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NSX LIMITED

ABN 33 089 447 058

and its controlled entities

Half-Year Financial Report

Including additional
Appendix 4D disclosures

31 DECEMBER 2008

RELEASED
27 February 2009

CONTENTS

	Page
Half Year Review	
Managing Director's Report	3
Analysis of Financial Results	5
Shareholder Information	
Appendix 4D Statement	8
Statutory Reports	
Directors' Report	11
Auditor's Independence Declaration	13
Income Statement	14
Balance Sheet	15
Statement of Change in Equity	16
Statement of Cash Flows	17
Notes to the Financial Statements	18
Directors' Declaration	26
Independent Audit Report	28

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 2008 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.

MANAGING DIRECTOR'S REPORT

In our 2008 Annual Report we reviewed the year past and described the foundations put in place to provide for future growth. These included the acquisition of the Waterexchange and investment into a new trading platform for the NSX Taxi Market.

Reflecting on the challenges in my role as Managing Director, I commented on a business environment where the primary domestic focus was the expected entry of three new stock exchange operators, with the general assumption of the imminent approval of their licence applications. Internationally we had seen increased competition between stock exchanges, many new entrants and even some consolidation via merger and acquisition.

This was a challenging and competitive environment looking forward. As we all know, the world has changed significantly for the worse in this short period of time. Clearly, the new financial paradigm has impacted our business and will continue to do so.

I concluded my previous report by saying that my immediate agenda was to refine our strategic focus; undertake an operational review; build the brand consistent with strategy; and concentrate on value to customers. I will review progress on these fronts before commenting on operational performance.

However, firstly I would like to formally welcome Michael Costello, AO as Chairman of NSX Limited. Michael joined the Board in November and became Chairman on 1 January 2009. Michael has a distinguished professional career, including having been Deputy Managing Director of the Australian Securities Exchange and formerly, Secretary of the Departments of Foreign Affairs & Trade and Industrial Relations in the Commonwealth Government.

Our thanks also go to Ian Mansbridge, the retiring Chairman, who remains on the Board, thus continuing to contribute his expertise and allowing us to benefit from his vast experience.

My first task upon assuming the MD role was to review our strategy. Observing that NSX sometimes spreads its efforts too thin, I have moved to more narrowly concentrate our activities. I believe it is essential that each business unit has a focus on a small number of strategic key sectors and business relationships.

Accordingly, in the Stock Exchange business, NSX has ended its formal relationships with the regional business groups that underpinned the "regional exchanges" model, based on locality rather than product. Informally we continue these relationships, because they represent an investment in sourcing new listings. This approach, and some other activities underway, is intended to develop and strengthen the NSX brand in the market.

An operational review is underway. One early outcome of this was the creation late last year of a new role of Chief Financial Officer. This has quickly given the business greater strength and robustness.

The ongoing review has a primary focus of improving performance, generating efficiencies and reducing costs. Bringing costs back into line while maintaining a capability for growing revenues must be, and is, the number one priority going forward. Management and the Board are committed to achieving a positive cash flow.

There are some positive statistics that evidence underlying business growth. The number of listed securities has grown by 17% from the comparable period, and total market capitalisation remains at much the same level – a positive result - having risen then fallen with general market conditions. The Waterexchange continues to demonstrate consistent year on year growth, with the short term goal now to develop new products to leverage additional revenue from existing infrastructure. Taxi markets remain generally steady, but the level of interstate interest continues to be strong and the challenge is to turn this interest into new revenue.

The financial accounts evidence a substantial impairment of goodwill for the current half year, some \$10.9 million. It is important to make a few observations.

NSX continues to maintain its traditional business of stock exchanges and has invested in the emerging businesses of the Waterexchange and National Environment Registry, with a commitment to all and a strong belief in their potential. World events have impacted the likely time frame for success and even the pathway that will likely unfold for these businesses. It is evident, even from the media, that markets such as carbon trading will not arise as quickly as was expected only a few months ago. However, we do not believe these circumstances diminish the longer term strategic value of these assets.

