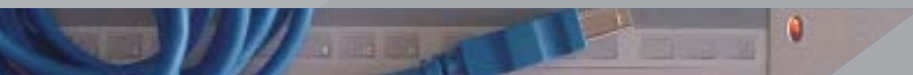


ANNUAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008





NSX LIMITED
AND
CONTROLLED ENTITIES

ABN 33 089 447 058

ANNUAL REPORT FOR
YEAR ENDED
30 JUNE 2008

CORPORATE DIRECTORY

DIRECTORS

Ian Mansbridge
Robert Bladier
Brian Peadon
Michael Cox
Hugh Robertson

SENIOR EXECUTIVES

Robert Bladier
Managing Director

Brian Peadon
Waterexchange & Environmental Services

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

Ground Floor
410 Collins Street
Melbourne VIC 3000
Telephone: (03) 9664 0000
Facsimile: (03) 9664 0011

CANBERRA OFFICE

Ground Floor
40 Brisbane Avenue
Barton ACT 2600
Telephone: (02) 6112 8123
Facsimile: (02) 8282 4528

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 7, 207 Kent Street
Sydney NSW 2000
Telephone: 1300 737 760
Fax: 1300 653 459
Correspondence to:
GPO BOX 3993
Sydney NSW 1223
callcentre@registries.com.au
www.registries.com.au

WEBSITES

www.nsga.com.au
www.bsx.com.au
www.bsxtaximarket.com.au
www.waterexchange.com.au
www.neregistry.com.au
www.waterinfo.com.au

Contents

Annual Report	Page
Corporate Directory	2
Chairman's Letter	4
Managing Director's Report	6
Analysis of Financial Results	8
Markets Information	
Listing history of securities	11
NSXA & BSX Trading Statistics	11
Listed entities	12
Participants	13
Nominated Advisers	13
Facilitators	13
Trading and Settlement on NSXA & BSX	14
Taxi Market Statistics	15
Water Exchange Statistics	16
Technology	16
Group Structure	17
Management Structure	17
Market Structures	18
Financial Markets Supervision	20
Committees	20
Compensations Arrangements	21
Complaint Handling	21
Corporate Governance	
Board Charter	23
Code of Ethics and Conduct	23
Corporate Governance Statement	24
Corporate Governance Compliance Summary	24
Dealing Securities by Directors & Employees	33
Shareholder Communications Policy	33
Media & Promotions Policy	34
Audit & Risk Committee	34
Remuneration & Nomination Committee	35

Statutory Report	Page
Contents	38
Financial Report	
Director's Report	39
Financial Statements	51

Shareholder Information	Page
Shareholding Details	87
Registered Office	89
Share Registry	89
Unquoted Securities	89
Voting Rights – Ordinary Shares	89

CHAIRMAN'S LETTER

The past financial year continued to prove difficult and challenging for NSX but your Board believes investments made in some key assets - new markets and human resources - lay the foundations for future success. The business has not achieved the profit results we had hoped when reporting to you this time last year. Despite these headline numbers, all of our businesses present promising prospects for growth, notwithstanding the adverse economy, generally making market conditions difficult.

I will briefly describe the foundation that has been put in place and what we see as the prospects for the future.

In October 2007 NSX Limited acquired the Waterexchange, a business dominant in trading water entitlements across Australia, and Settlement & Registry Services, a company that is focusing on development of a carbon and other environmental products registration system. The Waterexchange is an established business, with a diverse customer base, and proven management. It is an excellent base to develop new but related products and to position NSX more generally into the newly emerging water and environmental markets.

The NSX Taxi Market, a market for Government licences or "taxi plates" for taxis in the Melbourne metropolitan area, is bedded down and now runs smoothly. As a result of management effort, there is a developing interest outside of Melbourne, providing the opportunity to leverage the existing infrastructure and experience, and expand this market more widely. In order to capture this potential we have invested in a more capable trading platform which is now complete and shortly due to come on line.

Although the general market downturn has caused capital availability to dry up, and as a consequence, the number of IPOs has declined significantly, NSX sees this as an opportunity. During the year we invested heavily in marketing NSX as a competitive listing venue for companies "going public". We see our robust and more appropriate listing rules, our flexible approach and the acknowledged personalised service of our listing staff as very important and of even greater value when markets are hard.

Through the year NSX has invested in its customer facing technology, including the revamped taxi market mentioned earlier. A redesign and redevelopment of our web interface is almost complete. Of course, our trading runs on a NASDAQ-OMX platform, used by many international stock exchanges, and recognised as one of the best in the world.

Our trading and market compliance is run from Newcastle. A review that may have seen the Newcastle office close did not proceed, as we see its experienced staff as contributing to our foundation for growth. With major business functions running from Melbourne under the Managing Director, Newcastle will be able to provide operational support for the entire business, including the newly acquired Waterexchange.

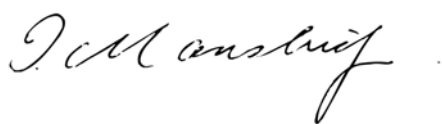
The Board is sensitive to the fact that the business continues to be loss making and that along with a general deterioration in equity markets, the share price has declined. However, our investments over the last twelve months position us now for substantial growth. This changing dynamic is reflected in the composition of our senior management team.

Shortly before the end of the financial year, Richard Symon resigned as Managing Director, to assume a role with the Growth Markets Organisation, a London based business focused on the international SME sector. To build on the foundation investments I have described, and leverage appropriate value out of our assets over the long term, the Board has carefully selected Robert Bladier as our new Managing Director.

One of the challenges facing NSX is that we are now in an environment of increasing competition, with new international groups seeking to establish a presence in Australia.

Robert brings deep experience in and knowledge of stock exchanges. He has more than twenty years experience in financial markets, including approximately ten years at the Australian Securities Exchange, where he played a key role in strategy, and eight years as a leader at investment bank, BZW Australia. We welcome Robert, and although the task ahead requires application and dedication, we are excited about the prospects for this coming year.

In closing, on behalf of the Board I wish to thank all our shareholders for their patience over the last twelve months, which has not been an easy period for NSX. The challenges have been compounded by an extremely adverse market environment; however, the Board believes it has embarked upon the required path and NSX is positioned to build on the work that has been done to date, and to build successfully on the foundations laid.



Ian Mansbridge
Chairman

Melbourne,

29 August 2008

MANAGING DIRECTOR'S REPORT

It is an interesting challenge drafting a report as Managing Director after only a very short period in the role. Our Chairman, Ian Mansbridge, provides a review of the year past, so I will take the opportunity to look forward in time and describe the focus that I want to bring to the business in order to build value for shareholders and customers alike.

