

**NSX LIMITED**  
**ABN: 33 089 447 058**  
**HALF YEAR ENDED 31 DECEMBER 2011**

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

(Comparative figures being the half year ended 31 December 2010)

				\$A
Revenues	down	47.5%	to	530,508
<b>Explanation</b> The decrease in revenue is attributable to the discontinuation of the Taxi Market and Waterexchange businesses.				
Loss after tax attributable to members	Up	71.5%	to	1,563,922
<b>Explanation</b> The increase in losses stems from lower revenue, as above, and increased costs associated with legal fees due the takeover offer by FEX Equity Markets Pty Ltd, the ASIC s853D action concerning Brian Price, accrual for settlement of litigation with Brian Peadon and accrual for settlement of costs with Robert Bladier. Increased expenditure has also been incurred in developing both the National Stock Exchange and SIM Venture Securities Exchange.				
Loss attributable to members for the period	Up	71.5%	to	1,563,922

<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 2011.	

**NTA backing**

Net tangible asset backing per ordinary share

**Controlled entities acquired or disposed of:**

<b>Half-year ended 31 Dec 2011</b>	<b>Half-year ended 31 Dec 2010</b>
3.4 cents	5.71 cents

During the half-year ended 31 December 2011 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. As at the Balance Date, NSX owned 91.67% of the venture and FEX owned 8.33%. As the ownership by FEX is small as at balance date, 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 2011	30-Jun 2011
<b>Non-controlling Interest</b>		
Share Capital \$	-	-
Current Year profit/(loss)	<b>(26,156)</b>	(45,488)

After 31 December 2011, FEX have paid \$410,000 as a contribution to the Joint Venture. The outstanding payments amount to \$2.09million. Share ownership by FEX in the Joint Venture increased from 8.33% to 15.17% and NSX Limited now owns 84.33% of the joint venture.



**NSX Limited**

**Newcastle**

Level 2, 117 Scott Street,  
Newcastle NSW, 2300  
PO BOX 283, Newcastle, NSW, 2300  
P: +61 2 4929 6377  
F: +61 2 4929 1556

**Melbourne**

Suite 1.2, 415 Riversdale Road,  
Hawthorn East, VIC, 3123  
P: +61 3 9001 0304  
F: +61 3 9001 0311

**Sydney**

Level 34, 50 Bridge Street,  
Sydney, NSW 2000  
P: +61 2 4921 2424  
F: +61 2 4929 1556

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

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

# NSX LIMITED

ABN 33 089 447 058

and its controlled entities

## Half-Year Financial Report

Including additional  
Appendix 4D disclosures

31 DECEMBER 2011

**RELEASED**  
**29 February 2012**

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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 2011 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,

Following the appointment of Emlyn Scott, the NSX has commenced the difficult task of resetting its strategy and developing a sustainable business model that will enable it to achieve the revenue growth it requires to fund its operations.

It is frustrating that during every financial period we are hit by non-core operating costs, which because of the level of revenue have an increased impact on the operating profit. Whilst those expenses are an unfortunate aspect of being in business, they do mask the changes that have been put in place.

Following the closure of the offer by Financial Energy Exchange, both Management and the Board are continuing to work closely to ensure that we get the benefits of the synergy and relationships each of the group entities are now building.

Our main focus is the growth of revenue, and particularly the growth in listing revenue. In order to increase the number of companies that will call the NSX their home market, we must ensure that we have a value proposition that is attractive; just being the cheapest market is never going to be sufficient. We must build the NSX brand so that the association with the brand becomes of value to those companies that are listed or seek a listing.

The brand development involves our web site, our logo and our media profile and over the next twelve months you should expect to see the continuing development of our brand in the financial market place.

**MICHAEL COX**  
Chairman

Sydney  
Date: 29 February 2012

## CHIEF EXECUTIVE OFFICER'S REPORT

Since taking over as CEO of NSX in October 2011 I have conducted a review of NSX's business and met with many of our stakeholders including listed companies, advisers and brokers. There has been a consistent message that NSX has huge potential and is needed in the Australian markets, but has failed to deliver on its potential.

The 47.5% fall in NSX's revenue was the result of the revenue forgone from the closure of the Taxi Market, the sale of the WaterExchange and fee waiver incentives given to BSX companies to encourage migration to NSX. However, the Taxi Market and WaterExchange were cashflow neutral for NSX, so while their cessation has significantly reduced NSX's revenues, it has also reduced our costs by the equivalent amount.

