

ANNUAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007



NSX LIMITED AND CONTROLLED ENTITIES





NSX LIMITED
AND
CONTROLLED ENTITIES

ABN 33 089 447 058

ANNUAL REPORT FOR THE YEAR ENDED
30 JUNE 2007

CORPORATE DIRECTORY

DIRECTORS

Ian Mansbridge
Michael Cox
Hugh Robertson
Richard Symon

SENIOR EXECUTIVES

Richard Symon
Chief Executive Officer

Scott Evans
General Manager

Ian Craig
Companies Manager

COMPANY SECRETARY

Scott Evans

PRINCIPAL REGISTERED OFFICE

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

MELBOURNE OFFICE

Level 8
410 Collins Street
Melbourne VIC 3000
Telephone: (03) 9664 0000
Facsimile: (03) 9664 0011

WEBSITES

www.nsxa.com.au
www.bsx.com.au
www.bsxtaximarket.com.au
www.wollongongexchange.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
Fax: +61 2 9279 0664
Correspondence to:
PO Box R67
Royal Exchange
Sydney NSW 1223
registries@registriesltd.com.au
www.registriesltd.com.au

Contents

Annual Report	Page
Corporate Directory	2
Chairman and Chief Executive Officers Report	4
Markets Information	
Listing history of securities	7
Listed entities	7
Participants	9
Nominated Advisers	9
Facilitators	10
Trading & Settlement Statistics	11
Taxi Market and Statistics	12
Technology	12
Group Structure	13
Management Structure	13
Market Structures	14
Market Supervision	15
Committees	15
Compensations Arrangements	16
Complaint Handling	17
Corporate Governance	
Mission Statement	18
Board Charter	18
Code of Ethics and Conduct	18
Corporate Governance Statement	19
Corporate Governance Compliance Summary	20
Dealing Securities by Directors & Employees	30
Shareholder Communications Policy	31
Media & Promotions Policy	31

Statutory Report	Page
Contents	34
Financial Report	
Director's Report	36
Financial Statements	47

Shareholder Information	Page
Shareholding Details	76
Registered Office	77
Share Registry	78
Unquoted Securities	78
Voting Rights – Ordinary Shares	78

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

With a new CEO appointed less than twelve months ago, the business has seen an invigorated focus on strategy, marketing and building relationships to form joint ventures.

The Board of NSX is strongly of the view that the increasing scale and globalisation of the securities markets, combined with the ever increasing turnover in Australian capital markets, creates even greater opportunity. Now more than ever there is a need for small to medium enterprises, and those businesses with unique requirements, to find a home where they can efficiently raise capital but still be recognised for the value they represent. By linking with other groups, NSX is leveraging its strengths of being a market operator with those closest to these target customers.

Financial Results

The Company incurred a loss after tax of to \$3,296,686 (2006 - loss of \$754,082). The loss is predominately attributable to the impairment of goodwill of \$2,473,958 from the termination of the COM-AgEx Asia Joint Venture. In the absence of this impairment (a non-cash item) the loss would have been \$822,728. Cash reserves of the Company at balance date were \$10.07 million (2006: \$11.09 million). Revenue increased by 2% from \$1,650,739 to \$1,684,460. Earnings per share (EPS) has declined from (1.53) cents per share to (6.67) cents per share. Without the impairment earnings per share would have been (1.66).

Revenue and Cost Drivers

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.

Market Name Change

The National Stock Exchange of Australia is recognised as the Stock Exchange for medium and smaller enterprises including cooperative and community enterprises. The name change from Newcastle during the reporting period has captured the imagination of companies, media, investors and the advisory industry and NSX is seen as an effective solution for capital raising and listing securities.

The number of inquiries regarding the listing of companies has reached record levels and any concerns regarding lack of turnover and general participation are being overcome. Although these outcomes, resulting from the effort put into marketing and promoting the company, do not show up in the current financial year's results, the bona-fides of your company are being established now for substantial growth in the years ahead.

Building for the future

NSX Limited is benefiting from the synergies resulting from previous initiatives. Your Company operates two Stock Exchanges (Australian Market Licences) on a common platform. The derived cost efficiencies have enabled us to focus resources on improving our market awareness and brand recognition in order to meet and exceed critical mass as soon as possible. However, the requirement of operating both the National (NSXA) and Bendigo (BSX) Stock exchanges as "fair, orderly and transparent" markets is a substantial responsibility.

The majority of our employees and systems expenditures through the reporting period were devoted to this core competency. The decision to implement the OMX trading platform (which went live August 2006) and combined with the existing SMARTS Compliance Explorer, for surveillance and compliance efficiency, gives your company rapid scalability with minimal marginal cost.

The combined markets traded over 85 million shares during the last financial year (2006: 51 million) worth in excess of \$42 million in value (2006: \$15 million). The markets have access to 14 brokers and 25 advisers who support the pre and post listing process for all companies. These indicators point to growing liquidity and acceptance by investors to our markets.

Market Differentiation

The main differences between the two stock exchanges, in essence, lies in the settlement processes adopted. NSXA transactions are settled T+3¹ via the established Clearing House Electronic Sub-register System (CHES) which shareholders of ASX listed companies have become accustomed. Also, NSXA has adopted a Nominated Adviser and Sponsoring Broker model to enhance disclosure at the time of listing and while the company is listed.

BSX on the other hand continues to settle T+5² via a certificated process. Whilst this may seem less efficient, it is more effective for companies whose shareholders are less concerned about trading on a frequent basis with a consequent reduction in costs. On BSX, as well as NSXA, investors continue to benefit from the supervision, disclosure and reporting requirements, and certainty of settlement of a regulated stock exchange.

Incubator Exchange

NSX is in continuing discussions with ASIC³ to amend the listing rule requirements of BSX so that Australia can have a true incubator stock exchange similar to many countries with established capital markets. The success of the BSX in listing 55 established Bendigo Community Banks and the appetite by angel, mentor and micro-cap investors is palpable. NSX intends to provide a stock exchange solution to companies as they grow and transition from BSX to NSXA, increase their capitalisation, number of investors and turnover of shares. BSX will also provide an ongoing solution to companies who, because of their size, ownership structure or cost constraints require

Operational Highlights

Re-branded to National Stock Exchange of Australia

6.7% increase in listed securities

44.6% increase in market capitalisation of NSXA and BSX securities.

67% increase in the volume of shares traded

179% increase in the value of shares traded

Sunshine Coast and Gold Coast Exchanges initiated.

Full year operations of the Taxi Market

Proposed acquisition of the Water Exchange

¹ Trade date plus 3 business days

² Trade date plus 5 business days

³ Australian Securities & Investments Commission

a viable alternative to a traditional stock exchange. BSX is awaiting approval of the amended rules from ASIC to enable the promotion of further listings.

Taxi Markets

The launch of the BSX Taxi Market in March 2006 has gained considerable momentum with over \$46.5 million (2006: \$11.5 million) in transactions of licenses and \$82.2 million (2006: \$16.8 million) of assignments (leases) transacted by financial year end by 19 (2006: 12) accredited taxi brokers. The taxi market is being made available to regions outside the mandated Melbourne metropolitan area and many are joining this market on a voluntary basis. Discussions are being held to provide market services in other states.

Water Exchange

NSX's capability and experience in operating exchanges for diverse asset classes, licenses and permits is being sought in a number of areas. Our agreement to purchase the Water Exchange, which conducts the majority of Australia's transactions water entitlements, will further expand NSX's capabilities. We plan to build on this and expand our capacity to provide trading platforms and regulatory oversight for other environmental and sustainable emerging markets.

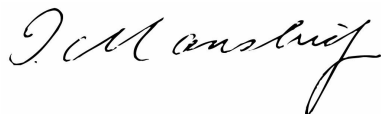
Regional Exchanges

A number of post balance day announcements have occurred which should result in more listings on the National Stock Exchange. Gold Coast and Sunshine Coast regional business development organisations have entered into agreements with NSX to promote regional boards so that prominence can be given to local companies for investment. The agreements in effect provide each region with the ability to promote their own market with dedicated people and offices. Regional press coverage about these initiatives has been substantial and your Company is well advanced with other significant regions.

Sectoral Exchanges

The announcement on July 10th 2007 of an agreement with FEX to establish a board for Environmental and Sustainable company listings takes NSXA into the area of industry specific listings. The FEX⁴ initiative follows the unwinding of the terminated Com-Agex agreement of 2006 and provides an exciting opportunity to list companies in this important sector. The FEX-SIM market in Bridge Street, Sydney is due to be launched by ex US Vice President Al Gore in September.

In conclusion, your Board is focused on growing existing business revenue streams, developing initiatives to improve information channels and exceed its statutory obligations, all of which lead to successful NSX exchanges.



Ian Mansbridge
Chairman



Richard Symon
Chief Executive Officer

Melbourne, 10 September 2007

⁴ Financial & Energy Exchange Limited ("FEX") is the parent company of a business seeking a derivatives markets licence for trading in financial and energy derivatives products.

MARKETS INFORMATION

NSXA AND BSX LISTING HISTORY OF SECURITIES

Listed Securities	As at June 2003	As at June 2004	As at June 2005 ⁽²⁾	As at June 2006	As at June 2007
Fully Paid Ordinary Shares	7	19	55	81	87
Partly Paid ordinary shares	1	1	1	1	1
Preference/Debt Securities	3	3	3	0	0
Company Issued Options	1	3	7	15	13
Property Trusts & Investment	1	1	7	7	10
Total Listed Securities	13	27⁽¹⁾	73⁽²⁾	104	111
Delisted Securities ⁽¹⁾	8	7	4	11	10

Notes: (1) Delisted securities includes Preference shares, securities that have transitioned to the ASX and securities that have expired e.g. options. (2) Includes Bendigo Stock Exchange figures for full financial year 2005.

BSX LISTED SECURITIES

BSX Code	Security Name
BCT	Bendigo Community Telco Ltd
CAP	Capilano Honey Ltd
SDF	State Development Fund Ltd
VLE	Victorian Livestock Exchange
APF	Australian Property Growth Fund
APR	APN Regional Property Fund
PFD	PFA Diversified Property Trust
AAY	Albany (W.A.) Comm Fin Serv Ltd
ARF	Acacia Ridge Fin Ser Ltd
AUG	Augusta & District Comm Fin Ser Ltd
BAB	Babinda Comm Fin Ser Ltd
BPB	Bellarine Peninsula Comm Branch Ltd
BRF	Balmain/Rozelle Fin Ser Ltd
BRI	Bright Comm Fin Ser Ltd
BWR	Berowra & District Fin Ser Ltd
CFY	Clifroy Ltd
CLG	Coolalinga & Districts Comm Fin Ser Ltd
COB	Cobden & Districts Comm Fin Ltd

BSX Code	Security Name
DCE	Doncaster East Comm Fin Ser Ltd
EBF	Ettalong Beach Fin Ser Ltd
EGF	East Gosford & District Fin Ser Ltd
EIC	East Ivanhoe Comm Corporation Ltd
EMU	Emu Park & District Fin Ser Ltd
FCF	Fremantle Comm Fin Ser Ltd
FEU	Fleurieu Community Enterprises Ltd
GHC	Goodwood/Highgate Comm Fin Ser Ltd
GOS	Gosnells Fin Ser Limited
GYD	Gympie & District Fin Ser Ltd
HAD	Heathcote & District Fin Ser Ltd
HEY	Heyfield & District Comm Fin Ser Ltd
HOB	Hobsons Bay Comm Fin Ser Ltd
HVB	Hervey Bay & District Fin Ser Ltd
IAD	Inverloch & District Fin Ent Ltd
KEW	Kew East Fin Ser Ltd
LCB	Logan Comm Fin Ser Ltd
LLP	Community Fin Ser Victoria Ltd
MBA	Mareeba & Dimbulah Fin Ser Ltd

