	45.6%
Depreciation/Amortisation	65.8	66.0	-0.3%
Consultants	295.2	61.2	382.4%
Compliance	29.2	26.0	12.3%
Legal	16.0	5.3	201.9%
Market Trading	274.0	269.2	1.8%
Marketing	100.0	39.6	152.5%
Rent	75.6	28.2	168.1%
Administration	152.5	126.1	20.9%
Finance Costs	0.6	3.0	-81.7%
Other	96.5	83.0	16.3%
<b>Total Expenses excluding goodwill impairment</b>	<b>1,795.0</b>	<b>1,181.4</b>	<b>52.0%</b>
Impairment of goodwill	-	2,474.0	-100.0%
<b>Total Expenses including goodwill impairment</b>	<b>1,795.0</b>	<b>3,655.2</b>	<b>-50.9%</b>

Employee expense increased by 46% due mainly to the integration of staff from the WaterExchange. Consultants' expense has increased by 382% due to the increased development expenditure on projects associated with the Taxi Market, Waterexchange and NSX Limited corporate website. A project to convert the trading data feed from our OMX trading platform to an industry standard FIX protocol is being tested and nearing completion. This conversion will provide an additional method to allow stockbrokers who operate straight through processing systems to transact NSXA trades seamlessly using third party applications. Marketing expense has increased by 153% due to the increased activity NSX

is putting into the promotion of its products and services. Overall operating expenses have increased by 52% which reflects the increased activity that the NSX is building to increase revenues. There was no impairment for goodwill this period.

## Group Summary

	31-Dec-07	31-Dec-06	Change
	\$'000	\$'000	%
Revenue	928.5	815.2	13.9%
Expenses excluding goodwill impairment	1,795.0	1,181.4	52.0%
Expenses including goodwill impairment	1,795.0	3,655.2	-50.9%
<b>Net Loss after tax</b>	<b>866.0</b>	<b>2,837.4</b>	<b>-69.5%</b>
Earnings per share (cents)	(1.54)	(5.74)	-126.8%
Net tangible asset backing (cents)	16.00	21.25	-24.7%

The Group suffered an overall loss of \$866,018 for the period. This is a 69.5% reduction in the loss for the comparable period ended 31 December 2006. The main component contributing to the reduction in the Group loss was the fact that there was no impairment of goodwill. The Group maintains a cash balance of \$9,264,070 at the end of the period. Of the cash held, \$1,700,000 is held in trust as part of the NSXA and BSX market compensation arrangements.

## Financial Markets Strategy

### Regional Exchange Initiative

During the period, NSX launched the Gold Coast Exchange and signed agreements with Noosa Institute for Socio-Economic Research (NISER, Sunshine Coast) and the Geelong Chamber of Commerce to set up branch exchanges.

The regional exchanges initiative is expected to increase awareness of NSX products and services and encourage more companies to seek a listing on NSXA/BSX. We have already seen 7 NOMADs join the exchange as a direct result of the Gold Coast exchange joint venture, a 5.4% increase in the number of listed companies after the delisting of takeover target Brumbies and 7.1% increase in the number of registered participant brokers.

### Sectoral Exchanges Initiatives

The NSX has been investigating several areas where it can leverage the current equities markets infrastructure and enhance the visibility of companies listed on its markets. The first initiative of this type was an agreement with Financial and Energy Exchange (FEX) to provide a Sustainable Investment Market. This market will attract listings from companies with clean-tech credentials in such areas of biofuels, solar, air pollution and wind technologies.

## **Non-Financial Markets Strategy**

### Waterexchange

The Waterexchange purchase was completed on 19<sup>th</sup> October, after NSX shareholders agreed to acquire the market at the NSX AGM. The WaterExchange in its current trading format is a non-financial exchange, meaning that entitlements to water, a physical asset, are traded on market.

Given the obvious need for water in Australia and the requirement for efficient allocation of water resources, NSX believes that the Waterexchange will become a strategic growth opportunity for the Company.

### Taxi markets

The NSX, through its subsidiary BSX Taxi Markets, operates a market for the trading of Melbourne Central Business District Taxis Licences and Assignments. The opportunities for growth in the existing Melbourne CBD market are limited by contract. NSX is researching and developing alternative ways to expand the trading of licences to other markets around Australia.

## **Director Appointments**

On behalf of NSX Ltd Directors, I am pleased to announce the appointment of Robert Bladier to the Board. Robert has a vast amount of experience in Financial Services and Corporate Governance. He has served senior executive roles with ASX, a large securities dealer and Boards of companies. Rob has assisted as a consultant to NSX identifying opportunities, strategy and implementation of initiatives and I welcome his ongoing commitment to NSX as a Director.

As a result of the acquisition of the WaterExchange, founder and Managing Director, Brian Peadon, accepted an invitation to join the Board. Brian brings to NSX a wealth of experience in water and environmental markets. As Executive Director, Brian's focus remains in developing products and markets in this emerging area.