The benefit of the cessation of the WaterExchange and Taxi Market is that it helps simplify and focus NSX on its core business of listing securities. In our core business of listing securities our revenues were relatively stable. However, we unfortunately experienced a significant increase in one-off expenses, most notably our legal expenses due mainly to the takeover.

We have instigated a number of initiatives to better differentiate NSX and our value proposition which we will be implementing over the next few months, including:

- Providing online internet access for the first time via Paritech
- Reduced broker application fees and trading fees
- Redesigning and re-messaging our website
- Initiating better company data dissemination with the intention of having NSX companies covered in the main internet sites such as Yahoo Finance
- Creation of a unique marketing suite of services for new listing companies
- Introduction of information and investor seminars

I believe the above changes, amongst other initiatives, will create a solid foundation and compelling service from which the organisation can focus and grow. The initial responses from the market are overwhelmingly positive and I'm confident that 2012 will become a record listing year for NSX as a result.

**EMLYN SCOTT**  
Chief Executive Officer

Sydney  
Date: 29 February 2012

## Analysis of Financial Results

Summary results for the operations are as follows:

- Revenue – 530,508 (down 47.5%)
- Operating Expenses – 2,094,430 (up 9.0%)
- Loss after tax – 1,563,922 (up 71.5%)
- Normal earnings per share increased from (0.9) to (1.6).
- Net tangible Assets per share decreased from 5.7 cents to 3.4 cents

### Group Summary

	31-Dec-11	31-Dec-10	Change
	\$'000	\$'000	%
Revenue	530.5	1,009.7	(47.5)
Expenses excluding impairments	2,094.4	1,921.4	9.0
Operating loss	(1,563.9)	(911.7)	71.5
Expenses including impairments	2,094.4	1,921.4	9.0
<b>Net loss after tax</b>	<b>(1,563.9)</b>	<b>(911.7)</b>	<b>71.5</b>
Earnings per share (cents)	(1.6)	(0.9)	71.6
Net tangible asset backing (cents)	3.4	5.7	(40.9)
Share price at end of period (cents)	23.0	24.0	(4.2)
Shares on Issue at end of period (mil)	99.1	99.1	-
Market capitalisation (\$'mil)	22.8	23.8	(4.2)
Cash at bank (\$'000)	3,603.5	5,971.1	(39.7)
Cash held for statutory purposes (\$'000)	1,700.0	1,700.0	-
Waterexchange Deposits (\$'000)	-	111.9	(100.0)
<b>Working Capital ('000)</b>	<b>1,903.5</b>	<b>4,159.2</b>	<b>(54.2)</b>

The operating loss for the Group was \$1,563,922 (2010: \$911,728) for the period (71.5% increase on the previous period).