BSX Code	Security Name
MBK	Mooroolbark & District Fin Ser Ltd
MDH	Mandurah Comm Fin Ser Ltd
MEV	Mt Evelyn & Dist Fin Serv Ltd
MLA	Murrumbidgee Fin Ser Ltd
MVF	Meander Valley Fin Ser Ltd
NRC	North Ryde Comm Fin Ltd
PJA	Pinjarra Comm Fin Ser Ltd
PYV	Paynesville & District Fin Ser Ltd
RDL	Redlands Comm Fin Ser Ltd
RKC	Rockingham Comm Fin Ser Ltd
ROS	Rosewood & District Fin Ser Ltd
RPF	Redcliffe Peninsula Fin Ser Ltd
RYE	Rye & District Comm Fin Ser Ltd
SBB	South Burdekin Comm Fin Ser Ltd
SDC	Sarina & District Comm Fin Ser Ltd
SDH	Sandringham Comm Fin Ser Ltd
SRD	San Remo District Fin Ser Ltd
SSC	Sunshine Coast Comm Fin Ser Ltd
TCB	Tongala & District Fin Ser Ltd
TOO	Toodyay & Districts Comm Fin Ser Ltd
TUG	Tuggeranong Valley Fin Ser Ltd
VLV	Valley Comm Fin Ser Ltd
WFS	Warburton Comm Fin Ser Ltd
WTA	Wantirna Comm Fin Ser Ltd
YAR	Yarraman Fin Ser Ltd

NSXA LISTED SECURITIES

NSX Code	Security Name
APO	Australian Property Systems Limited FPO
BBA	Baribunma Holdings Limited FPO
BFI	Bidgee Finance Limited FPO
BPI	BBX Property Inv Fund Ltd
BWL	Brewtopia Limited FPO
BXL	Bell IXL Investments Limited FPO
BXLA	Bell IXL Investments Limited ResVoting
CCT	Concentrated Capital Limited FPO
CMA	Cosmedics Australia Limited FPO

NSX Code	Security Name
CMAOB	Cosmedics Australia Limited Opt Series B
FMI	Florin Mining Investment Company Ltd FPO
FMIOB	Florin Mining Investment Company Limited
FMIOC	Florin Mining Investment Co Opt15DEC2010
IBL	International Building Ind Ltd FPO
IIC	Illuminator Investment Company Ltd FPO
IICOA	Illuminator Investment Co Opt15DEC2007
IVL	Innovance Limited
JAB	JAB Technologies Limited
JABO	JAB Technologies Limited Opt 31Dec2009
KEL	King Equipment Limited
KELO	King Equipment Limited Opt 30JUN2009
MEK	Meridien Capital Limited
MMT	Mt Rommel Mining Limited FPO
MMTOA	Mt Rommel Mining Limited Opt 28Feb2008
OCT	Octanex NL FPO
OCTOB	Octanex Options June 2008
PEQA	Pritchard Equity Limited A Class Ord
PEQB	Pritchard Equity Limited B Class Ord
PEQOA	Pritchard Equity Ltd A Opt 10DEC2008
PEQOB	Pritchard Equity Ltd B Opt 10DEC2010
PEQOC	Pritchard Equity Ltd C Opt 10DEC2015
PFAA	Property Fox No 1
PFBA	Property Fox No 2
PMI	Pegmont Mines NL FPO
RGWB	Ricegrowers Limited B Shares restricted
RTN	Ratoon Holdings Limited FPO
RVC	Revetec Holdings Limited FPO
SOD	Soda Brands Limited
SUG	Sugar Terminals Limited G Shares
VBL	Vet Biotechnology Limited
VBLO	Vet Biotechnology Limited Opt
WPH	Winpar Holdings Ltd FPO
YYC	Yang Yang China Holdings Limited FPO
YYCO	Yang Yang China Holdings

NSX Code	Security Name	NSX Code	Security Name
	Limited Option	QPTXXK	Quantum Property Trust No.11
QPTXXI	Quantum Property Trust No 9	QPTXXL	Quantum Property Trust No 12

PARTICIPANTS AND BROKERS ON NATIONAL STOCK EXCHANGE AND BENDIGO STOCK EXCHANGE

NSX permits licensed organisations, such as stockbrokers, to apply to become Participants of NSXA 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 (NSXA, BSX)	Martin Place Securities Pty Limited (NSXA)
ABN Amro Morgans Limited (NSXA, BSX)	Pritchard & Partners Pty Limited (NSXA)
Bell Potter Securities Limited (NSXA)	Reynolds & Company Pty Limited (NSXA)
Cameron Stockbrokers Limited (NSXA)	Strategem Financial Group (NSXA, BSX)
Findlay & Co Stockbrokers Limited (NSXA)	Taylor Collison Limited (NSXA)
Freeman Fox Limited (NSXA)	Tonkin Scorer Menzies (NSXA)
Macquarie Equities Limited (NSXA)	

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

NOMINATED ADVISERS ON NATIONAL STOCK EXCHANGE OF AUSTRALIA

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

1. that in relation to any application for admission to the official list of the NSXA 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 NSXA rules;

- (b) to the best of the knowledge and belief of the nominated adviser, all relevant requirements of NSXA 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.

LIST OF NOMINATED ADVISERS ON NSXA

Nominated Advisors:

Access Business Lawyers	Hopgood Ganim Lawyers
Allens Arthur Robinson	Hynes Lawyers
Athans & Taylor Joondalup	Martin Place Securities
Bilbie Dan Lawyers	McCullough Robertson Lawyers
BKR Walker Wayland Services Pty Limited	Peak Partners
Clayton Utz	Pritchard & Partners Corporate Finance
Cameron Stockbrokers Limited	Quivre & Associates
CPT Securities Pty Ltd	Salmon Giles Pty Limited
Deacons Lawyers	Sparke Helmore Solicitors
Dibbs Abbott Stillman	Taylor Collison Limited
Gadens Lawyers	Venture Axess
Hall Chadwick - Sydney Partnership	Walker Herceg Lawyers
Hindal Securities Pty Limited	Westpac Institutional Bank
	Whittens Lawyers & Consultants

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

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

FACILITATORS ON NSXA

In addition to Participants and Nominated Advisors, NSXA has a register of Facilitators. Facilitators do not have a legal responsibility to NSXA 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

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

TRADING & SETTLEMENT ON NSXA and BSX

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 2003	As at June 2004	⁽¹⁾ As at June 2005	As at June 2006	As at June 2007
Listed Securities (No.)	13	27	73	104	111
Market Capitalisation (\$m)	83.2	232.0	564.0	812.0	1,174.0
	FY03	FY04	FY05	FY06	FY07
Volume Traded ('000 shares)	804.1	13,252	47,303	51,143	85,548
Value Traded (\$'000)	366.3	3,893	18,604	15,174	42,369
Number of Trades (No.)	59	396	1,754	1,514	1,833
Average Volume Per Trade ('000 shares)	13.6	33.5	27.0	33.8	46.7
Average Value Per Trade (\$'000)	6.21	9.83	10.61	10.02	23.11
Average Price Per Share (\$)	\$0.45	\$0.29	\$0.39	\$0.30	0.50

(1) from 2005 figures include BSX data when NSX acquired BSX.

TRADING ON BSX TAXI MARKET

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 has developed regulations that require that transactions involving metropolitan taxi cab licences must be either processed through, or notified to, a market. The processing or notification will only be effected through an approved broker. The Taxi Market started trading on 28th March 2006.

TRADING STATISTICS

	FY06 *	FY07
Licences Trade (No.)	33	121
Licenses Traded (\$mill)	11.5	46.5
Assignments Traded (No.)	313	1,270
Assignments Traded (\$mill)	16.8	82.2
Total Trades (No.)	346	1,391
Total Trades (\$mill)	28.3	128.7
Average Value Per Licence (\$mill)	0.348	0.384
Average Value per Assignment (\$mill)	0.053	0.065
Average Value per Trade (\$mill)	0.082	0.093
Accredited Taxi Brokers	13	19

Note: * FY06 includes only 3 months of trading statistics as the market officially started in March 2007.

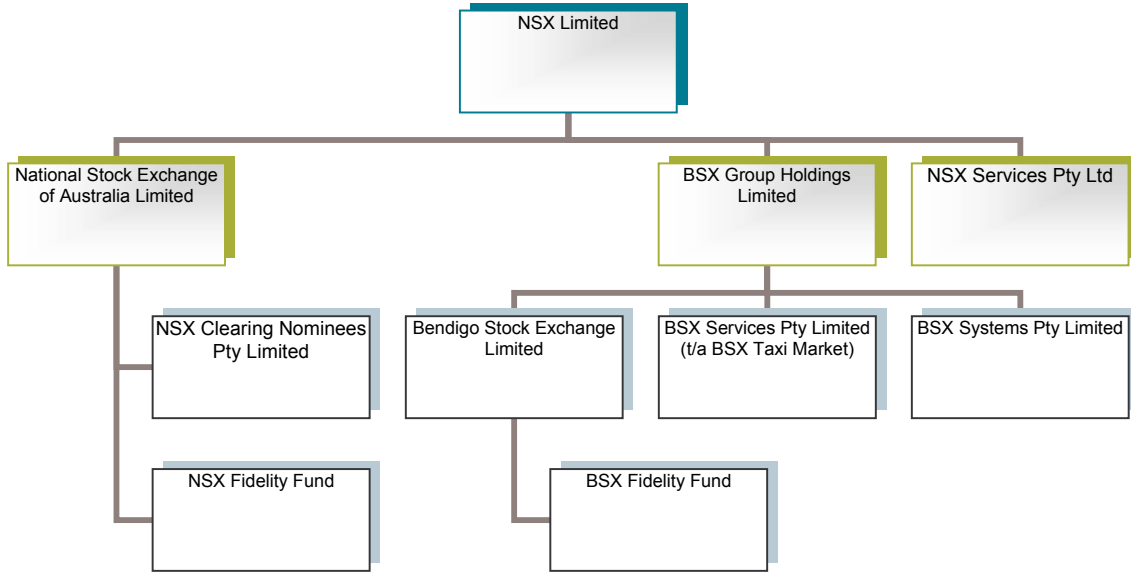
TECHNOLOGY

During the year NSX finalised its arrangements with OMX to supply a new trading system for the NSXA and BSX Markets. Changing a trading system has been one of the largest projects undertaken by NSX and was completed on time with the system going live on 18th August 2006. The system integrates the trading of both the NSX and BSX markets on the one trading platform. The system has the ability to expand to other trading classes and markets as required.

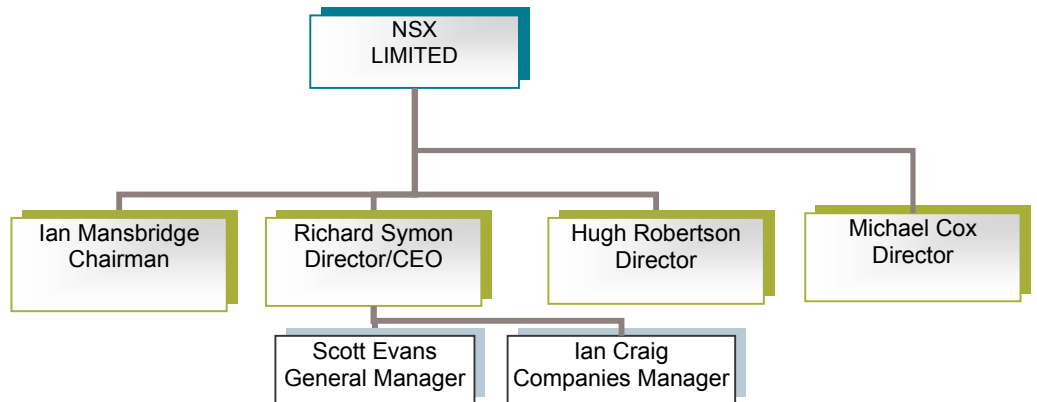
NSX is a recognised Participant in the ASTC CHESS system for the settlement of trades.

