



NSX Limited
and
Controlled Entities
ABN 33 089 447 058

Annual Report for Year Ended 30 June 2005

CORPORATE DIRECTORY

Directors

Raymond L Whitten
Michael A Cox
F Mark Menzies
Paul E Seymour
Kelvin A Clarke
Ian G Mansbridge
Dudley Chamberlain

Company Secretary

Francis Markham Menzies

Senior Executives

Scott Evans
General Manager
Harry Parkinson
Business Development
Manager
Ian Craig
Companies Manager

Principal Business Office

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www.nsx.net.au
www.newsx.com.au
www.bsx.com.au
www.bsxtaximarket.com.au

Bankers

Westpac Banking Corporation
45 Hunter Street
Newcastle NSW 2300
www.westpac.com.au

Solicitors

Baker & McKenzie
AMP Centre
50 Bridge Street,
Sydney NSW 1223
www.bakernet.com

Auditors

Lawler Partners
763 Hunter Street
Newcastle West NSW 2302
www.lawlerpartners.com.au

Share Registry

Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000
Telephone: +61 2 9290 9600
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Correspondence to:
PO Box R67
Royal Exchange
Sydney NSW 1223
registries@registriesltd.com.au
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CHAIRMAN'S LETTER

Dear Shareholders,

With pleasure I present, on behalf of the Board of Directors, the 6th Annual Report for NSX Limited and Controlled Entities.

The highlights for the year are detailed in the attached Directors' Report on Operations and it is pleasing to report that the number of listings has increased significantly during the year, the profile of NSX in the business community has been raised with the listing of NSX on ASX, as has the support from the financial community and NSX continues to improve its awareness in its core markets of small to medium enterprises and international markets such as Asia.

The challenges during the year were significant, particularly progressing readying the company for its ultimate listing on the ASX and the acquisition of the Bendigo Stock Exchange.

The challenge for the current financial year is to ensure that NSX increases the number of listings, brokers and advisers operating in its markets. Also, to develop the local capital market capitalise on the Community Exchange initiatives with Wollongong City Council and Illawarra Business Chamber as well as increasing NSX's profile in Asia.

I thank my fellow directors for their active participation and input during a challenging year.

It is, in my view, that the forthcoming year will be an exciting year in the history of the Exchange where we grow on the solid base built to date and the Board thanks you for your ongoing support.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ray Whitten', with a long horizontal flourish extending to the right.

Ray Whitten
Chairman

Newcastle

Date 30 September 2005

CHIEF EXECUTIVE OFFICERS' REPORT

Review of Operations

The Director's are pleased to report the consolidated results of NSX Limited (NSX) and its controlled entities for the financial year ended 30 June 2005. NSX Limited incorporates two Australian Market Licencees (Stock Exchanges) trading as the Stock Exchange of Newcastle Limited (SENL) and Bendigo Stock Exchange Limited (BSX).

Profit and Loss

The Company incurred a consolidated operating loss after tax of \$2,986,761 (2004: loss of \$270,694). Of this loss, \$2,708,148 relates to the non-trading items of depreciation and amortisation expense. Adjusting for the reduction in goodwill on acquisition of BSX (discussed below) the after tax loss would have been \$396,323. The SENL business unit contributed a net loss of \$67,599. The integration of BSX into the NSX group contributed a net loss of \$107,766. Revenue increased by 134% \$779,722 (2004: \$332,546). Costs for the same period, excluding non-trading items, increased by 89% \$1,058,335 (2004: 560,567) reflecting the increased activity of NSX and the integration of the BSX business unit.

Impact of Non-Trading Items

Shareholders approved the acquisition of BSX at a meeting held on 12th April 2005. In line with changes in accounting standards and due to the impact of the restructuring of the BSX business unit, the NSX Board has decided to reduce the goodwill on acquisition in BSX by \$2,590,438. The remaining goodwill value will reflect the net present value of earnings of that business unit. The BSX acquisition will provide long term benefits to the merged entity particularly as the expected growth in listings will be in the small to medium enterprise market which will centre on the NSX market.

Table clarifying the impact on Profit and Loss of the reduction in goodwill in BSX due on acquisition.

	Economic Entity	
	2005 \$	2004 \$
REVENUE		
Revenue from ordinary activities	779,722	332,546
EXPENSES		
Reduction in Goodwill on BSX acquisition	(2,590,438)	-
Depreciation and amortisation	(117,710)	(42,673)
Operating Expenses	(1,058,335)	(41,694)
<i>Loss from ordinary activities before income tax expense relating to ordinary activities</i>	<i>(2,986,761)</i>	<i>(270,694)</i>
<i>Income tax benefit/(expense) relating to ordinary activities</i>	<i>-</i>	<i>-</i>
<i>Net loss attributable to members of the parent entity</i>	<i>(2,986,761)</i>	<i>(270,694)</i>
<i>Total changes in equity of the entity other than those resulting from transactions with owners as owners</i>	<i>(2,986,761)</i>	<i>(270,694)</i>

Mission Statement

To provide a vehicle to assist issuers to:

- list, trade and settle their securities;
- access capital via the participant (broker) network;
- comply with the listing, business rules and Corporations Act; and
- transition to other capital markets if they so desire,

in an orderly, transparent and high integrity environment.

Highlights

The highlights for the year include:

- Listed on Australian Stock Exchange.
- Acquisition of Bendigo Stock Exchange operations.
- Number of listing grow from 27 (June 2004) to 73 (June 2005), including BSX securities.
- New brokers joined.
- New advisers joined.
- Branding of the Stock Exchange of Newcastle as the NSX Corporate Market.
- Branding of the Bendigo Stock Exchange as the NSX Alternative Market.
- Establishment of the Wollongong Stock Exchange initiative in conjunction with the Wollongong City Council and Illawarra Chamber of Commerce.
- Increased Trading Volumes

Revenue and Cost Drivers

There are specific revenue drivers and cost drivers that are generally common to any exchange. NSX's financial model is as follows:

NSX's business model is driven by application and listing fees and not by trading fees. The costs of the business tend to be fixed, with technology, compliance, regulation and retention of skilled staff being the dominant cost drivers. Revenue tends to be variable, dependent on economic conditions influencing consumer sentiment about the share market in general and IPOs in particular.

Products and Services

NSX Limited operates stock exchanges and trading markets in Australia. In particular the NSX operates the Newcastle Stock Exchange or NSX Corporate Exchange, the Bendigo Stock Exchange or NSX Alternative Exchange and the BSX Taxi Market.

NSX Corporate Exchange (www.newsx.com.au)

NSX Corporate Exchange is a Stock Exchange set up and managed specifically to cater for the listing of small to medium enterprises.

NSX Alternative Exchange (www.bsx.com.au)

NSX Alternative Exchange, also provides an efficient and effective listing platform. However, it concentrates on developing markets for an alternative range of products, such as community based organisations and other products requiring a low cost trading environment.

BSX Taxi Markets (www.bsxtaximarket.com.au)

BSX Services, a wholly owned subsidiary of NSX Limited has developed a trading platform for the trading of Taxi Licences in Victoria. The Licence Trading Market has been designed and developed in conjunction with the Victorian Government and industry bodies. The Victorian Government has passed legislation and is developing regulations that require that transactions involving metropolitan taxi cab licences must be either processed through, or notified to, a securities exchange. The processing or notification will only be effected through an approved broker. Following the regulations being 'made' and the Brokers gaining accreditation, it is envisaged that the Taxi Market will open for trading in early 2006.

New Business Initiatives

NSX signed a Heads of agreement with Wollongong City Council and the Illawarra Business Chamber to promote Exchange services in the region. The services will be promoted as the Wollongong Stock Exchange and will operate as a sub-board under the same operating rules of the NSX Corporate Exchange.

Listing History of Securities

Listed Securities	As at June 2001	As at June 2002	As at June 2003	As at June 2004	As at June 2005 ⁽²⁾
Fully Paid Ordinary Shares	2	2	7	19	55
Partly Paid ordinary shares	-	-	1	1	1
Preference/Debt Securities	-	8	3	3	3
Company Issued Options	-	-	1	3	7
Property Trusts	-	-	1	1	7
Total Listed Securities	2	10	13	27⁽¹⁾	73⁽²⁾
Delisted Securities ⁽¹⁾	0	0	8	7	4

Notes: (1) Delisted securities includes 15 AWX Wine Class Preference shares. (2) Includes Bendigo Stock Exchange figures for full financial year 2005.

Listed Entities (issuers only)

NSX Corporate Exchange		NSX Alternative Exchange	
Company	Industry	Company	Industry
Australian Property Systems Limited	Property Services	Brumby's Bakeries Holdings Limited	Food Retail
A-Cap Resources Limited	Explorer	Capilano Honey Limited	Food Producer
Bidgee Finance Limited	Financial Services	Queensland Paulownia Forests Limited	Forestry
Betta Stores Limited	Retail	State Development Fund Limited	Investment
Concentrated Capital Limited	Explorer	Victorian Livestock Exchange	Agricultural Services
Cosmedics Australia Limited	Medical	APN Regional Property Fund	Property Trust
Chew Yak Mong - Synerpac Limited	Wholesale	Blue Tower Trust	Property Trust
Florin Mining Investment Company Limited	Investment	Leyshon Property Fund No.3	Property Trust
Growth Platform Limited	Waste	PFA Diversified Property Trust	Property Trust
Heritage Gold NZ Limited	Explorer	Augusta & Districts Community	Financial Services
Illuminator Investment Company Limited	Investment	Bellarine Peninsula Community	Financial Services
King Equipment Limited	Industrial	Balmain / Rozelle Financial Services	Financial Services
Klondike Source Limited	Explorer	Doncaster East Community Finan (DCE)	Financial Services
LabTech Systems Limited	Biotech	Ettalong Beach Financial Services	Financial Services
New Millenium Publications Limited	Media	East Gosford & Districts Financial Services	Financial Services
Octanex NL	Explorer	Goodwood/Highgate Community Financial Services	Financial Services
Pioneer Permanent Building Society Limited	Financial Services	Gympie & District Financial Se	Financial Services
Pegmont Mines NL	Explorer	Heathcote & District Financial	Financial Services
Pacific Turbine Brisbane Limited	Industrial	Heyfield & District Community	Financial Services
Quantum Syndicate Management Limited	Property Trust	Logan Community Financial Services	Financial Services
Rattoon Holdings Limited	Investment	Community Financial Services	Financial Services
Sugar Terminals Limited	Infrastructure	Mandurah Community Financial Services	Financial Services
SwepDri Limited	Retail	Meander Valley Financial Services	Financial Services
Vet Biotechnology Limited	Biotechnology	North Ryde Community Finance Limited	Financial Services
Winpar Holdings Ltd	Investment	Rockingham Community Financial Services	Financial Services
Yang Yang China Limited	Biotech	Redcliffe Peninsula Financial Services	Financial Services
		Rye & District Community Financial Service	Financial Services
		South Burdekin Community Financial Services	Financial Services
		Sarina and District Community	Financial Services
		Sunshine Coast Community Financial Services	Financial Services
		Tongala and District Financial	Financial Services
		Toodyay & Districts Community	Financial Services
		Tuggeranong Valley Financial	Financial Services
		Warburton Community Financial Services	Financial Services

Participants and Brokers on NSX Corporate and NSX Alternative Exchanges

NSX permits licensed organisations, such as stockbrokers, to apply to become Participants of SENL or BSX. Participants offer services such as raising capital, trade execution, underwriting, research, investment advice and corporate advisory services. The obligation of each Participant to NSX for each new listing is primarily as a sponsor, including assisting the listing applicant to obtain sufficient spread of shareholders and cash requirements.