It is fair to say that NSX Limited is not widely understood in the market, yet it holds some valuable assets, and as the Chairman says, NSX has a solid foundation for future success. There are also some key elements of business that we must diligently focus on both to preserve our assets and to grow successfully.

The most important asset NSX holds is both our Australian Market Licences, granted to us under Commonwealth Government legislation, and we must never take this lightly. This status is not easily achieved, even though there are legislated standards for becoming a stock exchange. Most investors would know that currently there are three different applications before the Government, all seeking to be granted an exchange licence, with decisions on all three pending. However, the rigorous and lengthy process each has undergone just to reach this stage is testament to the underlying value inherent in NSX already being an approved market operator.

Holding a market licence carries with it an obligation to uphold the integrity of the market; however, this responsibility is not a burden, it is a critical part of doing business. Sometimes the mining industry talks of holding a "social licence", meaning the need for that industry to act responsibly by preserving community amenity as well as extracting valuable resources. The role of a stock exchange is not dissimilar, in that if we do not help protect investors and companies from potential wrongdoing, then we in fact devalue our reputation, brand and our right to be in business. NSX is totally committed to conducting markets of integrity and upholding the highest regulatory standards.

When or if the three new groups win approval for their licences, it will signal major change in Australia's capital markets. The infrastructure of our markets has for a long time been dominated by two major groups that relatively recently merged into one entity. Overseas though, in recent years, there has been a dynamism in the "business of stock exchanges", not previously seen, with many new entrants and increased competition, followed by mergers and acquisitions. It is a much more intensely competitive and global industry than it was ten years ago.

The economic forces underlying this are only now being felt in Australia and importantly, NSX is well positioned to take advantage of this. However, to capture value for the business and for our shareholders will require a clearly defined strategy. This is the first major task at hand.

NSX needs to be credible as a competitive venue for listing and trading. Unfortunately, we are sometimes perceived as being fragmented in our approach with a brand diluted by our efforts being spread too thinly. A major element in defining our strategy will be to develop a strategic focus that is directed towards those areas that offer strong and realisable growth potential.

What are our other assets, apart from our market licence?

Firstly, our people. NSX has good people with relevant experience in supervision and compliance, and in customer relationships.

Additionally, the markets in which we operate are themselves valuable assets. The Waterexchange holds a dominant position in the trading of water entitlements across Australia, acting as a trading market in its own right and also providing a "white label" technology solution for many irrigation and water trusts. Likewise, the Taxi Market is unique in its offering, operating a government regulated market for the sale and transfer of government licences in the Victorian metropolitan taxi industry. Our general market, with more than one hundred listings, means NSX is already established as a competitive listing venue in Australia. All of these markets offer excellent potential for growth and a base for future product development.

Our immediate goal, and our managerial challenge, is to provide a high standard of customer service to all existing and new customers. These customers of course include our current and potential listed companies as well as brokers to our market and other market participants. Like any business, this is resource intensive, and part of the challenge is not to spread ourselves too thin.

NSX is privileged to enjoy many cooperative working relationships with significant and diverse groups of intermediaries, and with regional and sectoral business support agencies. It is important that we further deepen and develop these relationships because they link us directly to our prospective customer base. How we best do this, with available resources, and seeking maximum value for the NSX business, is our challenge.

To achieve these outcomes, there are two other complementary major tasks we need to deliver upon. The first is to undertake a review of our business operations to assess efficiency and effectiveness. The second, of great importance, is to ensure NSX is regarded as a highly credible and well respected business that provides superior service and value to its customers. We must build a great business and in so doing, build a strong national brand.

In summary: my immediate agenda is to refine our strategic focus; undertake an operational review to optimise business activities; build our brand consistent with the strategic focus; and concentrate on value delivery and service to customers. These are the starting points for rebuilding shareholder value.



Robert Bladier
Managing Director

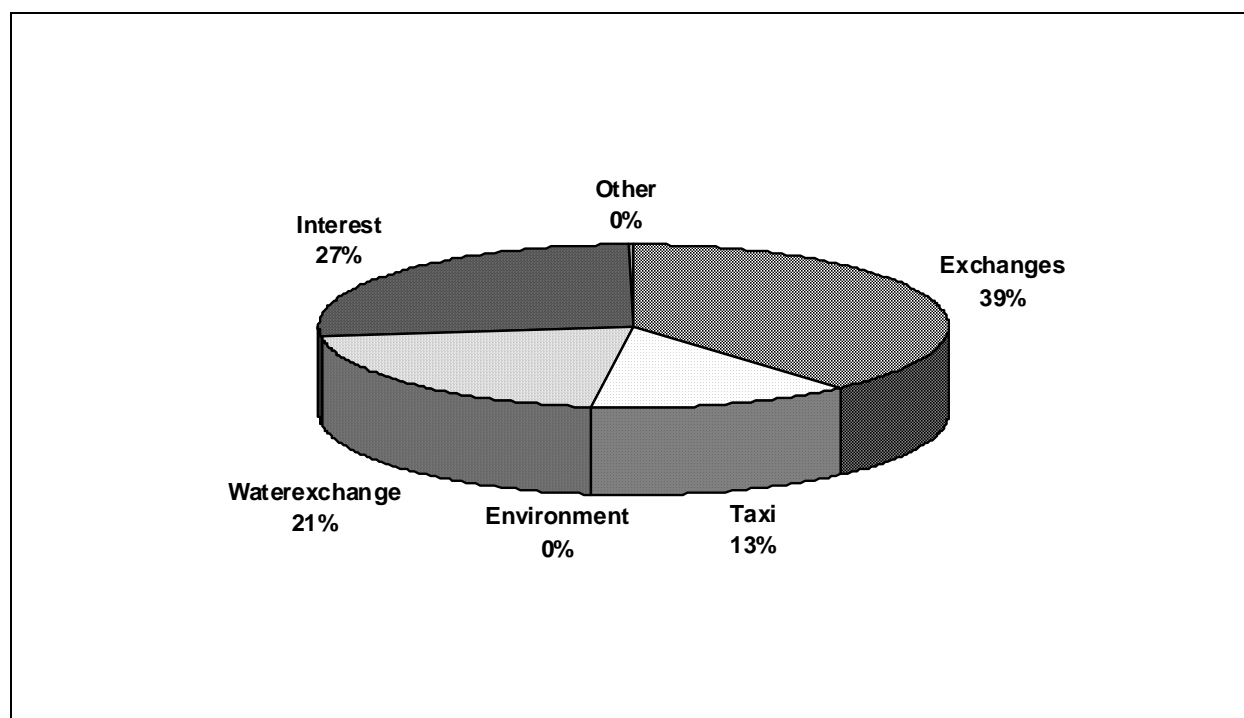
Melbourne,

29 August 2008

ANALYSIS OF RESULTS

Revenue

Revenue by Category (Figure 1)