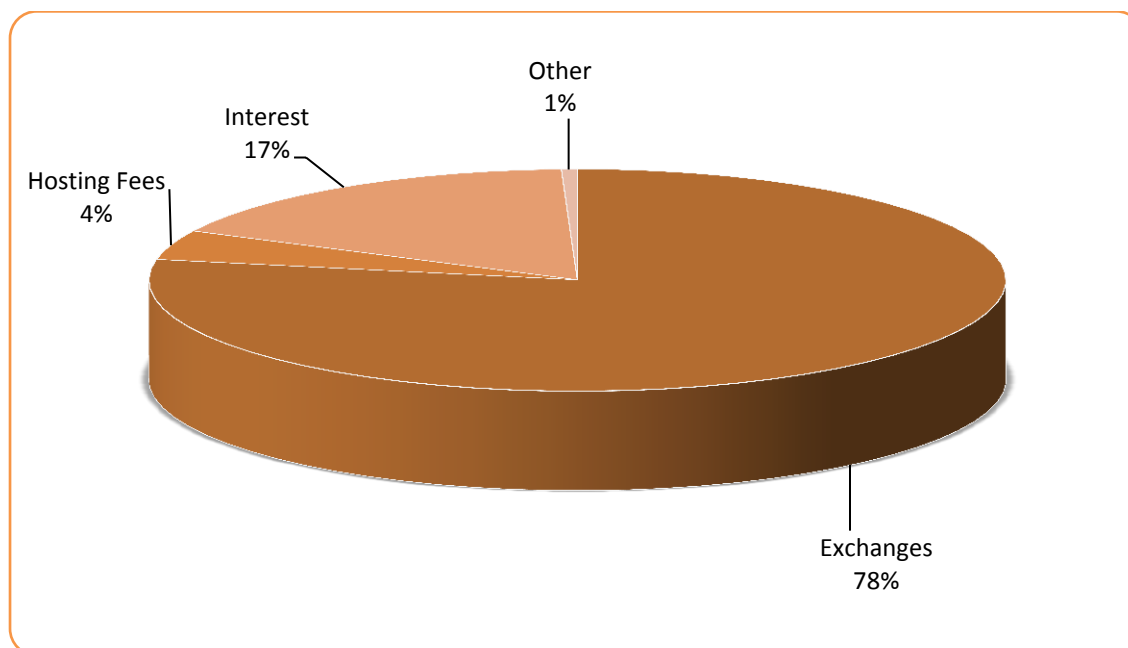
#### Working Capital

The Group maintains a cash balance of \$3,603,524 (2010: \$5,971,122) 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. Therefore \$1,700,000 is not available to the NSX Group as working capital. The following table details the impact of these arrangements on NSX Limited's cash balances.

	31 December 2011
	\$A'000
Total cash at bank	3,604
Deposits held for Equity Markets Compensation Arrangements.	(1,700)
Other	-
<b>Total: cash available for use by the Group</b>	<b>1,904</b>

## Revenue

### Revenue by Category (Figure 1)



The above chart reflects the percentage share that each revenue category represents in gross revenue received. Total revenue decreased by 47.5% compared to the corresponding period. This is due to the discontinuation of the Taxi Market and Waterexchange businesses as well as fifty per cent of the annual fees waived to encourage Bendigo Stock Exchange listed securities to migrate to the National Stock Exchange market.

### **Segmental Analysis**

Stock exchange revenue decreased by 3.6% over the corresponding period. This is due to a decrease in the number of listings compared to the corresponding period and the waiver of 50.0% of the annual fees given as an incentive for BSX listed securities to migrate to the National Stock Exchange.

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

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

1. On 11 January 2012, the NSX and Paritech, a leader in online trading and investment systems, announced the signing of a strategic agreement to offer all NSX listed securities on Paritech's trade execution systems. The enhanced service will offer easy online access to NSX securities for the first time and is targeted to go live by the end of first quarter 2012.
2. From 1 January 2012, NSX cut the joining fee for Brokers to zero. The annual fee would rise from \$2,000 to \$2,500. The Compensation Fund contributions would also be waived pending appropriate regulatory approvals.
3. NSX is reviewing the fees it charges on trade execution and expects to implement a new fee schedule by 2 April 2012.



4. iQnovate Limited (NSX: IQN) successfully listed on NSXA. There is one application for listing pending, Precious Metals Investments Limited (NSX Code: PMZ). Full details of these companies can be found on the NSXA website;
5. International Petroleum Limited (NSX: IOP) successfully applied to trade on a trading platform in the US, for quotation of its securities. This demonstrates a maturing of the NSXA market and the ability of companies to access institutional investors. In February 2012 IOP completed a \$33million placement;
6. US Masters (NSX Code: URF) completed \$31million capital raising via prospectus during the period;
7. In total during the period \$199million was raised by companies compared to \$117million for the equivalent period in 2010;
8. The migration of 29 SIM VSE issuers to NSXA was completed on 3 January 2012. The reason for the migration is to allow SIM VSE to pursue listing of companies in the Asia Cleantech and Innovation market. These companies were all listed initially on the Bendigo Stock Exchange;
9. Ord Minnett, Triple C Consulting, Dayton Way Financial and AFS Capital Management were officially approved as Participants on NSXA;
10. Baker McKenzie and Lawler Hacketts were approved as Nominated Advisers.

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

1. Telezon Limited (SIM: TLZ) successfully migrated from ASX and listed on SIM VSE.
2. Greentech Flagship Limited (SIM: GTF) successfully listed on SIM VSE;
3. AFS Capital Management, Dayton Way Financial, Paterson Securities, Taylor Collison and Shaw Stockbroking were officially approved as Brokers.

#### *About the Joint Venture*

SIM Venture Securities Exchange will operate a market for the listing of Companies operating in the cleantech and innovation sector.