However, in an adverse and volatile economic environment, a more prudent assessment of risk and a more conservative forecast of revenues leads to a more conservative approach to impairment testing:

- Stock exchanges globally are experiencing falling share prices and a decline in new floats and capital raising. NSX is not immune from this.
- The Waterexchange derives revenues from the trading of water entitlements, but future growth is dependent on the development of new products. In the current environment the take-up of these products is more doubtful, thus making previously forecast revenues less certain.
- The National Environment Registry, NER, was positioned to play an important role in carbon trading. However, in only a few months government priorities around the world have shifted from climate change to managing the economic crisis. It is unlikely in the short term that the markets to be targeted by NER will evolve substantially.

The Directors contemplated the longer term value of these business assets and prepared various financial models. In so doing, we sought independent expert advice and professional third party confirmation of our methodologies. Consistent with our views on the longer term strategic value of the assets we thought it appropriate that the Accounts reflect a residual underlying value. However, in consultation with our auditors we have arrived at the opinion that the Accounting Standards do not allow for this and therefore the assets have been fully impaired.

The Accounting Standards demand, and considering the uncertainty of current market conditions, the Board and management endorse as appropriate, this impairment charge in the accounts. The predictability of forecasts required by the Accounting Standards cannot be satisfied, thus leaving us with no choice but to fully impair the goodwill. However, we also stand by our assessment that these are strategic assets and, in not so exceptional circumstances, we would otherwise have sought to include a positive carrying value for these businesses.



ROBERT BLADIER

Managing Director

Melbourne

Date: 27 February 2009

Analysis of Financial Results

Summary results for the operations are as follows:

- Revenue – Up 16.5%
- Operating Expenses – Up 54.8%
- Goodwill Impairment - \$10.9m
- Loss after tax – Up 1352%
- Normal earnings per share down from (1.54) to (16.9).
- Net tangible Assets per share down from 16.0 cents to 8.3 cents

Financial Markets

National Stock Exchange of Australia and Bendigo Stock Exchange

The Stock Exchanges business saw steady incremental growth. As previously discussed, a strategy review led to a shift in focus from regional exchange development to instead seeking to develop strong business and intermediary relationships with a focus on product and sectoral development.

While adverse economic conditions have caused a reduction in the general level of capital raising in markets, NSX has at the same time seen increased interest from businesses and intermediaries finding value in our market and the less onerous conditions for listing.

Non-Financial Markets

Waterexchange

The Waterexchange continues to see steady year on year growth in volumes of trades and in revenues. The current year is the first year that the Waterexchange will be fully incorporated, for a whole financial year, in the NSX accounts.

The Waterexchange holds a dominant position in its market, but that market is both highly seasonal and subject to external forces beyond management control, such as weather patterns. The focus going forward is to develop additional and new products with the goal of increasing revenues and reducing volatility in revenues.