The BSX Taxi Market operates exclusively from the BSX Taxi market website.

GROUP STRUCTURE

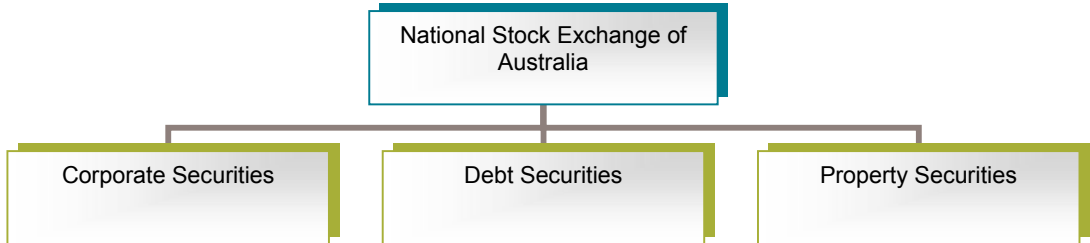


MANAGEMENT STRUCTURE

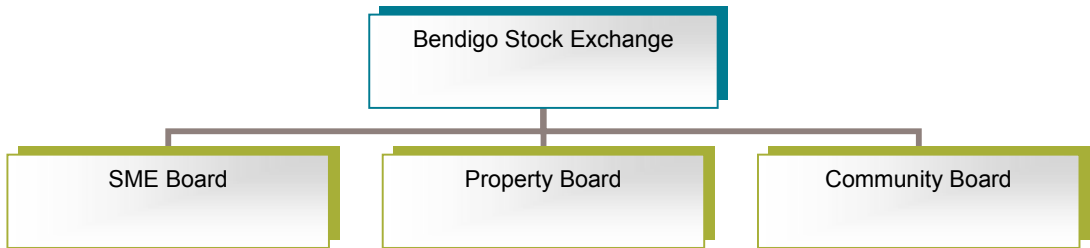


MARKET STRUCTURES

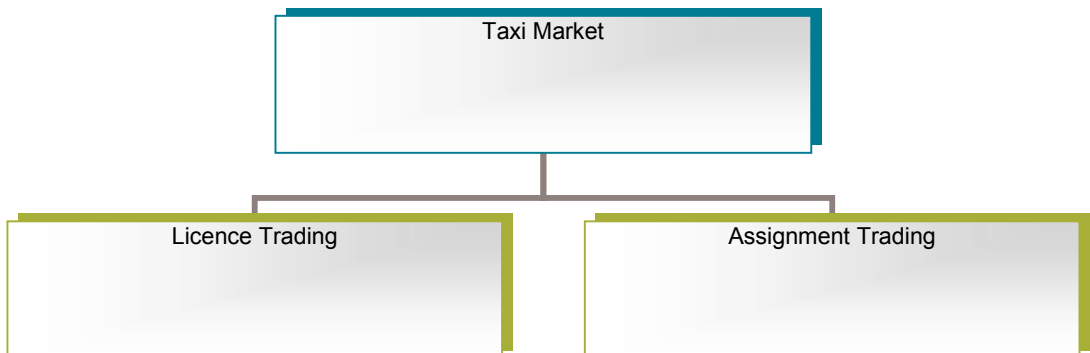
National Stock Exchange of Australia (www.nsx.com.au)



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



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



MARKET SUPERVISION

NSX financial exchanges (NSXA and BSX) 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.

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

LISTING COMMITTEE

The Listing Committee operates under a charter from the board of the National Stock Exchange of Australia Limited and Bendigo Stock Exchange Limited.

The role of the NSX listing committee is to review applications for listing by companies, participant brokers, nominated advisers and facilitators. Only if the information provided by companies is acceptable as being sufficient to ensure an informed market in the relevant securities will a recommendation for acceptance of admissions to the Official List.

COMPLIANCE COMMITTEE

The Compliance Committee operates under a charter from the board of the National Stock Exchange of Australia Limited and Bendigo Stock Exchange Limited.

The role of the committee is as follows:

- Recommend waivers from Listing Rules;
- 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.

EXCHANGE EXAMINING ACCOUNTANT

The external Exchange Examining Accountant (“EEA”) operates under a service agreement from the National Stock Exchange of Australia Limited and Bendigo Stock Exchange to provide reviews of Participant Surplus Liquid Funds.

Participants are required to submit monthly Surplus Liquid Funds reports to the EEA showing, amongst other things, how they are meeting their capital adequacy requirements. Participants failing to meet business rule requirements are referred to the compliance committee.

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 NSXA and BSX Fidelity Funds provide a mechanism whereby retail clients of NSX Participants, on either exchange, may claim recompense for losses under certain circumstances.

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

COMPLAINT HANDLING

The NSX 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 NSXA and BSX are:

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

The NSXA and BSX handle each complaint on its merits. The NSXA and BSX 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 NSXA and BSX websites as well as a form for lodging a complaint.

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.

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.

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.

CORPORATE GOVERNANCE COMPLIANCE SUMMARY

Listing Rule 4.10.3 requires companies to include a statement in their annual report that outlines the extent to which it has followed the ASX Corporate Governance Council's ten "Principles of Good Corporate Governance" (Principles) and the twenty-eight "Best Practice Recommendations" (Recommendations) (together referred to as the Guidelines).

For convenience, the measures adopted to ensure compliance with the Guidelines are presented in a tabular format below. In most cases, NSX has adopted the Guidelines per se, however where this has not been possible NSX has highlighted the steps taken to ensure compliance with the intent or 'spirit' of the Guidelines.

The following table summarises NSX compliance with ASX Corporate Governance Council's guidelines. Shaded sections are Guidance Principles, white sections are NSX's response.

Principle	Compliance	References
Principle 1	Lay solid foundations for management and oversight	
Recommendation 1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	
NSX Response	The NSX Board Charter sets out the role, composition and responsibilities of the Board of the NSX within the governance structure of NSX and its wholly owned entities. The Charter also provides for the strict separation of roles as between the Chairman and Chief Executive Officer.	NSX Board Charter NSX Corporate Governance Statement
Principle 2	Structure the board to add value	
Recommendation 2.1	A majority of the board should be independent directors	
NSX Response	The NSX Board consists of 4 directors, including Chairman - Ian Mansbridge, Chief Executive Officer – Richard Symon, Michael Cox and Hugh Robertson.	NSX Code of Ethics and Conduct NSX Corporate Governance Statement
	Applying the independence test outlined in the Principles, the NSX considers that the Chairman, Michael Cox and Hugh Robertson are independent directors.	NSX Conflicts of Interest Policy
	The independence of the board is further supported by adherence by the board to various policy documents.	Procedures for the maintenance of the conflicts of interest register
	These documents require that:	Procedures for appointment of new directors or senior officers to NSX
	(a) new directors inform the board of any perceived bias or conflicts of interest,	
	(b) serving directors bring any potential conflicts of interests to the notice of the board prior to the commencement of each meeting, and	
	(c) any conflicted director will absent him or her self from voting on that particular matter.	
Recommendation 2.2	The chairperson should be an independent director	
NSX Response	The chairperson is an independent	Board Charter

Principle	Compliance	References
	director.	
Recommendation 2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	
NSX Response	The NSX Board Charter makes it clear that the roles of Chairman and Chief Executive Officer are to be separate and distinct.	Board Charter
Recommendation 2.4	The board should establish a nomination committee	
NSX Response	<p>At present a board of four carries out all the obligations of a nomination committee.</p> <p>As noted above, the board already consists of a majority of independent directors and so the board is of the view that it is in a position to provide a transparent procedure for the selection and appointment of new directors.</p> <p>The selection of new board members is guided by the Procedures for appointment of new directors and senior officers to NSX. This document requires a formal process to be followed when recruiting new directions this involves among other things, ASIC database checks, police checks and notification of appointment to ASIC as per section 792B of the Corporations Act.</p>	<p>Procedures for the maintenance of the conflicts of interest register</p> <p>Procedures for appointment of new directors or senior officers to NSX</p> <p>Board Charter</p> <p>Corporations Act (s792B)</p>
Recommendation 2.5	Provide the information indicated in Guide to reporting on Principle 2.	
	(i) The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report	
NSX Response	The skills experience and expertise relevant to the position of director held by each director in office at the date of the annual report is outlined elsewhere in this report.	Annual Report
	(ii) The names of the directors considered by the Board to constitute independent directors and the company's materiality thresholds.	
NSX Response	<p>Independent directors are Ian Mansbridge, Michael Cox and Hugh Robertson.</p> <p>The Board has adopted AASB standard 1031 to determine levels of materiality. A relationship is presumed immaterial when it generates less than 5%, and presumed material when it generates more than 10%, of revenue over a 12 month period in the absence of evidence or convincing argument to the</p>	NSX Board Charter

Principle	Compliance	References
	<p>contrary.</p> <p>However, in terms of the NSX Australian Market Licence some directors are not independent as Ian Mansbridge is a related party to a substantial shareholder (more than 5% of shares held) and Hugh Robertson is a director of a market Participant.</p> <p>Nevertheless, for Corporate Governance issues they are considered independent.</p>	
	<p>(iii) A statement as to whether there is a procedure agreed by the Board of Directors to take independent professional advice at the expense of the company.</p>	
NSX Response	<p>There is procedure for directors to take independent professional advice at the expense of the company, following confirmation by the chairperson and/or the full board.</p>	<p>NSX Constitution NSX Board Minutes NSX Board Charter</p>
	<p>(iv) The term of office held by each director in office at the date of the annual report.</p>	
NSX Response	<p>The term of office of each director is disclosed elsewhere in this report.</p>	<p>Annual Report</p>
	<p>(v) The names of members of the nomination committee and their attendance at meetings of the committee.</p>	
NSX Response	<p>The board constitutes the nomination committee; attendance of meetings is disclosed elsewhere in this report.</p>	<p>Annual Report – Board Meetings</p>
	<p>(vi) Description of the procedure for the selection and appointment of directors.</p>	
NSX Response	<p>As outlined in the Procedures for appointment of new directors or senior officers to NSX, this involves the board carrying out formal ASIC and police checks in addition to reviewing the skill and experience backgrounds of the applicant to ensure that the board continues to be properly resourced to serve the interests of NSX shareholders.</p>	<p>Procedures for appointment of new directors or senior officers to NSX</p>
Principle 3	<p>Promote ethical and responsible decision making</p> <p>Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:</p> <p>3.1.1 The practices necessary to maintain confidence in the company's integrity</p>	