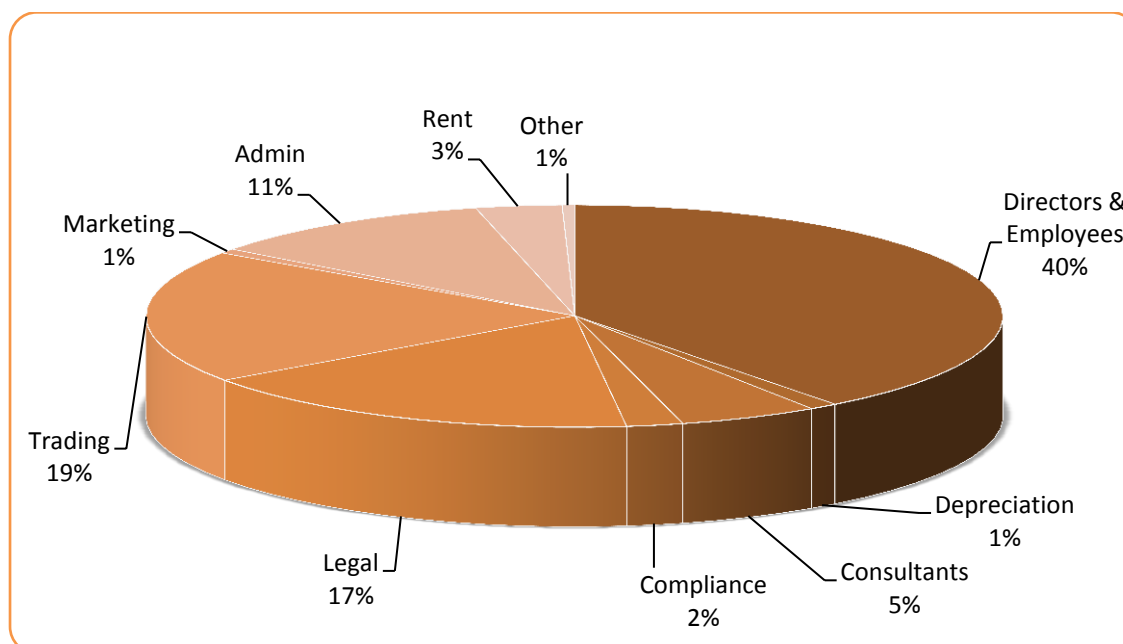
As part of the joint venture arrangements Financial and Energy Exchange Limited ("FEX") will provide funding of \$500,000 every six months for 3 years (total value \$3,000,000) in consideration of 50% ownership of SIM VSE Group Holdings Ltd the parent of SIM Venture Securities Exchange Ltd.

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

For detailed segmental analysis on each cash generating unit, refer to Note 5 of the financial statements.

## Expenses

Expenses by Category (Figure 2)



The above chart reflects the percentage share that each category represents in gross expenses. Operating expenses have increased by 9.0% compared to the corresponding period.

### Movements in Expenses

The following significant movements in expenses are noted:

<b>Legal Expenses</b>	Legal expenses were \$357,923 (2010: \$43,718) which is a change of 719%. The increase in this expense was primarily due to the legal expenses required for the production of documentation for the responses to the takeover offer by FEX equity Markets Pty Ltd, the representations by NSX and SIM VSE at the section 853D hearing for Brian Price and accruals for costs and payments to Robert Bladier (\$70,000) and Brian Peadon (\$100,000).
<b>Employment Expenses and Consultancy Fees</b>	Employment expenses increased by 28.5% and consultancy expenses decreased by 59.1%. These movements were the result of the appointment of the new CEO.
<b>Compliance Expenses</b>	Compliance Expenses increased by 27.7% due to the increase in the matters heard by the compliance committee.
<b>Occupancy Expenses</b>	Occupancy Expenses declined by 36.4% due to the changing of premises in both Melbourne and Sydney. Also, NSX no longer maintains premises in Canberra after ceasing the Waterexchange business.

# Statutory Reports

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

**Financial Statements**

**For the Half Year Ended 31 December 2011**

# NSX Limited

ABN: 33 089 447 058

For the Half Year Ended 31 December 2011

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**NSX Limited**  
**ABN: 33 089 447 058**  
**Directors' Report**  
**For the Half Year Ended 31 December 2011**

Your directors submit the financial report of the Economic Entity for the half-year ended 31 December 2011.