Changes in Revenue 30 June 2008 vs. 30 June 2007 (Table 1)

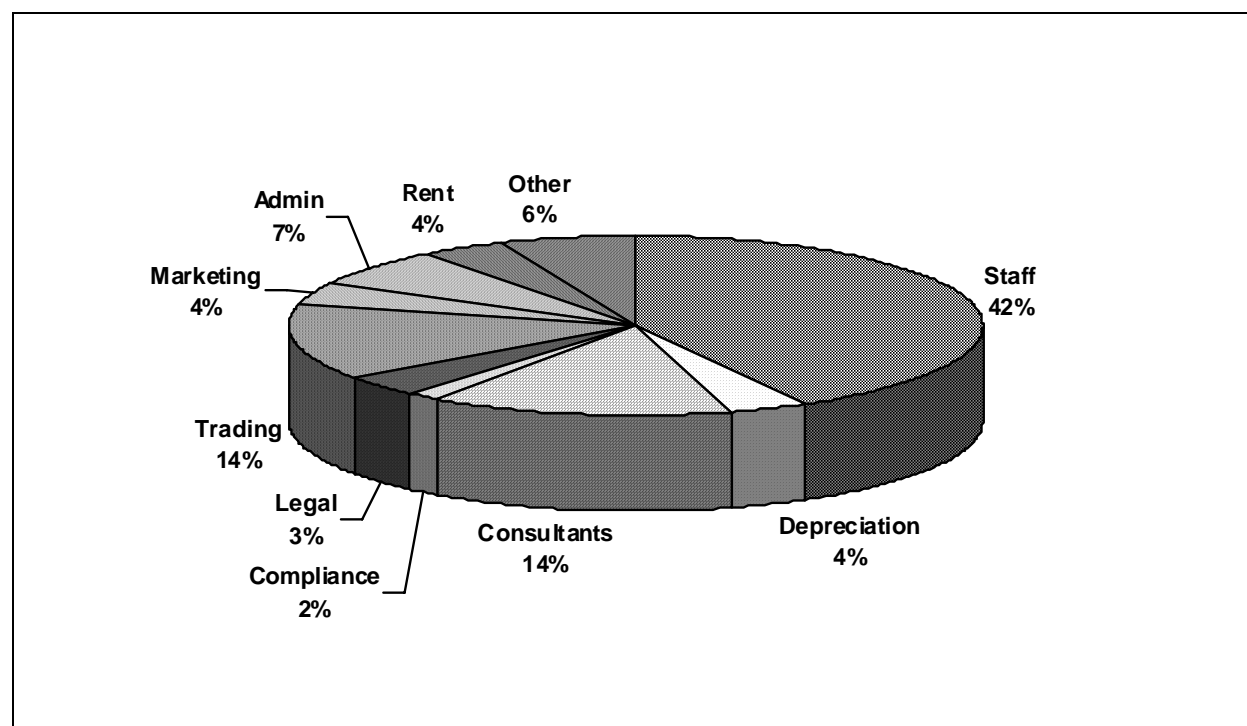
Revenue	30-Jun-2008	30-Jun-2007	Change
	\$'000	\$'000	%
Stock Exchanges ⁽¹⁾	896.0	735.4	21.8
Taxi Markets ⁽²⁾	311.2	302.2	3.0
Water Exchange ⁽³⁾	475.5	-	N/A ⁽¹⁾
Environmental Services ⁽⁴⁾	-	-	-
Interest	627.4	642.0	-2.3
Other	4.5	4.8	-4.7
Total Revenue	2,314.6	1,684.4	37.4

Note: (1) Stock Exchanges includes activities for the National Stock Exchange and Bendigo Stock Exchange. (2) Taxi Markets includes activities for BSX Taxi Market and national licence exchange. (3) No comparative figures are available for the Waterexchange and Environmental Services. Waterexchange figures are for recognised revenue from 19 October 2007 on the acquisition of The Water Exchange Pty Ltd. (4) Environmental Services includes activities primarily for environmental related activities that NSX is involved in.

The increase in revenues for Stock Exchanges is due to increased listing income derived from increased issuer and security fees. Total revenue increased by 37.4% which was due to both increased listing income and the first time inclusion of the Waterexchange revenue from the 19 October 2007.

Expenses

Expenses by Category (Figure 2)



Changes in Expenses 30 June 2008 vs. 30 June 2007 (Table 2)

Expense	30 June 2008	30 June 2007	Change	Percentage
	'000	'000	%	of Total
				%
Employee benefits expense	1,966.8	988.7	98.9	41.9
Depreciation, amortisation and impairments	166.2	154.8	7.4	3.6
Consultancy expenses	662.1	175.8	276.6	14.1
Compliance expenses	87.1	49.6	75.8	1.9
Legal expenses	163.2	14.4	1,035.5	3.5
Market trading expenses	649.4	520.1	24.8	13.8
Marketing and promotion	189.6	97.2	95.0	4.0
Service fee expense	7.5	-	-	0.2
Rental expenses	186.6	77.3	141.4	4.0
Administration expenses	316.2	263.2	20.1	6.7
Impairment losses	-	2,473.9	-100.0	-
Other expenses	294.1	166.1	77.0	6.3
Finance costs	.1	-	1,733.3	0.0
Total Expenses	4,688.9	4,981.1	-5.9	100.0

Employee expense increased by 99% due mainly to the integration of staff from the WaterExchange operations and separation payments involving the outgoing Chief Executive Officer. Consultants' expense has increased by 277% due to the increased development expenditure on projects associated with the Taxi Market, Waterexchange, environmental services and NSX Limited corporate websites. Marketing expense has increased by 95% due to the increased activity NSX is putting into the promotion of its products and services. Overall expenses have decreased by 5.9% which reflects the increased activity that the NSX is building to increase revenues but also substantially that the directors have chosen not to impair the carrying value of business units this period compared to the previous financial year where an impairment expense of \$2,473,958 was recognised. The directors will review the impairment of assets again for the period ended 31 December 2008.