Principle	Compliance	References
	<p data-bbox="491 215 1262 275">3.1.2 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	
<p data-bbox="188 331 379 365">NSX Response</p>	<p data-bbox="491 331 959 454">NSX has in place a number of procedures and policy documents to guide the directors and CEO in making ethical and responsible decisions.</p> <p data-bbox="491 488 948 667">The NSX Code of Ethics and Conduct requires that all directors and employees uphold high standards honesty, fairness and equity in all aspects of their employment and or association with NSX.</p> <p data-bbox="491 701 962 1003">Additionally, the Procedures for dealing securities sets out the rules relating to dealings by employees and directors in financial products traded on NSX markets. The Procedures restate the Corporations Act prohibition on insider trading, no improper use of inside information and the prohibition on making gains by improper use of position.</p> <p data-bbox="491 1037 959 1160">The procedures also place prohibitions on employees and directors in dealing with NSX shares at certain times of the year.</p>	<p data-bbox="994 331 1331 432">Procedures for appointment of new directors or senior officers to NSX</p> <p data-bbox="994 454 1315 577">Procedures for dealing in securities by Directors, Officers and Employees of NSX</p> <p data-bbox="994 611 1286 667">NSX Code of Ethics and Conduct</p> <p data-bbox="994 701 1289 757">NSX Conflicts of Interest Policy</p> <p data-bbox="994 790 1302 913">Procedures for dealing in securities by Directors, Officers and Employee of NSX</p>
<p data-bbox="188 1189 459 1223">Recommendation 3.2</p>	<p data-bbox="491 1189 1315 1249">Disclose the policy concerning trading in company securities by directors, officers and employees.</p>	
<p data-bbox="188 1249 379 1283">NSX Response</p>	<p data-bbox="491 1249 959 1462">The prohibitions on employees and directors in dealing with NSX shares relate to trading at certain times of the year including in the 5 week period preceding the announcement of (a) the annual results, and (b) the half yearly results.</p> <p data-bbox="491 1496 954 1675">At all times, NSX employees and directors must not deal in NSX shares without first completing and forwarding a Notification Form to Deal in NSX Shares to either management or the board.</p> <p data-bbox="491 1709 962 1989">Only in exceptional circumstances will approval to trade during a non-trading period be given, for example a pressing financial commitment, in such circumstances approval maybe given by: the General Manager, or if absent the CEO. Board members must seek the permission of the Chairman. Permission must be gained in advance.</p>	<p data-bbox="994 1249 1315 1373">Procedures for dealing in securities by Directors, Officers and Employees of NSX</p>
<p data-bbox="188 2018 459 2051">Recommendation 3.3</p>	<p data-bbox="491 2018 1235 2074">Provide the information indicated in Guide to reporting on Principle 3.</p>	

Principle	Compliance	References
NSX Response	NSX will publish on its web site the NSX Code of Ethics and Conduct in addition to Procedures for dealing in securities by Directors, Officers and Employees of NSX	NSX Website
Principle 4 Recommendation 4.1	Safeguard integrity in financial reporting Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	
NSX Response	The CEO states in writing that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition.	Board Charter Board Minutes
Recommendation 4.2	The board should establish an audit committee.	
NSX Response	<p>NSX accepts the importance of safe guarding the integrity of its financial reporting systems. The Board sees that this obligation requires conduct at two levels.</p> <p>First, it requires the Board to take steps to maintain the integrity of its reporting systems that is with respect to being properly resourced to produce relevant reports. Secondly, this requirement obligates NSX to adopt strategies to verify and safeguard the integrity of those financial reports.</p> <p>At present, the Board is of the view that the Board is itself in a position to carry out the role of audit committee and that it is not necessary to create a separate body to carry out this role.</p> <p>It considers that the Board is of sufficient size, independence and possesses sufficient technical accounting and commercial expertise to ensure NSX carries out its reporting obligations.</p> <p>The integrity of NSX financial reporting is promoted by the following:</p> <ol style="list-style-type: none"> 1. The board consists of 4 directors, a majority of which are independent. 2. The chairperson, who is an independent director, chairs all audit related meetings. 3. The at least one director has significant accounting experience and expertise. 4. NSX is not so large as to warrant 	

Principle	Compliance	References
	<p>resources beyond that of the existing board being utilised.</p> <p>5. As NSX continues to develop the sophistication of its markets and business structure the board will reassess its position in relation to its reporting safe guards.</p> <p>6. NSX issues quarterly reports (Appendix 4C) which are Audit reviewed.</p>	
Recommendation 4.3	Structure the audit committee so that it consists of: only non-executive directors, a majority of independent directors, an independent chairperson, who is not chairperson of the board, at least three members	
NSX Response	See point 4.2. NSX board carries out the role of an audit committee and thus a majority of independent directors are involved in making decisions with respect to audit issues.	Board Charter
Recommendation 4.4	The audit committee should have a formal charter	
NSX Response	<p>The NSX board in its role as audit committee is guided by both the NSX Corporate Governance Statement and the Board Charter.</p> <p>NSX Corporate Governance Statement</p> <p>Board Charter</p> <p>These documents outline the steps NSX takes to ensure adherence to its reporting obligations. For instance, the NSX undertakes an annual audit of its financial performances according to Corporations Act 2001 requirements. Furthermore, NSX has appointed an independent Compliance Officer and is audited each year by ASIC to ensure satisfactory compliance with its licence obligations to provide a market that is fair, orderly and transparent.</p> <p>The documents also outline NSX approach in using both internal and external auditors to ensure ongoing compliance with its statutory obligations. The external auditor conducts financial audits while at the internal level the NSX General Manager reviews NSX systems and processes based on the Management Review Report provided by the company auditor.</p> <p>Significantly, the Charter provides that minutes are kept of all meetings, including meetings relating to audit functions and that these minutes are signed by the Chairman or the chairman of the meeting.</p> <p>The Charter also provides guidance to</p>	

Principle	Compliance	References
	<p>the Board with regard to the nature record keeping necessary to support the NSX audit function. The Charter requires that a statement of director's interests is circulated and updated at each meeting.</p>	
<p>Recommendation 4.5</p>	<p>Provide the information indicated in Guide to reporting on Principle 4.</p>	
<p>NSX Response</p>	<p>NSX director details are provided in the Annual report as are the directors' board meeting attendance record.</p> <p>The Board Charter and Procedures relating to the selection of directors will be made available on the NSX web site.</p>	<p>Annual report</p>
<p>Principle 5</p>	<p>Make timely and balanced disclosure</p>	
<p>Recommendation 5.1</p>	<p>Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for compliance with these obligations.</p>	
<p>NSX Response</p>	<p>The Compliance Plan 2007 is designed to ensure that company announcements are made in timely manner, are factual, do not omit material information and are expressed in a clear and objective manner.</p> <p>The plan provides a 'road map' of NSX compliance with its disclosure obligations. Including the obligation to:</p> <ol style="list-style-type: none"> 1. provide quarterly cash flow reports. 2. Provide half yearly reports. 3. Notify ASX of release of escrow securities 4. Comply with continuous disclosure regime. 5. Provide a half yearly report to ASX in the statutory format 6. Where applicable, comply with the ASX Corporate Governance Council's guidelines on corporate governance. 	<p>Compliance Plan 2006</p>
<p>Recommendation 5.2</p>	<p>Provide the information indicated in Guide to reporting on Principle 5.</p>	
<p>NSX Response</p>	<p>NSX will provide on its web site a summary of the policies and procedures designed by NSX to guide NSX compliance with the above mentioned Listing Rule disclosure requirements.</p>	<p>Website</p>
<p>Principle 6</p>	<p>Respect the rights of shareholders</p>	
<p>Recommendation 6.1</p>	<p>Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.</p>	
<p>NSX Response</p>	<p>The NSX Shareholder Communications</p>	<p>NSX Shareholder</p>

Principle	Compliance	References
	<p>Policy states that the NSX is committed to timely and accurate disclosure of information to shareholders.</p> <p>As outlined in the Policy NSX carries out its obligations to inform its shareholders by doing the following:</p> <ol style="list-style-type: none"> 1. maintaining and regularly updating its web site; 2. making available electronic copies of annual reports to shareholders, 3. operating a free email newsletter service where shareholders and members of the public can subscribe by entering in their email address and also RSS feed syndications; 4. accepting nominations for the board of NSX that are made to the Company Secretary in accordance with the NSX constitution; 5. strictly applying the Procedures for the Dealing in Securities by Directors and Employees; 6. corresponding periodically with all shareholders to update them on the company's activities and progress. 	<p>Communications Policy</p>
Recommendation 6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	
NSX Response	The external auditor attends the annual general meeting and is available to answer shareholder questions.	<p>Notice of Meeting</p> <p>Board Policy</p>
Principle 7 Recommendation 7.1	Recognise and manage risk The board or appropriate board committee should establish policies on risk oversight and management.	
NSX Response	As stated in the NSX Corporate Governance Statement, NSX Compliance Officer, has responsibility for reviewing the compliance and risk management framework and policies within NSX, while the Board assesses compliance and risk associated with the NSX.	<p>NSX Corporate Governance Statement</p> <p>Board Charter</p> <p>Compliance Plan</p>
Recommendation 7.2	<p>7.2 The Chief Executive Officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:</p> <p>7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board</p> <p>7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.</p>	

Principle	Compliance	References
NSX Response	NSX has adopted a policy of requiring the Chief Executive Officer to state to the Board in writing to the best of their knowledge that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.	NSX Corporate Governance Statement
Recommendation 7.3 Provide the information indicated in Guide to reporting on Principle 7.		
NSX Response	<p>NSX risk management policy.</p> <p>NSX takes its risk obligations responsibility seriously and has put in place appropriate means of risk and compliance management applicable to the size of its markets and business.</p> <p>The Board assesses compliance and risk associated with the NSX.</p> <p>Risk is broadly considered anything that may impede the achievement of effective market operation and NSX's strategic goals. NSX also considers the security of its people, buildings and technology systems as part of organisational risk management.</p> <p>NSX has adopted a policy requiring the Chief Executive Officer to state to the Board in writing to the best of his/her knowledge that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.</p>	Corporate Governance Statement
Principle 8 Encourage enhanced performance		
Recommendation 8.1 Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.		
NSX Response	<p>As stated in the Corporate Governance Statement, prior to the end of each financial year, the Board agrees to its key result areas (KRAs) and performance targets against each KRA. After each financial year, an analysis is presented to the Board for their discussion setting out performance against the KRAs.</p> <p>The Board has access to the resources of the Company Secretariat and also approves the appointment or removal of the Company Secretary on the advice of management. The Secretariat is responsible for providing reference files</p>	Corporate Governance Statement

Principle	Compliance	References
	and monthly Board papers to each director, ensuring that management provides content in adequate detail. The Company Secretary is also responsible and accountable to the Board on all NSX governance matters.	
Principle 9 Recommendation 9.1	Remunerate fairly and responsibly Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	
NSX Response	NSX Board has responsibility for the remuneration of directors and employees. A separate remuneration committee does not exist at present. A remuneration policy is being formulated by the Board. Fees paid are outlined in the Annual Report.	Annual Report
Recommendation 9.2	The board should establish a remuneration committee.	
NSX Response	A separate remuneration committee does not exist at present. A remuneration policy is being formulated by the Board.	
Recommendation 9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	
NSX Response	Non-executive director's remuneration is determined by the Board. Normally this is a fixed retainer. The CEO has in place an employment agreement, agreed to by the board. Executive remuneration is reviewed and determined by the Board.	Board Policy
Recommendation 9.4	Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	
NSX Response	Currently there is no equity based remuneration.	Board Policy
Recommendation 9.5	Provide the information indicated in Guide to reporting on Principle 9.	
NSX Response	See note 23	Annual report
Principle 10 Recommendation 10.1	Recognise the legitimate interests of stakeholders Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	
NSX Response	NSX has a diverse range of stakeholders and has a number of measures in place that recognize their interests. The NSX Code of Ethics and Conduct guides compliance with legal requirements and ethical	NSX Code of Ethics and Conduct

Principle	Compliance	References
	<p>responsibilities. The Code also sets a standard for employees dealing with NSX's obligations to other external stakeholders. The Code applies equally to employees, executives and directors. NSX's Code formally addresses the privacy of information given to NSX, conflict escalation, occupational health and safety, and Trade Practices Act compliance training for relevant staff.</p>	

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, BSX , Taxi Market Logos and derivations;
- NSX, BSX, Taxi market Websites;
- NSX, BSX, Taxi market Letter heads and stationary;
- NSX, BSX, Taxi market brochures and promotional material;
- NSX, BSX, Taxi market Listing and Business Rules and associated intellectual property;
- NSX BSX, Taxi market Practice Notes;
- NSX Listed Badge

This page is intentionally left blank.