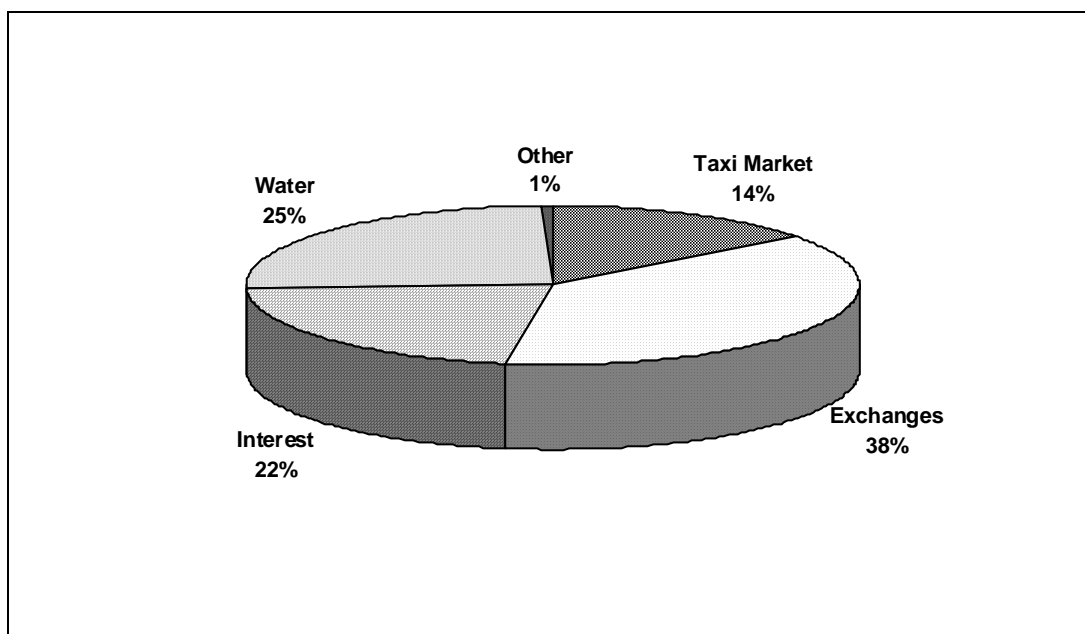
Taxi markets (Melbourne CBD and National Licence market)

Taxi Markets remained steady in the year. The new software platform has been completed, enabling trading of other Taxi markets outside the Melbourne metropolitan area. Keen interest has been shown from a number of other States and initiatives are underway to develop these markets,

Segmental analysis on each cash generating unit is provided in Note 6 on Page 23.

Revenue

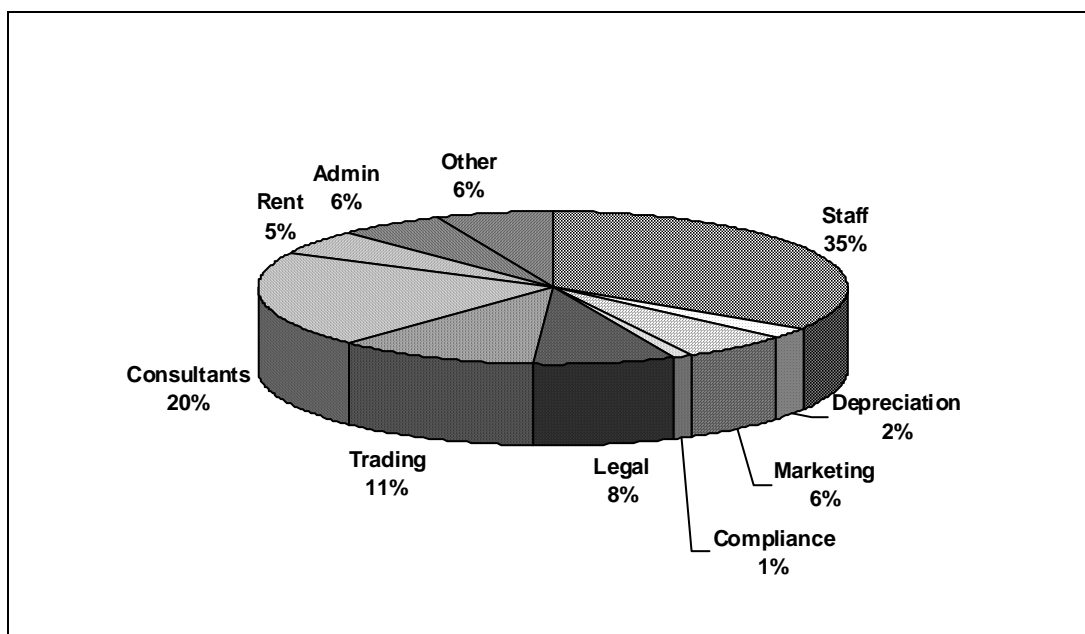
Revenue by Category (Figure 1)



Total revenue increased by 16.5% which was due to both increased listing income and the full effect of the inclusion of Waterexchange revenue.