## **The Coming Year**

NSX is working to generate opportunities to better promote our markets and create new revenue streams. The effort to improve our internet sites will, we believe, allow for better functionality and offer advertising opportunities. The development of accreditation programs for advisers will give professionals knowledge about the operations of our markets and Continuing Professional Education and Development time. These initiatives are currently under way.

The inaugural NSX conference and exhibition on July 24<sup>th</sup> and 25<sup>th</sup> has already received a great deal of interest from our stakeholders and potential sponsors. To be held at Crown Promenade in Melbourne, we have received bookings from exhibitors, speakers and delegates to attend from all parts of Australia.

New exchanges are being developed with strategic partners who have expertise in a specific industry segment or region. The regional and industry exchange concept is drawing



together investors, advisers and companies in creating new opportunities for investment. We are encouraged by the policy of the Government to improve the mechanisms for capital flows, encourage small and medium business enterprises, assist innovative companies and support enterprises in regional Australia. NSX exchanges will assist in the efficiency and effectiveness of these endeavours by matching capital with those enterprises who can best deliver a return on investment.

Your Board has approved the increase in the transition fee to \$20,000 for those companies seeking to move to another market licensee. This adjustment is in part due to the work load required to seamlessly transition listing and settlement requirements.

I would like to acknowledge the effort of our small but dedicated staff; only 12 in all. We are transitioning through a period of dislocation following notification of our Newcastle office landlord's intention to refurbish the building at lease expiry later in the year. Instead of undertaking additional expenses to move and fit-out a new office we are hoping to relocate our Newcastle staff to Melbourne. Combining this challenge with the major initiatives mentioned and the record number of listings and transactions in all our markets requires professionalism and passion. Fortunately NSX is blessed with such characteristics in our staff.

A handwritten signature in black ink, appearing to read 'R. Symon', written in a cursive style.

**RICHARD SYMON**  
Chief Executive Officer

Melbourne  
Date: 26 February 2008

# MARKET STATISTICS

## Listed Entities (issuers only)

### National Stock Exchange of Australia (www.nsx.com.au)

<u>Company</u>	<u>Industry</u>
<b>New additions to the Official List for the period</b>	
Ascend Group Limited	Investment
Australia & International Holdings Limited	Investment
Australian United Food Retailers Limited	Retail
Zodiac Capital Limited	Investment

### Existing Official List

Appollo Assets Limited	Investment
Australian Property Systems Limited	Property Services
Baribunma Holdings Limited	Manufacturing
BBX Property Investment Fund Limited	Property
Bidgee Finance Limited	Financial Services
Brewtopia Limited	Food and Beverages
Bell IXL Investments Limited	Investment
Concentrated Capital Limited	Explorer
Cosmedics Australia Limited	Medical
Florin Mining Investment Company Limited	Investment
Illuminator Investment Company Limited	Investment
Innovance Limited	Investment
King Equipment Limited	Industrial
Mt Rommel Mining Limited	Explorer
Octanex NL	Explorer
Pegmont Mines NL	Explorer
Pritchard Equity limited	Investment
Property Fox No.1	Property Investment
Property Fox No.2	Property Investment
Quantum Property No.12	Property Trust
Rattoon Holdings Limited	Investment
Revetec Holdings Limited	Manufacturing
Sugar Terminals Limited	Infrastructure
Venture Axxess Group Limited	Investment
Vet Biotechnology Limited	Biotechnology
Winpar Holdings Ltd	Investment

### Bendigo Stock Exchange (www.bsx.com.au)

<u>Company</u>	<u>Industry</u>
APN Regional Property Fund	Property Trust
Australian Property Growth Fund	Property Trust
Acacia Ridge FS	Financial Services
Augusta & Districts Community Financial Services Ltd	Financial Services
Babinda Community FS	Financial Services
Bendigo Community Telco Ltd	Telecommunications
Bellarine Peninsula Community Bank Ltd	Financial Services
Balmain / Rozelle Financial Services Limited	Financial Services
Berowa & District FS	Financial Services
Capilano Honey Limited	Food Producer
Community F.S Victoria	Financial Services

