

**NSX LIMITED**  
**ABN: 33 089 447 058**  
**HALF YEAR ENDED 31 DECEMBER 2010**

**APPENDIX 4D**  
**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

(Comparative figures being the half year ended 31 December 2009)

				\$A
Revenues	down	3.8%	to	1,009,652
<b>Explanation</b> The decrease in revenue is attributable to lower fees from listing revenue and also a decrease in the revenue obtained from Waterexchange trading.				
Loss after tax attributable to members	down	13.8%	to	911,728
<b>Explanation</b> The reduction in the loss is attributable to cost management of costs even though revenue has decreased.				
Loss attributable to members for the period	down	13.8%	to	911,728

<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 2010.	

**NTA backing**

Net tangible asset backing per ordinary share

**Half-year ended  
31 Dec 2010**

5.71 cents

**Half-year ended  
31 Dec 2009**

8.83 cents

**Controlled entities acquired or disposed of:**

During the half-year ended 31 December 2010 no entities were acquired or disposed of.

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

There is currently an association between Financial and Energy Exchange Limited (FEX) and NSX Limited for the venture with SIM Group Holdings Limited for the operation of an Australian Market Licence; SIM Venture Securities Exchange Limited. Currently, NSX owns 92% of the venture and DEX owns 8%. FEX will move to 50% ownership of the venture on payment to the venture of \$2.5million. As the ownership by FEX is small, the venture entity is consolidated in the accounts and is shown as non-controlling interest. The following table is provided as information on the financial performance of the venture as required by Appendix 4D:

	SIMVSE JV	
	31-Dec 2010	30-Jun 2010
<b>Non-controlling Interest</b>		
Share Capital \$	364,652	-
Current Year profit/(loss)	(10,878)	-



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

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

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

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

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

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

# NSX LIMITED

ABN 33 089 447 058

and its controlled entities

## Half-Year Financial Report

Including additional  
Appendix 4D disclosures

31 DECEMBER 2010

**RELEASED**  
**25 February 2011**

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*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 2010 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 Australian Securities Exchange ("ASX") and of the Corporations Act 2001.*

# CHAIRMAN'S REPORT

Dear Shareholder,

I would like to thank shareholders for their support over the last six months, our staff for their tireless efforts and my colleagues on the Board for their support.

NSX Limited operates four distinct businesses: the National Stock Exchange of Australia, SIM Venture Securities Exchange, the Waterexchange and the Taxi Market.

We have continued our strategy announced in our Annual and previous Half Yearly reports of finding a buyer for the Waterexchange, a focus on marketing to resource companies for the NSXA, progressing the SIM VSE joint venture and preparing for the rollover of the Taxi Market contract in March 2011.

We are continuing with our cost control efforts with the relinquishing of the Melbourne office lease in March and the relocating of the two remaining staff to more suitable premises.

The highlights in each business over the last six months are as follows:

## **National Stock Exchange of Australia ("NSXA")**

During the period:

1. Exchange staff continue to promote the market and generate new business leads in the mining sector including attendance at various mining and other relevant conferences. Staff continue to utilise the broker and nominated adviser network to ;
2. There were no new listings on the market during the period;
3. Paterson's Securities joined as a Participant;
4. Addison's Lawyers joined as Nominated Advisers.

## **SIM Venture Securities Exchange ("SIM VSE")**

1. As at the date of this report the SIM VSE joint venture has received \$500,000 being the first tranche of funding for SIM VSE. Shares in SIM VSE Group Holdings Ltd to the paid up value per share of \$0.02723 have been issued to Financial and Energy Exchange Limited on 6 October 2010.
2. SIM VSE staff continue to promote the exchange to prospective companies and advisers.
3. There were no new applications for listing during the period.

### About the Joint Venture

SIM Venture Securities Exchange will operate a market for the listing of Companies that can demonstrate sustainability and environmental credentials.

As part of the joint venture arrangements Financial and Energy Exchange Limited ("FEX") will provide funding of \$500,000 every six months for 3 years (total value \$3,000,000) in consideration of 50% ownership of SIM VSE Group Holdings Ltd the parent of SIM Venture Securities Exchange Ltd.