NSX Participants, in their sponsor role, must also ensure that the issuer receives fair and impartial guidance and advice as to the application of NSX Listing Rules, that the company or group has sufficient working capital, that necessary disclosures have been made to NSX, and that directors of the applicant have had explained to them (by their Nominated Advisers) the nature of their responsibilities and obligations as directors of a listed issuer. The directors must understand what disclosure is required to provide existing holders of the issuer's listed securities and the public with sufficient information to analyse the position of the issuer and avoid the creation of a false market in the issuers' securities while they are listed.

Participants:

AAA Shares Pty Limited	Martin Place Securities Pty Limited
ABN Amro Morgans Limited	Pritchard & Partners Pty Limited
Bell Potter Securities Limited	Reynolds & Company Pty Limited
Cameron Stockbrokers Limited	Strategem Financial Group
Findlay & Co Stockbrokers Limited	Tonkin Scorer Menzies
Macquarie Equities Limited	

NSX acknowledges the support of its Participants in growing the capital market.

Nominated Advisers on NSX Corporate Exchange

NSX permits organisations to apply to become Nominated Advisers to NSX. By becoming a Nominated Adviser these organisations facilitate the listing process onto NSX by ensuring and confirming to NSX:

1. that in relation to any application for admission to the official list of the NSX market by an issuer:
 - (a) the directors of the issuer have received advice and guidance (from the nominated adviser or other appropriate professional adviser) as to the nature of their responsibilities and obligations to ensure compliance with NSX rules;
 - (b) to the best of the knowledge and belief of the nominated adviser, all relevant requirements of NSX rules have been complied with; and
2. that it will be available at all times to advise and guide the directors of the issuer as to their responsibilities and obligations to ensure compliance by the issuer on an ongoing basis with NSX's rules.

Nominated Advisers on NSX Corporate Exchange (cont.)

Nominated Advisers:	
Access Business Lawyers	Ledger Lawyers
Allens Arthur Robinson	Martin Place Securities
Athans & Taylor Joondalup	McCullough Robertson Lawyers
Bilbie Dan Lawyers	Platinum Consulting Solutions
BKR Walker Wayland Services Pty Limited	PricewaterhouseCoopers Securities Limited
Clayton Utz	Pritchard & Partners Corporate Finance
Cameron Stockbrokers Limited	Salmon Giles Pty Limited
Deacons Lawyers	Sparke Helmore Solicitors
Hall Chadwick - Sydney Partnership	T7 Capital Pty Limited
Hindal Securities Pty Limited	Taylor Collison Limited
Hopgood Ganim Lawyers	Venture Axess
Hunt & Hunt Lawyers	Walker Herceg Lawyers
	Whittens Lawyers & Consultants

Advisers may have additional responsibilities to their clients in addition to those responsibilities stated above. NSX acknowledges the support of Nominated Advisers in increasing and improving the disclosure of listed entities.

NSX acknowledges the support of its Nominated Advisers in growing the capital market.

Facilitators on NSX Corporate Exchange

In addition to Participants and Nominated Advisers, NSX has a register of Facilitators. Facilitators do not have a legal responsibility to NSX but consult to companies seeking to access our market in order to assist them in preparing to become a listed public company.

Facilitators:
Frontier Capital Pty Limited
SIBCO Australia Pty Limited

NSX acknowledges the support of its Facilitators in growing the capital market.

Trading & Settlement

Trading volumes continued to increase during the year, reflecting the increased number of securities. However volumes still remain low, due to the fact that NSX listed companies tend to be tightly held with fairly small registers.

NSX continues to satisfy the needs of its customer base (listed entities, participants, advisers, and investors) by providing a market place for what otherwise would be illiquid securities. NSX expects to grow the volume of trades by attracting more listings to the market.

The primary revenue driver for NSX will be growth of listings rather than trading volumes.

Trading Statistics

	As at June 2001	As at June 2002	As at June 2003	As at June 2004	⁽¹⁾ As at June 2005
Listed Securities (No.)	2	10	13	27	73
Market Capitalisation (\$m)	7.4	7.9	83.2	232.0	564.0
	FY01	FY02	FY03	FY04	FY05
Volume Traded ('000 shares)	22.9	81.9	804.1	13,252	47,303
Value Traded (\$'000)	21.2	20.9	366.3	3,893	18,604
Number of Trades (No.)	9	33	59	396	1,754
Average Volume Per Trade ('000 shares)	2.5	2.5	13.6	33.5	27.0
Average Price Per Share (\$)	\$0.92	\$0.25	\$0.45	\$0.29	\$0.39

(1) 2005 figures include BSX data

Supervision & Compliance

NSX Exchanges are supervised by the Australian Securities & Investments Commission ("ASIC") and is subject to an annual review as required by section 794C of the Corporations Act 2001. Under the Australian Market Licence, NSX's primary obligations are that NSX conducts a fair, orderly and transparent market. It is an obligation placed on the directors of NSX to ensure that NSX has sufficient resources to meet its obligations.

As part of this role, NSX reviews the trading activity and disclosure of its Listed Issuers as well as the operations of its Participants. For listed issuers, this means adherence to the continuous disclosure regime and also periodic disclosure as required by the Listing Rules so as to maintain an informed market. For Participants, this means adherence to NSX Business Rules, adherence to high standards in trading and settlement of transactions, monthly submission of Surplus Liquid Funds reports and annual reviews by NSX of Participant operations.

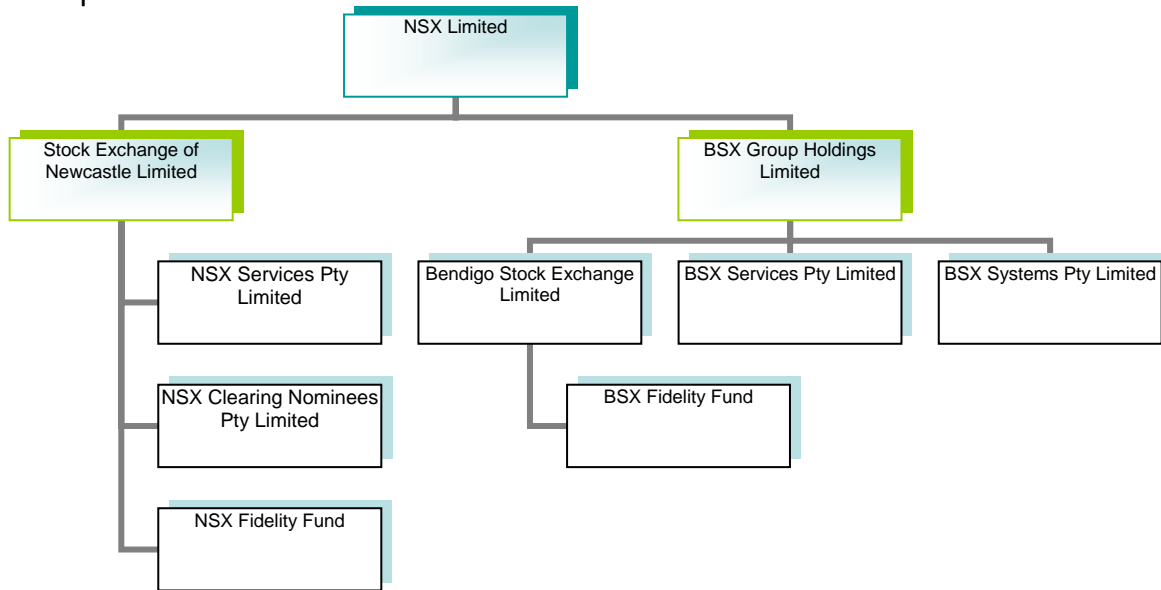
Technology

NSX Corporate Exchange is in discussions with the Australian Stock Exchange (“ASX”) in regard to our future technology requirements, particularly in light of the ASX decision to proceed with the OM Click XT trading platform.

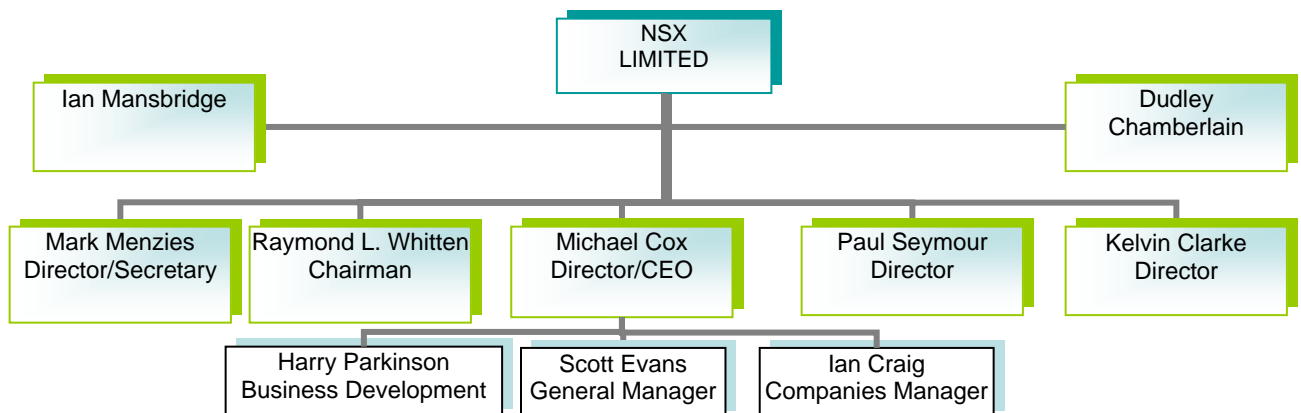
NSX is a recognised Participant in the ASTC CHESS system for the settlement of trades.

NSX Alternative Exchange utilises and is dependent on technology supplied by Computershare. Trades are settled via paper transfers on this market.

Group Structure

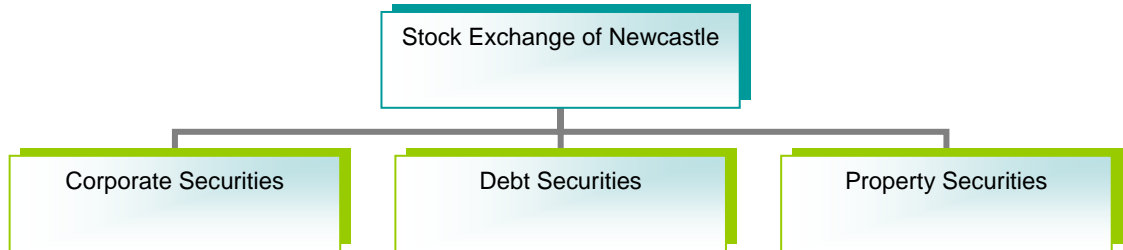


Management Structure

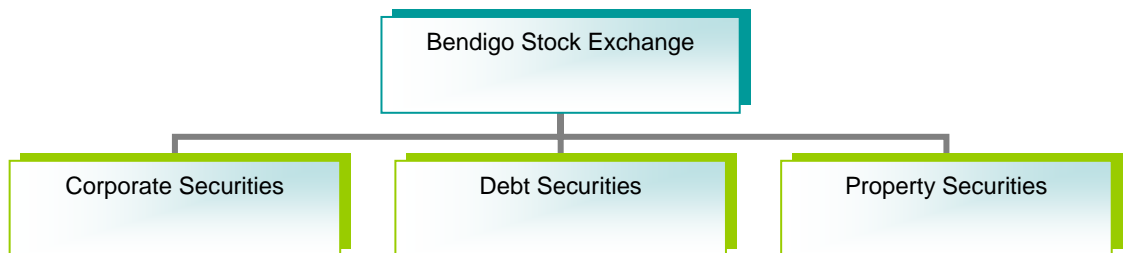


Market Structures

NSX Corporate Exchange: Stock Exchange of Newcastle (www.newsx.com.au)



NSX Alternative Exchange: Bendigo Stock Exchange (www.bsx.com.au)



ANNUAL GENERAL MEETING

We look forward to seeing as many shareholders as possible at the 6th Annual General Meeting on Thursday 17th November 2005 at 10.30 am at the Tattersalls Club, 181 Elizabeth Street, Sydney.