Clifroy Limited	Financial Services
Coolinga & Districts	Financial Services
Cobden & Districts	Financial Services
Doncaster East Community F.S	Financial Services
Ettalong Beach Financial Services Ltd	Financial Services
East Gosford & Districts Financial Services Limited	Financial Services
East Ivanhoe FS	Financial Services
Emu Park & District Financial Services Ltd	Financial Services
Fleurieu Community Enterprises	Financial Services
Fremantle Community Financial Services Ltd	Financial Services
Goodwood/Highgate Community Financial Services Ltd	Financial Services
Gosnells FS	Financial Services
Gympie & District Financial Services Ltd	Financial Services
Heathcote & District Financial Services Ltd	Financial Services
Heyfield & District Community Financial Services Ltd	Financial Services
Hervey Bay FS	Financial Services
Hobsons Bay Community Financial	Financial Services
Kew East FS	
Inverloch & Districts FS	Financial Services
Logan Community Financial Services	Financial Services
Mandurah Community Financial Services	Financial Services
Mareeba & Dimbulah FS	Financial Services
Meander Valley Financial Services	Financial Services
Mt Evelyn & Districts FS	Financial Services
North Ryde Community Finance Limited	Financial Services
Paynesville FS	Financial Services
Mirvac PFA Diversified Property Trust	Property Trust
Pinjarra FS	Financial Services
Rockingham Community Financial Services	Financial Services
Rosewood & District Financial Services Limited	Financial Services
Redcliffe Peninsula Financial Services	Financial Services
Rye & District Community Financial Service	Financial Services
South Burdekin Community Financial Services	Financial Services
Sarina and District Community State Development Fund	Financial Services
Sandringham Community Financial Services Ltd	Financial Services
San Remo District Financial Services Ltd	Financial Services
Sunshine Coast Community Financial Services	Financial Services
Tongala and District Financial	Financial Services
Toodyay & Districts Community	Financial Services
Tuggeranong Valley Financial	Financial Services
Valley Community FS	Financial Services
Victorian Livestock Exchange	Agriculture
Warburton Community Financial Services	Financial Services
Wantirna Community FS	Financial Services
Yarraman Financial Services Limited	Financial Services

**Participants registered on NSXA and BSX as at 31 December 2007**

**New Registrations for the period**

Burrell Stockbroking (NSXA)

**Existing registrations**

AAA Shares Pty Limited (NSXA/BSX)	Martin Place Securities Pty Limited (NSXA)
ABN Amro Morgans Limited (NSXA/BSX)	Pritchard & Partners Pty Limited (NSXA)
Bell Potter Securities Limited (NSXA)	Reynolds & Company Pty Limited (NSXA)
Cameron Stockbrokers Limited (NSXA)	Strategem Financial Group (NSXA/BSX)
Findlay & Co Stockbrokers Limited (NSXA)	Taylor Collison Limited (NSXA)
Freeman Fox Limited (NSXA)	Tonkin Scorer Menzies (NSXA)
Macquarie Equities Limited (NSXA)	

**Nominated Advisors registered on NSXA as at 31 December 2007**

**New Registrations during the period**

DLA Philips Fox	Minter Ellison – Gold Coast
Gadens Lawyers	Oakley Thompson & Co
Hynes Lawyers	Quivre & Associates
Managers & Directors	

**Existing Registrations**

Access Business Lawyers	Martin Place Securities
Allens Arthur Robinson	McCullough Robertson Lawyers
Bilbie Dan Lawyers	Non-Executive Management Pty Ltd
BKR Walker Wayland Services Pty Limited	Pritchard & Partners Corporate Finance
Cameron Stockbrokers Limited	Salmon Giles Pty Limited
Clayton Utz	Sparke Helmore Solicitors
Deacons Lawyers	Taylor Collison Limited
Dibbs Abbott Stillman	Venture Axess
Hall Chadwick - Sydney Partnership	Wellington Capital Limited
3D Legal (Herceg Lawyers)	Whittens Lawyers & Consultants
Hindal Securities Pty Limited	
Hopgood Ganim Lawyers	

**Facilitators registered on NSXA as at 31 December 2007**

**New Registrations for the Period**

Preslane Pty Ltd

**Existing Registrations**

Frontier Capital Pty Limited

<b>Trading Statistics for NSXA and BSX</b>	<b>As at June 2003</b>	<b>As at June 2004</b>	<b><sup>(1)</sup> As at June 2005</b>	<b>As at June 2006</b>	<b>As at June 2007</b>	<b><sup>(2)</sup> 31 Dec 2007</b>
Listed Securities (No.)	13	27	73	104	111	117
Market Capitalisation (\$m)	83.2	232.0	564.0	812.0	1,174.0	1,162.5
	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>HY07</b>
Volume Traded ('000 shares)	804.1	13,252	47,303	51,143	85,548	34,471
Value Traded (\$'000)	366.3	3,893	18,604	15,174	42,369	20,384
Number of Trades (No.)	59	396	1,754	1,514	1,833	871
Average Volume Per Trade ('000 shares)	13.6	33.5	27.0	33.8	46.7	39.6
Average Value Per Trade (\$'000)	6.21	9.83	10.61	10.02	23.11	23.4
Average Price Per Share (\$)	\$0.45	\$0.29	\$0.39	\$0.30	0.50	0.59