NSX Services will provide Corporate, Trading, Settlement, Surveillance and Compliance services to the venture on arms length commercial terms.

A market board for existing BSX securities has been retained.

#### **Taxi Market**

1. During the period staff have attended the Victorian Taxi Association Conference to promote the market and generate new business.
2. The contract with the Victorian Government is due to expire in March 2011. November 2010 saw a change over in Government and contract negotiations have started. The existing contract allows for a two year option for renewal and price as well as other terms and conditions are being negotiated with the Government.

#### **Waterexchange (“WEX”)**

1. Revenue for NSX has been affected by substantially reduced trading in water entitlements over the last 6 months. This is due in the main to substantially wetter season culminating in the recent floods and uncertainty due to the delay in the release of the Murray-Darling Basin plan.
2. To reduce the continued losses from the Waterexchange, your board has sought to find a buyer for the business.
3. As announced on 17 December 2010, NSX has entered into an agreement with Envex Water Pty Ltd to purchase the assets of The Waterexchange.
4. On 28 January 2011 Waterexchange received a letter from Envex that they have satisfied the condition to proceed with the transaction. Envex and NSX are in the process of satisfying the remaining conditions precedent to the transaction which is expected to complete by 31 March 2011.

**MICHAEL COX**  
Chairman &  
Chief Executive Officer  
Sydney  
Date: 25 February 2011

# Analysis of Financial Results

Summary results for the operations are as follows:

- Revenue – 1,009,652 (down 3.8%)
- Operating Expenses – 1,921,380 (down 8.8%)
- Loss after tax – 911,728 (down 13.8%)
- Normal earnings per share decreased from (1.37) to (0.92).
- Net tangible Assets per share decreased from 8.83 cents to 5.71 cents

## Financial Markets

### Stock exchanges

Stock exchange revenue decreased by 23.0% over the corresponding period. This is due to a decrease in the number of listings compared to the corresponding period.

The net loss for the stock exchanges was \$784,400 which is a 43% increase in the operating loss compared to the corresponding period. The NSX continues to expend time and effort on promoting to companies to list on the exchange.

## Non-Financial Markets

### Waterexchange

As previously announced the Board of NSX has entered into an agreement to sell the assets of Waterexchange. The agreement is with Envex Water Pty Ltd a subsidiary of Climate Change Products Pty Ltd (t/a Envex, [www.envex.com.au](http://www.envex.com.au)). The conditions precedent to the agreement are in the process of being completed by both parties. The agreement is expected to finalise on 31 March 2011.

Trading volumes continue to be depressed with the largest contributing factor being the unusually wet weather across four states and resulting flooding in regional areas. The lack of trading has significantly impacted sales revenue.

Waterexchange trading revenue declined by 68% due to lower trading volumes. Lower trading volumes are a function of a wetter season, floods and subject to water allocation policies by Government.

The net loss for the WaterExchange was \$172,600 which is a 49% improvement in the operating loss compared to the corresponding period. The improvement in the operating loss was a function of ongoing cost reduction initiatives.

Some of the loss was mitigated with reduction of costs by transferring the waterexchange platform inhouse substantially saving the costs of external hosting and internet charges.

### Taxi markets (Melbourne CBD and National Licence market)

The taxi market operates on a fixed contract from the Victorian Government. This contract is due to expire on 24 March 2011. NSX are in negotiations with the Victorian Government concerning the two year option for rollover of the contract.

The revenue from taxi market operations increased by 1.5% during the period. The increase was due to a CPI related price increase.