## General information

### Directors

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

Ann Bowering	Appointed 25 May 2009.
Michael Cox	Appointed 23 November 2009.
Thomas Price	Appointed 17 November 2009.
Bruce McNab	Alternate to Ann Bowering, appointed 1 June 2011.
Peter Koller	Alternate to Tom Price, appointed 1 June 2011, resigned 28 November 2011

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. Appointed 7 March 2006.

### Review of Operations

During the half-year the Economic Entity incurred a loss after tax of \$1,563,922 (half year ended 31 December 2010 - loss of \$911,728 up 71.5%).

Revenue decreased by 47.46% from \$1,009,652 to \$530,508.

The Statement of Cash Flows for the half year ended 31 December 2011 shows a negative cash flow for the period of \$1,344,955 (half year ended 31 December 2010 - (\$484,923)) and a cash balance at that date of \$3,603,524 (half year ended 31 December 2010 - \$5,971,122).

### Dividends paid or declared

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

**NSX Limited**  
**ABN: 33 089 447 058**  
**Directors' Report**  
**For the Half Year Ended 31 December 2011**

**Events occurring after balance date**

Post Balance Date, Financial and Energy Exchange Limited ("FEX") have paid an contribution of \$410,000 to the SIM VSE joint venture. This brings the total contribution to date of \$910,000 with an outstanding commitment of \$2.09million. The ownership by FEX in the joint venture increased from 8.33% to 15.17%.

NSX has accrued a settlement charge of \$100,000, with Brian Peadon a previous director of NSX Limited, for a claim concerning unpaid short term and long term incentives while he was manager of the The Waterexchange Pty Ltd. Subsequent to balance date, this settlement figure was agreed to by Brian Peadon.

Robert Bladier, former Managing Director of NSX Limited, has claimed costs associated with the legal action concerning payment of redundancy. NSX has sought a court determination of these costs. NSX has accrued the amount of \$70,000 in the accounts for expected costs in this matter.

No matters or circumstances, other than those stated above, 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 2011**

**Auditors Independence Declaration**

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 16 for the period ended 31 December 2011.

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

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

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

Dated this 29 day of February 2012

**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 2011, 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

Dated: 29 February 2012



**ROBERT BELL**  
Partner



# NSX Limited

ABN: 33 089 447 058

## Statement of Comprehensive Income For the Half Year Ended 31 December 2011

	Note	Consolidated	
		31-Dec 2011 \$	31-Dec 2010 \$
Revenue	2	530,508	1,009,652
Employee benefits expense		(829,875)	(645,770)
Depreciation, amortisation and impairments	2	(22,372)	(42,222)
Consultancy fees		(110,000)	(268,844)
Compliance expenses		(44,623)	(34,941)
Legal expenses		(357,923)	(43,718)
Market trading expenses		(406,990)	(400,458)
Marketing and promotion		(13,659)	(55,448)
Occupancy expenses		(67,885)	(106,697)
Administration expenses		(231,057)	(253,345)
Other expenses		(10,046)	(69,937)
<b>Loss before income tax</b>		<b>(1,563,922)</b>	<b>(911,728)</b>
Income tax expense	2	-	-
<b>Loss for the period</b>		<b>(1,563,922)</b>	<b>(911,728)</b>
Loss attributable to non controlling equity interest		(26,156)	(10,878)
<b>Loss attributable to members of the parent entity</b>		<b>(1,537,766)</b>	<b>(900,850)</b>
		<b>(1,563,922)</b>	<b>(911,728)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(1,563,922)</b>	<b>(911,728)</b>
<u>Earnings per share</u>			
Basic earnings per share (cents per share)		(1.58)	(0.92)
Diluted earning sper share (cents per share)		(1.58)	(0.92)