Group Summary

	30-Jun-2008	30-Jun-2007	Change
	\$'000	\$'000	%
Revenue	2,314.6	1,684.4	37.4
Expenses excluding goodwill impairment	4,688.9	2,469.0	89.9
Expenses including goodwill impairment	4,688.9	4,981.1	-5.9
EBITDA	(2,208.0)	(3,141.9)	29.7
Net Profit/(Loss) after tax	(2,374.3)	(3,296.7)	28.0
Earnings per share (cents)	(3.52)	(6.67)	47.2
Cash	7,801.3	10,076.5	-22.6

The Group suffered an overall loss of \$2,374,298 for the period. This is a 28.0% reduction in the loss for the comparable period ended 30 June 2007. The main component contributing to the reduction in the Group loss was the fact that there was no impairment of goodwill, improved revenue from listings and the recognition of nine months of revenue for the Waterexchange. The Group maintains a cash balance of \$7,801,300 as at the end of the period. Of the cash held, \$1,755,000 is held in trust as part of the NSXA and BSX market compensation arrangements or as deposits. Therefore, net working capital as at 30 June 2008 is \$6,046,300.

MARKETS INFORMATION

NSXA AND BSX LISTING HISTORY OF SECURITIES

Listed Securities	As at June 2004	As at June 2005 ⁽²⁾	As at June 2006	As at June 2007	As At June 2008
Fully Paid Ordinary Shares	19	55	81	87	94
Partly Paid ordinary shares	1	1	1	1	0
Preference/Debt Securities	3	3	0	0	9
Company Issued Options	3	7	15	13	16
Property Trusts	1	7	7	10	4
Total Listed Securities	27⁽¹⁾	73⁽²⁾	104	111	123
Delisted Securities ⁽¹⁾	7	4	11	10	9

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.

NSXA & BSX TRADING STATISTICS

	As at June 2004	⁽¹⁾ As at June 2005	As at June 2006	As at June 2007	As at June 2008
Listed Securities (No.)	27	73	104	111	123
Market Capitalisation (\$m)	232.0	564.0	812.0	1,174.0	1,238.0
	FY04	FY05	FY06	FY07	FY08
Volume Traded ('000 shares)	13,252	47,303	51,143	85,548	53,872
Value Traded (\$'000)	3,893	18,604	15,174	42,369	27,789
Number of Trades (No.)	396	1,754	1,514	1,833	1,470
Average Volume Per Trade ('000 shares)	33.5	27.0	33.8	46.7	36.6
Average Value Per Trade (\$'000)	9.83	10.61	10.02	23.11	18.90
Average Price Per Share (\$)	\$0.29	\$0.39	\$0.30	0.50	0.52

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

BSX LISTED SECURITIES

BSX Code	Security Name
APF	Australian Property Growth Fund
APR	APN Regional Property Fund
ARF	Acacia Ridge Fin Ser Ltd
BAB	Babinda Comm Fin Ser Ltd
BCT	Bendigo Community Telco 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
CAP	Capilano Honey Ltd
CFY	Clifroy Ltd
CLG	Coolalinga & Districts Comm Fin Ser Ltd
COB	Cobden & Districts Comm Fin Ltd
CSH	Canterbury & Surrey Hills Comm Fin Ltd
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
INW	Inglewood & District Comm Fin 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
MBK	Mooroolbark & District Fin Ser Ltd
MDH	Mandurah Comm Fin Ser Ltd
MEV	Mt Evelyn & Dist Fin Serv Ltd
MVF	Meander Valley Fin Ser Ltd
NRC	North Ryde Comm Fin Ltd
PFD	PFA Diversified Property Trust
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
SDF	State Development Fund 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
UCE	Upper Yarra Comm Enter Ltd
VLY	Valley Comm Fin Ser Ltd
WTA	Wantirna Comm Fin Ser Ltd
YAR	Yarraman Fin Ser Ltd

NSXA LISTED SECURITIES

NSX Code	Security Name
AFOC	Australian United Retailers Limited
AID	Australia & International Holdings Limited
AMJ	Ascend group Limited
ANJ	Anomaly Resources Limited
APO	Australian Property Systems Limited FPO
ASJ	Angas Securities Limited Debentures (various issues)
AUE	Ausminerals Limited
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
CMA	Cosmedics Australia Limited FPO
EBS	e-Business Systems Limited
FMI	Florin Mining Investment Company Ltd FPO
GCO	Golden Circle Limited
IIC	Illuminator Investment Company Ltd FPO
IVL	Innovance Limited
KEL	King Equipment Limited
MEK	Meridien Capital Limited
MMT	Mt Rommel Mining Limited FPO
OCT	Octanex NL FPO
PEQ	Pritchard Equity Limited
PFAA	Property Fox No 1
PFBA	Property Fox No 2
PMI	Pegmont Mines NL FPO
QPTXXL	Quantum Property Trust No 12
RGWB	Ricegrowers Limited B Shares restricted
RTN	Rattoon Holdings Limited FPO

RVC	Revetec Holdings Limited FPO	VBL	Vet Biotechnology Limited
SEC	Start Securities Group Limited	VEM	Vietnam Emerging Capital Limited
SOD	Soda Brands Limited	WPH	Winpar Holdings Ltd FPO
SUG	Sugar Terminals Limited G Shares	ZOD	Zodiac Capital Limited
VAX	Venture Axess Group Limited		

PARTICIPANTS AND BROKERS ON NATIONAL STOCK EXCHANGE (NSXA) AND BENDIGO STOCK EXCHANGE (BSX)

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.

NSXA 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 NSXA, 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)	Freeman Fox Limited (NSXA)
ABN Amro Morgans Limited (NSXA, BSX)	Macquarie Equities Limited (NSXA)
Bell Potter Securities Limited (NSXA)	Martin Place Securities Pty Limited (NSXA)
Burrell Stockbroking Limited (NSXA)	Pritchard & Partners Pty Limited (NSXA)
Cameron Stockbrokers Limited (NSXA)	Reynolds & Company Pty Limited (NSXA)
Centre Capital Securities Limited (NSXA)	Strategem Financial Group (NSXA, BSX)
Findlay & Co Stockbrokers Limited (NSXA)	Taylor Collison Limited (NSXA)

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 NSXA's rules.

LIST OF NOMINATED ADVISERS ON NSXA

Nominated Advisors:

Access Business Lawyers	Lellco Investments
Allens Arthur Robinson	Managers & Directors
Bilbie Dan Lawyers	Martin Place Securities
BKR Walker Wayland Services Pty Limited	Mason Sier Turnbull
Clayton Utz	McCullough Robertson Lawyers
Cameron Stockbrokers Limited	Minter Ellison – Gold Coast
Collins Street Group Pty Ltd	Non Executive Management Pty Ltd
Deacons Lawyers	Oakhill Hamilton Pty Ltd
Dibbs Abbott Stillman Lawyers	Oakley Thompson & Co
DLA Phillips Fox Lawyers	Pritchard & Partners Corporate Finance
Gadens Lawyers	Quivre & Associates
Hall Chadwick - Sydney Partnership	Salmon Giles Pty Limited
3D Legal (t/a/ Herceg Lawyers)	Taylor Collison Limited
Hindal Securities Pty Limited	Venture Axess
Holman Webb Lawyers	Wellington Capital Limited
Hopgood Ganim Lawyers	Whittens Lawyers & Consultants
Hynes Lawyers	

Advisers may have additional responsibilities to their clients in addition to those responsibilities stated above.