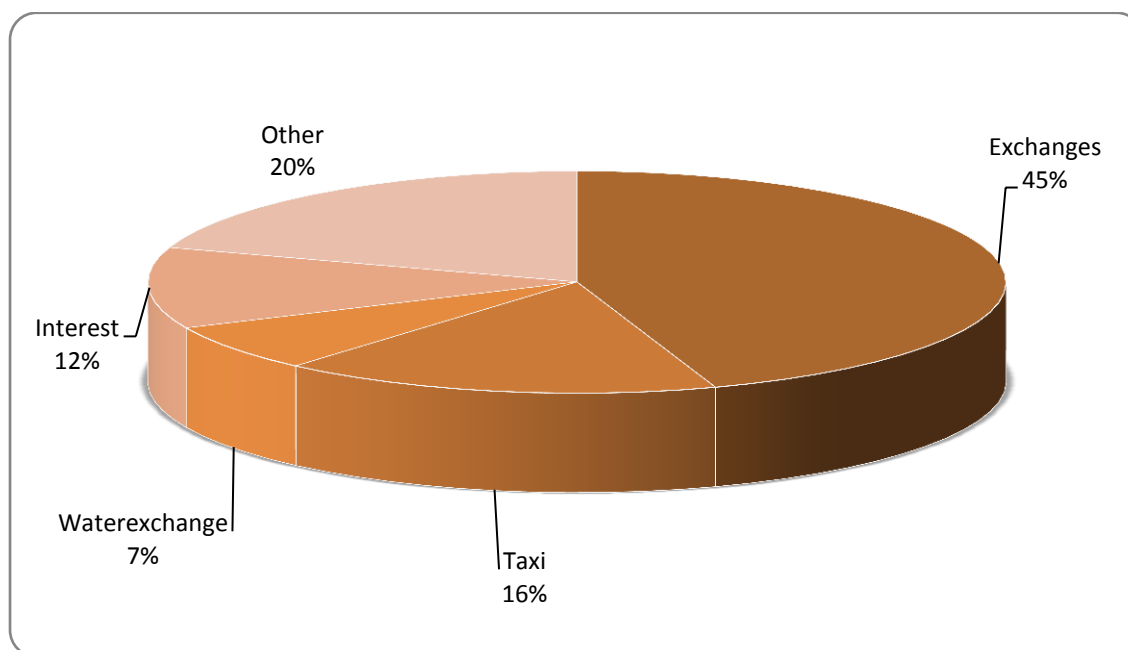
The loss for the taxi market was \$22,100 or 145% increase in the operating loss compared to the corresponding period.

## Segmental Analysis

For detailed segmental analysis on each cash generating unit, refer to Note 5 of the financial statements. Graphical breakdown of revenue and expenses and Group performance measures appears on the following pages.