A Notice of Meeting and Proxy Form is included with this report. Please forward all proxy voting forms to Registries Limited, PO Box R67, Royal Exchange, Sydney, NSW 1223.

COMMITTEES

The following outlines some of the committees operating within the NSX Group.

NSX Corporate Exchange

Listing Committee

The role of the NSX listing committee is to review applications for listing by companies and only if the information is acceptable as being sufficient to ensure an informed market in the relevant securities will a recommendation be made to the NSX Board for acceptance of admissions to the Official List.

The NSX Board will, following a recommendation for acceptance of admission to the Official List, review the application to determine whether admission will be granted.

Compliance Committee

The role of the committee is as follows:

- Review Listing Applications for compliance with the Listing Rules;
- Recommend to the NSX Board waivers from Listing Rules and approval of Listing Applications as required;
- Review and Monitor Participant obligations in accordance with the NSX Business Rules;
- Make recommendations to the NSX Board concerning Participant obligations, breaches of NSX Business Rules and disciplinary action, including suspension and removal of Participant recognition.

NSX operates with an Independent Compliance Officer whose responsibilities are to Chair the Compliance Committee, report to the NSX Board on Compliance matters and report to ASIC on Compliance matters as required.

NSX Alternative Exchange

Listing Committee

The key function of the Listing Committee is to assess and where appropriate approve applications by issuers for admission to the Official List.

Regulatory Policy Committee

Primarily an advisory committee its key functions include:

- Monitoring developments in the regulatory environment;
- Monitoring relevant market activities such as other market obligations under relevant legislation and ASIC policy; and
- Providing advice to the Board on regulatory policy matters.

GOVERNANCE

NSX Board has put in place measures to strengthen its Corporate Governance regime with the overall aim of meeting the ASX Corporate Governance Council Guidelines and best practice recommendations.

Board Charter

The Board charter sets out the role, composition and responsibilities of the Board of NSX Limited (“NSX”) within the governance structure of NSX and its wholly owned entities (“the NSX Group”). The conduct of the Board is also governed by the Constitution of NSX. The charter covers areas such as:

- Board Responsibilities
- Term of membership of the Board
- The role of the Chairman
- Separation of functions between Chairman and Chief Executive Officer
- Restriction on activities of Chief Executive Officer and Chairman
- The role of the Company Secretary
- Scope of activities of the Board
- Reporting by the Board

Code of Ethics and Conduct

The NSX is committed to conducting its business in a way that is open and accountable to shareholders and the wider marketplace. We believe our corporate governance practices as a public company are of a high standard. The code of Ethics and Conduct applies to both directors and employees of NSX.

The objective of the Code is to ensure that:

- (a) high standards of corporate and individual behaviour are observed by all NSX directors and employees in the context of their employment and activities with NSX;
- (b) directors and employees are aware of their responsibilities to NSX under their contract of employment; and
- (c) all persons dealing with NSX whether it be directors, employees, shareholders, suppliers, customers or competitors can be guided by the stated values and policies of NSX.

The code covers such areas as:

- NSX's responsibilities to shareholders
- Care and Diligence
- Conflicts of Interest
- Confidentiality
- Fair Dealing
- Use of Company Assets
- Dealing Rules
- Privacy
- Monitoring and reporting of the code

Corporate Governance Statement

In March 2003, the ASX Corporate Governance Council published the 'Principles of Good Corporate Governance and Best Practice Recommendations'. This publication is the basis for the NSX's own corporate governance statement.

During the year the NSX reviewed its existing policies and codified new policies in line with the published corporate governance guidelines. However, the NSX does not believe in a one size fits all approach and consequently has responded to the guidelines appropriately with respect to the size of its markets, the size of the entities listed on its markets and also the size of its business.

The statement document is structured along the same lines as the Council's guidelines, with sections dealing in turn with each of the Council's ten corporate governance principles as follows:

1. Lay solid foundations for management and oversight
2. Structure the board to add value
3. Promote ethical and responsible decision-making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Encourage enhanced performance
9. Remunerate fairly and responsibly
10. Recognise the legitimate interests of stakeholders

The various codes, policies and charters are available on request from the NSX.

Dealing in Securities by Directors and Employees

NSX is concerned with minimising conflicts of interest within its business. Conflicts which arise through dealing in securities listed on NSX Markets can potentially affect objective decision making within the group. The Dealing Rules are designed to assist in preventing breaches of the insider trading provisions of the Corporations Act. Ultimately, it is the responsibility of the employee or director to ensure that none of his or her dealings could constitute insider trading.

NSX employees and directors may have in their possession sensitive commercial information which could materially affect the value of financial products traded on NSX markets or on other markets (where such products are related to products traded on NSX markets), including NSX securities.

The suggestion of insider trading by an employee or director would do great harm to the employee/director and also to NSX irrespective of whether insider trading actually occurs or is proven. The Corporations Act 2001 prohibits insider trading in relation to financial products. The provisions are wide ranging and breaches are serious offences.

The procedures cover the following areas:

- Insider Trading Prohibition
- Other relevant Corporations Act provisions
- Dealing in Shares issued by NSX Limited and its controlled entities
- Prohibition on Dealing in Financial Products issued over NSX Shares by Third Parties
- Dealing in listed financial products traded on NSX's markets and other markets unrelated to NSX shares
- Related Parties & Relevant Interests
- Employment and Monitoring of Compliance

Shareholder Communications Policy

NSX's Code of Conduct requires NSX and its employees to act with high standards of honesty, integrity, fairness and equity in all aspects of their employment with NSX. The NSX commits to dealing fairly, transparently and openly with both current and prospective shareholders using available channels and technologies to reach widely and communicate promptly. NSX commits to facilitating participation in shareholder meetings and dealing promptly with shareholder enquiries.

Our framework for communicating with shareholders is to concisely and accurately communicate:

- (a) our strategy;
- (b) how we implement that strategy; and
- (c) the financial results consequent upon our strategy and its implementation.

The communications policy covers the following areas:

- The NSX Commitment to our shareholders
- Disclosure Policy
- Insider Trading
- Financial Reporting
- Information about the NSX in the media
- Shareholder Meetings
- Correspondence and reports to Shareholders
- Shareholder Privacy

Media and Promotions Policy

The NSX Media & Promotions Policy sets out the policy regarding the use of NSX trademarks, logos and corporate identity by others outside of the NSX. The policy demonstrates guidelines when the NSX corporate identity can and cannot be used. Organisations seeking use of NSX material should apply in writing to the NSX for permission.

The NSX Corporate Identity includes the following:

- NSX Logo and derivations
- NSX Website
- NSX Letter head and stationary
- NSX brochure and promotional material
- NSX Listing and Business Rules and associated intellectual property
- NSX Practice Notes

COMPLAINT HANDLING

The Stock Exchange of Newcastle takes pride in providing the highest degree of market integrity. With this in mind, we welcome all efforts by the public to ensure that we maintain excellence in regulation.

Examples of situations where a complaint may be filed with the NSX are:

- Disclosure practices of NSX listed companies;
- Poor execution of an order by a Participant;
- Possible violations of operating rules by any Participant of NSX;
- NSX Listing or Business rules;
- Possible insider trading or market manipulation.
- Compensation arrangements
- Complaints about NSX Products and Services.

The NSX handles each complaint on its merits. The NSX only accepts complaints in writing outlining the complaint in full. Acknowledgement of the complaint is sent and the complaint is logged into the complaints register and given to the Complaints Officer for immediate attention. Progress updates are given concerning the status of the complaint and what action the NSX is undertaking to address the concerns.

Information about making complaints is available from the NSX websites as well as a form for lodging a complaint.

COMPENSATION ARRANGEMENTS

The NSX maintains investor confidence in the integrity of its markets by regulating the conduct of market participants and monitoring market activity for any irregularities. The NSX and BSX Fidelity Funds provide a mechanism whereby retail clients of NSX Participants, on either exchange, may claim recompense for losses under certain circumstances.

With the implementation of FSR the compensation arrangements for investors in NSX listed entities have been changed. From 11th March 2004 the NSX Fidelity Fund operates under Part 7.5 of the Corporations Act 2001 for the purpose of covering Division 3 losses specified by section 885C, but excluding losses under section 885D.

The Exchange shall, as long as it holds an Australian Market Licence, have arrangements in place that comply with the Corporations Act to compensate a client who has incurred losses of the following kind:

- (a) the client gave money or other property or authority over property to a person (“the defaulter”)
 - (i) who was a participant of the Exchange at that time; or
 - (ii) who the client reasonably believed to be a participant of the Exchange at that time and who was a participant of the Exchange at some earlier time; and
- (b) the money or other property or the authority was given to the defaulter in connection with effecting a transaction or proposed transaction covered by the rules;
- (c) the effecting of the transaction through the market constitutes or would constitute the provision of a financial service to the client as a client; and
- (d) the client suffers a loss because:
 - (i) if the client gave the defaulter money or other property – the defalcation or fraudulent misuse of the money or other property by the defaulter; or
 - (ii) if the client gave the defaulter authority over property – the fraudulent misuse of that authority by the defaulter; or
 - (iii) the defalcation or fraudulent misuse of money or other property or authority over property by a settlement agent of the defaulter. Any such defalcation or fraudulent misuse is deemed to be the defalcation or fraudulent misuse of money or other property or authority over property by the defaulter, even though the settlement agent may have acted beyond its, express or implied, authority.

Information about the NSX Compensation Arrangements is available from the appropriate NSX website. NSX is obliged to maintain this arrangement for six months after NSX ceases to hold an Australian Markets Licence.

INFORMATION ON DIRECTORS

RAYMOND L. WHITTEN CHAIRMAN

Mr Whitten is the principal of Whittens Solicitors. Mr. Whitten has over 30 years experience as a commercial solicitor and has been the chairman of ASX listed companies as well as a director of a number of private companies. Whittens Solicitors is a Nominated Adviser to NSX. Mr. Whitten is an Accredited Specialist in Business Law and is a Notary Public. Mr Whitten is Chairman of Benitec Limited, an ASX listed company.

MICHAEL COX CHIEF EXECUTIVE OFFICER

Mr Cox has a background in stockbroking and has acted as a corporate consultant in mergers and acquisitions. Mr. Cox was formerly a director of other public companies including Benitec Limited and Queensland Opals Limited. Mr. Cox is a Fellow of the Gemmological Association of Australia (FGAA) and a Member of the National Institute of Accountants.

FRANCIS MARKHAM MENZIES NON EXECUTIVE DIRECTOR & COMPANY SECRETARY

Mr Menzies is company secretary and a member of the Fidelity Fund Committee of the Company. Mr. Menzies is senior partner of the stockbroking firm, Tonkin Scorer Menzies, a Participant of NSX and is a director of a number of private companies.