NSX Limited
ABN: 33 089 447 058

Financial Statements

For the Year Ended 30 June 2007

NSX Limited
ABN: 33 089 447 058
For the Year Ended 30 June 2007

CONTENTS

	<u>Page</u>
Financial Statements	
Directors' Report	35
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	45
Income Statement	46
Balance Sheet	47
Statement of Changes in Equity	48
Cash Flow Statement	49
Notes to the Financial Statements	50
Directors' Declaration	73
Independent Audit Report	74

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Year Ended 30 June 2007

Your directors present their report on the Economic Entity and its controlled entities for the financial year ended .

Directors

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

Michael Andrew Cox

Ian Mansbridge

Hugh Walter Robertson

Richard Symon

Appointed 9/10/06

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

Company Secretary

Mr Scott Francis Evans was appointed company secretary on 7 March 2006. Mr Evans has been General Manager of NSX since September 2001. Mr Evans was appointed company secretary on 7 March 2006 on the retirement of Francis Markham Menzies. Mr Evans has a B.Ec (hons) degree from Adelaide University and has previously worked for the Australian Stock Exchange as National Manager, Information Products and for Reuters PLC as Historical Database Manager, Asia. Mr Evans has extensive experience in the finance industry, in managing companies and reviewing NSX listed entities compliance with the listing rules. Mr Evans' responsibilities with the NSX also encompass finance, market surveillance, compliance, trading, settlement, technology and business operations.

Principal Activities

The principal activities of the Economic Entity during the financial year was the operation of a stock exchange.

No significant change in the nature of these activities occurred during the year.

Operating Results

The net loss of the Economic Entity for the financial year after providing for income tax amounted to \$3,296,686 (2006 - \$754,082).

Dividends Paid or Recommended

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

NSX Limited

ABN: 33 089 447 058

Directors' Report For the Year Ended 30 June 2007

Review of Operations

During the year the Economic Entity incurred a loss after tax of \$3,296,686 (2006 - loss of \$754,082). The loss is predominately attributable to the impairment of goodwill of \$2,473,958 from the termination of the COMAgEx Joint Venture. The Bendigo Stock Exchange will continue on as an exchange for small businesses and community enterprises.

Revenue increased by 2% from \$1,650,739 to \$1,684,460. Earnings per share (EPS) has declined from (1.53) cents per share to (6.67) cents per share.

Director Information

Information on Directors

Michael Andrew Cox	Director, Chief Executive Officer (to 9/10/2006)
Qualifications	B.Sc (Geology), LLB, Certificate of Accounting
Appointed	13 October 2003
Experience	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.
Interest in Shares and Options	375,000 options 1,050,000 ordinary shares 750,000 partly paid \$1.00 shares paid to 1 cent
Directorships held in other listed entities	NIL
Ian Mansbridge	Chairman/Non-executive Director
Qualifications	FCIM, CPA, FCIS, DCM
Appointed	11 May 2005
Experience	Mr Mansbridge has 28 years experience as a senior executive in corporate, trustee and finance positions requiring a strong compliance culture. Currently as an alternative director of BSX Group Holdings Limited, was instrumental in the merger arrangements with NSX Limited. Mr Mansbridge was Chief Executive of Sandhurst Trustees Limited for 16 years, and is current Chairman of the Board. Sandhurst Trustees is a statutory trustee company and has in excess of \$2.5 billion funds under management. This includes share funds comprising \$624 million. Sandhurst Trustees also acts as corporate trustees for many ASX listed companies. The funds under management for these groups are in excess of \$5.5 billion. As Managing Director of Elders Rural Bank, the bank obtained its full banking license. The bank is a joint venture of two listed public companies. As General Manager – Financial Services of Bendigo Building Society/Bendigo Bank, Mr Mansbridge was responsible for the initial application and ongoing listing requirements of the ASX.
Interest in Shares and Options	10,000 ordinary shares
Directorships held in other listed entities	Tasmanian Perpetual Trustees Limited

NSX Limited

ABN: 33 089 447 058

Directors' Report For the Year Ended 30 June 2007

Hugh Walter Robertson	Non-executive Director
Qualifications	MSDIA
Appointed	23 February 2006
Experience	Mr Robertson has had 23 years experience in the securities industry and his positions have included acting as director of Falkiners Stockbroking Limited, Bell Potter Securities Limited and OAMPS Limited. In addition to his role as director of NSX Limited, Mr Robertson is also currently acting as director of Catalyst Recruitment Limited, Rattoon Limited and Wentworth Mutual Limited. Mr Robertson is a member of the Securities and Derivatives Industry Association (SDIA).
Interest in Shares and Options	500,000 ordinary shares
Directorships held in other listed entities	Wentworth Mutual Limited Rattoon Holdings Limited
Richard Symon	Director, Chief Executive Officer
Qualifications	Dip.SIA, Cert VI Financial Services, Fellow FINSIA
Appointed	9 October 2006
Experience	Richard Symon was appointed CEO of NSX Ltd October 2006. Prior to joining NSX, he was the Founding CEO of Property Investment Association of Australia Ltd, managed the Stockbrokers' Mutual Reference Society Ltd and owned TheTranscribers Pty Ltd (which he has subsequently sold). Since 1986, Richard has been involved in the capital markets in both public and private sectors. His career spans stockbroking, corporate advisory, capital management, initial public offerings (IPOs), mergers and acquisitions (M&A) as Executive Director, Prudential-Bache Securities. Mr Symon has been involved in a number of start-up ventures. He is passionate about the future of small companies in Australia and the contribution of this sector to the economy. In 1997 he co-founded of an internet based stock broking company – Australian Stockbroking Ltd which was subsequently sold to PBL. Richard was instrumental in the development of the accreditation program for the Securities and Derivatives Industry Association during his four years as Executive Director – Profession of SDIA. He remains active in the professional development of industry participants and particularly in promoting excellence in financial services advice. Mr Symon is a fellow member of Finsia and a member of the Association of Financial Services Educators and Founding Chair of the Financial Services Foundation – Charity.
Interest in Shares and Options	35,000 ordinary shares
Directorships held in other listed entities	NIL

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Year Ended 30 June 2007

Meetings of Directors

During the financial year, 10 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Special Meetings	
	Eligible to attend	Number attended	Eligible to attend	Number attended
Michael Andrew Cox	10	10	1	1
Ian Mansbridge	10	10	1	1
Hugh Walter Robertson	10	10	1	1
Richard Symon	8	8	1	1

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

Directors' and Executive Officers' Emoluments

Remuneration Report

The remuneration for each director and each of the five executive officers of the Economic Entity receiving the highest remuneration, and the remuneration policy during the year is disclosed in Note 21 of the financial statements. Additional section 300A disclosures are tabled below.

As a listed company, NSX is obligated to disclose specific information in relation to the remuneration of its directors and staff. For convenience we have included a table, which identifies each obligation and NSX's response to each of these requirements.

Director Remuneration

Prior to this financial year Directors waived their fees.

Approved by shareholders at the AGM of 20th December 2004, the remuneration pool for non-executive directors is \$200,000 per annum. Of this pool the Chairman receives \$56,000 per annum and each non-executive director receives \$48,000 per annum. During the period Directors started receiving a Director Fee from 1st April 2007. All fees are inclusive of 9% superannuation. Director's fees are comprised of a fixed component only.

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Year Ended 30 June 2007

Directors' and Executive Officers' Emoluments (Cont'd)

Remuneration Report (Cont'd)

Managing Director and CEO performance awards

Short Term Incentive Plan

The CEO is entitled to a Short Term Incentive (STI) Plan which is determined by the Board. The target award opportunity will be equivalent to 30% of annual base pay, with a maximum award opportunity equivalent to 150% of the target award. Awards under the STI Plan will be considered at the end of the financial year and will be based upon the satisfaction of performance hurdles over that financial year. These hurdles will be set by the Board and will relate to both the financial performance of the Company and non-financial measures. Awards under the STI Plan are at the discretion of the Board and there is no guarantee of either a payment being made or a payment being made at any particular level. STI Plan will not be considered for superannuation purposes.

Long Term Incentive Plan

The Long Term Incentive (LTI) Plan is in the form of equity instruments with a fair value (as determined by AASB2) equivalent to 30% of the CEO's Base salary. The final quantum and detailed plan design is to be determined by the Board and will require approval by shareholders. The timing of any awards under the LTI Plan depends upon legal and corporate governance considerations affecting the Company.

NSX Limited

ABN: 33 089 447 058

Directors' Report For the Year Ended 30 June 2007

Directors' and Executive Officers' Emoluments (Cont'd)

Compliance with section 300A Corporations Act 2001 (Cth) – Annual Directors Report

Section	Obligation	Discussion
300A(1)(a)(i)	A discussion of board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of directors, secretaries and senior managers of the company; and	<p>The annual report outlines board policy with respect to the nature and amount of director, secretaries and senior manager remuneration.</p> <p>Under the Board Charter, the NSX board retains ultimate responsibility for the remuneration of directors, executives, senior management, and employees. It is the policy of the board that remuneration be intended to create and enhance shareholder wealth. This involves ensuring that individual remuneration is set by reference to a calculus of factors including: market remuneration levels, the nature of the role and duties performed, the skill set of the individual and the significance of their role within the NSX corporate group. Currently, remuneration is reviewed annually to ensure continued support of the commercial and regulatory interests of the exchange and its shareholders.”</p>
300A(1)(a)(i)	If consolidated financial statements are required – board policy in relation to the nature and amount (or value, as appropriate) of remuneration of other group executives for the consolidated entity; and	The board policy with respect to NSX entity directors, secretaries and senior managers also applies to subsidiary entities.
300A(1)(b)	A discussion of the relationship between such policy and the company's performance; and	Except for the Chief Executive Officer, currently all director, secretary and senior manager remuneration is fixed and does not contain performance components. The performance component for the CEO's remuneration is comprised of short term (STI) and long term incentive (LTI) arrangements as discussed above.
300A(1)(c)	<p>The prescribed details in relation to the remuneration of:</p> <p>(i) each director of the company; and</p> <p>(ii) each of the 5 names company executives who received the highest remuneration for that year; and</p> <p>if consolidated financial statements are required – each of the 5 named relevant group executives who received the highest remuneration for that year; and</p>	<p>The annual report contains details of the remuneration of each directors' and each of the top 5 highest grossing executives for this reporting period. Refer Note 21.</p> <p>The CEO's remuneration is linked to all aspects of the business, including but not limited to, key performance indicators negotiated with the Chairman and approved by the Board.</p>

NSX Limited

ABN: 33 089 447 058

Directors' Report For the Year Ended 30 June 2007

Directors' and Executive Officers' Emoluments (Cont'd)

Compliance with section 300A Corporations Act 2001 (Cth) – Annual Directors Report (Cont'd)

	Obligation	Discussion
300A(1)(d)	If an element of the remuneration of a persons referred to in paragraph (c) consists of securities of a body and that element is not dependent on the satisfaction of a performance condition – an explanation of why that element of the remuneration is not dependent on the satisfaction of an performance condition; and	Securities were not a component for remunerating directors and or executives for this reporting period.
300A(1)(e)	For each person referred to in paragraph (c).	No options or shares were granted as part of directors, secretaries and senior manager's remuneration during this period. Refer Note 21.
300A(1)(f)	Without limiting paragraph (1)(b), the discussion under that paragraph of the company's performance must specifically deal with: (a) the company's earnings; and (b) the consequences of the company's performance on shareholder wealth; in the financial year to which the report relates and in the previous 4 financial years.	The Directors' Report and accompanying report provides details of these issues
300A(1AB)	In determining, for the purposes of subsection (1AA), the consequences of the company's performance on shareholder wealth in a financial year, have regard to: (a) dividends paid by the company to its shareholders during that year; and (b) changes in the price at which shares in the company are traded between the beginning and the end of that year; and (c) any return of capital by the company to its shareholders during that year that involves: (i) the cancellation of shares in the company; and (ii) a payment to the holders of those shares that exceeds the price at which shares in that class are being traded at the time when the shares are cancelled; and (d) any other relevant matter.	(a) No dividends have been paid by the company to date. (b) The company has been a listed entity since 13th January 2005 over which time the share price of the company has fluctuated between a high of \$1.10 and a low of \$0.38. As at 22 August 2007 the share price was \$0.42. There has been no bonus payments based on share price movements. (c)(i) Not applicable (c)(ii) Not applicable (d) Not applicable
300A(1A)	The material referred to in subsection (1) must be included in the directors' report under the heading "Remuneration report".	A remuneration report segment is included in the Directors Report. Refer to discussion above and also to Note 21.