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:

Ffrench Commercial Lawyers	Preslane Pty Ltd
Frontier Capital Pty Limited	

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 ON BSX TAXI MARKET

BSX Services, a wholly owned subsidiary of NSX Limited has developed a trading platform for the trading of Taxi Licences and Assignments 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

	FY07	FY08
Licences Traded (No.)	121	105
Licenses Traded (\$mill)	46.5	49.0
Assignments Traded (No.)	1,270	1,083
Assignments Traded (\$mill)	82.2	69.0
Total Trades (No.)	1,391	1,187
Total Trades (\$mill)	128.7	118.0
Average Value Per Licence (\$mill)	0.384	0.426
Average Value per Assignment (\$mill)	0.065	0.063
Average Value per Trade (\$mill)	0.093	0.099
Accredited Taxi Brokers	19	19

TRADING ON NSX WATEREXCHANGE

The Waterexchange transacted over 6000 individual trades in the last year. This was a growth of 20% over the previous year in spite of a difficult political situation. Turnover was excess of \$180 million dollars. Five new brokers qualified to trade on the exchange during the year. The new permanent auction platform was also built and is ready for implementation in the coming year.

Water Market Report: Spot Allocations as at 30 June 2008

	Code	\$Last	Volume ⁽¹⁾	\$Value ⁽²⁾
NSW Coleambally Inter-Valley	CIC07EA	384	51,437	25,269,149
NSW Lower Murray	LOM07EA	360	17,295	10,161,638
NSW M.I.A Inter-Valley	MIA07EA	350	49,178	26,693,786
NSW Macintyre	INT07IA	190	396	82,500
NSW Macquarie	MAQ07IA	86	584	50,560
NSW Mid Murray	MIM07EA	355	4,862	2,209,764
NSW Murray I.L.	MIL07EA	400	1,355	925,695
NSW Murrumbidgee Inter-Valley	BID07EA	400	15,200	7,455,563
NSW Murrumbidgee Internal	BID07IA	1170	868	685,770
NSW Upper Murray	UPM07EA	355	1,064	543,486
NSW Western MI	WMI07EA	365	3,450	1,817,056
SA Holding SA	HOL07EA	480	471	275,242
SA Taking SA	TAK07EA	450	1,952	1,473,028
SA Top Up SA	TOP07EA	425	77,677	52,646,113
VIC 1A Goulburn	V1A07EA	489	42,968	27,085,437
VIC 1B Boort	V1B07EA	500	8,042	6,073,630
VIC 1st Mildura Irr. Trust - Zone 7	FMIT7	470	2,133	1,295,970
VIC 3 Goulburn	V3A07EA	385	3,788	2,507,617
VIC 6 Hume	V6A07EA	489	8,389	4,124,354
VIC 6B Lower Broken	V6B07EA	385	152	62,310
VIC 7 Barmah	V7A07EA	485	28,164	15,535,242
VIC HIZ - Private Diverters	HIZ	400	269	166,490
VIC HIZ Merbein Irrigators	MER	510	1,619	922,362
VIC HIZ Red Cliffs Irrigators	RC	485	1,174	650,227
VIC L2 Private Diverters	LM207EA	520	13,995	11,013,805
VIC L4 Private Diverters	LM407EA	520	729	472,718
VIC LMW L1	LM107EA	470	6,919	3,950,368
Totals			344,130	204,149,880
Average Value per mega-litre				\$593.23

Notes:

- (1) Volume = total volume in Megalitres from 1 July 2007 until 30 June 2008
 (2) \$Value = total value of all trades in dollars since 1 July 2007 until 30 June 2008.

TECHNOLOGY

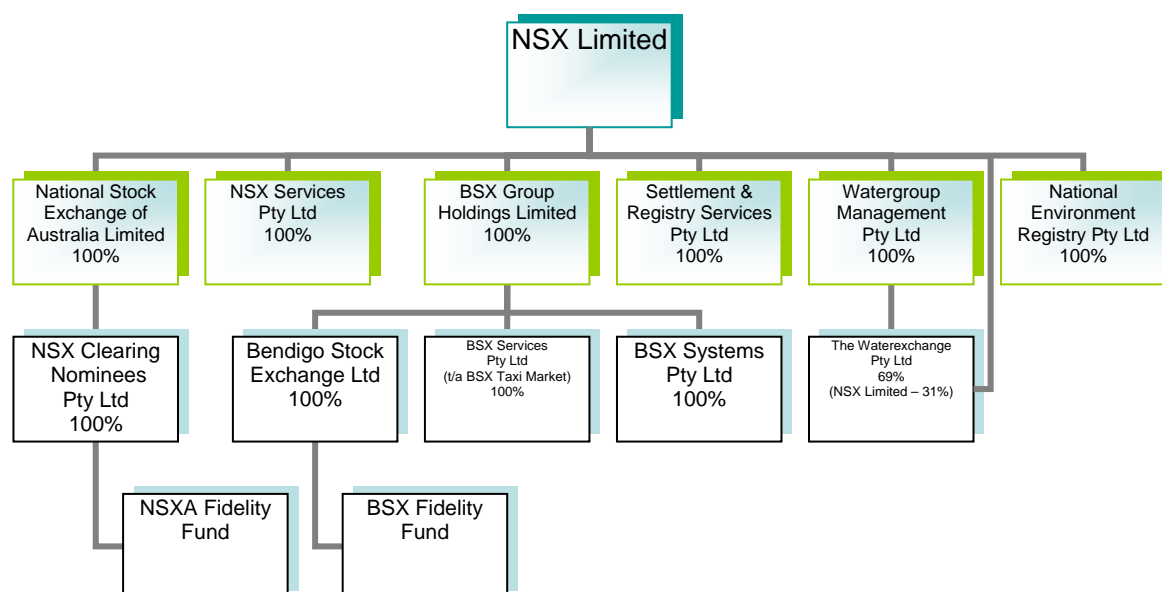
The trading system for equities markets is supplied by NASDAQ OMX group. The system integrates the trading of both the NSX and BSX markets on the one trading platform. The system has the ability to expand to other trading classes and markets as required.