PAUL SEYMOUR NON EXECUTIVE DIRECTOR

Mr Seymour has held a number of senior positions in the securities industry over the past 30 years including Director of Operations at Salomon Smith Barney Australia Limited. Mr Seymour was formerly a member of the Australian Stock Exchange Limited's National Adjudicatory Tribunal and the National Settlements Advisory Committee.

KELVIN CLARKE NON EXECUTIVE DIRECTOR

Mr Clarke has had a long career within heavy industry in Australia and overseas attaining positions of CEO/MD of major Australian companies. Mr. Clarke founded a company providing consulting services to a wide cross section of business and Government for 15 years. Mr. Clarke's board experience includes participation on boards of public and private companies generally in the manufacturing and service sectors. Mr. Clarke is also a director of CSE Uniserve Corporation Limited and on the Trustee Board of NSF Superannuation Fund.

DUDLEY CHAMBERLAIN
NON EXECUTIVE DIRECTOR

Mr Chamberlain has been involved in the securities industry for over 40 years principally specializing in all areas of settlement. For 17 years, he was employed by the London Stock Exchange where he had the responsibility for preparing brokers, registrars and other market participants for the introduction of TALISMAN – the settlement system that preceded CREST. Dudley joined Computershare Limited in 1994 and worked closely with Chris Morris as the company rapidly expanded through its early acquisition phases. He was based in South Africa in 1999 to head up and to consolidate the share registry acquisitions there. In 2001, Dudley headed out to Chicago to frame their marketing team and from there to Canada to work with the newly appointed regional head in consolidating and re-organising the business. He was a director of Computershare Hong Kong Investor Services Limited and Sepon (Australia) Pty Limited.

IAN GEORGE MANSBRIDGE
NON EXECUTIVE DIRECTOR

(FCIM, CPA, FCIS, DCM) – Mr Mansbridge’s career has included experience at senior level in Agriculture, Legal office, Trustee Industry, Banking and Finance. Positions held included Managing Director Sandhurst Trustees Ltd, Managing Director Elders Rural Bank, Managing Director National Mortgage Market Corporation, General Manager Financial Services and Subsidiaries Bendigo Bank. Mr Mansbridge is a director of the following companies: Australian Friendly Society Ltd, Australian Fresh Food Alliance Pty Ltd, Sandhurst Custodians Ltd, Sandhurst Nominees (Canberra) Ltd, Sandhurst Nominees (Victoria) Ltd, Sunstate Lenders Mortgage Insurance Pty Ltd, Tasmanian Banking Services Limited, Tasmanian Perpetual Trustees Limited. Mr Mansbridge is the Chair of the following companies: Sandhurst Trustees Ltd, Community Enterprise Foundation, Central Victoria Innovation Park.

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NSX Limited
and
Controlled Entities
ABN 33 089 447 058

Statutory Financial Report for Year Ended 30 June 2005

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NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2005.

DIRECTORS

The names of the directors in office during or since the end of the year are:

Name of Director

Raymond Laurence Whitten	Appointed 13 October 2003
Michael Andrew Cox	Appointed 13 October 2003
Francis Markham Menzies	Appointed 10 January 1994
Paul Ernest Seymour	Appointed 25 March 1998
Kelvin Arthur Clarke	Appointed 21 November 2003
Dudley Chamberlain	Appointed 11 May 2005
Ian Mansbridge	Appointed 11 May 2005

Directors have been in office since the start of the financial year to the date of the report unless otherwise stated.

COMPANY SECRETARY

Francis Markham Menzies held the position of company secretary at the end of the financial year. He was appointed company secretary on 12 May 2000. His qualifications and experience are detailed in the information on directors described below.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- On 6th January 2005 the company issued 24,000,000 fully paid ordinary shares at 50 cents each resulting from the issue of a prospectus.
- On 13th April 2005 the company issued 10,000,000 fully paid ordinary shares at fair value (50 cents each) for BSX Group Holdings Limited shareholders so as to acquire all the issued shares of BSX Group Holdings Limited and its controlled entities.

FINANCIAL POSITION

The net assets of the economic entity have increased by \$13,216,503 from 30 June 2004 to \$14,492,267 at 30 June 2005.

This increase has largely resulted from the following factors:

- Share issue raising \$11,203,264; and
- Share issue to acquire all of the shares in BSX Group Holdings Limited.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

OPERATING RESULTS

The consolidated operating loss of the economic entity for the financial year after providing for income tax amounted to \$2,986,761 (2004: loss of \$270,694).

REVIEW OF OPERATIONS

The Company incurred a consolidated operating loss after tax of \$2,986,761 (2004: loss of \$270,694). Of this loss, \$2,708,148 relates to the non-trading items of depreciation and amortisation expense. Adjusting for the reduction in goodwill on acquisition of BSX (discussed below) the after tax loss would have been \$396,323. The SENL business unit contributed a net loss of \$67,599. The integration of BSX into the NSX group contributed a net loss of \$107,766. Revenue increased by 134% \$779,722 (2004: \$332,546). Costs for the same period, excluding non-trading items, increased by 89% \$1,058,335 (2004: 560,567) reflecting the increased activity of NSX and the integration of the BSX business unit.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the directors there have been no significant changes in the state of affairs of the company during the financial year other than any matters referred to in this report or in the accompanying financial report.

PRINCIPAL ACTIVITY

The principal activity of the economic entity during the financial year was the operation of stock exchanges.

No significant change in the nature of this activity occurred during the year.

AFTER BALANCE DATE EVENTS

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

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Likely developments, future prospects and business strategies of the operations of the economic entity and the expected results of those operations have not been included in this report as the directors believe on reasonable grounds that the inclusion of such information would be likely to result in unreasonable prejudice to the economic entity.

ENVIRONMENTAL ISSUES

The economic entity's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislation. The directors are not aware of any significant material environmental issues arising from the operations of the economic entity during the year.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

**RAYMOND L. WHITTEN
CHAIRMAN**

Mr Whitten is the principal of Whittens Solicitors. Mr. Whitten has over 30 years experience as a commercial solicitor and has been the chairman of ASX listed companies as well as a director of a number of private companies. Whittens Solicitors is a Nominated Adviser to NSX. Mr. Whitten is an Accredited Specialist in Business Law and is a Notary Public.

**MICHAEL COX
CHIEF EXECUTIVE OFFICER**

Mr Cox has a background in stockbroking and has acted as a corporate consultant in mergers and acquisitions. Mr. Cox was formerly a director of other public companies including Benitec Limited and Queensland Opals Limited. Mr. Cox is a Fellow of the Gemmological Association of Australia (FGAA) and a Member of the National Institute of Accountants.

**FRANCIS MARKHAM MENZIES
NON EXECUTIVE DIRECTOR & COMPANY SECRETARY**

Mr Menzies is company secretary and a member of the Fidelity Fund Committee of the Company. Mr. Menzies is senior partner of the stockbroking firm, Tonkin Scorer Menzies, a Participant of NSX and is a director of a number of private companies.

**PAUL SEYMOUR
NON EXECUTIVE DIRECTOR**

Mr Seymour has held a number of senior positions in the securities industry over the past 30 years including Director of Operations at Salomon Smith Barney Australia Limited. Mr Seymour was formerly a member of the Australian Stock Exchange Limited's National Adjudicatory Tribunal and the National Settlements Advisory Committee.

**KELVIN CLARKE
NON EXECUTIVE DIRECTOR**

Mr Clarke has had a long career within heavy industry in Australia and overseas attaining positions of CEO/MD of major Australian companies. Mr. Clarke founded a company providing consulting services to a wide cross section of business and Government for 15 years. Mr. Clarke's board experience includes participation on boards of public and private companies generally in the manufacturing and service sectors. Mr. Clarke is also a director of CSE Uniserve Corporation Limited and on the Trustee Board of NSF Superannuation Fund.

**DUDLEY CHAMBERLAIN
NON EXECUTIVE DIRECTOR**

Mr Chamberlain has been involved in the securities industry for over 40 years principally specializing in all areas of settlement. For 17 years, he was employed by the London Stock Exchange where he had the responsibility for preparing brokers, registrars and other market participants for the introduction of TALISMAN – the settlement system that preceded CREST. Dudley joined Computershare Limited in 1994 and worked closely with Chris Morris as the company rapidly expanded through its early acquisition phases. He was based in South Africa in 1999 to head up and to consolidate the share registry acquisitions there. In 2001, Dudley headed out to Chicago to frame their marketing team and from there to Canada to work with the newly appointed regional head in consolidating and re-organising the business.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

INFORMATION ON DIRECTORS (continued)

**IAN GEORGE MANSBRIDGE
NON EXECUTIVE DIRECTOR**

(FCIM, CPA, FCIS, DCM) – Mr Mansbridge's career has included experience at senior level in Agriculture, Legal office, Trustee Industry, Banking and Finance. Positions held included Managing Director Sandhurst Trustees Ltd, Managing Director Elders Rural Bank, Managing Director National Mortgage Market Corporation, General Manager Financial Services and Subsidiaries Bendigo Bank. Mr Mansbridge is a director of the following companies: Australian Friendly Society Ltd, Australian Fresh Food Alliance Pty Ltd, Sandhurst Custodians Ltd, Sandhurst Nominees (Canberra) Ltd, Sandhurst Nominees (Victoria) Ltd, Sunstate Lenders Mortgage Insurance Pty Ltd, Tasmanian Banking Services Limited, Tasmanian Perpetual Trustees Limited. Mr Mansbridge is the Chair of the following companies: Sandhurst Trustees Ltd, Community Enterprise Foundation, Central Victoria Innovation Park.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of NSX Limited and for each executive receiving the highest remuneration.

REMUNERATION POLICY AND DETAILS OF REMUNERATION

The remuneration for each director and each of the five executive officer of the economic entity receiving the highest remuneration and the remuneration policy during the year is disclosed in Note 22 of the financial statements.

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend. No dividends have been paid during or since the end of the financial year.

NSX LIMITED
 ABN 33 089 447 058
 AND CONTROLLED ENTITIES

DIRECTORS' REPORT

OPTIONS

At the date of this report, the un-issued ordinary shares of NSX Limited under options to directors and executives are as follows:

Grant Date	Date of Expiry	Exercise Price	No. under Option
25-08-04	25-08-08	\$0.35	20,000
12-11-04	20-12-09	\$0.50	60,000
20-12-04	20-12-09	\$0.50	<u>1,395,000</u>
			<u>1,475,000</u>

During the year ended 30 June 2005, no options were exercised.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

MEETINGS OF DIRECTORS

During the year, Directors Meetings, Special Meetings and Committee Meetings were held. Attendances were:

Name of Director	Directors Meeting		Special Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Raymond Laurence Whitten	12	12	4	4
Michael Andrew Cox	12	12	4	4
Francis Markham Menzies	12	12	4	4
Paul Ernest Seymour	12	12	4	4
Kelvin Arthur Clarke	12	10	4	2
Dudley Chamberlain (appointed 11 May 2005)	1	1	-	-
Ian Mansbridge (appointed 11 May 2005)	1	1	-	-

There is no audit committee as the function is carried by the Board of Directors.

INDEMNIFYING OFFICERS OR AUDITORS

The Company has paid a premium to indemnify the directors and officers of the Company and its controlled entities against liability incurred in their capacity of directors and officers. The amount of the premium paid was \$24,654.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

NON-AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board of directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2005:

	\$
Taxation services	2,650
Review of financial statements	8,500
Review of prospectus Pro-Forma financial information	<u>6,000</u>
	<u>17,150</u>

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2005 has been received and can be found below.