Expenses

Expenses by Category (Figure 2)



Operating expenses have increased by 54.8% which reflects the increased activity that the NSX is undertaking to increase revenues.

Goodwill Impairment

There was impairment of goodwill for the current half year of \$10.9 million. Please see note 4 to the financial statements for more detail on the impairment of goodwill and associated disclosures.

While acknowledging the need to impair goodwill consistent with AIFRS Accounting Standards, the Board reiterates its view that the underlying assets represent good long term strategic value, but that the adverse economic climate has meant forecasts of short to medium term revenues and profitability are much more unpredictable.

Group Summary

	31-Dec-08	31-Dec-07	Change
	\$'000	\$'000	%
Revenue	1,109.0	951.6	16.5
Expenses excluding goodwill impairment	2,814.4	1,817.6	54.8
Operating loss	1,705.4	866.0	96.7
Expenses including goodwill impairment	13,689.7	1,817.6	653.2
Net Loss after tax	12,580.7	866.0	1,352.7
Earnings per share (cents)	-16.90	-1.54	997.4
Net tangible asset backing (cents)	8.30	16.00	-48.1
Share price at end of period	16.0 cents	34.5 cents	-53.6
Market Capitalisation	\$11.9m	\$25.7m	-53.7
Cash held for working capital	4,228.8	7,564.1	-44.1
Cash held for statutory purposes	1,700.0	1,700.0	0.0

The operating loss for the Group was of \$1,705,400 for the period (96.7% increase on the previous period). Including the impairment to goodwill, the loss of the group was \$12,580,815 (1,352.7% increase on the previous period). The Group maintains a cash balance of \$5,928,800 at the end of the period. Of the cash held, \$1,700,000 is held in trust as part of the Stock Exchange's market compensation arrangements.

NSX LIMITED
ABN: 33 089 447 058
HALF YEAR ENDED 31 DECEMBER 2008

APPENDIX 4D
RESULTS FOR ANNOUNCEMENT TO THE MARKET
(Comparative figures being the half year ended 31 December 2007)

				\$A
Revenues	up	16.5%	to	1,108,952
Explanation The increase in revenue during the period was primarily due to increased listing income, taxi income and six months of trading revenue for the WaterExchange.				
Loss after tax attributable to members	up	1352%	to	12,580,815
Explanation The loss is attributable to the impairment of goodwill and increased operating expenses.				
Loss attributable to members for the period	up	1352%	to	12,580,815

Dividends/distributions	Amount per security	Franked Amount per security
Final dividend (prior year - paid)	Nil	Nil
Interim Dividend (declared)	Nil	Nil
Record date for determining entitlements to dividends.	No dividends are proposed by the Directors' for the period ended 31 December 2008.	

NTA backing

Net tangible asset backing per ordinary share

**Half-year
ended
31 Dec 2008**

8.30 cents

**Half-year
ended
31 Dec 2007**

16.00 cents

Controlled entities acquired or disposed off

During the half-year ended 31 December 2008 no entities were acquired or disposed of.

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 2008

NSX Limited

ABN: 33 089 447 058

For the Half Year Ended 31 December 2008

CONTENTS

Financial Statements

Directors' Report	11
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	13
Income Statement	14
Balance Sheet	15
Statement of Changes in Equity	16
Cash Flow Statement	17
Notes to the Financial Statements	18
Directors' Declaration	26
Independent Audit Report	28

Page

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Half Year Ended 31 December 2008

Your directors submit the financial report of the Economic Entity for the half-year ended 31 December 2008.

General information

Directors

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

Michael Costello - Appointed 17 November 2008

Robert Bladier

Brian Peadon

Michael Cox

Ian Mansbridge

Hugh Robertson

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 \$12,580,815 (half year ended 31 December 2007 - loss of \$866,018).

Revenue increased by 16.5% from \$951,572 to \$1,108,952.