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Year Ended 30 June 2007

Financial Position

The net assets of the Economic Entity have decreased by \$3,296,686 from 30 June 2006 to \$10,451,428 in 2007. The decrease has resulted from the loss for the year of \$3,296,686.

Significant Changes in State of Affairs

No significant changes in the Economic Entity's state of affairs occurred during the financial year.

After Balance Date Events

NSX Limited is currently in negotiations for the proposed acquisition of The Waterexchange Pty Ltd, Australia's largest independent water market operator. Both Boards have agreed to recommend to their respective shareholders the acquisition of The Waterexchange by NSX for a total of \$10.75 million, to be satisfied by the issues of 25 million NSX shares at 43 cents.

Future Developments

Likely developments in the operations of the Economic Entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Economic Entity.

Environmental Issues

The Economic Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or State. The directors are not aware of any significant material environmental issues arising from the operations of the economic entity during the year.

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.

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Year Ended 30 June 2007

Non-audit services (Cont'd)

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2007:

	2007
	\$
Tax advice - Employee Share Scheme	7,500
Tax advice - Employee Agreement	2,260
Information Technology	960
Taxation Services - 2007 FBT Return	1,359
	<hr/> 12,079 <hr/>

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 45.

Indemnifying Officers or Auditors

The Economic Entity has paid a premium to indemnify the directors and officers of the economic entity against liability incurred in their capacity of directors and officers.

Options

At the date of this report, the unissued ordinary shares of NSX Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
25/8/2004	25/08/2008	0.35	180,000
12/11/2004	20/12/2009	0.50	105,000
20/12/2004	20/12/2009	0.50	1,395,000
			<hr/> 1,680,000 <hr/>

During the year ended 30 June 2007, no ordinary shares of NSX Limited were issued on the exercise of options.

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Year Ended 30 June 2007


Proceedings on Behalf of Company

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

The Economic Entity was not a party to any such proceedings during the year.

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


.....
Ian Mansbridge


.....
Richard Symon

Dated 31 August 2007

Newcastle

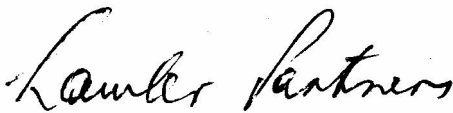
NSX Limited

ABN: 33 089 447 058

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

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



LAWLER PARTNERS
Chartered Accountants

Newcastle

Dated 31 August 2007



TERENCE H LAWLER
Partner

NSX Limited
ABN: 33 089 447 058
Income Statement
For the Year Ended 30 June 2007

	Note	Consolidated		Parent	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenue	2	1,684,460	1,650,739	584,971	615,671
Employee benefits expense		(988,650)	(1,017,008)	(181)	(704)
Depreciation, amortisation and impairments	3	(154,756)	(58,309)	-	-
Consultancy expenses		(175,786)	(265,327)	-	(118,996)
Compliance expenses		(49,570)	(43,502)	-	-
Legal expenses		(14,373)	(51,161)	-	(8,432)
Market trading expenses		(520,168)	(509,595)	-	-
Marketing and promotion		(97,253)	(16,253)	(29,479)	(8,167)
Service fee expense		-	-	(590,647)	(228,486)
Rental expenses	3	(77,303)	(43,280)	-	-
Administration expenses		(263,163)	(191,993)	(55,704)	(110,280)
Impairment losses	3	(2,473,958)	-	-	-
Other expenses		(166,163)	(208,328)	(57,564)	(103,855)
Finance costs	3	(3)	(65)	-	-
Loss before income tax		(3,296,686)	(754,082)	(148,604)	36,751
Income tax expense	5	-	-	-	-
Loss attributable to members		(3,296,686)	(754,082)	(148,604)	36,751
Earnings Per Share:					
Basic earnings per share (cents per share)	29	(6.67)	(1.53)	-	-
Diluted earnings per share (cents per share)	29	(6.67)	(1.53)	-	-

The accompanying notes form part of these financial statements.

NSX Limited

ABN: 33 089 447 058

Balance Sheet As At 30 June 2007

Note	Consolidated		Parent		
	2007	2006	2007	2006	
	\$	\$	\$	\$	
ASSETS					
Current assets					
Cash and cash equivalents	7	576,542	779,694	343,742	514,332
Trade and other receivables	8	88,347	76,575	1,785,205	941,086
Financial assets	9	9,500,000	10,315,000	8,800,000	9,615,000
Other current assets	10	35,102	25,936	-	19,526
Total current assets		10,199,991	11,197,205	10,928,947	11,089,944
Non-current assets					
Financial assets	9	-	-	3,541,735	3,541,735
Property, plant and equipment	11	187,497	160,704	-	-
Intangible assets	12	411,322	2,885,280	-	-
Total non-current assets		598,819	3,045,984	3,541,735	3,541,735
TOTAL ASSETS		10,798,810	14,243,189	14,470,682	14,631,679
LIABILITIES					
Current liabilities					
Trade and other payables	14	287,995	432,534	209,384	221,777
Short-term borrowings	15	8	3,816	-	-
Short-term provisions	16	55,308	54,654	-	-
Total current liabilities		343,311	491,004	209,384	221,777
TOTAL LIABILITIES		343,311	491,004	209,384	221,777
NET ASSETS		10,455,499	13,752,185	14,261,298	14,409,902
EQUITY					
Issued capital	17	20,255,596	20,255,596	20,255,596	20,255,596
Retained earnings		(9,800,097)	(6,503,411)	(5,994,298)	(5,845,694)
TOTAL EQUITY		10,455,499	13,752,185	14,261,298	14,409,902

The accompanying notes form part of these financial statements.

NSX Limited

ABN: 33 089 447 058

Statement of Changes in Equity For the Year Ended 30 June 2007

Consolidated

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2006	20,255,596	(6,503,411)	13,752,185
Loss for the year	-	(3,296,686)	(3,296,686)
Balance at 30 June 2007	20,255,596	(9,800,097)	10,455,499
Balance at 1 July 2005	20,241,596	(5,749,329)	14,492,267
Loss for the year	-	(754,082)	(754,082)
Shares issued during the year	14,000	-	14,000
Balance at 30 June 2006	20,255,596	(6,503,411)	13,752,185

Parent

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2006	20,255,596	(5,845,694)	14,409,902
Loss for the year	-	(153,604)	(153,604)
Balance at 30 June 2007	20,255,596	(5,999,298)	14,256,298
Balance at 1 July 2005	20,241,596	(5,882,445)	14,359,151
Profit for the year	-	36,751	36,751
Shares issued during the year	14,000	-	14,000
Balance at 30 June 2006	20,255,596	(5,845,694)	14,409,902

The accompanying notes form part of these financial statements.

NSX Limited

ABN: 33 089 447 058

Cash Flow Statement For the Year Ended 30 June 2007

Note	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash from operating activities:				
Receipts from customers	1,195,490	1,213,181	(2,851)	28,322
Payments to suppliers and employees	(2,670,302)	(2,258,883)	(730,560)	(348,170)
Interest received	642,019	564,651	584,971	511,100
Finance costs	(3)	(65)	-	-
Net cash provided by (used in) operating activities	(832,796)	(481,116)	(148,440)	191,252
20(a)				
Cash flows from investing activities:				
Proceeds from sale of plant and equipment	-	414	-	-
Proceeds from investment	815,000	985,081	815,000	885,000
Acquisition of property, plant and equipment	(181,549)	(116,825)	-	-
Loans to related parties - payments made	-	-	(837,150)	(760,788)
Net cash provided by (used in) investing activities	633,451	868,670	(22,150)	124,212
Cash flows from financing activities:				
Proceeds from issue of shares	-	14,000	-	14,000
Repayment of borrowings	(3,807)	(10,892)	-	-
Net cash provided by (used in) financing activities	(3,807)	3,108	-	14,000
Net increase (decreases) in cash held	(203,152)	390,662	(170,590)	329,464
Cash at beginning of financial year	779,694	389,032	514,332	184,868
Cash at end of financial year	576,542	779,694	343,742	514,332
7				

The accompanying notes form part of these financial statements.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

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, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of NSX Limited as an individual parent entity and NSX Limited and the controlled entities as an economic entity. NSX Limited is a Economic Entity limited by shares, incorporated and domiciled in Australia

The financial report of NSX Limited and the controlled entity and NSX Limited as an individual parent entity complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material 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) Basis of Preparation

Reporting Basis and Conventions

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

(b) Principals of Consolidation

A controlled entity is an entity NSX Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

(c) Income Tax

Current Income Tax expense

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 1 Statement of Significant Accounting Policies (Cont'd)

(c) Income Tax (Cont'd)

Accounting for deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax calculation

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

(d) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amounts of all fixed assets are depreciated on a diminishing value basis over their useful lives to the Economic Entity commencing from the time the asset is held ready for use.

Depreciation rates

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

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	20 - 40%

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 1 Statement of Significant Accounting Policies (Cont'd)

(e) 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 date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(f) Leases

i Finance leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to the Economic Entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Operating leases

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

Lease incentives

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 1 Statement of Significant Accounting Policies (Cont'd)

(g) Financial Instruments (Cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Economic Entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the Economic Entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Economic Entity assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 1 Statement of Significant Accounting Policies (Cont'd)

(h) Impairment of Assets

At each reporting date, the Economic Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Economic Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) 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 that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at 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.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

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 Cash Flow Statement.

(k) Revenue

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

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

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

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 1 Statement of Significant Accounting Policies (Cont'd)

(l) Goods and Services Tax (GST)

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 Taxation 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative Figures

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

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 2 Revenue

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Operating activities				
- listing fees	735,441	680,964	-	-
- interest received - other persons	642,019	564,650	584,971	511,100
- taxi licence market income	302,160	300,000	-	-
- other revenue	4,840	105,125	-	104,571
Total Revenue	<u>1,684,460</u>	<u>1,650,739</u>	<u>584,971</u>	<u>615,671</u>

Note 3 Profit from Ordinary Activities

(a) Expenses

Finance Costs:

director related entity	3	65	-	-
-------------------------	---	----	---	---

Write down of goodwill to recoverable amount

	2,473,958	-	-	-
--	-----------	---	---	---

Depreciation, amortisation and impairments

	154,756	58,309	-	-
--	---------	--------	---	---

(b) Revenue and Net Gains

Net gains on disposal of property, plant and equipment

	-	145	-	-
--	---	-----	---	---

Note 4 Auditors' Remuneration

- Auditing and reviewing the financial report	73,000	70,000	-	-
- Taxation services	12,079	17,008	-	-
	<u>85,079</u>	<u>87,008</u>	<u>-</u>	<u>-</u>

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Consolidated		Parent	
2007	2006	2007	2006
\$	\$	\$	\$

Note 5 Income Tax Expense

(a) The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006: 30%)

(990,506)	(226,225)	(46,081)	11,025
-----------	-----------	----------	--------

Add:

Tax effect of:

- tax losses not recognised in the accounts

990,506	226,225	46,081	-
---------	---------	--------	---

Less:

Tax effect of:

- recoupment of tax losses

-	-	-	(11,025)
---	---	---	----------

Income tax attributable to entity

-	-	-	-
---	---	---	---

Tax losses not brought to account, the benefits will only be realised if the conditions for deductibility set out in Note 1(c) occur.