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



Michael Andrew Cox
Director



Francis Markham Menzies
Director

Newcastle

Date: 30 September 2005

**NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES**

**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 year ended 30 June 2005 there have been:

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

Lawler Partners

LAWLER PARTNERS
Chartered Accountants

Sydney

Date: *30 September 2005*

J. Abela

JEFFREY JOSEPH ABELA
Partner

Sydney

Level 7, 1 Margaret Street
GPO Box 5446
Sydney NSW 2000 Australia
Tel 02 8346 6000 Fax 02 8346 6099
Email: info@lawlerpartners.com

Newcastle

763 Hunter Street
PO BOX 5003
Newcastle West NSW 2302 Australia
Tel 02 4962 2688 Fax 02 4962 3245 DX 4303
Email: mail@lawlerpartners.com.au

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Liability Limited by the Accountants
Scheme, approved under the professional
Standards Act 1994 (NSW).

an independent member of
BAKER TILLY
INTERNATIONAL

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
REVENUE					
Revenue from ordinary activities	2	779,722	332,546	371,762	-
EXPENSES					
Depreciation and amortisation	3	(2,708,148)	(42,673)	-	-
Borrowing costs	3	(13,354)	(7,357)	-	-
Diminution of investments	3	-	-	(2,178,554)	(1,622,899)
Consultancy fees		(168,076)	(3,857)	(104,074)	-
Compliance expenses		(21,153)	(50,876)	-	-
Legal expenses		(21,885)	(59,906)	(21,735)	-
Market trading expense		(214,841)	(135,050)	(2,632)	-
Employee benefits expense		(336,670)	(154,498)	(541)	-
Marketing and promotion		(43,522)	(17,905)	(26,703)	-
Service fees		-	-	(291,223)	-
Rental expenses	3	(38,603)	(33,701)	-	-
Other administration		(132,082)	(55,723)	(25,075)	-
Other expenses		(68,149)	(41,694)	(24,134)	(8,000)
<i>Loss from ordinary activities before income tax expense relating to ordinary activities</i>					
		(2,986,761)	(270,694)	(2,302,909)	(1,630,899)
<i>Income tax benefit/(expense) relating to ordinary activities</i>					
	4	-	-	-	-
Net loss attributable to members of the parent entity					
		<u>(2,986,761)</u>	<u>(270,694)</u>	<u>(2,302,909)</u>	<u>(1,630,899)</u>
Total changes in equity of the entity other than those resulting from transactions with owners as owners					
		<u>(2,986,761)</u>	<u>(270,694)</u>	<u>(2,302,909)</u>	<u>(1,630,899)</u>
<i>Basic earnings per share (cents per share)</i>					
	30	(10)	(2)		
<i>Diluted earnings per share (cents per share)</i>					
	30	(10)	(2)		

The accompanying notes form part of these financial statements.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Notes	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
CURRENT ASSETS					
Cash assets	6	389,032	296,259	184,868	-
Receivables	7	115,095	15,634	208,620	-
Other financial assets	8	11,300,081	700,000	10,500,000	-
Other assets	9	19,695	9,214	-	-
TOTAL CURRENT ASSETS		<u>11,823,903</u>	<u>1,021,107</u>	<u>10,893,488</u>	<u>-</u>
NON-CURRENT ASSETS					
Other financial assets	8	-	-	3,541,735	480,546
Property, plant and equipment	11	102,458	54,617	-	-
Intangible assets	12	2,885,280	480,546	-	-
TOTAL NON-CURRENT ASSETS		<u>2,987,738</u>	<u>535,163</u>	<u>3,541,735</u>	<u>480,546</u>
TOTAL ASSETS		<u>14,811,641</u>	<u>1,556,270</u>	<u>14,435,223</u>	<u>480,546</u>
CURRENT LIABILITIES					
Payables	13	182,183	48,826	76,072	21,750
Interest bearing liabilities	14	10,892	220,000	-	-
Provisions	15	45,984	11,680	-	-
Other liabilities	16	76,500	-	-	-
TOTAL CURRENT LIABILITIES		<u>315,559</u>	<u>280,506</u>	<u>76,072</u>	<u>21,750</u>
NON-CURRENT LIABILITIES					
Interest bearing liabilities	14	3,815	-	-	-
TOTAL NON-CURRENT LIABILITIES		<u>3,815</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>319,374</u>	<u>280,506</u>	<u>76,072</u>	<u>21,750</u>
NET ASSETS		<u>14,492,267</u>	<u>1,275,764</u>	<u>14,359,151</u>	<u>458,796</u>
EQUITY					
Contributed equity	17	20,241,596	4,038,332	20,241,596	4,038,332
Accumulated losses	18	(5,749,329)	(2,762,568)	(5,882,445)	(3,579,536)
TOTAL EQUITY		<u>14,492,267</u>	<u>1,275,764</u>	<u>14,359,151</u>	<u>458,796</u>

The accompanying notes form part of these financial statements.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		474,767	308,348	600	-
Payments to suppliers and employees		(1,154,514)	(642,927)	(503,196)	-
Interest received		398,158	38,916	354,829	-
Borrowing costs paid		-	(7,357)	-	-
Income tax (paid) refunded		-	-	-	-
Net cash provided by (used in) operating activities	21(b)	<u>(281,589)</u>	<u>(303,020)</u>	<u>(147,767)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for investments		(11,300,081)	-	(10,500,000)	-
Payment for subsidiary, net of cash acquired		54,990	-	-	-
Payments to related entities		-	-	(432,030)	-
Receipts from related entities		-	-	61,401	-
Payment for plant and equipment		(42,331)	(8,422)	-	-
Net cash provided by (used in) investing activities		<u>(11,287,422)</u>	<u>(8,422)</u>	<u>(10,870,629)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issue		11,203,264	700,000	11,203,264	-
Payment for borrowings		(241,480)	-	-	-
Proceeds from borrowings		-	220,000	-	-
Net cash provided by (used in) financing activities		<u>10,961,784</u>	<u>920,000</u>	<u>11,203,264</u>	<u>-</u>
Net increase/(decrease) in cash held		(607,227)	608,558	184,868	-
Cash at beginning of year		996,259	387,701	-	-
Cash at end of year	21(a)	<u>389,032</u>	<u>996,259</u>	<u>184,868</u>	<u>-</u>

The accompanying notes form part of these financial statements.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers NSX Limited as an individual parent entity and NSX Limited and the economic entity of NSX Limited and controlled entities. NSX Limited is a listed public company incorporated and domiciled in Australia.

The financial report has also been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the significant accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidation

A controlled entity is any entity controlled by NSX Limited. Control exists where NSX Limited has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with NSX Limited to achieve the objectives of NSX Limited. Details of the controlled entity are contained in Note 10.

All inter-company transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered the economic entity during the year, their operating results have been included from the date control was obtained.

(b) Income Tax

The economic entity adopts the liability method of tax effect accounting whereby the income tax expense is based on the profit for ordinary activities adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Income Tax (continued)

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The economic entity is a tax consolidation group. At the time of signing these accounts there are no formal tax sharing agreements in place.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

Depreciation

The depreciable amounts of all fixed assets are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rate
Plant and equipment	20 – 40%

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(e) Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. Expected net cash flows are discounted to their present value to determine the investments' recoverable amount.

(f) Intangibles

Goodwill

Goodwill and goodwill on consolidation are 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 attributed to its net assets at the date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 20 years. The balances are reviewed annually and any balance representing future benefits, the realisation of which is considered to be no longer probable, are written off.

(g) Employee Benefits

Provision is made for the economic entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the economic entity to an employee superannuation fund and are charged as expenses when incurred.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Cash

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with the bank. Last year cash also included commercial bills. This year due, to the significance of their amount in addition to the expected working capital requirements of the economic entity, commercial bills are regarded as investing activities and not included in the cash balance for the purpose of the statement of cash flows.

(i) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(k) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
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(l) Adoption of Australian Equivalents to International Financial Reporting Standards

The Company is preparing and managing the transition to AIFRS effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the economic entity and the Company's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The economic entity's management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implementation.

The directors are of the opinion that the differences in the Company's accounting policies on conversion to AIFRS will not have a material financial effect.

Goodwill on Consolidation

Under AASB 3: Business Combinations, goodwill is capitalised to the statement of financial position and subjected to an annual impairment test. Amortisation of goodwill is prohibited. Current accounting policy of the entity is to amortise goodwill on a straight-line basis over a period of 20 years and write off balances not considered to be recoverable.

The economic entity has written off significant amounts of goodwill in addition to the 20 year amortisation to ensure the written down value of goodwill does not exceed the recoverable amount. Accordingly the directors believe the application of the impairment test of goodwill will not result in a difference in the net carrying value of goodwill under the new accounting standards compared with the current accounting standards.

Impairment of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

The economic entity has reassessed its impairment testing policy and tested all assets for impairment as at 1 July 2005. The directors believe there is no material impact on the financial statements.

Income Tax Losses

Under AASB 112: Income Taxes, tax losses can be carried forward as a deferred tax asset to the extent that their recovery is "probable". Under the current accounting standards the benefits of tax losses can only be carried forward as a deferred tax asset to the extent that their recovery is "virtually certain".

As the directors believe the recovery of tax losses at this stage is not probable, they believe that there is no difference between the old and new accounting standards in this area.

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	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
NOTE 2: REVENUE				
Operating activities				
- listing fees	292,125	279,462	-	-
- taxi licence market income	64,167	-	-	-
- interest – from bank	418,830	42,625	371,162	-
	<u>775,122</u>	<u>322,087</u>	<u>371,162</u>	<u>-</u>
Non operating activities				
- other	4,600	10,459	600	-
Total revenue	<u>779,722</u>	<u>332,546</u>	<u>371,762</u>	<u>-</u>
NOTE 3: LOSS FROM ORDINARY ACTIVITIES				
Loss from ordinary activities before income tax expense has been determined after:				
(a) Expenses:				
Depreciation of non-current assets				
- plant and equipment	20,586	16,456	-	-
Amortisation of non-current assets				
- goodwill on consolidation	97,124	26,217	-	-
Goodwill write off as future benefits not considered recoverable	2,590,438	-	-	-
Borrowing costs				
- director related entity	13,342	6,400	-	-
- other persons	12	957	-	-
Total borrowing costs	<u>13,354</u>	<u>7,357</u>	<u>-</u>	<u>-</u>
Bad and doubtful debts				
Loan – wholly owned subsidiary Stock Exchange of Newcastle	-	-	-	<u>(1,411,603)</u>