**Notes:** (1) from 2005 all figures include BSX data. (2) Half Year figures are from 1 July until 31 December.

<b>Taxi Market Trading Statistics</b>	<b>FY06 *</b>	<b>FY07</b>	<b>6 Months to 31 Dec 2007</b>
Licences Trade (No.)	33	121	60
Licenses Traded (\$mill)	11.5	46.5	28.0
Assignments Traded (No.)	313	1,270	654
Assignments Traded (\$mill)	16.8	82.2	41.0
Total Trades (No.)	346	1,391	714
Total Trades (\$mill)	28.3	128.7	69.0
Average Value Per Licence (\$mill)	0.348	0.384	0.467
Average Value per Assignment (\$mill)	0.053	0.065	0.063
Average Value per Trade (\$mill)	0.082	0.093	0.097
Accredited Taxi Brokers	13	19	19

**Waterexchange Market Report: Spot Allocations as at 11 February 2008**

	Code	\$Last	\$Bid	\$Ask	Vol	\$Turnover
NSW Coleambally Inter-Valley	WX13A	295	235	359	25,036	16,490,999
NSW Gwydir	WX14A	0	-	-	0	0
NSW Lower Murray	WX24A	240	-	-	10,929	8,281,518
NSW M.I.A Inter-Valley	WX25A	370	250	370	23,239	17,370,014
NSW Macintyre	WX21A	228	-	-	301	67,450
NSW Macquarie	WX22A	450	-	200	26	11,700
NSW Mid Murray	WX29A	215	-	400	2,550	1,626,437
NSW Murray I.L.	WX30A	1080	-	-	820	715,145
NSW Murrumbidgee Inter-Valley	WX527A	370	-	400	7,924	5,017,147
NSW Murrumbidgee Internal	WX26A	1170	-	400	868	685,770
NSW Namoi	WX27A	0	-	-	0	0
NSW Upper Lachlan	WX19A	0	-	-	0	0
NSW Upper Murray	WX23A	240	-	400	406	330,680
NSW Western Ml	WX318A	200	-	-	1,574	1,397,006
SA Holding SA	WX213A	1092	-	500	285	240,344
SA MAX 3	WX535A	0	-	-	0	0
SA Taking SA	WX182A	245	-	500	1,558	1,357,315
SA Top Up SA	WX332A	350	-	500	47,734	42,529,608
VIC 1A Goulburn	WX150A	350	235	368	27,026	21,679,305
VIC 1B Boort	WX151A	240	235	368	6,246	5,426,783
VIC 1st Mildura Irr. Trust	WX272A	240	-	-	1,172	918,249
VIC 3 Goulburn	WX154A	350	235	368	2,698	2,127,792
VIC 6 Hume	WX159A	350	235	368	4,572	2,971,633
VIC 6B Lower Broken	WX534A	920	-	300	12	11,040
VIC 7 Barmah	WX160A	370	235	368	16,864	11,573,192
VIC HIZ Merbein Irrigators	WX302A	210	200	-	974	692,989
VIC HIZ Private Diverters	WX271A	400	-	-	269	166,490
VIC HIZ Red Cliffs Irrigators	WX301A	220	200	-	534	404,917
VIC L2 Private Diverters	WX268A	300	-	-	11,837	10,314,692
VIC L3 Private Diverters	WX269A	0	-	-	0	0
VIC L4 Private Diverters	WX270A	350	200	-	498	397,808
VIC LMW L1	WX303A	200	-	-	4,783	3,107,755

Notes:

Volume = total volume in Megalitres from 1 July 2007.

Value = total value of all trades in dollars since 1 July 2007

<b>Waterexchange Average Processing Times</b>			
	<b>2007/8</b>	<b>2006/7</b>	<b>2005/6</b>
MURRUMBIDGEE IRRIGATION	1.7	1.9	1.6
COLEAMBALLY IRRIGATION	3.5	7.8	1.0
NSW - DNR - MURRAY	5.0	8.8	0.0
NSW STATE WATER - MACQUARIE	7.0	4.0	6.7
MURRAY IRRIGATION LIMITED	8.0	2.5	5.4
NSW STATE WATER - GWYDIR	15.5	4.2	5.2
FIRST MILDURA IRRIGATION TRUST	32.2	4.2	2.0
NSW STATE WATER - LOWER MURRAY	32.5	63.3	7.6
WESTERN MURRAY IRRIGATION	36.6	7.8	4.9
NSW STATE WATER - MURRAY	38.2	72.2	8.7
NSW STATE WATER - MURRUMBIDGEE	38.6	18.0	7.4
LOWER MURRAY WATER	39.3	5.8	3.3
GOULBURN MURRAY WATER	41.3	6.1	2.7
SA DWLBC - BERRI	45.3	36.7	29.3
NSW STATE WATER - LACHLAN	0.0	22.0	3.0
CENTRAL IRRIGATION TRUST	0.0	52.0	0.0
NSW - DNR - NAMOI	0.0	84.4	48.0

\* REGULATING AUTHORITIES temporary transfer processing time (days)