1,840,240	849,734	85,295	39,214
-----------	---------	--------	--------

Note 6 Dividends

Balance of franking account at period end adjusted for franking credits arising from:

Payment of provision for income tax

86,495	86,495	86,495	86,495
--------	--------	--------	--------

Note 7 Cash and Cash Equivalents

Cash at bank

576,542	779,694	343,742	514,332
---------	---------	---------	---------

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 8				
Trade and Other Receivables				
CURRENT				
Trade receivables	30,218	12,873	-	-
Sundry debtors	56,362	63,702	22,862	20,011
Receivable from controlled entities	-	-	1,762,343	921,075
Other receivables	1,767	-	-	-
	88,347	76,575	1,785,205	941,086
Note 9				
Financial Assets				
CURRENT				
Commercial bills - at amortised cost	9,500,000	10,315,000	8,800,000	9,615,000
NON-CURRENT				
Shares in controlled entities - at cost	-	-	7,651,346	7,651,346
Less: provision for diminution	-	-	(4,109,611)	(4,109,611)
	-	-	3,541,735	3,541,735
Note 10				
Other Assets				
CURRENT				
Prepayments	35,102	25,936	-	19,526
Note 11				
Property Plant and Equipment				
PLANT AND EQUIPMENT				
Plant and equipment - at cost	632,803	451,254	-	-
Less accumulated depreciation	(445,306)	(290,550)	-	-
Total plant and equipment	187,497	160,704	-	-

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 11 Property Plant and Equipment (Cont'd)

(a) Movements in Carrying Amounts

Consolidated

	Plant and Equipment	Total
	\$	\$
Balance at the beginning of year	160,704	160,704
Additions	181,549	181,549
Depreciation and amortisation expense	(154,756)	(154,756)
Carrying amount at the end of year	<u>187,497</u>	<u>187,497</u>

Note 12 Intangible Assets

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Goodwill - at cost	5,572,842	5,572,842	-	-
Accumulated impairment losses	(5,161,520)	(2,687,562)	-	-
	<u>411,322</u>	<u>2,885,280</u>	<u>-</u>	<u>-</u>

(a) Reconciliation of movements

	Consolidated	
	Goodwill	Total
	\$	\$
Year ended 30 June 2006		
Opening balance	2,885,280	2,885,280
Movement for the year	-	-
Balance at 30 June 2006	<u>2,885,280</u>	<u>2,885,280</u>
Year ended 30 June 2007		
Opening balance	2,885,280	2,885,280
Impairment losses	(2,473,958)	(2,473,958)
Balance at 30 June 2007	<u>411,322</u>	<u>411,322</u>

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Consolidated		Parent	
2007	2006	2007	2006
\$	\$	\$	\$

Note 13 Controlled Entities

Name	Country of incorporation	Percentage Owned 2007	Percentage Owned 2006
Parent Entity:			
NSX Limited	Australia		
Subsidiaries of NSX Limited:			
National Stock Exchange of Australia Limited	Australia	100%	100%
BSX Group Holdings Limited	Australia	100%	100%
NSX Services Pty Limited	Australia	100%	100%
Subsidiaries of National Stock Exchange of Australia Limited:			
NSX Clearing Nominees Pty Limited	Australia	100%	100%
Subsidiaries of BSX Group Holdings Limited			
Bendigo Stock Exchange Limited	Australia	100%	100%
BSX Services Pty Limited	Australia	100%	100%
BSX Systems Pty Limited	Australia	100%	100%

Note 14 Trade and Other Payables

CURRENT

Unsecured liabilities

Trade payables	39,054	151,742	300	300
Sundry payables	140,589	159,540	41,389	45,000
Amounts payable to wholly owned subsidiaries	-	-	59,343	55,225
Interest received in advance	108,352	121,252	108,352	121,252
	287,995	432,534	209,384	221,777

Note 15 Borrowings

CURRENT

Secured liabilities

Finance lease obligation	18(a)	8	3,816	-	-
--------------------------	-------	---	-------	---	---

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Consolidated		Parent	
2007	2006	2007	2006
\$	\$	\$	\$

Note 16 Provisions

(a) Movement in carrying amounts

Consolidated

	Employee entitlements	Total
	\$	\$
Opening balance at 1 July 2006	54,654	54,654
Additional provisions	36,228	36,228
Amounts used	(35,574)	(35,574)
Balance at 30 June 2007	<u>55,308</u>	<u>55,308</u>

(b) Analysis of Total Provisions

Current	55,308	54,654	-	-
Non-current	-	-	-	-
	<u>55,308</u>	<u>54,654</u>	<u>-</u>	<u>-</u>

Note 17 Issued Capital

49,460,003 (2006: 49,460,003) fully paid ordinary shares	20,240,596	20,240,596	20,240,596	20,240,596
1,500,000 (2006: 1,500,000) ordinary shares paid to 1 cent	15,000	15,000	15,000	15,000
	<u>20,255,596</u>	<u>20,255,596</u>	<u>20,255,596</u>	<u>20,255,596</u>

Ordinary shares participate in dividends and the proceeds on winding up of the Economic Entity 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.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$

Note 18 Capital and Leasing Commitments

(a) Finance Lease Commitments

Payable - minimum lease payments				
- no later than 12 months		8	3,908	-
Minimum lease payments		8	3,908	-
Less future finance changes		-	(92)	-
Present value of minimum lease payments	15	8	3,816	-

The finance lease is a computer lease with Bendigo Bank Ltd.

(b) Operating Lease Commitments

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

Payable - minimum lease payments				
- not later than 12 months		111,000	35,000	-
- between 12 months and 5 years		450,000	40,833	-
		561,000	75,833	-

The property lease for the Newcastle premises is a non-cancellable lease with a three-year term, with rent payable monthly in advance. The lease commenced in September 2005. The current lease expires in August 2008. The building NSX occupies has been sold and arrangements for new accommodation are yet to be finalised.

The property lease for the Melbourne premises is a non-cancellable lease with a three-year term, with rent payable monthly in advance. The lease commenced in November 2006.

NSX Limited has an agreement with OMX Technology to provide technology related services to enable the Economic Entity to operate a market for trading securities. The lease commenced on 31 July 2006 for a period of 10 years, with rental paid quarterly in advance. The amount of the lease agreement is subject to confidentiality clauses and cannot be disclosed.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Consolidated		Parent	
2007	2006	2007	2006
\$	\$	\$	\$

Note 19 Related Party Transactions

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

Transaction with related parties:

(a) Director Related Entities

Mr Symon is a director of Symon Financial Services Pty Ltd. During the year Symon Financial Services Pty Ltd provided the BSX Group with furniture.

(2,624)	-	-	-
---------	---	---	---

Website redevelopment and internet services paid to director-related company - Adapt Information Technology Pty Ltd

(22,561)	-	-	-
----------	---	---	---

Rattoon Holdings Limited – a company listed on the NSXA market

19,235	7,875	-	-
--------	-------	---	---

Trading fees paid by director-related company - Tonkin Scorer Menzies

-	665	-	-
---	-----	---	---

Nominated Advisor fees paid by director-related company - Whittens Solicitors

-	1,000	-	-
---	-------	---	---

(b) Beneficial Holdings

The direct, indirect and beneficial holding of directors and their director-related entities in the share and share options of the Economic Entity as at 30 June 2007 was:

Shares: 1,595,000 (2006: 1,500,000) fully paid ordinary shares

Shares: 750,000 (2006: NIL) partly paid shares

Share Options 375,000 (2006: 375,000)

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Consolidated		Parent	
2007	2006	2007	2006
\$	\$	\$	\$

Note 20 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

Net income/loss for the period	(3,296,686)	(754,082)	(148,604)	36,751
Cash flows excluded from profit attributable to operating activities				
Non-cash flows in profit				
Depreciation and amortisation	154,756	58,310	-	-
Net gain on disposal of property, plant and equipment	-	(145)	-	-
Write-downs of goodwill to recoverable amount	2,473,958	-	-	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in trade and term receivables	(15,397)	38,518	(2,851)	28,322
(Increase)/decrease in other assets	(9,167)	(6,240)	19,525	(19,525)
Increase/(decrease) in trade payables and accruals	(140,914)	173,853	(16,510)	145,704
Increase/(decrease) in provisions	654	8,670	-	-
Cashflow from operations	(832,796)	(481,116)	(148,440)	191,252

(b) Credit Standby Arrangement and Loan Facilities

The Economic Entity has a bank overdraft and commercial bill facility amounting to \$16,000 (2006: \$10,000). At 30 June 2007, \$NIL of this facility was used (2006: \$NIL). Interest rates are variable.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 21 Key Management Personnel

(a) Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
Michael Andrew Cox	Director - Executive
Ian Mansbridge	Chairman - Non Executive
Hugh Walter Robertson	Director - Non Executive
Richard Symon	CEO - Director - Executive, Appointed 9/10/06
Raymond Whitten	Chairman - Non-Executive, Resigned 7/3/06
F Mark Menzies	Company Secretary - Director - Non Executive Resigned 7/3/06
Paul Seymour	Director - Non Executive Resigned 7/3/06
Kelvin Clarke	Director - Non Executive Resigned 7/3/06
Dudley Chamberlian	Director - Non Executive Resigned 20/1/06
Scott Evans	General Manager, Company Secretary
Ian Craig	Companies Manager

(b) Key Management Personnel Compensation

2007	Short-term benefits		Post employment benefits	Other	Total
	Cash, salary & commissions	Non-cash Benefits	Super-annuation		
	\$000	\$000	\$000	\$000	\$000
Michael Andrew Cox	98	-	9	6	113
Ian Mansbridge	-	-	15	-	15
Hugh Walter Robertson	-	-	13	-	13
Richard Symon	168	-	15	3	186
Scott Evans	137	-	12	-	149
Ian Craig	139	-	12	-	151
	542	-	76	9	627

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 21 Key Management Personnel (Cont'd)

Key Management Personnel Compensation (Cont'd)

2006	Short-term benefits		Post employment benefits	Other \$000	Total \$000
	Cash, salary & commissions	Non-cash Benefits	Super-annuation		
	\$000	\$000	\$000		
Michael Andrew Cox	132	-	6	8	146
Ian Mansbridge	8	-	1	-	9
Hugh Walter Robertson	-	-	-	-	-
Richard Symon	-	-	-	-	-
Scott Evans	138	-	12	-	150
Ian Craig	141	-	12	-	153
Raymond Whitten	74	-	-	22	96
Mark Menzies	23	-	2	2	27
Paul Seymour	23	-	2	1	26
Kelvin Clarke	20	-	5	-	25
Dudley Chamberlian	8	-	1	-	9
	<hr/>				
	567	-	41	33	641

(c) Compensation Options

Options Granted As Compensation

There were no options granted as compensation during the financial year. For details of Option Holdings for Key Management Personnel, refer Note 21(e).