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	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
NOTE 3: LOSS FROM ORDINARY ACTIVITIES (continued)				
Rental expense on operating lease				
- minimum lease payments	<u>38,603</u>	<u>33,701</u>	<u>-</u>	<u>-</u>
Write down of investments to recoverable amounts	<u>-</u>	<u>-</u>	<u>2,178,554</u>	<u>1,622,899</u>
Remuneration of auditors:				
- auditing and reviewing the statutory financial report	31,800	19,280	7,000	5,400
- other services provided by related practice of auditor	2,650	2,600	2,650	2,600
- other services provided by auditors	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total remuneration of auditors	<u>40,450</u>	<u>21,880</u>	<u>9,650</u>	<u>8,000</u>
(b) Revenue and net gains:				
Net gain (loss) on disposal of plant and equipment	<u>(127)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(c) Significant expenses:				
Write down of goodwill to recoverable amount	<u>2,590,438</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
NOTE 4: INCOME TAX EXPENSE				
The prima facie tax payable on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:				
Prima facie tax payable (benefit) on operating loss before income tax at 30% (2004 – 30%)	(896,028)	(81,209)	(690,873)	(489,270)
Add:				
Tax effect of:				
- amortisation of goodwill	806,267	7,865	-	-
- tax losses not recognised in the accounts	89,761	92,823	37,307	4,125
- diminution of investments	-	-	653,566	486,870
- other non deductible amounts	-	420	-	-
				-
Less:				
Tax effect of				
- deductible items	-	(17,444)	-	(1,725)
- non assessable refunds	-	(2,455)	-	-
Income tax expense (benefit) attributable to profit from ordinary activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax asset not brought to account relating to tax losses and timing differences, the benefits will only be realised if the conditions for deductibility set out in Note 1 (b) occur	<u>623,232</u>	<u>533,471</u>	<u>50,239</u>	<u>12,932</u>
NOTE 5: DIVIDENDS				
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax	<u>86,495</u>	<u>86,495</u>	<u>86,495</u>	<u>86,495</u>
NOTE 6: CASH ASSETS				
Cash at bank	<u>389,032</u>	<u>296,259</u>	<u>184,868</u>	<u>-</u>

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	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
NOTE 7: RECEIVABLES				
CURRENT				
Trade debtors	99,146	3,213	-	-
Other debtors	15,949	12,421	48,333	-
BSX Group Holdings - subsidiary	-	-	160,287	-
	<u>115,095</u>	<u>15,634</u>	<u>208,620</u>	<u>-</u>

NOTE 8: OTHER FINANCIAL ASSETS

CURRENT				
At cost:				
Commercial bills	<u>11,300,081</u>	<u>700,000</u>	<u>10,500,000</u>	<u>-</u>
NON-CURRENT				
Shares in unlisted controlled entities				
- at cost	-	-	7,651,346	2,411,603
- less provision	-	-	(4,109,611)	(1,931,057)
At recoverable amount	<u>-</u>	<u>-</u>	<u>3,541,735</u>	<u>480,546</u>

NOTE 9: OTHER ASSETS

CURRENT				
Prepayments	<u>19,695</u>	<u>9,214</u>	<u>-</u>	<u>-</u>

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NOTE 10: CONTROLLED ENTITIES

Parent Entity: NSX Limited
Country of Incorporation: Australia
Subsidiaries of NSX Limited:

Subsidiary: Stock Exchange of Newcastle Limited
Country of Incorporation: Australia
Percentage owned: 100% (2004: 100%)

Subsidiary: NSX Services Pty Limited
Country of Incorporation: Australia
Percentage owned: 100% (2004: 100%)

Subsidiary: NSX Clearing Nominees Pty Limited
Country of Incorporation: Australia
Percentage owned: 100% (2004: 100%)

Subsidiary: BSX Group Holdings Limited
Country of Incorporation: Australia
Percentage owned: 100% (2004: 0%)

Subsidiary: Bendigo Stock Exchange Limited
Country of Incorporation: Australia
Percentage owned: 100% (2004: 0%)

Subsidiary: BSX Services Pty Limited
Country of Incorporation: Australia
Percentage owned: 100% (2004: 0%)

Subsidiary: BSX Systems Pty Limited
Country of Incorporation: Australia
Percentage owned: 100% (2004: 0%)

Controlled entities acquired

On 13th April 2005 the parent entity acquired 100% of the BSX Group Holdings Limited, with NSX Limited entitled to all profits earned from 13th April 2005, for a purchase consideration of \$5,000,000 paid in shares in NSX Limited.

Economic Entity		Parent Entity	
2005	2004	2005	2004
\$	\$	\$	\$

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

Plant and equipment – at cost	247,553	179,396	-	-
Less accumulated depreciation	(145,095)	(124,779)	-	-
Total plant and equipment	102,458	54,617	-	-

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	Notes	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT (continued)					
(a) Movements in carrying amounts					
Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the financial year:					
Plant and equipment					
Balance at the beginning		54,617	62,651	-	-
Additions		42,331	8,422	-	-
Additions through acquisition of entity		26,223	-	-	-
Disposals		(127)	-	-	-
Depreciation expense		(20,586)	(16,456)	-	-
Carrying amount at the end		<u>102,458</u>	<u>54,617</u>	<u>-</u>	<u>-</u>
NOTE 12: INTANGIBLES					
Goodwill – at cost		6,513,007	1,420,711	-	-
Less: accumulated amortisation		(3,627,727)	(940,165)	-	-
		<u>2,885,280</u>	<u>480,546</u>	<u>-</u>	<u>-</u>
NOTE 13: PAYABLES					
CURRENT					
Trade creditors		114,075	31,891	14,671	8,000
Sundry creditors		68,108	16,935	-	-
Payable to wholly owned subsidiaries					
- Stock Exchange of Newcastle Ltd		-	-	-	13,750
- NSX Services Pty Limited		-	-	59,729	-
- BSX Services Pty Limited		-	-	1,672	-
		<u>182,183</u>	<u>48,826</u>	<u>76,072</u>	<u>21,750</u>
NOTE 14: INTEREST BEARING LIABILITIES					
CURRENT					
Lease liability unsecured	19(b)	10,892	-	-	-
Loan unsecured	20	-	220,000	-	-
		<u>10,892</u>	<u>220,000</u>	<u>-</u>	<u>-</u>
NON CURRENT					
Lease liability unsecured	19(b)	<u>3,815</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
NOTE 15: PROVISIONS				
CURRENT				
Employee benefits	45,984	11,680	-	-
(a) Aggregate employee Benefits	45,984	11,680	-	-
(b) Number of full time equivalent employees at year end	6	3	-	-
NOTE 16: OTHER LIABILITIES				
CURRENT				
Unearned revenue	76,500	-	-	-
NOTE 17: CONTRIBUTED EQUITY				
49,420,003 (2004 - 15,420,003) fully paid ordinary shares	20,226,596	4,023,332	20,226,596	4,023,332
1,500,000 (2004 - 1,500,000) ordinary shares paid to 1 cent	15,000	15,000	15,000	15,000
	<u>20,241,596</u>	<u>4,038,332</u>	<u>20,241,596</u>	<u>4,038,332</u>
(a) Fully paid ordinary shares				
At the beginning of the year	4,023,332	4,023,332	4,023,332	4,023,332
Shares issued during the year				
- 24,000,000 shares on 6 th January 2005	12,000,000	-	12,000,000	-
- 10,000,000 shares on 13 th April 2005	5,000,000	-	5,000,000	-
Transaction costs relating to share issue	(796,736)	-	(796,736)	-
At reporting date	<u>20,226,596</u>	<u>4,023,332</u>	<u>20,226,596</u>	<u>4,023,332</u>
	No.	No.	No.	No.
At the beginning of the year	15,420,003	15,420,003	15,420,003	15,420,003
Shares issued during year				
- 6 th January 2005	24,000,000	-	24,000,000	-
- 13 th April 2005	10,000,000	-	10,000,000	-
At reporting date	<u>49,420,003</u>	<u>15,420,003</u>	<u>49,420,003</u>	<u>15,420,003</u>

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NOTE 17: CONTRIBUTED EQUITY (continued)

On 6th January 2005 the Company issued 24,000,000 fully paid ordinary shares at 50 cents each.

On 13th April 2005 the Company issued 10,000,000 fully paid ordinary shares as consideration in respect of the BSX Group Holdings Limited acquisition. Their fair value was 50 cents each, totalling \$5,000,000.

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
(b) Partly paid ordinary shares				
At the beginning of year	15,000	15,000	15,000	15,000
At reporting date	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
	No.	No.	No.	No.
At the beginning of year	1,500,000	1,500,000	1,500,000	1,500,000
At reporting date	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>

The partly paid shares have one outstanding call of 99 cents each. The date of the final call is at the shareholder's discretion.

On the winding up of the company the balance of partly paid shares, if any, may be called up. The proceeds on winding up are paid proportional to the amounts paid on partly paid shares.

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NOTE 17: CONTRIBUTED EQUITY (continued)

(c) Options

1. On 29th October 2001 share options were granted to accept ordinary shares at an exercise prices of \$1.00. The options are exercisable on or before 30 June 2006. The options hold no voting or dividend rights and are not transferable. At balance date, no share options had been exercised.
2. On 6 January 2004 share options were granted to accept ordinary shares at an exercise prices of 35 cents. The options are exercisable on or before 25 August 2008. The options hold no voting or dividend rights and are not transferable. At balance date, no share options had been exercised.
3. On 20th December 2004 share options were granted to directors to accept ordinary shares at an exercise prices of 50 cents. The options are exercisable on or before 20th December 2009. The options hold no voting or dividend rights and are not transferable. At balance date, no share options had been exercised.
4. For options issued to executives and employees during the year, refer to Note 31.

The share price on the ASX as at 30 June 2005 was \$0.51

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Movement in the number of share options issued during the year:				
Opening balance	1,405,000	1,205,000	1,405,000	1,205,000
Granted during the year	1,520,000	200,000	1,520,000	200,000
	<u>2,925,000</u>	<u>1,405,000</u>	<u>2,925,000</u>	<u>1,405,000</u>

The options issued to directors and executives are disclosed in Note 22 (d)

NOTE 18: RETAINED LOSSES

Retained profits (losses) at the beginning of the financial year	(2,762,568)	(2,491,874)	(3,579,536)	(1,948,637)
Net profit (loss) attributable to the members	<u>(2,986,761)</u>	<u>(270,694)</u>	<u>(2,302,909)</u>	<u>(1,630,899)</u>
Retained profits (losses) at the end of the financial year	<u>(5,749,329)</u>	<u>(2,762,568)</u>	<u>(5,882,445)</u>	<u>(3,579,536)</u>

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	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$

NOTE 19: CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable	2005	2004	2005	2004
	\$	\$	\$	\$
- not later than one year	5,932	36,484	-	-
- later than 1 year but not later than 5 years	-	5,932	-	-
	<u>5,932</u>	<u>42,416</u>	<u>-</u>	<u>-</u>

The property lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. An option exists to renew the lease at the end of the three-year term for an additional three years.

The Stock Exchange of Newcastle Limited has an agreement with ASX Operations Pty Limited to provide technology related services to enable the Stock Exchange of Newcastle Limited to operate a market for trading securities. The term of the current contract is to 21st October 2006 as the ASX is replacing its SEATS trading engine with OM/Click. NSX is negotiating with ASX on a replacement system as well as evaluating possible alternative systems.

(b) Finance lease commitments

Payable				
- not later than one year	11,722	-	-	-
- later than 1 year but not later than 5 years	3,908	-	-	-
Minimum lease payments	<u>15,630</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: future finance charges	923	-	-	-
Total finance lease liability	<u>14,707</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(i)			
Represented by:				
Current liability	10,892	-	-	-
Non-current liability	<u>3,815</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>14,707</u>	<u>-</u>	<u>-</u>	<u>-</u>

(i) Computer lease with Bendigo Bank Ltd

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Notes	Economic Entity		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$

NOTE 20: RELATED PARTY TRANSACTIONS

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

Controlled Entities

Loans advanced from Stock Exchange of Newcastle Limited. There is no fixed term for the repayment of the principal on these loans, nor is interest charged

13	-	-	-	13,750
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Share registry fees:

- Steven Pritchard as a director of Newcastle Capital Markets Pty Limited.