# NSX Limited

ABN: 33 089 447 058

## Statement of Financial Position As At 31 December 2011

		Consolidated	
		31-Dec	30-Jun
		2011	2011
		\$	\$
ASSETS	Note		
<b>Current assets</b>			
Cash and cash equivalents	3	1,403,524	2,248,479
Trade and other receivables		215,162	230,841
Financial assets	3	2,200,000	2,700,000
Other current assets		279,531	159,736
<b>Total current assets</b>		<b>4,098,217</b>	<b>5,339,056</b>
<b>Non-current assets</b>			
Property, plant and equipment		55,604	75,596
<b>Total non-current assets</b>		<b>55,604</b>	<b>75,596</b>
<b>TOTAL ASSETS</b>		<b>4,153,821</b>	<b>5,414,652</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		670,300	393,542
Short-term provisions		51,817	41,602
<b>Total current liabilities</b>		<b>722,117</b>	<b>435,144</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Other long-term provisions		89,816	73,698
<b>Total non-current liabilities</b>		<b>89,816</b>	<b>73,698</b>
<b>TOTAL LIABILITIES</b>		<b>811,933</b>	<b>508,842</b>
<b>NET ASSETS</b>		<b>3,341,888</b>	<b>4,905,810</b>
<b>EQUITY</b>			
Issued capital		35,797,332	35,797,332
Retained earnings		(32,428,302)	(30,890,536)
<b>Parent Interest</b>		<b>3,369,030</b>	<b>4,906,796</b>
Non Controlling interest		(27,142)	(986)
<b>TOTAL EQUITY</b>		<b>3,341,888</b>	<b>4,905,810</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 2011

	Consolidated			Total \$
	Issued Capital \$	Non- Controlling Interests	Retained Earnings	
		\$	\$	
Balance at 1 July 2011	35,797,332	(986)	(30,890,536)	4,905,810
Loss for the year	-	-	(1,537,766)	(1,537,766)
Other comprehensive income for the period	-	-	-	-
Loss attributable to non-controlling shareholders	-	(26,156)	-	(26,156)
Shares issued by subsidiary during the year interests	-	-	-	-
Establishment of non-controlling interest	-	-	-	-
Non-cash share based payments	-	-	-	-
Transaction costs on share issue	-	-	-	-
<b>Balance at 31 Dec 2011</b>	<b>35,797,332</b>	<b>(27,142)</b>	<b>(32,428,302)</b>	<b>3,341,888</b>
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	-	-	-	-
Share issued by subsidiary during the year interests	455,498	-	-	455,498
Establishment of non-controlling interest	-	(10,878)	-	(10,878)
Non-cash share based payments	-	44,502	-	44,502
Transaction costs on share issue	-	-	-	-
<b>Balance at 31 December 2010</b>	<b>35,732,331</b>	<b>33,624</b>	<b>(30,106,753)</b>	<b>5,659,202</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 2011

	Consolidated	
	31-Dec 2011 \$	31-Dec 2010 \$
<b>Cash from operating activities:</b>		
Receipts from customers	708,101	1,259,064
Payments to suppliers and employees	(2,141,574)	(2,339,747)
Interest received	90,898	119,298
Finance Costs	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>(1,342,575)</b>	<b>(961,385)</b>
<b>Cash flows from investing activities:</b>		
Payment of subsidiary, net of cash acquired	-	-
Acquisition of property, plant and equipment	(2,380)	(23,538)
Acquisition of intangibles	-	-
Net loans from/(to) related parties	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>(2,380)</b>	<b>(23,538)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issue of shares by subsidiary	-	500,000
Costs of issue of shares	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>-</b>	<b>500,000</b>
<b>Net increase (decreases) in cash held</b>	<b>(1,344,955)</b>	<b>(484,923)</b>
Cash at beginning of financial year	4,948,479	6,456,045
<b>Cash at end of financial year</b>	<b>3,603,524</b>	<b>5,971,122</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 2011

### 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 2011 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 2011, 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.

#### New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2011. However, the following amendments to accounting standards as a result of the annual Improvements to AASB come into effect during the period, however did not have any impact on the accounting policies, financial position or performance of the Group:

##### AASB 124 Related Party Transactions (Amendment)

The AASB has issued an amendment to AASB 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

# NSX Limited

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## Notes to the Financial Statements For the Half Year Ended 31 December 2011

### **AASB 132 Financial Instruments: Presentation (Amendment)**

The amendment alters the definition of a financial liability in AASB 132 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group.

### **AASB Interpretation 14: Prepayments of a Minimum Funding Requirement (Amendment)**

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements (MFR) and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as pension asset. The Group is not subject to minimum funding requirements in Australia. The amendment to the interpretation therefore had no effect on the financial position or performance of the Group.