### Revenue

#### Revenue by Category (Figure 1)

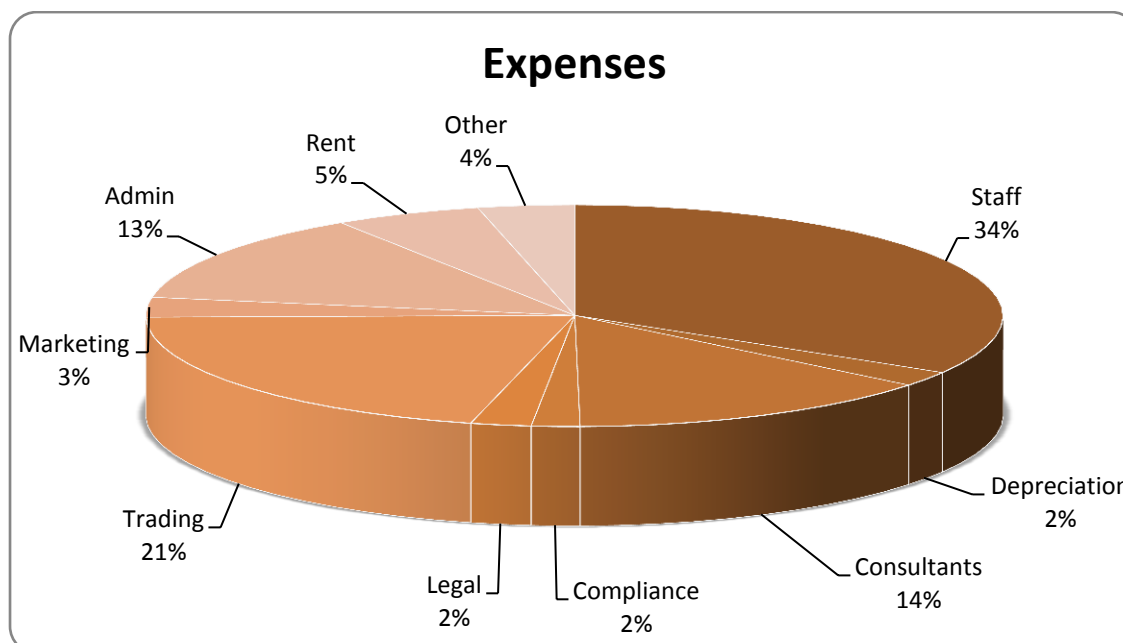


The above chart reflects the percentage share that each category represents in gross revenue received. Total revenue decreased by 3.8% compared to the corresponding period. This is due to a marked reduction in service fees received by Waterexchange due to the wetter than average season and subsequent flooding in regional areas.



## Expenses

Expenses by Category (Figure 2)



The above chart reflects the percentage share that each category represents in gross expenses. Operating expenses have decreased by 8.8% compared to the corresponding period. This is due to the continued focus on managing costs.

## Group Summary

	31-Dec-10	31-Dec-09	Change
	\$'000	\$'000	%
Revenue	1,009.7	1,049.6	-3.8
Expenses excluding impairments	1,921.4	2,106.7	-8.8
Operating loss	(911.7)	(1,057.1)	-13.8
Expenses including impairments	1,921.4	2,106.7	-8.8
<b>Net loss after tax</b>	<b>(911.7)</b>	<b>(1,057.1)</b>	<b>-13.8</b>
Earnings per share (cents)	(0.9)	(1.4)	-32.8
Net tangible asset backing (cents)	5.7	8.8	-35.3
Share price at end of period (cents)	24.0	20.0	20.0
Shares on Issue at end of period (mil)	99.1	74.5	33.0
Market capitalisation (\$'mil)	23.8	14.9	59.6
Cash at bank (\$'000)	5,971.1	6,595.5	-9.5
Cash held for statutory purposes (\$'000)	1,700.0	1,700.0	0.0
Waterexchange deposits (\$'000)	111.9	690.3	-83.8
<b>Working Capital ('000)</b>	<b>4,159</b>	<b>4,205</b>	<b>-1.1</b>

The operating loss for the Group was of \$911,728 (2009: \$1,057,163) for the period (13.8% decrease on the previous period). The Group maintains a cash balance of \$5,971,122 (2009: \$6,595,549) 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.

# Statutory Reports

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

**Financial Statements**

**For the Half Year Ended 31 December 2010**

# NSX Limited

ABN: 33 089 447 058

For the Half Year Ended 31 December 2010

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**NSX Limited**  
**ABN: 33 089 447 058**  
**Directors' Report**  
**For the Half Year Ended 31 December 2010**

Your directors submit the financial report of the Economic Entity for the half-year ended 31 December 2010.

## **General information**

### **Directors**

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

Michael Cox

Ann Bowering

Thomas Price

Directors have been in office since the beginning of the reporting period, to the date of this report, unless otherwise stated.

### **Company Secretary**

Scott Evans, General Manager, held the position of Company Secretary from the beginning of the reporting period.

### **Review of Operations**

During the half-year the Economic Entity incurred a loss after tax of \$911,728 (half year ended 31 December 2009 - loss of \$1,057,163 down 13.8%).

Revenue decreased by 3.8% from \$1,049,604 to \$1,009,652.

The Statement of Cash Flows for the half year ended 31 December 2010 shows a negative cash flow for the period of \$484,923 (half year ended 31 December 2009 – (\$2,124,852)) and a cash balance at that date of \$5,971,122 (half year ended 31 December 2009 - \$6,595,549).