The Cash Flow Statement for the half year ended 31 December 2008 shows a negative cash flow for the period of \$1,872,468 (half year ended 31 December 2007 - -\$812,472) and a cash balance at that date of \$5,928,833 (half year ended 31 December 2007 - \$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 2008

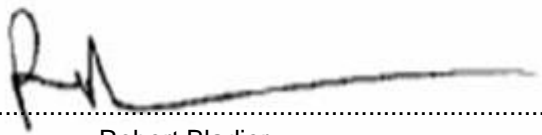
Auditors Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 13 for the period ended 31 December 2008.

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

Director:

Michael Costello

Director:

Robert Bladier

Dated this27..... day ofFebruary..... 2009

NSX Limited

ABN: 33 089 447 058

Auditors Independence Declaration under Section 307C of the Corporations Act 2001



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 2008, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review

A handwritten signature in black ink that reads "Lawler Partners".

LAWLER PARTNERS
Chartered Accountants

Newcastle

Date: 27 February, 2009

A handwritten signature in black ink that reads "Clayton Hickey".

CLAYTON HICKEY
Partner

14

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NSX Limited
ABN: 33 089 447 058
Income Statement
For the Half Year Ended 31 December 2008

	December 31 2008	December 31 2007
Note	\$	\$
Revenue	2 1,108,952	951,572
Employee benefits expense	(956,937)	(689,910)
Depreciation, amortisation and impairments	2 (69,757)	(65,787)
Consultancy expenses	(571,713)	(318,333)
Compliance expenses	(37,741)	(29,200)
Legal expenses	(212,057)	(15,984)
Market trading expenses	(312,922)	(273,951)
Marketing and promotion expenses	(158,023)	(99,829)
Rental expenses	(148,806)	(75,563)
Administration expenses	(167,302)	(152,468)
Impairment of goodwill	2 (10,875,278)	-
Other expenses	(179,231)	(96,510)
Finance costs	2 -	(55)
Loss before income tax	(12,580,815)	(866,018)
Income tax expense	-	-
Loss attributable to members	(12,580,815)	(866,018)
 Earnings Per Share:		
Basic earnings per share (cents per share)	(16.90)	(1.54)
Diluted earnings per share (cents per share)	(16.90)	(1.54)

NSX Limited
ABN: 33 089 447 058
Balance Sheet
As At 31 December 2008

	31 December 2008	30 June 2008
Note	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,350,485	1,746,301
Trade and other receivables	247,348	233,043
Financial assets	4,578,348	6,055,000
Other current assets	668,305	556,447
Total current assets	6,844,486	8,590,791
Non-current assets		
Property, plant and equipment	240,348	194,654
Intangible assets	4 72,414	10,939,808
Total non-current assets	312,762	11,134,462
TOTAL ASSETS	7,157,248	19,725,253
LIABILITIES		
Current liabilities		
Trade and other payables	727,578	788,412
Financial liabilities	9	31
Short-term provisions	136,805	81,490
Total current liabilities	864,392	869,933
Non-current liabilities		
Other long-term provisions	42,470	24,119
Total non-current liabilities	42,470	24,119
TOTAL LIABILITIES	906,862	894,052
NET ASSETS	6,250,386	18,831,201
EQUITY		
Issued capital	31,005,596	31,005,596
Retained earnings	(24,755,210)	(12,174,395)
TOTAL EQUITY	6,250,386	18,831,201

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 2008

Consolidated

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2008		31,005,596	(12,174,395)	18,831,201
Loss for the period		-	(12,580,815)	(12,580,815)
Balance at 31 December 2008		31,005,596	(24,755,210)	6,250,386
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
Balance at 31 December 2007		31,005,596	(10,666,115)	20,339,481