NSXA is a recognised Participant in the ASX ASTC CHESS system for the settlement of equity trades. BSX settles on a broker to broker basis.

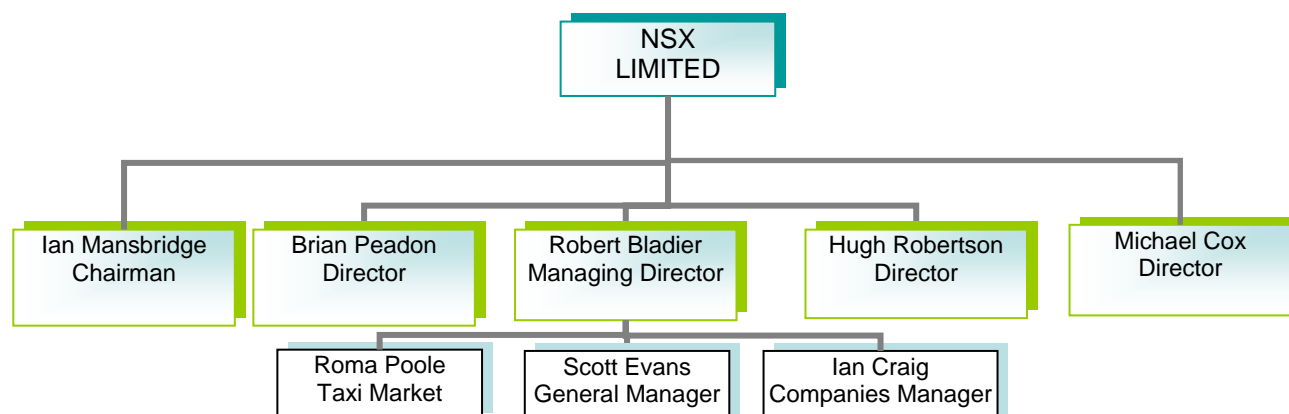
The BSX Taxi Market operates exclusively from the BSX Taxi market website (www.bsxtaximarket.com.au).

The Waterexchange Market operates exclusively from the Waterexchange website (www.waterexchange.com.au).

GROUP STRUCTURE

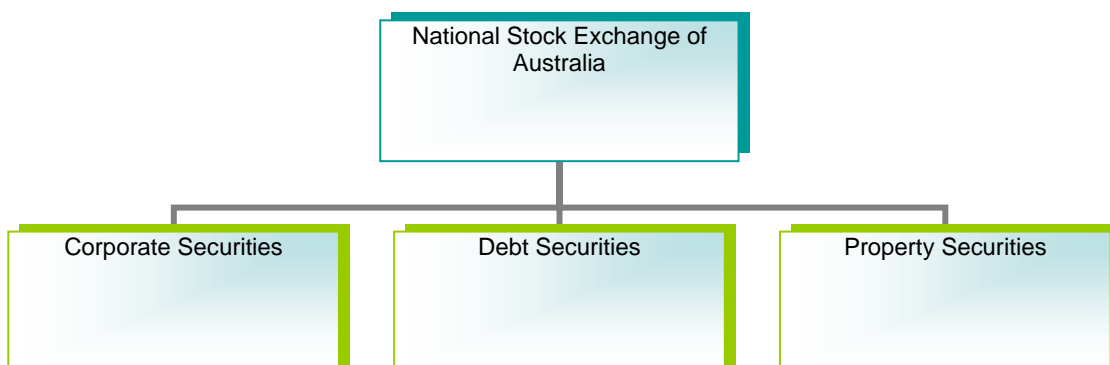


MANAGEMENT STRUCTURE

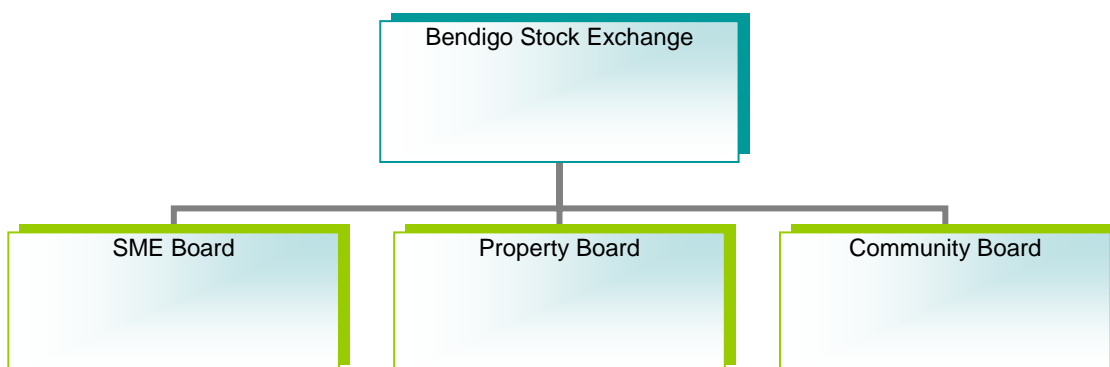


MARKET STRUCTURES

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

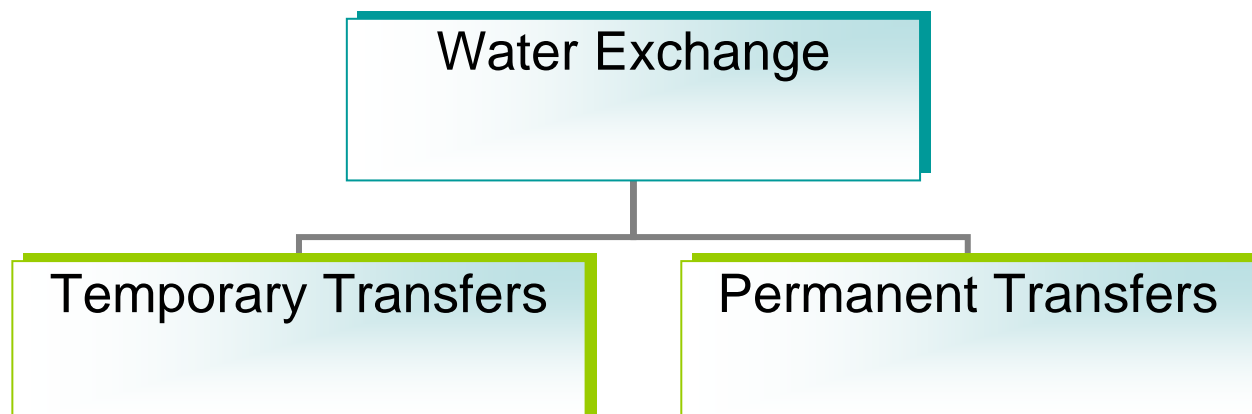


Bendigo Stock Exchange (www.bsx.com.au)