### **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.

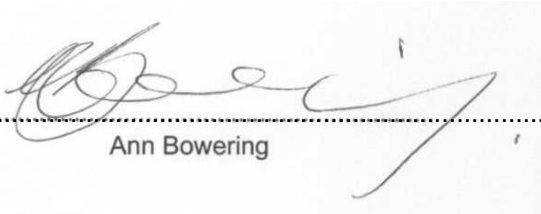
**NSX Limited**  
**ABN: 33 089 447 058**  
**Directors' Report**  
**For the Half Year Ended 31 December 2010**

**Auditors Independence Declaration**

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 14 for the period ended 31 December 2010.

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

Director: .....  
  
**Michael Cox**

Director: .....  
  
**Ann Bowering**

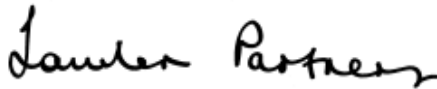
Dated this 25 day of February 2011

**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 2010, 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



**LAWLER PARTNERS**  
Chartered Accountants

Newcastle

Date: 25 February, 2011



**CLAYTON HICKEY**  
Partner

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under Professional Standards Legislation

# NSX Limited

ABN: 33 089 447 058

## Statement of Comprehensive Income For the Half Year Ended 31 December 2010

	Note	Consolidated	
		31-Dec 2010 \$	31-Dec 2009 \$
Revenue	2	1,009,652	1,049,604
Employee benefits expense		(645,770)	(637,047)
Depreciation, amortisation and impairments	2	(42,222)	(87,260)
Consultancy fees		(268,844)	(107,515)
Compliance expenses		(34,941)	(30,558)
Legal expenses		(43,718)	(150,948)
Market trading expenses		(400,458)	(349,453)
Marketing and promotion		(55,448)	(10,175)
Occupancy expenses		(106,697)	(100,432)
Administration expenses		(253,345)	(152,982)
Impairment losses	2	-	-
Other expenses		(69,937)	(247,473)
Joint Venture Costs - SIMVSE		-	(232,924)
Finance costs		-	-
<b>Loss before income tax</b>		<b>(911,728)</b>	<b>(1,057,163)</b>
Income tax expense	2	-	-
<b>Loss for the period</b>		<b>(911,728)</b>	<b>(1,057,163)</b>
Loss attributable to non controlling equity interest		(10,878)	-
<b>Loss attributable to members of the parent entity</b>		<b>(900,850)</b>	<b>-</b>
		(911,728)	-
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(911,728)</b>	<b>(1,057,163)</b>
<u>Earnings per share</u>			
Basic earnings per share (cents per share)		(0.92)	(1.37)
Diluted earning sper share (cents per share)		(0.92)	(1.37)

# NSX Limited

ABN: 33 089 447 058

## Statement of Financial Position As At 31 December 2010

	Note	Consolidated	
		31-Dec 2010 \$	30-Jun 2010 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	2,471,122	3,956,045
Trade and other receivables		263,462	144,216
Financial assets	3	3,500,000	2,500,000
Other current assets		352,792	108,519
<b>Total current assets</b>		<b>6,587,376</b>	<b>6,708,780</b>
<b>Non-current assets</b>			
Property, plant and equipment		125,506	144,190
<b>Total non-current assets</b>		<b>125,506</b>	<b>144,190</b>
<b>TOTAL ASSETS</b>		<b>6,712,882</b>	<b>6,852,970</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		947,122	660,131
Short-term provisions		42,701	63,483
<b>Total current liabilities</b>		<b>989,823</b>	<b>723,614</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Other long-term provisions		63,857	58,426
<b>Total non-current liabilities</b>		<b>63,857</b>	<b>58,426</b>
<b>TOTAL LIABILITIES</b>		<b>1,053,680</b>	<b>782,040</b>
<b>NET ASSETS</b>		<b>5,659,202</b>	<b>6,070,930</b>
<b>EQUITY</b>			
Issued capital		35,732,331	35,276,833
Retained earnings		(30,106,753)	(29,205,903)
<b>Parent Interest</b>		<b>5,625,578</b>	<b>6,070,930</b>
Non Controlling interest		33,624	-
<b>TOTAL EQUITY</b>		<b>5,659,202</b>	<b>6,070,930</b>