NSX Limited

ABN: 33 089 447 058

Cash Flow Statement For the Half Year Ended 31 December 2008

	31 December 2008	31 December 2007
Note	\$	\$
Cash from operating activities:		
Receipts from customers	1,204,879	983,260
Payments to suppliers and employees	(3,196,176)	(1,882,314)
Interest received	242,186	318,467
Interest paid	-	(55)
Net cash provided by (used in) operating activities	(1,749,111)	(580,642)
Cash flows from investing activities:		
Payment of subsidiary, net of cash acquired	-	(119,290)
Acquisition of property, plant and equipment	(112,606)	(112,540)
Acquisition of intangible assets	(10,729)	-
Net cash provided by (used in) investing activities	(123,335)	(231,830)
Cash flows from financing activities:		
Repayment of borrowings	(22)	-
Net cash provided by (used in) financing activities	(22)	-
Net increase (decreases) in cash held	(1,872,468)	(812,472)
Cash at beginning of financial year	7,801,301	10,076,542
Cash at end of financial period	5,928,833	9,264,070

3(a)

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2008

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 2008.

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.

(b) Going Concern

These financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the payment of liabilities in the ordinary course of business. Should the Economic Entity be unable to continue as a going concern, it may be unable to realise the carrying value of its assets and to meet its liabilities as they become due.

The Economic Entity incurred a loss of \$1,635,780 for the half year ended 31 December 2008 before depreciation and impairment losses of \$10,945,035 and has a net current asset position of \$5,980,094 as at that date.

The Directors are considering a number of strategies to ensure the application of the going concern assumption into the future, including:

- generation of future operating cash surpluses through investigation of potential markets; and
- investigation of the viability of current markets;

Should the Economic Entity not be able to achieve these strategies there is significant uncertainty whether the Economic Entity will be able to continue as a going concern

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2008

Note 2 Profit from Ordinary Activities

	31 December 2008 \$	31 December 2007 \$
The following significant revenue and expense items are relevant to explaining the financial performance:		
Revenue		
Listing and application fees	422,365	408,312
Taxi licence market income	159,348	154,320
Waterexchange commissions	279,251	67,683
Other Income		
Other revenue	5,802	687
Interest - other persons	242,186	320,570
	<u>1,108,952</u>	<u>951,572</u>
Expenses		
Impairment of goodwill	10,875,278	-
Depreciation, amortisation and impairments	69,757	65,787
Finance costs	-	55

Note 3 Cash Flow Information

(a) Reconciliation of cash

	31 December 2008 \$	30 June 2008 \$
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	1,350,485	1,746,301
Commercial bills	4,578,348	6,055,000
	<u>5,928,833</u>	<u>7,801,301</u>

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2008

Note 4 Intangible Assets

	31 December 2008	30 June 2008
	\$	\$
Website development costs - at cost	74,330	63,601
Accumulated amortisation and impairment	(2,845)	-
	71,485	63,601
Goodwill - at cost	16,036,798	16,036,798
Accumulated amortisation and impairment	(16,036,798)	(5,161,520)
	-	10,875,278
Formation costs - at cost	929	929
	929	929
	72,414	10,939,808

(a) Reconciliation of movements

	Goodwill - at cost	Formation costs - at cost	Website development costs - at cost	Total
	\$	\$	\$	\$
Year ended 30 June 2008				
Opening balance	410,393	929	63,601	474,923
Additions	10,464,885	-	-	10,464,885
Amortisation	-	-	-	-
Impairment losses	-	-	-	-
Balance at 30 June 2008	10,875,278	929	63,601	10,939,808
Period ended 31 December 2008				
Opening balance	10,875,278	929	63,601	10,939,808
Additions	-	-	10,729	10,729
Amortisation	-	-	(2,845)	(2,845)
Impairment losses	(10,875,278)	-	-	(10,875,278)
Balance at 31 December 2008	-	929	71,485	72,414

Intangible assets, other than goodwill have finite useful lives. Website development costs have been amortised over a useful life of 3 years and relate to the development of a new website for trading tax licences nationally. The current amortisation charges in respect of intangible assets are included under depreciation and amortisation expense per the income statement. Goodwill has an infinite life and current impairments are included as a separate line item per the income statement.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2008

(b) Impairment Disclosures

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value of the net assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but is tested annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

At each reporting date, the Economic Entity reviews the carrying values of its intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives or more often if required. Where it is not possible to estimate the recoverable amount of an individual asset, the Economic Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Carrying Value

Goodwill is allocated to cash-generating units (business operations) which are based on the Economic Entity's reporting segments.