-	2,400	-	-
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Rees Pritchard Pty Limited, an accounting firm associated with Steven Pritchard provided accounting services and compliance committee services to the Stock Exchange of Newcastle Limited on normal commercial terms and conditions

-	1,200	-	-
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Forsythes Accountants, an accounting firm in which John Joseph O'Connor is a partner was paid an amount for the services provided by John Joseph O'Connor to the NSX Compliance Committee

-	8,079	-	-
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Trading fees paid by directors-related companies:

- Cameron Stockbroking Ltd	-	176	-	-
- Pritchard & Partners Pty Ltd	-	33	-	-
- Tonkin Scorer Menzies	2,668	1,127	-	-

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	Notes	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
NOTE 20: RELATED PARTY TRANSACTIONS (continued)					
Nominated Advisor fees paid by director-related companies:					
- Cameron Stockbroking Ltd		-	1,100	-	1,100
- Whittens Solicitors are Nominated Advisers		1,000	-	-	-
- Pritchard & Partners Pty Ltd		-	1,100	-	1,100
<hr/>					
Loan advanced to Stock Exchange of Newcastle Limited by Accounting P.C. Training Pty Limited, a company in which Michael Andrew Cox is a director and shareholder. This loan is for a fixed term and interest is charged at 10% per annum on the outstanding balance.					
	14	-	220,000	-	-
<hr/>					
Loan repaid by Stock Exchange of Newcastle Limited to Accounting P.C. Training Pty Limited, a company in which Michael Andrew Cox is a director and shareholder.					
	14	239,743	-	-	-
<hr/>					
Remuneration paid to director's relative in their capacity as a part-time employee of the economic entity, rates of pay is in accordance with appropriate award					
		-	6,310	-	-
<hr/>					
Amounts paid to Computershare Limited for provision of the trading system on normal commercial terms and conditions. A company with which Dudley Chamberlain is associated.					
		60,000	-	-	-
<hr/>					

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Notes	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$

NOTE 20: RELATED PARTY TRANSACTIONS (continued)

Options were allocated to the following director-related parties during the year:

	No.	No.	No.	No.
- Rees Pritchard Pty Limited (a company related to Steven Pritchard). The exercise price is 35 cents. These options are exercisable before 28 August 2008.	-	200,000	-	200,000

The direct, indirect and beneficial holdings of directors and their director-related entities in the share and share options of the parent company as at 30 June 2005 were:

Shares: 11,999,246 (2004 – 5,400,002) fully paid ordinary shares
 1,500,000 (2004 – 1,500,000) partly paid shares
 1,395,000 (2004 – 550,000) share options

NOTE 21: CASH FLOW INFORMATION

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cashflows is reconciled to the related items in the statement of financial position as follows:

Cash	6	389,032	296,259	184,868	-
Commercial bill	8	-	700,000	-	-
		389,032	996,259	184,868	-

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Notes	Economic Entity		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$
NOTE 21: CASH FLOW INFORMATION (continued)				
(b) Reconciliation of cash flow from operations with profit/(loss) from ordinary activities after income tax:				
Profit/(loss) from ordinary activities after income tax	(2,986,761)	(270,694)	(2,302,909)	(1,630,899)
<i>Non-cash flows in profit from ordinary activities:</i>				
Amortisation	2,687,562	26,217	-	-
Depreciation	20,586	16,456	-	-
Write down to recoverable amount	-	-	2,178,554	1,622,899
Net (gain)/loss on disposal of plant and equipment	127	-	-	-
<i>Changes to assets and liabilities net of the effects of purchase of subsidiaries:</i>				
(Increase)/decrease in receivables	89,697	(13,428)	-	-
(Increase)/decrease in other assets	11,444	(1,902)	(16,333)	-
Increase/(decrease) in payables	(141,690)	(58,644)	(7,079)	8,000
Increase/(decrease) in provisions	18,631	(1,025)	-	-
Increase/(decrease) in other liabilities	18,815	-	-	-
Cash flows from operations	<u>(281,589)</u>	<u>(303,020)</u>	<u>(147,767)</u>	<u>-</u>

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Economic Entity		Parent Entity	
2005	2004	2005	2004
\$	\$	\$	\$

NOTE 21: CASH FLOW INFORMATION (continued)

(c) Acquisition of Entities

During the year 100% of the BSX Group Holdings Limited Group was acquired. Details of this transaction are:

Purchase consideration - shares in NSX limited	5,000,000	-	5,000,000	-
Fair value of assets acquired				
Cash	54,990	-	-	-
Receivables	189,158	-	-	-
Other	21,925	-	-	-
Property, plant & equipment	26,728	-	-	-
Creditors	(11,365)	-	-	-
Unearned revenue	(36,845)	-	-	-
Sundry creditors	(301,984)	-	-	-
Lease liabilities	(16,444)	-	-	-
Provisions	(15,673)	-	-	-
Net assets acquired	<u>(89,510)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Goodwill on consolidation	<u>5,089,510</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash outflow on acquisition				
Cash consideration	-	-	-	-
Less: Cash balance acquired	<u>(54,990)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(54,990)</u>	<u>-</u>	<u>-</u>	<u>-</u>

(d) Credit Stand-by Arrangements and Loan Facilities

The BSX Services Pty Limited a subsidiary, currently as an overdraft facility of \$10,000 with Bendigo Bank Limited. \$8,257 of this facility has not been utilised.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 22: REMUNERATION AND RETIREMENT BENEFITS

(a) Names and positions held of parent entity directors and specified executives in office at any time during the financial year are:

Parent Entity Directors

Raymond Whitten	Chairman — Executive
Michael Cox	CEO — Director — Executive
F Mark Menzies	Company Secretary — Director — Non Executive
Paul Seymour	Director — Non Executive
Kelvin Clarke	Director — Non Executive
Ian Mansbridge	Director – Non Executive (Appointed 11 May 2005)
Dudley Chamberlain	Director – Non Executive (Appointed 11 May 2005)

Specified Executives

Scott Evans	General Manager – Operations
Harry Parkinson	General Manager – Business Development
Ian Craig	Companies Manager

(b) Parent Entity Directors' Remuneration

2005	Primary				Post Employment	Equity **	Other *	Total
	Salary, Fees & Comm- issions	Super- annuation Contri-bution	Cash Bonus	Non-Cash Benefits	Superannuation	Options		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>Raymond Whitten</i>	57	-	-	-	-	-	3	60
<i>Michael Cox</i>	57	-	-	-	-	-	10	67
<i>Mark Menzies</i>	7	1	-	-	-	-	-	8
<i>Paul Seymour</i>	7	1	-	-	-	-	-	8
<i>Kelvin Clarke</i>	7	1	-	-	-	-	-	8
<i>Dudley Chamberlain</i>	2	-	-	-	-	-	-	2
<i>Ian Mansbridge</i>	2	-	-	-	-	-	-	2
Total	139	3	-	-	-	-	13	155

* Other includes remuneration as part of the Compliance Committee and director related payments including reimbursement of expenses. '#' indicates amounts less than \$500. Amounts are rounded to nearest \$1,000. The service and performance criteria set to determine remuneration are included per Note (h).

** The fair value of the options at the time of issued equals the exercise price

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 22: REMUNERATION AND RETIREMENT BENEFITS (continued)

(b) Parent Entity Directors' Remuneration

	Primary				Post Employment	Equity	Other *	Total
	Salary & Fees	Super- annuation	Cash Bonus	Non-Cash Benefits	Superannuation	Options		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>Raymond Whitten</i>	-	-	-	-	-	-	-	#
<i>Michael Cox</i>	-	-	-	-	-	-	4	4
<i>Mark Menzies</i>	-	-	-	-	-	-	-	-
<i>Kelvin Clarke</i>	-	-	-	-	-	-	-	-
<i>Paul Seymour</i>	-	-	-	-	-	-	1	1
<i>Steven Pritchard</i> <i>(resigned 21 November 2003)</i>	-	-	-	-	-	-	2	2
<i>Warwick Evans</i> <i>(resigned 21 November 2003)</i>	-	-	-	-	-	-	-	-
<i>John O'Connor</i> <i>(resigned 25 May 2004)</i>	-	-	-	-	-	-	8	8
Total	-	-	-	-	-	-	15	15

* Other includes remuneration as part of the Compliance Committee and director related payments including reimbursement of expenses. '#' indicates amounts less than \$500. Amounts are rounded to nearest \$1,000. The service and performance criteria set to determine remuneration are included per Note (h).

(c) Specified Executives' Remuneration

	Primary				Post Employment	Equity *	Other	Total
	Salary & Fees	Super- annuation	Cash Bonus	Non-Cash Benefits	Superannuation	Options		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>Harry Parkinson **</i>	30	3	-	-	-	-	-	33
<i>Ian Craig **</i>	30	3	-	-	-	-	-	33
<i>Scott Evans</i>	102	9	-	-	-	-	-	113
Total	162	15	-	-	-	-	-	179

5 executives have not been listed above as only three persons are regarded as executives and have the greatest authority for managing the economic entity.

The service and performance criteria set to determine remuneration are included per Note (h).

* The fair value of the options at the time of issued equals the exercise price.

** Harry Parkinson and Ian Craig's remuneration is since NSX Limited took over BSX Group Holdings Limited. The period is from the 13th April 2005 to 30 June 2005.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 22: REMUNERATION AND RETIREMENT BENEFITS (continued)

(c) Specified Executives' Remuneration (continued)

2004	Primary			Post Employment	Equity	Other	Total
	Salary & Fees	Super-annuation	Cash Bonus	Non-Cash Benefits	Superannuation	Options	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Scott Evans	85	8	-	-	-	-	93

The service and performance criteria set to determine remuneration are included per Note (h).

(d) Remuneration Options

Options Granted As Remuneration

	Granted No.	Total Remuneration represented by options %	Grant date	Exercise Price	Last exercise date	Options exercised	Options Lapsed	Total
Parent Entity Directors								
Raymond Whitten	375,000	-	20-12-04	0.50	20-12-09	-	-	375,000
Michael Cox	375,000	-	20-12-04	0.50	20-12-09	-	-	375,000
Mark Menzies	300,000	-	20-12-04	0.50	20-12-09	-	-	300,000
Kelvin Clarke	150,000	-	20-12-04	0.50	20-12-09	-	-	150,000
Paul Seymour	195,000	-	20-12-04	0.50	20-12-09	-	-	195,000
Dudley Chamberlain	-	-	-	-	-	-	-	-
Ian Mainsbridge	-	-	-	-	-	-	-	-
Total	1,395,000	-				-	-	1,395,000
Specified Executives								
Scott Evans	20,000	-	25-08-04	0.35	25-08-08	-	-	20,000
	60,000	-	12-11-04	0.50	20-12-09	-	-	60,000
Total	80,000	-				-	-	80,000

All grants of options vest after one year uninterrupted service in respect of executive directors and five years full service with respect to employees. The service and performance criteria set to determine remuneration are included per Note (h).