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 2010

	Issued Capital \$	Non- Controlling Interests \$	Retained Earnings \$	Total \$
Balance at 1 July 2010	35,276,833	-	(29,205,903)	6,070,930
Loss for the year	-	-	(900,850)	(900,850)
Other comprehensive income for the period	-	-	-	-
Loss attributable to non-controlling shareholders	-	-	-	-
Shares issued by subsidiary during the year	455,498	-	-	455,498
Profit attributable to non-controlling interests	-	(10,878)	-	(10,878)
Establishment of non-controlling interest	-	44,502	-	44,502
Non-cash share based payments	-	-	-	-
Transaction costs on share issue	-	-	-	-
<b>Balance at 31 Dec 2010</b>	<b>35,732,331</b>	<b>33,624</b>	<b>(30,106,753)</b>	<b>5,659,202</b>
Balance at 1 July 2009	31,005,596	-	(27,422,311)	3,583,285
Loss for the year	-	-	(1,057,164)	(1,057,164)
Other comprehensive income for the period	-	-	-	-
Loss attributable to non-controlling shareholders	-	-	-	-
Share issued during the year	4,350,054	-	-	4,350,054
Non-cash share based payments	-	-	-	-
Transaction costs on share issue	(61,348)	-	-	(61,348)
<b>Balance at 31 December 2009</b>	<b>35,294,302</b>	<b>-</b>	<b>(28,479,475)</b>	<b>6,814,827</b>

The accompanying notes form part of these financial statements.

# NSX Limited

ABN: 33 089 447 058

## Statement of Cash Flows For the Half Year Ended 31 December 2010

	Consolidated	
	31-Dec 2010 \$	31-Dec 2009 \$
<b>Cash from operating activities:</b>		
Receipts from customers	1,259,064	1,260,057
Payments to suppliers and employees	(2,339,747)	(2,530,199)
Interest received	119,298	63,196
Finance Costs	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>(961,385)</b>	<b>(1,206,946)</b>
<b>Cash flows from investing activities:</b>		
Payment of subsidiary, net of cash acquired	-	-
Acquisition of property, plant and equipment	(23,538)	(46,344)
Acquisition of intangibles	-	-
Net loans from/(to) related parties	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>(23,538)</b>	<b>(46,344)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issue of shares by subsidiary	500,000	3,378,142
Costs of issue of shares	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>500,000</b>	<b>3,378,142</b>
<b>Net increase (decreases) in cash held</b>	<b>(484,923)</b>	<b>2,124,852</b>
Cash at beginning of financial year	6,456,045	4,470,697
<b>Cash at end of financial year</b>	<b>5,971,122</b>	<b>6,595,549</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 2010

### Note 1 Statement of Significant Accounting Policies

#### (a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of NSX Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

#### 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 2010

### Note 2 Profit from Ordinary Activities

The following significant revenue and expense items are relevant to explaining the financial performance:

#### Revenue

	Consolidated	
	31-Dec 2010 \$	31-Dec 2009 \$
Listing and application fees	429,269	450,601
Exchange hosting service fees	22,848	136,650
Taxi licence market income	167,409	164,898
Waterexchange commissions	69,055	220,621
	<b>688,581</b>	<b>972,770</b>

#### Other Income

Other revenue	201,773	13,638
Interest - other persons	119,298	63,196
	<b>1,009,652</b>	<b>1,049,604</b>

#### Expenses

Depreciation, amortisation and impairments	42,222	87,260
	<b>42,222</b>	<b>87,260</b>

### Note 3 Cash Flow Information

#### (a) Reconciliation of cash

Cash at the end of the financial period as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

	Consolidated	
	31-Dec 2010 \$	30-Jun 2010 \$
Cash and cash equivalents	2,471,122	3,956,045
Commercial Bills	3,500,000	2,500,000
	<b>5,971,122</b>	<b>6,456,045</b>

# NSX Limited

ABN: 33 089 447 058

## Notes to the Financial Statements For the Half Year Ended 31 December 2010

### Note 4 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 ASX Clear CHESSE settlement systems which are used by the Economic Entity. During the period SIM Venture Securities Exchange also became registered for the ASX Clear Security Transfer Service.