### **Improvements to AASB (issued May 2010)**

In May 2010, the AASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

### **AASB 3: Business Combinations**

The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

### **AASB 7: Financial Instruments — Disclosures**

The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

### **AASB 101: Presentation of Financial Statements**

The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

### **AASB 134: Interim Financial Statements**

The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

# NSX Limited

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## Notes to the Financial Statements For the Half Year Ended 31 December 2011

### Note 2 Profit from Ordinary Activities

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

#### Revenue

	Consolidated	
	31-Dec 2011	31-Dec 2010
	\$	\$
Listing and application fees	413,586	429,269
Exchange hosting service fees	22,850	22,848
Taxi licence market income	-	167,409
Waterexchange commissions	-	69,055
	<b>436,436</b>	<b>688,581</b>

#### Other Income

Other revenue	3,174	201,773
Interest - other persons	90,898	119,298
Total other income	94,072	321,071
<b>Total Revenue</b>	<b>530,508</b>	<b>1,009,652</b>

#### Expenses

Depreciation, amortisation and impairments	22,372	42,222
	<b>22,372</b>	<b>42,222</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 statement of financial position as follows:

	Consolidated	
	31-Dec 2011	30-Jun 2011
	\$	\$
Cash and cash equivalents	1,403,524	2,248,479
Held to maturity (amortised cost)	2,200,000	2,700,000
	<b>3,603,524</b>	<b>4,948,479</b>

## **NSX Limited**

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### **Notes to the Financial Statements For the Half Year Ended 31 December 2011**

#### **Note 4      Reliance on Australian Securities Exchange Limited and NASDAQ OMX**

The ability of the National Stock Exchange of Australia Limited to conduct its operations is reliant upon the capability and reliability of the ASX Settlement CHESS settlement systems which are used by the Economic Entity. During the period SIM Venture Securities Exchange also became registered for the ASX Settlement Security Transfer Service and ASX Settlement Facilitation 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 NASDAQ OMX.

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 one operating segments, being:

- Stock Exchanges

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.



**NSX Limited**

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**Notes to the Financial Statements  
For the Half Year Ended 31 December 2011**

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

**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

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## Notes to the Financial Statements For the Half Year Ended 31 December 2011

### 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 no major customers who contribute more than 10% (2010: 16.6%) 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 2011</b>					
<b>Revenue</b>					
External sales - services	436.4	-	-	-	436.4
Interest revenue	-	-	-	90.9	90.9
Other	-	-	-	3.2	3.2
<b>Total segment revenue</b>	<b>436.4</b>	<b>-</b>	<b>-</b>	<b>94.1</b>	<b>530.5</b>
<b>Total group revenue</b>					<b>530.5</b>
<b>Results</b>					
Segment net profit before tax	(1,016.5)	-	(3.0)	(544.4)	(1,563.9)
<b>Other Items</b>					
Depreciation and amortisation	22.4	-	-	-	22.4
<b>6 Months Ended 31 Dec 2010</b>					
<b>Revenue</b>					
External sales - services	452.0	167.0	69.0	-	688.0
Interest revenue	-	-	-	119.0	119.0
Other	-	-	-	202.0	202.0
<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	(911.7)
<b>Other Items</b>					
Depreciation and amortisation	40.0	-	1.0	1.0	42.0

# NSX Limited

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## Notes to the Financial Statements For the Half Year Ended 31 December 2011

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

#### (b) Segment Assets

	Stock Exchanges	Taxi Markets	Water Exchange	Unallocated Items	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 31 December 2011</b>					
Segment Assets	1,215.0	1.9	105.9	2,831.0	4,153.8
Segment asset increases for the period:					
- Acquisitions	2.0	-	-	-	2.0
<b>As at December 2010</b>					
Segment Assets	2,965.0	43.4	201.2	3,503.2	6,712.8
Segment asset increases for the period:					
- Acquisitions	24.0	-	-	-	24

#### (c) Segment Liabilities

	Stock Exchanges	Taxi Markets	Water Exchange	Unallocated Items	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 31 December 2011</b>					
Segment Liabilities	416.1	-	-	395.8	811.9
<b>As at 31 December 2010</b>					
Segment Liabilities	595.8	23.3	136.5	298.1	1,053.7

# NSX Limited

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## Notes to the Financial Statements For the Half Year Ended 31 December 2011