# CORPORATE DIRECTORY

## DIRECTORS

Ian Mansbridge  
Michael Cox  
Hugh Robertson  
Richard Symon  
Brian Peadon

## SENIOR EXECUTIVES

Richard Symon  
Chief Executive Officer

Scott Evans  
General Manager

Ian Craig  
Companies Manager

## COMPANY SECRETARY

Scott Evans

## PRINCIPAL REGISTERED OFFICE

Suite 3, Ground Floor  
384 Hunter Street,  
Newcastle, NSW 2300.  
Telephone: (02) 4929 6377  
Facsimile: (02) 4929 1556

## MELBOURNE OFFICE

Ground Floor  
410 Collins Street  
Melbourne VIC 3000  
Telephone: (03) 9664 0000  
Facsimile: (03) 9664 0011

## CANBERRA OFFICE

Ground Floor, Unit 11A  
40 Brisbane Avenue  
Barton VIC 2600  
Telephone: (02) 6112 8123  
Facsimile: (02) 8282 4528

## BANKERS

Westpac Banking Corporation  
45 Hunter Street  
Newcastle NSW 2300  
[www.westpac.com.au](http://www.westpac.com.au)

## SOLICITORS

Baker & McKenzie  
AMP Centre  
50 Bridge Street,  
Sydney NSW 1223  
[www.bakernet.com](http://www.bakernet.com)

## AUDITORS

Lawler Partners  
763 Hunter Street  
Newcastle West NSW 2302  
[www.lawlerpartners.com.au](http://www.lawlerpartners.com.au)

## SHARE REGISTRY

Registries Limited  
Level 2, 28 Margaret Street  
Sydney NSW 2000  
Telephone: +61 2 9290 9600  
Fax: +61 2 9279 0664  
*Correspondence to:*  
PO Box R67  
Royal Exchange  
Sydney NSW 1223  
[registries@registriesltd.com.au](mailto:registries@registriesltd.com.au)  
[www.registriesltd.com.au](http://www.registriesltd.com.au)

## WEBSITES

[www.nsga.com.au](http://www.nsga.com.au)  
[www.bsx.com.au](http://www.bsx.com.au)  
[www.bsxtaximarket.com.au](http://www.bsxtaximarket.com.au)  
[www.wollongongexchange.com.au](http://www.wollongongexchange.com.au)  
[www.waterexchange.com.au](http://www.waterexchange.com.au)



**NSX LIMITED**  
**ABN: 33 089 447 058**  
**HALF YEAR ENDED 31 DECEMBER 2007**

**APPENDIX 4D**  
**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
(Comparative figures being the half year ended 31 December 2006)

				\$A
Revenues	up	13.9%	to	928,481
<b>Explanation</b> The increase in revenue during the period was primarily due to increased listing income and two months of trading revenue for the WaterExchange.				
Loss after tax attributable to members	down	69%	to	866,018
<b>Explanation</b> The loss in the prior year is attributable to the impairment of goodwill from the termination of the COMAgEx joint Venture and no impairment writedown was required in the current year.				
Loss attributable to members for the period	down	69%	to	866,018

<b>Dividends/distributions</b>	Amount per security	Franked Amount per security
Final dividend (prior year - paid)	Nil	Nil
Interim Dividend (declared)	Nil	Nil
<b>Record date</b> for determining entitlements to dividends.	No dividends are proposed by the Directors' for the period ended 31 December 2007.	

<b><u>NTA backing</u></b>	<b>Half-year ended 31 Dec 2007</b>	<b>Half-year ended 31 Dec 2006</b>
Net tangible asset backing per ordinary share	16 cents	21.25 cents

**Controlled entities acquired or disposed off**

During the half-year ended 31 December 2007 Watergroup Management Pty Ltd and Waterexchange Pty Ltd were acquired.

**Details of shares and results in associates and joint venture entities**

There are no associates and joint venture entities at the reporting date other than those consolidated in these financial statements.

# Statutory Reports

**NSX Limited**  
**ABN: 33 089 447 058**

**Financial Statements**

**For the Half Year Ended 31 December 2007**

# NSX Limited

ABN: 33 089 447 058

For the Half Year Ended 31 December 2007

## CONTENTS

### Financial Statements

Directors' Report	20
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	22
Income Statement	23
Balance Sheet	24
Statement of Changes in Equity	25
Cash Flow Statement	26
Notes to the Financial Statements	27
Directors' Declaration	31
Independent Audit Report	32

### Page

**NSX Limited**  
**ABN: 33 089 447 058**  
**Directors' Report**  
**For the Half Year Ended 31 December 2007**

Your directors submit the financial report of the Economic Entity for the half-year ended 31 December 2007.