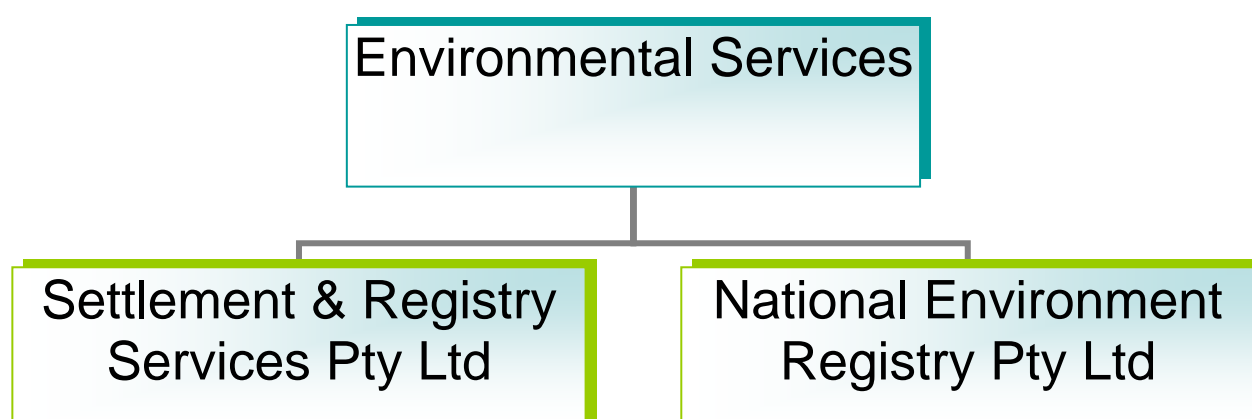


BSX Taxi Market (www.bsxtaximarket.com.au)

NSX Waterexchange (www.waterexchange.com.au)



NSX Environmental Services (www.neregistry.com.au)



FINANCIAL MARKETS 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; and
- 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; and
- 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.

CORPORATE GOVERNANCE

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

BOARD CHARTER

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

- Board Responsibilities;
- Term of membership of the Board;
- The role of the Chairman;
- Separation of functions between Chairman and Chief Executive Officer;
- Restriction on activities of Chief Executive Officer and Chairman;
- The role of the Company Secretary;
- Scope of activities of the Board; and
- 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 on an "if not, why not basis". The table has been up dated incorporating the Corporate Governance Council's Principles (Revised Principles) 2nd Edition August 2007 and supplementary notification on Principle 7 dated 30 June 2008.

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 senior executives and disclose those functions.	
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	NSX Board Charter NSX Corporate Governance Statement

Principle	Compliance	References
	Chairman and Managing Director.	
Recommendation 1.2	Companies should disclose the process for evaluating the performance of senior executives	
NSX Response	The NSX Board Charter provides for the strict separation of roles as between the Chairman and Managing Director.	NSX Board Charter
	The Remuneration and Nomination Committee has oversight of evaluating executive performance.	NSX Corporate Governance Statement
		NSX Remuneration and Nomination Committee Charter
Recommendation 1.3	Companies should provide information indicated in the Corporate Governance Guide to reporting on Principle 1.	
NSX Response	The Board Charter and Corporate Governance statements are published in the NSX website (www.nsx.com.au)	NSX Board Charter
	During the year senior executives were reviewed.	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 5 directors, including the Chairman - Ian Mansbridge, Managing Director – Robert Bladier, Executive Director - Brian Peadon, and Non-executive directors Michael Cox and Hugh Robertson.	NSX Code of Ethics and Conduct
	Applying the independence test outlined in the Principles, the NSX considers that Ian Mansbridge, Michael Cox and Hugh Robertson are independent directors. Thus, there are a majority of directors (3 out of 5) that are independent.	NSX Corporate Governance Statement
	The independence of the board is further supported by adherence by the Board to various policy documents.	NSX Conflicts of Interest Policy
	These documents require that:	Procedures for the maintenance of the conflicts of interest register
	<ul style="list-style-type: none"> (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, (c) any conflicted director will absent him or her self from voting on that particular matter; and (d) Non-executive Directors hold independent meetings before scheduled full board meetings in the absence of management. 	Procedures for appointment of new directors or senior officers to NSX
Recommendation 2.2	The chairperson should be an independent director	
NSX Response	The chairperson is an independent director.	Board Charter
Recommendation 2.3	The roles of chairperson and Managing Director should not be exercised by the same individual.	
NSX Response	The NSX Board Charter makes it clear that the roles of Chairman and Managing Director are to be separate and distinct. As per the guideline the	Board Charter

Principle	Compliance	References
	Chair and Managing Director positions are filled by two separate people.	
Recommendation 2.4 NSX Response	<p>The board should establish a nomination committee</p> <p>The Board has established a Remuneration and Nomination Committee.</p> <p>The Committee only consists of independent directors.</p> <p>The Committee does not currently have three members. The Chair of the Committee is able to draw on external professional expertise as required and other independent board members as required.</p> <p>As per the Guide, the NSX Chairman and Managing Director are excluded from sitting on the Committee.</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 directors 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>The Charter and related documents are published on the NSX website.</p>	<p>Remuneration and Nomination Committee Charter</p> <p>Procedures for the provision of services by Director's and related parties.</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>Procedures for Board Charter</p> <p>Corporations Act (s792B)</p>
Recommendation 2.5	Provide the information indicated in Guide to reporting on Principle 2.	
NSX Response	<p>(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</p> <p>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.</p>	
	<p>(ii) The names of the directors considered by the Board to constitute independent directors and the company's materiality thresholds.</p>	
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 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>	

Principle	Compliance	References
	Nevertheless, for Corporate Governance issues they are considered independent.	
	(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.	
NSX Response	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.	NSX Constitution NSX Board Minutes NSX Board Charter
	(iv) The term of office held by each director in office at the date of the annual report.	
NSX Response	The term of office of each director is disclosed elsewhere in this report.	Annual Report
	(v) The names of members of the nomination committee and their attendance at meetings of the committee.	
NSX Response	The composition and attendance of meetings is disclosed elsewhere in this report.	Annual Report – Board Meetings
	(vi) Description of the procedure for the selection and appointment of directors.	
NSX Response	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.	Procedures for appointment of new directors or senior officers to NSX
Principle 2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	
NSX Response	<p>The skills and experience of each director is reported in the Statutory Financial Report.</p> <p>The names of independent Directors have been listed above.</p> <p>Michael Cox was a previous CEO which ceased in October 2006. Although 3 years have not passed he is still considered an independent director due to the independence criteria applied in 2.5(ii) above.</p> <p>The relevant Charters and Procedures mentioned in this table are posted on the NSX website (www.nsx.com.au)</p> <p>There is an agreed procedure for directors to take external advice.</p> <p>The period of office is provided in the Statutory Financial Report.</p>	Annual report Board Charter