### 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 2011 \$	30-Jun 2011 \$
Mr Michael Cox as a director of Solidus Financial Services - services rendered as CEO to NSX Limited	(57,273)	(255,417)
Ms Ann Bowering - Financial and Energy Exchange Limited for services rendered as CEO of SIM Venture Securities Exchange for the period 1 July 2011 to 31 December 2011.	(80,000)	-
Mr Tom Price as Director of Financial and Energy Exchange Limited - Payments made to FEX by the NSX Group as part of the SIM VSE Joint Venture.	-	(264,396)
Mr Brian Price as a director of SIM VSE Group Holdings Limited and Financial and Energy Exchange Limited	-	-
Mr Peter Koller - as expense reimburse as an alternate director for T Price	(10,500)	-
Mr Bruce McNab - as expense reimburse as an alternate director for A Bowering and representing NSX in relation to Peadon and Bladier legal actions.	(11,400)	(13,463)

#### (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 term deposit provided by NSX Limited and Westpac Bank has issued a letter of credit for this amount.

As part of the SIM Venture Securities Exchange Limited's (SIM VSE) Australian Financial Markets Licence, SIM VSE operates Investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the Corporations Act 2001. SIM VSE is required to have in place minimum cover of \$1,000,000 to compensate investors. NSX Limited has cash as a term deposit of \$1,000,000 with National Australia Bank and a letter of credit supporting SIM VSE's compensation arrangements.

# NSX Limited

ABN: 33 089 447 058

## Notes to the Financial Statements For the Half Year Ended 31 December 2011

### Note 8 Events After the Balance Date

Post Balance Date, Financial and Energy Exchange Limited ("FEX") have paid an contribution of \$410,000 to the SIM VSE joint venture. This brings the total contribution to date of \$910,000 with an outstanding commitment of \$2.09million. The ownership by FEX in the joint venture increased from 8.33% to 15.17%.

NSX has accrued a settlement charge of \$100,000, with Brian Peadon a previous director of NSX Limited, for a claim concerning unpaid short term and long term incentives while he was manager of the The Waterexchange Pty Ltd. Subsequent to balance date, this settlement figure was agreed to by Brian Peadon.

Robert Bladier, former Managing Director of NSX Limited, has claimed costs associated with the legal action concerning payment of redundancy. NSX has sought a court determination of these costs. NSX has accrued the amount of \$70,000 in the accounts for expected costs in this matter.

No matters or circumstances, other than those stated above, 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 17 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 2011 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.

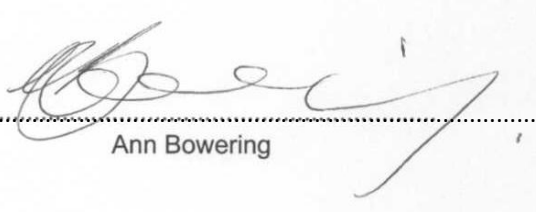
This declaration is made in accordance with a resolution of the Board of Directors.

Director: .....



**Michael Cox**

Director: .....



**Ann Bowering**

Dated 29 February 2012

## 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 (the consolidated entity) which comprises the statement of financial position as at 31 December 2011, 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* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### **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 a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, 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 2011 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, 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*.

**INDEPENDENT REVIEW REPORT**

**TO THE MEMBERS OF NSX LIMITED**

**Report on the Half Year Financial Report (Continued)**

***Conclusion***

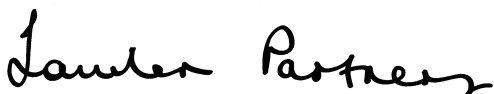
Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of NSX Limited does not present fairly, in all material respects, the financial position of the consolidated entity as at 31 December 2011, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

***Inherent Uncertainty Regarding Continuation as a Going Concern***

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of a full going concern review, the ability of the consolidated entity to continue as a going concern and its ability to pay its debts as and when they become due and payable is dependent upon the perusal and success of the following strategies:

- Success of various growth strategies currently being implemented by the Consolidated Entity; and
- Continued financial support from the Consolidated Entity's Joint Venture partner in the SIM Venture Securities Exchange Limited.

Should the consolidated entity not be able to achieve these strategies or receive the financial support there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and realize its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.



**LAWLER PARTNERS**  
Chartered Accountants

Newcastle

Dated: 29 February 2012



**ROBERT BELL**  
Partner