## **General information**

### **Directors**

The names of the directors in office at any time during, or since the end of, the period are:

Michael Andrew Cox

Ian Mansbridge

Hugh Walter Robertson

Richard Symon

Brian John Peadon

Appointed 12 November 2007

### **Company Secretary**

Scott Evans, General Manager, held the position of company secretary from beginning of the reporting period.

### **Review of Operations**

During the half-year the Economic Entity incurred a loss after tax of \$866,018 (half year ended 31 December 2006 - loss of \$2,837,374).

Revenue increased by 14% from \$815,165 to \$928,481. Income also included taxi licence market income of \$154,320 for the six months (half year ended 31 December 2006: \$150,000).

The Cash Flow Statement for the half year ended 31 December 2007 shows a negative cash flow for the period of \$812,472 and a cash balance at that date of \$9,264,070.

### **Dividends paid or declared**

The Directors do not recommend payment of any dividends at this time and no dividend was paid during the period.

### **Events occurring after balance date**

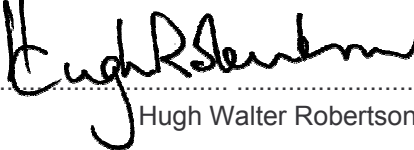
No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in future financial years.


**NSX Limited**  
**ABN: 33 089 447 058**  
**Directors' Report**  
**For the Half Year Ended 31 December 2007**

**Auditors Independence Declaration**

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 22 for the period ended 31 December 2007.

Signed in accordance with a resolution of the Board of Directors:

Director: .....  .....  
Hugh Walter Robertson

Director: .....  .....  
Richard Symon

Dated this .....26..... day of .....February..... 2008

**NSX Limited**  
**ABN: 33 089 447 058**

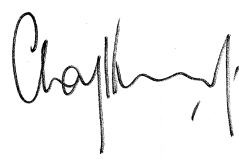
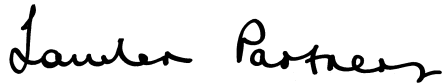
**Half Year Ended 31 December 2007**

**Auditor's Independence Declaration Under Section 307c Of The  
Corporations Act 2001**

**To The Directors Of NSX Limited**

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2007 there have been:

- i) no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**LAWLER PARTNERS**  
Chartered Accountants

**CLAYTON HICKEY**  
Partner

Newcastle

Date: 26 February 2008

Lawler Partners Audit & Assurance (a Limited Partnership) ABN: 91 850 861 839 [www.lawlerpartners.com.au](http://www.lawlerpartners.com.au)

Newcastle  
763 Hunter Street  
Newcastle West NSW 2300  
PO Box 2368 Dangar NSW 2309  
Tel: 02 4962 2688 Fax: 02 4962 3245

Sydney  
Level 9, 1 O'Connell Street  
Sydney NSW 2000  
GPO Box 4453 Sydney NSW 2001  
Tel: 02 8346 6000 Fax: 02 8346 6099



Liability limited by a  
scheme approved under  
the Professional Standards  
Legislation.

Lawler Partners is committed to ensuring the privacy and security of your personal information. Please refer to our privacy policy at our website [www.lawlerpartners.com.au](http://www.lawlerpartners.com.au).

**NSX Limited**  
**ABN: 33 089 447 058**  
**Income Statement**  
**For the Half Year Ended 31 December 2007**

		December 31 2007	December 31 2006
	Note	\$	\$
Revenue	2	928,481	815,165
Employee benefits expense		(689,910)	(473,806)
Depreciation, amortisation and impairments		(65,787)	(66,043)
Consultancy expenses		(295,242)	(61,210)
Compliance expenses		(29,200)	(25,979)
Legal expenses		(15,984)	(5,329)
Market trading expenses		(273,951)	(269,174)
Marketing and promotion expenses		(99,829)	(39,607)
Rental expenses		(75,563)	(28,241)
Administration expenses		(152,468)	(126,143)
Impairment of goodwill		-	(2,473,958)
Other expenses		(96,510)	(83,046)
Finance costs		(55)	(3)
<b>Loss before income tax</b>		<b>(866,018)</b>	<b>(2,837,374)</b>
Income tax expense		-	-
<b>Loss attributable to members</b>		<b>(866,018)</b>	<b>(2,837,374)</b>
Earnings Per Share:			
Basic earnings per share (cents per share)		(1.54)	(5.74)
Diluted earnings per share (cents per share)		(1.54)	(5.74)

The accompanying notes form part of these financial statements.