	31 December 2008	30 June 2008
	\$	\$
Cash Generating Unit		
Stock Exchanges	-	410,403
Water Exchange	-	7,964,875
Environmental Services	-	2,500,000
	<u>-</u>	<u>10,875,278</u>

The recoverable amount of each cash-generating unit above is determined as the higher of fair value less costs to sell and value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period. The cash flows are discounted using the weighted average cost of capital applicable to each cash generating unit. The fair value less costs to sell method was considered but because fair value cannot be reliably determined at this time the value in use method has been employed for determining the carrying value.

Key Assumptions

The key areas that management rely on in the budgets are:

- the sensitivity to changes in listings of securities on the stock exchanges;
- potential water entitlement trading levels in the Water Exchange market; and
- potential demand for carbon registry services based on expected trading levels in carbon trading markets, the introduction of an emission trading scheme in Australia or trading levels on voluntary trading markets.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2008

Note 4(b) Impairment Disclosures (Cont'd)

The following numerical assumptions were used in the value-in-use calculations for each cash generating unit.:

Cash Generating Unit	Revenue Growth Rate	Expenditure Growth Rate	Discount Rate %	Discount Rate %
	%	%	31 Dec 2008	30 June 2008
Stock Exchanges	15.00	3.00	12.09	7.50
Water Exchange	15.00	3.00	14.22	7.50
Environmental Services	15.00	3.00	20.00	7.50

For comparisons of revenue, expenses and operating results for the above cash generating units please refer to Note 6 Segment Reporting.

Management has based the value-in-use calculations on budgets produced for each reporting segment over a 5 year period. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

Events or circumstances leading to the recognition of impairment.

Stock Exchanges – since 30 June 2008 there has been a crisis in financial markets resulting in reduced capital for companies seeking to list. Many smaller companies that are looking for capital have, potentially, scaled back plans for listing. The Stock Exchange's budget has factored the potential for reduced demand for listing based on capital raising. However expectation for future business will come from compliance listings where companies have sufficient capital to operate.

Environmental Services – since 30 June 2008 changes in political agendas, some in response to the financial crisis, have postponed adoption of carbon trading protocols and delayed the introduction of emissions trading in Australia. This has increased the uncertainty with which the Company is able to ascertain future revenues from this business in the near term.

Water Exchange – water trading varies in line with seasonal conditions (such as drought, flood, fire, location of areas with or without rain in catchments), but can also be affected by government allocations of water to irrigators, government policy with respect to water generally, the ability of irrigators to utilise the water in their allocations among other factors. Since 30 June 2008 Australia has received various conditions of extremes in weather in many states which can have an impact on trading levels.

Note 5 Reliance on Australian Securities Exchange Limited and OMX NASDAQ

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 NASDAQ.

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.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2008