The ability of the National Stock Exchange of Australia Limited and SIM Venture Securities 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.

### Note 5 Operating Segments

#### Segment Information

##### Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group operates in three operating segments, being:

- Stock Exchanges
- Taxi Market
- Water Exchange

There is no aggregation of operating segments into reportable segments, given that each segment represents a distinct business.

##### Type of Products and Services by Segment

###### *Stock Exchanges*

The stock exchange cash generating units provide a facility to trade the securities of issuers admitted to the official list. It also provides hosting services for other exchanges.

###### *Taxi Market*

The taxi market cash generating unit operates a web based facility on behalf of the Victorian Government for the trading of taxi licences and transfers within the Melbourne Central Business District area.

# NSX Limited

ABN: 33 089 447 058

## Notes to the Financial Statements For the Half Year Ended 31 December 2010

### Note 5 Operating Segments (Cont'd)

#### Type of Products and Services by Segment (Cont'd)

##### *Water Exchange*

The water exchange cash generating unit provides a web based facility for the trading of water entitlements within Australia.

#### Accounting Policies and Inter-segment Transactions

##### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

##### *Inter-segment transactions*

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. Interest is not charged on such loans.

Inter-segment sales and purchases are made on the basis of the Group's internal transfer pricing policies. No allocation of corporate charges is made to the operating segments, as these are predominately incurred by the Head Office and are not allocated in the internal management reports.

##### *Segment Assets and Liabilities*

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

##### *Comparative Information*

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

##### *Geographical Segments*

The Group conducts all of its business from Australia, therefore no reporting of results by geographical segment is performed.

# NSX Limited

ABN: 33 089 447 058

## Notes to the Financial Statements For the Half Year Ended 31 December 2010

### Note 5 Operating Segments (Cont'd)

#### Major Customers

The Group has a number of customers to which it provides both products and services. The Group has one major customer who contributes 16.6% (2009: 15.7%) of total revenue. All other customers generate less than 10% of total revenue.

#### (a) Segment Performance

	Stock Exchanges	Taxi Markets	Water Exchange	Unallocated Items	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>6 Months Ended 31 Dec 2010</b>					
<b>Revenue</b>					
External sales - services	452.0	167.0	69.0	-	<b>688.0</b>
Interest revenue	-	-	-	119.0	<b>119.0</b>
Other	-	-	-	202.0	<b>202.0</b>
<b>Total segment revenue</b>	<b>452.0</b>	<b>167.0</b>	<b>69.0</b>	<b>321.0</b>	<b>1,009.0</b>
<b>Total group revenue</b>					<b>1,009.0</b>
<b>Results</b>					
Segment net profit before tax	(784.4)	(22.1)	(172.6)	67.4	<b>(911.7)</b>
<b>Other Items</b>					
Depreciation and amortisation	40.0	-	1.0	1.0	<b>42.0</b>
<b>6 Months Ended 31 Dec 2009</b>					
<b>Revenue</b>					
External sales - services	587.0	165.0	221.0	-	<b>973.0</b>
Interest revenue	-	-	-	63.0	<b>63.0</b>
Other	-	-	-	14.0	<b>14.0</b>
<b>Total segment revenue</b>	<b>587.0</b>	<b>165.0</b>	<b>221.0</b>	<b>77.0</b>	<b>1,050.0</b>
<b>Total group revenue</b>					<b>1,050.0</b>
<b>Results</b>					
Segment net profit before tax	(528.0)	(9.0)	(339.0)	(181.0)	<b>(1,057.0)</b>
<b>Other Items</b>					
Impairment expense	-	-	-	-	-
Depreciation and amortisation	83.0	1.0	3.0	-	<b>87.0</b>