**NSX Limited**  
**ABN: 33 089 447 058**  
**Balance Sheet**  
**As At 31 December 2007**

	December 31 2007 Note	June 30 2007
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,263,490	576,542
Trade and other receivables	623,786	88,348
Financial assets	8,000,580	9,500,000
Other current assets	223,074	35,102
<b>Total current assets</b>	<b>10,110,930</b>	10,199,992
<b>Non-current assets</b>		
Property, plant and equipment	255,838	187,497
Intangible assets	10,850,928	411,322
<b>Total non-current assets</b>	<b>11,106,766</b>	598,819
<b>TOTAL ASSETS</b>	<b>21,217,696</b>	10,798,811
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	795,764	287,996
Short-term borrowings	8	8
Short-term provisions	62,290	55,308
<b>Total current liabilities</b>	<b>858,062</b>	343,312
<b>Non-current liabilities</b>		
Other long-term provisions	20,153	-
<b>Total non-current liabilities</b>	<b>20,153</b>	-
<b>TOTAL LIABILITIES</b>	<b>878,215</b>	343,312
<b>NET ASSETS</b>	<b>20,339,481</b>	10,455,499
<b>EQUITY</b>		
Issued capital	31,005,596	20,255,596
Retained earnings	(10,666,115)	(9,800,097)
<b>TOTAL EQUITY</b>	<b>20,339,481</b>	10,455,499

The accompanying notes form part of these financial statements.



# NSX Limited

ABN: 33 089 447 058

## Statement of Changes in Equity For the Half Year Ended 31 December 2007

### Consolidated

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance 1 July 2007		20,255,596	(9,800,097)	10,455,499
Loss for the period		-	(866,018)	(866,018)
Issue of shares		10,750,000	-	10,750,000
<b>Balance at 31 December 2007</b>		<b>31,005,596</b>	<b>(10,666,115)</b>	<b>20,339,481</b>
Balance at 1 July 2006		20,255,596	(6,503,411)	13,752,185
Loss for the period		-	(2,837,374)	(2,837,374)
<b>Balance at 31 December 2006</b>		<b>20,255,596</b>	<b>(9,340,785)</b>	<b>10,914,811</b>

# NSX Limited

ABN: 33 089 447 058

## Cash Flow Statement For the Half Year Ended 31 December 2007

	December 31 2007	December 31 2006
Note	\$	\$
<b>Cash from operating activities:</b>		
Receipts from customers	983,260	511,850
Payments to suppliers and employees	(1,882,314)	(1,160,519)
Interest received	318,467	322,830
Interest paid	(55)	(3)
<b>Net cash provided by (used in) operating activities</b>	<b>(580,642)</b>	<b>(325,842)</b>
<b>Cash flows from investing activities:</b>		
Payment of subsidiary, net of cash acquired	3 (119,290)	-
Acquisition of property, plant and equipment	(112,540)	(162,688)
<b>Net cash provided by (used in) investing activities</b>	<b>(231,830)</b>	<b>(162,688)</b>
<b>Net increase (decreases) in cash held</b>	<b>(812,472)</b>	<b>(488,530)</b>
Cash at beginning of financial year	10,076,542	11,094,694
<b>Cash at end of financial period</b>	<b>4(a) 9,264,070</b>	<b>10,606,164</b>

The accompanying notes form part of these financial statements.

# NSX Limited

ABN: 33 089 447 058

## Notes to the Financial Statements For the Half Year Ended 31 December 2007

### Note 1 Statement of Significant Accounting Policies

#### (a) Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the entity ended 30 June 2007 and any public announcements made by NSX Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Economic Entity's 2007 Annual Financial Report for the financial year ended 30 June 2007

#### Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

# NSX Limited

ABN: 33 089 447 058

## Notes to the Financial Statements For the Half Year Ended 31 December 2007

### Note 2 Profit from Ordinary Activities

	December 31 2007 \$	December 31 2006 \$
<b>The following significant revenue and expense items are relevant to explaining the financial performance:</b>		
<b>Revenue</b>		
Listing and application fees	385,221	337,995
Taxi licence market income	154,320	150,000
Waterexchange commissions	67,683	-
<b>Other Income</b>		
Other revenue	687	4,340
Interest - other persons	320,570	322,830
	<b>928,481</b>	<b>815,165</b>
<b>Expenses</b>		
Impairment of goodwill	-	2,473,958
Depreciation, amortisation and impairments	65,787	66,043
Finance costs	55	3

### Note 3 Acquisitions of subsidiaries

#### (a) Effect of acquisitions

The acquisitions had the following effect on the consolidated entity's assets and liabilities.

Acquiree's net assets at the acquisition date	Recognised values \$	Fair value adjustments \$	Carry amount \$
Property, plant and equipment	21,588	-	21,588
Trade and other receivables	496,846	-	496,846
Cash and cash equivalents	294	-	294
Trade and other payables	(58,750)	-	(58,750)
<b>Net identifiable assets and liabilities</b>	<b>459,978</b>	<b>-</b>	<b>459,978</b>
Goodwill on acquisition	10,409,606		
Incidental costs of acquisition, satisfied in cash	(119,584)		
<b>Consideration paid, satisfied in share issue</b>	<b>10,750,000</b>		

Goodwill has arisen on acquisition of Watergroup Management Pty Ltd and Waterexchange Pty Ltd because of customer relationships that did not meet the criteria for recognition as an intangible asset at the date of acquisition.