Scott Evans options have also been disclosed in Note 31 Employee Benefits.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 22: REMUNERATION AND RETIREMENT BENEFITS (continued)

(e) Shares Issued on Exercise of Remuneration Options

	No. of ordinary shares issued	Amount paid per Share	Amount unpaid per Share
Parent Entity Directors			
<i>Raymond Whitten</i>	-	-	-
<i>Michael Cox</i>	-	-	-
<i>Mark Menzies</i>	-	-	-
<i>Kelvin Clarke</i>	-	-	-
<i>Paul Seymour</i>	-	-	-
<i>Dudley Chamberlain</i>	-	-	-
<i>Ian Mansbridge</i>	-	-	-
Specified Executives			
<i>Scott Evans</i>	-	-	-
<i>Harry Parkinson</i>	-	-	-
<i>Ian Craig</i>	-	-	-

NSX LIMITED
 ABN 33 089 447 058
 AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2005

NOTE 22: REMUNERATION AND RETIREMENT BENEFITS (continued)

(f) Options and Rights Holdings

Number of options held by Specified Directors & Executives

	Balance 1.7.04	Granted as Remun- eration	Options Exercised	Net Change Other	Balance 30.6.05
Parent Entity Directors					
<i>Raymond Whitten</i>	-	375,000	-	-	375,000
<i>Michael Cox</i>	-	375,000	-	-	375,000
<i>Mark Menzies</i>	-	300,000	-	-	300,000
<i>Kelvin Clarke</i>	-	150,000	-	-	150,000
<i>Paul Seymour</i>	-	195,000	-	-	195,000
Total	-	1,395,000	-	-	1,395,000
Specified Executives					
<i>Scott Evans</i>	-	80,000	-	-	80,000
Total	-	80,000	-	-	80,000

The net change other reflected above includes those options that have been forfeited by holders as well as options issued during the year.

NSX LIMITED
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AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 22: REMUNERATION AND RETIREMENT BENEFITS (continued)

(g) Shareholdings

Number of Shares held by Parent Entity Directors and Specified Executives

	Balance 1.7.04	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.6.05
Parent Entity Directors					
<i>Raymond Whitten</i>	1,000,000	-	-	500,000	1,500,000
<i>Michael Cox</i>	1,000,000	-	-		1,000,000
<i>Mark Menzies</i>	1,100,000	-	-	(103,000)	997,000
<i>Kelvin Clarke</i>	-	-	-	-	-
<i>Paul Seymour</i>	1,100,001	-	-	-	1,100,001
<i>Dudley Chamberlain</i>	-	-	-	-	-
<i>Ian Mansbridge</i>	-	-	-	-	-
Specified Executives					
<i>Scott Evans</i>	5,000	-	-	-	5,000
Total	4,205,001	-	-	397,000	4,602,001

* Net Change other refers to shares purchased or sold during the financial year.

(h) Remuneration Practices

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The Directors' are allowed to claim reimbursement for expenses incurred when acting on behalf of the NSX. Directors' are allowed to claim remuneration approved by the Board of Director as a member of the NSX Compliance Committee. Service agreements have been established with the Executive Chairman and Chief Executive Officer. Non-Executive directors are paid a retainer of \$15,000 per year.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 23: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The consolidated entity's exposure to interest-rate risk and the effective average interest rate for each class of financial asset and financial liability is set out below.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing						Total		
	2005 %	2004 %	2005 \$	2004 \$	Within 1 Year		1 to 5 Years		Non-Interest Bearing		2005 \$	2004 \$	
					2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$			
Financial assets													
Cash assets	3.75	1.50	300,367	46,259	-	-	-	-	-	-	300,367	-	46,259
Term deposit	-	4.75	-	-	-	250,000	-	-	-	-	-	-	250,000
Commercial bills	5.50	4.75	-	-	11,300,08	1 700,000	-	-	-	-	11,300,081	-	700,000
Receivables	-	-	-	-	-	-	-	-	115,095	15,634	115,095	-	15,634
Prepayments	-	-	-	-	-	-	-	-	9,717	9,214	9,717	-	9,214
					11,300,08								
			300,367	46,259	1 950,000	-	-	-	124,812	24,848	11,725,260	-	1,021,107
Financial liabilities													
Loans	-	10.00	-	-	-	220,000	-	-	-	-	-	-	220,000
Lease liabilities	7.50	-	-	-	10,892	-	3,815	-	-	-	14,707	-	-
Payables	-	-	-	-	-	-	-	-	182,183	48,826	182,183	-	48,286
					10,892	220,000	3,815	-	182,183	48,826	196,890	-	268,286
					11,289,18								
Net financial assets			300,367	46,259	9 730,000	(3,815)	-	(57,371)	(23,978)		11,528,370	-	752,821

(b) Credit Risk

The credit risk on financial assets of the economic entity which have been recognised on the statement of financial position and the notes to the financial statements is the carrying amount of those assets net of any provision for doubtful debts.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value approximates the carrying value of financial assets and liabilities of the economic entity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements

NOTE 24: SEGMENT REPORTING

The economic entity operates in the services industry wholly within Australia.

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 25: CONTINGENT LIABILITY

As part of the Stock Exchange of Newcastle 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.

NOTE 26: FIDELITY FUNDS

As at 30 June 2005 the Stock Exchange of Newcastle Limited Fidelity Fund had a balance of \$214,100 (2004 - \$163,415). The Stock Exchange of Newcastle Limited is the trustee of the fund and the assets of the fund can only be used for the purposes prescribed in the Corporations Act 2001.

As at 30 June 2005 Bendigo Stock Exchange Limited Fidelity Fund had a balance of \$30,407 (2004 - \$27,675). The Bendigo Stock Exchange Limited is the trustee of the fund and the assets of the fund can only be used for the purposes prescribed in the Corporations Act 2001.

NOTE 27: RELIANCE ON AUSTRALIAN STOCK EXCHANGE LIMITED AND COMPUTERSHARE LIMITED TECHNOLOGY

The ability of the Stock Exchange of Newcastle Limited to conduct its operations is heavily reliant upon the capability and reliability of the trading and settlement systems, which are licensed to the company by the Australian Stock Exchange Limited.

The ability of the Bendigo Stock Exchange Limited to conduct its operations is heavily reliant upon the capability and reliability of the trading and settlement systems, which are licensed to the company by Computershare Limited.

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

NOTE 28: SUBSEQUENT EVENTS

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

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 29: COMPANY DETAILS

The registered office and principal place of business is:

Ground Floor, Suite 3,
384 Hunter Street
Newcastle NSW 2300

	Economic Entity	
	2005	2004
	\$	\$
NOTE 30: EARNINGS PER SHARE		
<i>Basic earnings per share (cents)</i>	(10)	(2)
Diluted earnings per share (cents)	(10)	(2)
Reconciliation of earnings to net loss		
Earnings used in calculating basic and diluted earnings per share	(2,986,761)	(270,694)
Weighted average number of ordinary shares used in calculating earnings per share	28,669,318	15,118,633

NSX LIMITED
ABN 33 089 447 058
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

NOTE 31: EMPLOYEE BENEFITS

1. On 25th August 2004, share options were granted to the General Manager to accept ordinary shares at an exercise prices of 35 cents. The options are exercisable on or before 25th August 2008. The options hold no voting or dividend rights and are not transferable. At balance date, no share options had been exercised.
2. On 12th November 2004, share options were granted to the General Manager and Manager of Trading & Settlement to accept ordinary shares at an exercise prices of 50 cents. The options are exercisable on or before 20th December 2009. The options hold no voting or dividend rights and are not transferable. At balance date, no share options had been exercised.

The share price on the ASX as at 30 June 2005 was \$0.51

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Movement in the number of share options held by executives and employees are as follows				
Opening balance	-	-	-	-
Granted during the year	125,000	-	125,000	-
	125,000	-	125,000	-

Details of share options outstanding as at year end:

Granted No.	Grant date	Exercise Price	Last exercise date	Options exercised	Options Lapsed	Total
20,000	25-8-04	0.35	25-08-08	-	-	20,000
105,000	12-11-04	0.50	20-12-09	-	-	105,000
125,000				-	-	125,000

NSX LIMITED
ABN 33 089 447 058

AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The directors of the company declare that:

- 1) the statement of financial performance, statement of financial position, statement of cash flows and notes are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the company and economic entity.
- 2) the Chief Executive Officer and General Manager have each declared that:
 - (a) the financial records of the company for the financial year have been prepared properly maintained in accordance with section 286 of the Corporations Act 2001; and
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
- 3) in the directors' opinion, there are reasonable grounds to believe that the company 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.

Signed for and on behalf of the directors:



Michael Andrew Cox
Director



Francis Markham Menzies
Director

Newcastle

Date: 30 September 2005

**NSX LIMITED
ABN 11 000 902 063
AND CONTROLLED ENTITIES**

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

Audit Opinion

In our opinion, the financial report of NSX Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for NSX Limited (the company) and NSX Limited (the consolidated entity), for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

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

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all material misstatements have been detected.

Sydney

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Sydney NSW 2000 Australia
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Newcastle

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Newcastle West NSW 2302 Australia
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NSX LIMITED
ABN 11 000 902 063
AND CONTROLLED ENTITIES

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF NSX LIMITED

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- (a) examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- (b) assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

Independence

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

Lawler Partners

LAWLER PARTNERS
Chartered Accountants

Sydney

Date: 30 September 2005

J. J. Abela

JEFFREY JOSEPH ABELA
Partner



NSX LIMITED
ABN 11 000 902 063
AND CONTROLLED ENTITIES

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding)	Number	
	Ordinary	Redeemable
1 – 1,000	100	-
1,001 – 5,000	411	-
5,001 – 10,000	303	-
10,001 – 100,000	398	-
100,001 – and over	50	-
	1,262	-

b. The number of shareholdings held in less than marketable parcels is **46**.

c. The names of the substantial shareholders listed in the holding company's register as at 31 August 2005 are:

Shareholder	Number	
	Ordinary	Preference
Bendigo Bank Limited	5,585,640	-
Bell Potter Nominees Limited	4,271,744	-

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

NSX LIMITED
 ABN 11 000 902 063
 AND CONTROLLED ENTITIES
 ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

e. **20 Largest Shareholders — Ordinary Shares**

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. <i>Bendigo Bank Limited</i>	5,585,640	11.30
2. Bell Potter Nominees Limited	4,271,744	8.64
3. Barbary Coast Investments	1,500,000	3.04
4. Cogent Nominees Pty Limited	1,270,037	2.57
5. Invia Custodian Pty Limited	1,200,000	2.43
6. Computershare Limited	1,123,656	2.27
7. Mr Paul Ernest Seymour	1,100,001	2.23
8. Giovanni Nominees Pty Ltd	1,020,900	2.07
9. Invia Custodian Pty Limited	1,010,000	2.04
10. Charmof Nominees Pty Ltd	1,002,999	2.03
11. Accounting PC Training Pty Ltd	1,000,000	2.02
12. Mr Francis Markham Menzies	997,000	2.02
13. ANZ Nominees Limited	930,450	1.88
14. C V C Limited	837,100	1.69
15. Rattoon Holdings Ltd	800,000	1.62
16. Rubicon Nominees Pty Ltd	771,770	1.56
17. Small Cap Holdings Pty Ltd	690,000	1.40
18. Invia Custodian Pty Limited	606,000	1.23
19. Mr Gregory Howard Walls	590,000	1.19
20. Mr Arthur Ford Reynolds	546,000	1.11
	26,853,297	54.34

2. The name of the company secretary is Francis Markham Menzies

3. The address of the principal registered office in Australia is ;
 Ground Floor, Suite 3,
 384 Hunter Street
 Newcastle NSW 2300
 Telephone +61 2 4929 6377

4. **Registers of securities are held at the following address**

New South Wales: Registries Ltd
 Level 2, 28 Margaret Street
 Sydney NSW 2000

5. **Unquoted Securities**

Partly Paid Shares

A total of 1,500,000 partly paid shares are on issue paid to 1 cent. They have one outstanding call of 99 cents each. The date of the final call is at the shareholder's discretion.

Options over Unissued Shares

A total of 2,925,000 options are on issue. 1,395,000 options are on issue to 5 directors' and director related entities, 125,000 options are on issue to 2 employees and 1,405,000 options are issued to other parties.