# NSX Limited

ABN: 33 089 447 058

## Notes to the Financial Statements For the Half Year Ended 31 December 2010

### Note 5 Operating Segments (Cont'd)

#### (b) Segment Assets

	Stock Exchanges \$'000	Taxi Markets \$'000	Water Exchange \$'000	Unallocated Items \$'000	Total \$'000
As at 31 December 2010					
Segment Assets	2,965.0	43.4	201.2	3,503.2	<b>6,712.8</b>
Segment asset increases for the period:					
- Acquisitions	24.0	-	-	-	24.0
As at December 2009					
Segment Assets	1,472.0	33.0	784.0	6,145.0	<b>8,434.0</b>
Segment asset increases for the period:					
- Acquisitions	44	-	2	-	46

#### (c) Segment Liabilities

	Stock Exchanges \$'000	Taxi Markets \$'000	Water Exchange \$'000	Unallocated Items \$'000	Total \$'000
As at 31 December 2010					
Segment Liabilities	595.8	23.3	136.5	298.1	<b>1,053.7</b>
As at 31 December 2009					
Segment Liabilities	627.0	19.0	582.0	391.0	<b>1,619.0</b>



# NSX Limited

ABN: 33 089 447 058

## Notes to the Financial Statements For the Half Year Ended 31 December 2010

### Note 6 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. Transactions with related parties:

#### (a) Director Related Entities

	Consolidated	
	31-Dec 2010 \$	30-Jun 2010 \$
Mr Michael Cox as a director of Solidus Financial Services - services rendered as CEO to NSX Limited	(117,375)	(89,848)
Ms Ann Bowering - amount paid to Financial and Energy Exchange Limited for services rendered as CEO of SIM Venture Securities Exchange for the period 1 July 2010 to 30 June 2011.	(109,693)	-
Mr Tom Price as Director of Financial and Energy Exchange Limited	-	-
Mr Brian Price as a director of SIM VSE Group Holdings Limited and Financial and Energy Exchange Limited	(11,160)	-

#### (b) Associated Companies

No payments were made to associated companies other than those disclosed above.

### 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 SIM Venture Securities Exchange Limited's (SIMVSE) Australian Financial Markets Licence, SIMVSE operates Investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the Corporations Act 2001. The SIMVSE is required to have in place minimum cover of \$1,000,000 to compensate investors. This amount is supported by a Term Deposit of \$1,000,000 with Westpac Bank.

As part of its contractual arrangements The Waterexchange Pty Ltd Waterbrokers Compensation Fund is required to have a minimum balance of \$25,000.

Mr Bladier, the previous Managing Director, has commenced legal proceedings against the Company for non-payment of termination benefits amounting to approximately 12 months remuneration. The Company is currently opposing this action which is now on appeal. If NSX loses the appeal then the court will determine costs.

# **NSX Limited**

**ABN: 33 089 447 058**

## **Notes to the Financial Statements For the Half Year Ended 31 December 2010**

### **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**

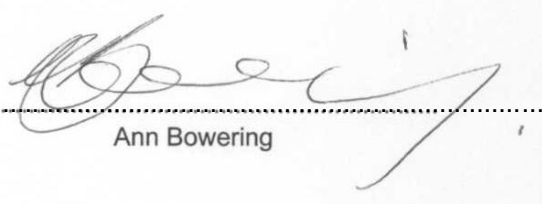
**Directors' Declaration**

The directors of the Economic Entity declare that:

1. The financial statements and notes, as set out on pages 15 to 26:
  - (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 2010 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 Cox**

Director: .....  
  
**Ann Bowering**

Dated 25 February 2011

## 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 2010, and the statement of comprehensive income, 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 2010 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.

#### *Matters Relating to Electronic Publication of the Audited Financial Report*

This review report relates to the financial report of NSX Limited and controlled entities for the half-year ended 31 December 2010 included on the website of NSX Limited and controlled entities. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

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**INDEPENDENT REVIEW REPORT**

**TO THE MEMBERS OF NSX LIMITED**

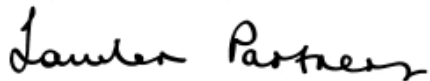
*Independence*

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

*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 2010 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.



**LAWLER PARTNERS**  
Chartered Accountants

Newcastle

Date: 25 February, 2011



**CLAYTON HICKEY**  
Partner