# NSX Limited

ABN: 33 089 447 058

## Notes to the Financial Statements For the Half Year Ended 31 December 2007

### Note 3 Acquisitions of subsidiaries (Cont'd)

#### (b) Non-cash Financing and Investing Activities

##### Acquisition of Subsidiaries

Watergroup Management Pty Ltd and Waterexchange Pty Ltd were acquired through the issue of shares with no cash consideration, besides incidental costs of acquisition which were paid in cash. This has been excluded from the cash flow statement as a non-cash investing activity.

##### Acquisition of Intangible Asset

Payment for the acquisition of intangibles occurred subsequent to balance date. This has been excluded from the cash flow statement as a non-cash investing activity.

### Note 4 Cash Flow Information

#### (a) Reconciliation of cash

	December 31 2007 Note \$	June 30 2007 \$
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	1,263,490	576,542
Commercial bills	8,000,580	9,500,000
	<u>9,264,070</u>	<u>10,076,542</u>

### Note 5 Reliance on Australian Securities Exchange Limited and OMX Group Limited

The ability of the National Stock Exchange of Australia Limited to conduct its operations is reliant upon the capability and reliability of the settlement systems which are licensed to the Economic Entity by the Australian Securities Exchange Limited. Bendigo Stock Exchange is not affected by this reliance as settlement is performed by paper transfers

The ability of the National Stock Exchange of Australia Limited and Bendigo Stock Exchange Limited to conduct operations is heavily reliant upon the capability and reliability of the trading systems which are licensed to the Economic Entity by the OMX Group Limited.

A significant and sustained failure of those systems would have a materially detrimental effect on the economic entity's short-term results, which in turn could undermine the longer term confidence in the Economic Entity.

### Note 6 Segment Reporting

The Economic Entity operates predominately in one business segment being the financial services industry predominately in one geographical segment that being Australia.

# NSX Limited

ABN: 33 089 447 058

## Notes to the Financial Statements For the Half Year Ended 31 December 2007

### **Note 7**      **Contingent Liabilities**

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 NSX is required to have in place minimum cover of \$800,000 to compensate investors. Of this amount a minimum of \$100,000 is sourced from the NSX Fidelity Fund and the remaining \$700,000 is in the form of a cash deposit provided by NSX Limited held as a letter of credit with Westpac Bank.

As part of the Bendigo Stock Exchange Limited's (BSX) Australian Financial Markets Licence, BSX operates Investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the Corporations Act 2001. The BSX is required to have in place minimum cover of \$1,000,000 to compensate investors. This amount is supported by a bank guarantee provided by Bendigo Bank Limited and cash on deposit of \$1,000,000 with Bendigo Bank.

### **Note 8**      **Events After the Balance Sheet Date**

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations, or the state of affairs of the Economic Entity in future financial years.

# NSX Limited

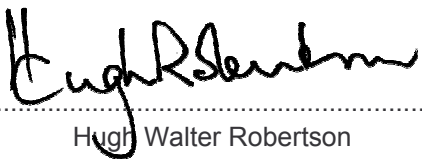
ABN: 33 089 447 058

## Directors' Declaration

The directors of the Economic Entity declare that:

1. The financial statements and notes, as set out on pages 23 to 30:
  - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the Economic Entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
2. In the directors opinion, there are reasonable grounds to believe that the Economic Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....  
  
Hugh Walter Robertson

Director .....  
  
Richard Symon

Dated 26 February 2008

## **Independent Review Report to the Members of NSX Limited**

### **STATEMENT**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NSX Limited is not in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

### **SCOPE**

#### **The financial report and directors' responsibility**

The financial report comprises the condensed consolidated income statement, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and notes to the condensed consolidated financial statements, and the directors' declaration for NSX Limited for the half-year ended 31 December 2007. The consolidated entity comprises both NSX Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for accounting policies and accounting estimates inherent in the financial report.

#### **Review approach**

We have performed an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission and the Australian Stock Exchange Limited. Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements.



# Independent Review Report to the Members of NSX Limited

## Review approach (cont'd)

We performed procedures in order to state whether on the basis of the procedures described, anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Accounting Standard AASB 134; Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- (a) inquiries of company personnel
- (b) analytical procedures applied to data

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

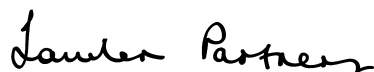
These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we consider the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of decisions made by directors or management.

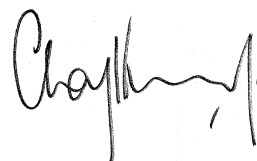
## Independence

In conducting our review, we followed applicable independence requirements of the Australian professional ethical pronouncements and the Corporations Act 2001.



**LAWLER PARTNERS**  
Chartered Accountants

Newcastle  
Date: 26 February 2008



**CLAYTON HICKEY**  
Partner