(d) Shares Issued on Exercise of Remuneration Options

There were no shares issued on the exercise of remuneration options during the financial year.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 21 Key Management Personnel (Cont'd)

(e) Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance 1/07/2006	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2007
Michael Andrew Cox	375,000	-	-	-	375,000
Ian Mansbridge	-	-	-	-	-
Hugh Walter Robertson	-	-	-	-	-
Richard Symon	-	-	-	-	-
Scott Evans	80,000	-	-	-	80,000
Ian Craig	-	-	-	-	-
	<u>455,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>455,000</u>
				Total	
				Exercisable	
Michael Andrew Cox					375,000
Ian Mansbridge					-
Hugh Walter Robertson					-
Richard Symon					-
Scott Evans					80,000
Ian Craig					-
					<u>455,000</u>

(f) Shareholdings

Number of Shares held by Key Management Personnel

	Balance 1/07/2006	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30/06/2007
Michael Andrew Cox	1,000,000	-	-	50,000	1,050,000
Ian Mansbridge	-	-	-	10,000	10,000
Hugh Walter Robertson	500,000	-	-	-	500,000
Richard Symon	-	-	-	35,000	35,000
Scott Evans	5,000	-	-	-	5,000
Ian Craig	-	-	-	20,000	20,000
	<u>1,505,000</u>	<u>-</u>	<u>-</u>	<u>115,000</u>	<u>1,620,000</u>

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

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 21 Key Management Personnel (Cont'd)

(g) Remuneration Practices

The board's policy for determining the nature and amount of compensation of key management for the Economic Entity 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 Directors as a member of the NSX Compliance Committee or Listing Committee. Approved by shareholders at the AGM of 20th December 2004, the remuneration pool for non-executive directors is \$200,000 per annum. Of this pool the Chairman receives \$56,000 per annum and each non-executive director receives \$48,000 per annum. During the period Directors started receiving a Director Fee from 1st April 2007. All fees are inclusive of 9% superannuation. Director's fees are comprised of a fixed component only.

Managing Director and CEO performance awards

Short Term Incentive Plan

The CEO is entitled to a Short Term Incentive (STI) Plan which is determined by the Board. The target award opportunity will be equivalent to 30% of annual base pay, with a maximum award opportunity equivalent to 150% of the target award. Awards under the STI Plan will be considered at the end of the financial year and will be based upon the satisfaction of performance hurdles over that financial year. These hurdles will be set by the Board and will relate to both the financial performance of the Company and non-financial measures. Awards under the STI Plan are at the discretion of the Board and there is no guarantee of either a payment being made or a payment being made at any particular level. STI Plan will not be considered for superannuation purposes.

Long Term Incentive Plan

The Long Term Incentive (LTI) Plan is in the form of equity instruments with a fair value (as determined by AASB2) equivalent to 30% of the CEO's Base salary. The final quantum and detailed plan design is to be determined by the Board and will require approval by shareholders. The timing of any awards under the LTI Plan depends upon legal and corporate governance considerations affecting the Company.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Consolidated		Parent	
2007	2006	2007	2006
\$	\$	\$	\$

Note 22 Contingent Liabilities

Estimates of the maximum amounts of contingent liabilities that may become payable:

Bank Guarantee	1,800,000	1,800,000	-	-
----------------	------------------	-----------	---	---

As part of the National Stock Exchange of Australia Limited's Australian Financial Markets Licence, NSX operates Investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the Corporations Act 2001. The NSX is required to have in place minimum cover of \$800,000 to compensate investors. Of this amount a minimum of \$100,000 is sourced from the NSX Fidelity Fund and the remaining \$700,000 is in the form of a cash deposit provided by NSX Limited held as a letter of credit with Westpac Bank.

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

Note 23 Financial Instruments

(a) Financial Risk Management

The Economic Entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and loans to and from subsidiaries.

The main purpose for non-derivative financial instruments is to raise finance for group operations.

The Economic Entity does not have any derivative financial instruments at the end of the financial year.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 23 Financial Instruments (Cont'd)

(b) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Non-interest Bearing		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:										
Cash and cash equivalents	5.76	5.63	576,542	779,694	1,000,000	1,000,000	-	-	1,576,542	1,779,694
Commercial bills	6.31	5.99	-	-	8,500,000	9,315,000	-	-	8,500,000	9,315,000
Receivables	-	-	-	-	-	-	88,347	76,575	88,347	76,575
Total Financial Assets			576,542	779,694	9,500,000	10,315,000	88,347	76,575	10,164,889	11,171,269
Financial Liabilities:										
Payables	-	-	-	-	-	-	39,054	151,742	39,054	151,742
Finance lease liability	7.50	7.50	-	-	8	3,816	-	-	8	3,816
Total Financial Liabilities			-	-	8	3,816	39,054	151,742	39,062	155,558

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

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

(d) Net Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying values as disclosed in the balance sheet and notes to the financial statements.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 24 Segment Reporting

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

Note 25 Fidelity Funds

As at 30 June 2007 the National Stock Exchange of Australia Limited Fidelity Fund had a balance of \$273,567 (2006 - \$241,782). The National Stock Exchange of Australia 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 2007 the Bendigo Stock Exchange Limited Fidelity Fund had a balance of \$33,641 (2006 - \$31,998). 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 26 Reliance on Australian Stock Exchange Limited and OMX Group Limited Technology

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

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

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2007

Note 27 Events After the Balance Sheet Date

NSX Limited is currently in negotiations for the proposed acquisition of The Waterexchange Pty Ltd, Australia's largest independent water market operator. Both Boards have agreed to recommend to their respective shareholders the acquisition of The Waterexchange by NSX for a total of \$10.75 million, to be satisfied by the issues of 25 million NSX shares at 43 cents.

Note 28 Company Details

The registered office and principal place of business is:

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

Note 29 Earnings per Share

(a) Reconciliation of Earnings to Loss

	Consolidated	
	2007	2006
	\$	\$
Loss for the year	<u>(3,296,686)</u>	<u>(754,082)</u>
Earnings used to calculate basic and diluted EPS	<u>(3,296,686)</u>	<u>(754,082)</u>

(b) Weighted average number of ordinary shares (diluted and basic):

Weighted average number of ordinary shares used in calculating basic earnings per share	<u>49,424,071</u>	<u>49,424,071</u>
Weighted average number of ordinary used in calculating dilutive EPS	<u>49,424,071</u>	<u>49,424,071</u>

NSX Limited

ABN: 33 089 447 058

Directors' Declaration

The directors of the Economic Entity declare that:

1. The financial statements and notes, as set in the income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at and of the performance for the year ended on that date of the Economic Entity and economic entity;
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the Economic Entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (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 Economic Entity will be able to pay its debts as and when they become due and payable.

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



Director
Ian Mansbridge



Director
Richard Symon

Dated 31 August 2007

Newcastle

NSX Limited

ABN: 33 089 447 058

Independent Audit Report to the members of NSX Limited

Scope

We have audited financial report of NSX Limited and controlled entities for the financial year ended 30 June 2007 as set out on pages 35 to 73.

The financial report includes the consolidated financial statements of the consolidated entity comprising of the Economic Entity and the entities it controlled at the year's end or from time to time during the financial year. The Economic Entity's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Economic Entity.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Economic Entity's and consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independence

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

In accordance with ASIC Class order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration as set out in the financial report has not changed as at the date of providing our audit opinion.

NSX Limited

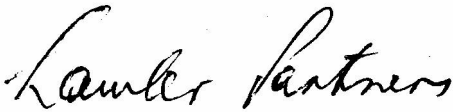
ABN: 33 089 447 058

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 Economic Entity's and consolidated entity's financial position as at 30 June 2007 and of 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.



LAWLER PARTNERS
Chartered Accountants

Newcastle

Dated 31 August 2007



TERENCE H LAWLER
Partner

NSX Limited
ABN 33 089 447 058
For the Year Ended 30 June 2007

Additional Information for Listed Public Companies

The following additional information is required by the Australian Securities 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	72	
1,001 – 5,000	296	
5,001 – 10,000	200	
10,001 – 100,000	239	
100,001 – and over	40	3
	850	3

(b) The number of shareholdings held in less than marketable parcels is 77.

(c) The names of the substantial shareholders listed in the holding company's register as at 20 August 2007 are:

Shareholder	Number	
	Ordinary	Percentage
GPG NOMINEES PTY LTD	6,438,908	13.018
BENDIGO BANK LIMITED	5,585,640	11.293
ANZ NOMINEES LIMITED <CASH INCOME A/C>	5,501,523	11.123
INVIA CUSTODIAN PTY LIMITED <BLACK A/C>	5,384,153	10.886

(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 33 089 447 058
For the Year Ended 30 June 2007

Additional Information for Listed Public Companies

(e) 20 Largest Shareholders — Ordinary Shares – as at 20 August 2007

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1 GPG NOMINEES PTY LTD	6,438,908	13.018
2 BENDIGO BANK LIMITED	5,585,640	11.293
3 ANZ NOMINEES LIMITED <CASH INCOME A/C>	5,501,523	11.123
4 INVIA CUSTODIAN PTY LIMITED <BLACK A/C>	5,384,153	10.886
5 COGENT NOMINEES PTY LIMITED	1,475,363	2.983
6 MR JOHN STEVEN LUNDGREN	1,408,000	2.847
7 MR PAUL ERNEST SEYMOUR	1,100,001	2.224
8 INVIA CUSTODIAN PTY LIMITED <WILSON INVMT FUND LTD A/C>	1,085,000	2.194
9 ACCOUNTING PC TRAINING PTY LIMITED	1,050,000	2.123
10 RATTOON HOLDINGS LTD	800,000	1.617
11 FADMOOR PTY LTD <JOHN RUBINO SUPER FUND A/C>	691,940	1.399
12 INVIA CUSTODIAN PTY LIMITED <WAM CAPITAL LIMITED A/C>	658,500	1.331
13 CITICORP NOMINEES PTY LIMITED	655,000	1.324
14 BUNGEELTAP PTY LTD <H&B ROBERTSON SUPER FUND A/C>	500,000	1.011
15 PEGASUS ENTERPRISES LIMITED	500,000	1.011
16 ALTERNATIVE EQUITY MARKETS PTY LTD	444,992	0.900
17 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECSA	420,000	0.849
18 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	370,000	0.748
19 BRIARWOOD MANAGEMENT LTD	360,000	0.728
20 TECHNOLOGY DEVELOPEMENT INVESTMENT LIMITED	301,882	0.610
	34,730,902	70.219

2. The name of the company secretary is Mr Scott Francis Evans.

3. The address of the principal registered office in Australia is:

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

NSX Limited
ABN 33 089 447 058
For the Year Ended 30 June 2007

Additional Information for Listed Public Companies

4. Registers of securities are held at the following addresses

New South Wales: Registries Ltd
 Level 2, 28 Margaret Street
 Sydney NSW 2000
 www.registriesltd.com.au

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 1,680,000 options are on issue. 375,000 options are on issue to 1 director and director related entities, 125,000 options are on issue to 2 employees and 1,270,000 options are issued to other parties.

6. Voting Rights – Ordinary Shares

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

This page is intentionally left blank.

This page is intentionally left blank.



NSX Limited and Controlled Entities. ABN 33 089 447 058

NEWCASTLE

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

MELBOURNE

Level 8, 410 Collins Street, Melbourne VIC 3000
P: +61 3 9664 0000 F: +61 3 9664 0011

www.nsx.com.au

www.bsx.com.au

www.wollongongexchange.com.au

www.bsxtaximarket.com.au