Note 6 Segment Reporting

Primary reporting - Business segments

	Stock Exchanges		Taxi Markets		Water Exchange		Environmental Services		Consolidated	
	Dec 31 2008 \$'000	Dec 31 2007 \$'000	Dec 31 2008 \$'000	Dec 31 2007 \$'000	Dec 31 2008 \$'000	Dec 31 2007 \$'000	Dec 31 2008 \$'000	Dec 31 2007 \$'000	Dec 31 2008 \$'000	Dec 31 2007 \$'000
REVENUE										
Revenue from external customers:										
Services	422	408	159	154	279	68	-	-	860	630
Total revenue from external customers	422	408	159	154	279	68	-	-	860	630
Total revenue	422	408	159	154	279	68	-	-	860	630
Operating Expenses	883	905	239	152	492	277	261	-	1,875	1,334
Operating Result	(461)	(497)	(80)	2	(213)	(209)	(261)	-	(1,015)	(704)
Impairment Exp	410	-	-	-	7,965	-	2,500	-	10,875	-
RESULT										
Segment results	(871)	(497)	(80)	2	(8,178)	(209)	(2,761)	-	(11,890)	(704)
Unallocated expenses:										
Corporate Expenses									939	483
Net interest									242	320
Other Income									6	-
Net profit/loss for the year	(871)	(497)	(80)	2	(8,178)	(209)	(2,761)	-	(12,581)	(866)
ASSETS										
Segment assets	1,084	1,442	172	79	531	8,446	53	2,500	1,840	12,467
Unallocated Corp									5,317	7,258
Total assets	1,084	1,442	172	79	531	8,446	53	2,500	7,157	19,725
LIABILITIES										
Segment liabilities	434	482	79	52	63	128	23	-	599	662
Unallocated Corp									308	232
Total liabilities	434	482	79	52	63	128	23	-	907	894
OTHER										
Impairment losses	410	-	-	-	7,965	-	2,500	-	10,875	-
Depreciation and amortisation of segment assets	59	60	2	4	6	2	-	-	67	66
Unallocated Corp									3	-
Total Depreciation	59	60	2	4	6	2	-	-	70	66

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2008

Note 7 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transaction with related parties:

(a) Director Related Entities

	31 December 2008 \$	30 June 2008 \$
Website redevelopment and internet services paid to director-related company - Adapt Information Technology Pty Ltd (Mr Symon)	(15,020)	(135,860)
Director related company - Blatan Pty Limited - Remuneration payments to the Managing Director are made to this Company. These payments include payments made during the year as consultant, director and then Managing Director. (Mr Bladier)	(191,400)	(127,600)
Growth Market Services (UK) subscription membership for 12 months paid to director related company (Mr Symon)	-	(10,843)

(b) Associated Companies

Hamilton Rich Interim Management - Remuneration payments to the Chief Financial Controller are made to this Company.	(69,775)	-
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NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Half Year Ended 31 December 2008

Note 8 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 9 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.

Note 10 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Key Estimates – Impairment

The key assumptions that management rely on in the cash flow budgets are the sensitivity to changes in listings of securities on the stock exchanges, taxi licence and assignment trading levels in the taxi markets and water entitlement trading levels in the Waterexchange market.

Note 11 Comparative figures

Certain comparative figures have been reclassified to conform with the current period's financial statements presentation. This adjustment relates specifically to the incorrect offsetting of service fees expense against service fee revenue. The aggregate effect of the reclassification on the comparative financial statements for the year ended 31 December 2007 is as follows:

	Previously stated	Adjustments	Restated
	\$	\$	\$
Income Statement			
Revenue	928,421	23,091	951,512
Consultancy expense	(295,242)	(23,091)	(318,333)

NSX Limited

ABN: 33 089 447 058

Directors' Declaration

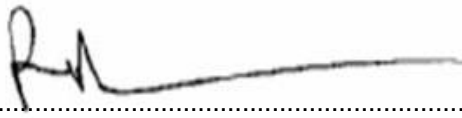
The directors of the Economic Entity declare that:

1. The financial statements and notes, as set out on pages 14 to 25:
 - (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 2008 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

Michael Costello

Director

Robert Bladier

Dated 27 February 2009

NSX Limited

ABN: 33 089 447 058

Independent Audit Report to the members of NSX Limited



INDEPENDENT REVIEW REPORT TO THE MEMBERS OF NSX LIMITED

Report on the Half Year Financial Report

We have reviewed the accompanying half-year financial report of NSX Limited and controlled entities (the consolidated entity) which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Auditing Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of NSX Limited and Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

28

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**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF NSX LIMITED**

Conclusion

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 the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2008 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.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 1(b) to the financial statements. There is significant uncertainty as to whether the company and/or the consolidated entity will be able to continue as a going concern, and therefore whether they will be able to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.


LAWLER PARTNERS
Chartered Accountants


CLAYTON HICKEY
Partner

Newcastle

Date: 27 February, 2009