Principle	Compliance	References
<p>Principle 3</p>	<p>Companies should actively promote ethical and responsible decision making</p> <p>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <p>3.1.1 The practices necessary to maintain confidence in the company's integrity;</p> <p>3.1.2 The practices necessary into account their legal obligations and the reasonable expectations of their stakeholders;</p> <p>3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	
<p>NSX Response</p>	<p>NSX has in place a number of procedures and policy documents to guide the directors and Managing Director in making ethical and responsible decisions.</p> <p>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>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>The Procedures also place prohibitions on employees and directors in dealing with NSX shares at certain times of the year.</p>	<p>Procedures for appointment of new directors or senior officers to NSX</p> <p>Procedures for dealing in securities by Directors, Officers and Employees of NSX</p> <p>NSX Code of Ethics and Conduct</p> <p>NSX Conflicts of Interest Policy</p> <p>Procedures for dealing in securities by Directors, Officers and Employee of NSX</p>
<p>Recommendation 3.2</p>	<p>Companies should establish a policy concerning trading in company securities by directors, senior executives, officers and employees and disclose the policy or a summary of that policy.</p>	
<p>NSX Response</p>	<p>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>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>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 Managing Director. Board members must seek the permission of the Chairman. Permission must be gained in advance.</p>	<p>Procedures for dealing in securities by Directors, Officers and Employees of NSX</p>

Principle	Compliance	References
Recommendation 3.3	Companies should provide the information indicated in Guide to reporting on Principle 3.	
NSX Response	NSX publishes 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	Safeguard integrity in financial reporting	
Recommendation 4.1	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>The Board has established an Audit & Risk Committee.</p> <p>In addition, the Board 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 5 directors, a majority of which are independent; 2. The chairperson, who is an independent director, chairs all audit related meetings; 3. That at least one director has significant accounting experience and expertise; 4. NSX is not so large as to warrant resources beyond that of the existing board being utilised; 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; and 6. NSX issues quarterly reports (Appendix 4C) which are Audit reviewed. 	Board Charter Audit & Risk Committee Charter
Recommendation 4.2	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	The Committee only consists of independent directors. <p>The Committee does not currently have three members. The Chair of the Committee is able to draw on external professional expertise as required and other independent board members as required.</p> <p>As per the Guide, the NSX Chairman and Managing</p>	Audit & Risk Committee Charter

Principle	Compliance	References
	Director are excluded from sitting on the Committee.	
Recommendation 4.3	The Audit Committee should have a formal charter	
NSX Response	The Audit Committee has a formal charter.	Audit & Risk Committee Charter
Recommendation 4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	
NSX Response	NSX director details are provided in the Annual report as are the meeting attendance records.	Annual report
Principle 5 Recommendation 5.1	Companies should promote timely and balanced disclosure. Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for compliance with these obligations.	
NSX Response	<p>The Compliance Plan 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; and 6. Where applicable, comply with the ASX Corporate Governance Council's guidelines on corporate governance. 	Compliance Plan
Recommendation 5.2 NSX Response	Provide the information indicated in Guide to reporting on Principle 5.	
	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.	Website
Principle 6 Recommendation 6.1	Respect the rights of shareholders Companies should design a communications policy for to promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	
NSX Response	The NSX Shareholder Communications Policy states that the NSX is committed to timely and accurate disclosure of information to shareholders.	NSX Shareholder Communications Policy
	As outlined in the Policy NSX carries out its obligations to inform its shareholders by doing to following:	
	<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 	

Principle	Compliance	References
	<p>shareholders and members of the public can subscribe by entering in their email address and also RSS feed syndications;</p> <ol style="list-style-type: none"> 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; and 6. corresponding periodically with all shareholders to update them on the company's activities and progress. <p>NSX sends information to shareholders each year where those shareholders have provided an email address. NSX also publishes information on its website (www.nsx.com.au) in a dedicated shareholders area.</p>	
Recommendation 6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	
NSX Response	Application information is provided on the NSX website.	Board Policy
Principle 7 Recommendation 7.1	Recognise and manage risk Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	
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.	NSX Corporate Governance Statement Board Charter Compliance Plan
Recommendation 7.2	The board should require management to design and implement risk management and internal control system to manage the company's material business risks and report to it whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	
NSX Response	Management reports to the board monthly on its operations. This includes any analysis of risks facing the business.	NSX Corporate Governance Statement Board Charter Compliance Plan
Recommendation 7.3	7.2 The board should disclose whether it has received assurance from the Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act, is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	
NSX Response	NSX has adopted a policy of requiring the Managing Director and General Manager 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

Principle	Compliance	References
	<p>The Board is also cognisant that material changes are required to be disclosed to the market with respect to Listing Rule 3.1.</p>	
<p>Recommendation 7.3 NSX Response</p>	<p>Provide the information indicated in Guide to reporting on Principle 7.</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 Managing Director and General Manager 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>	<p>Corporate Governance Statement</p>
<p>Principle 8 Recommendation 8.1 NSX Response</p>	<p>Remunerate fairly and responsibly</p> <p>The Board should establish a Remuneration & Nomination Committee</p> <p>The Board has established a remuneration and Nomination Committee</p>	<p>Remuneration and Nomination Committee Charter</p>
<p>Recommendation 8.2 NSX Response</p>	<p>Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executives.</p> <p>Non-executive director's remuneration is determined by the Board. This is a fixed retainer with no performance criteria. Non-executive directors do not participate in the Employee Incentive Scheme. Non-executive directors do not receive bonuses or options. Other than superannuation non-executive directors are not provided with retirement benefits.</p> <p>The Managing Director as in place a services agreement. The Managing Director is paid a services fee on a fortnightly basis at a fixed rate. There is no performance criteria contained within the services agreement. There is no performance based remuneration or equity based remuneration contained within the services fee. The Managing Director expects to finalise an employment agreement during the 2008/2009 financial year. Details of remuneration for the Managing Director are provided in the Remuneration Report contained within this document.</p> <p>The previous CEO – Richard Symon had in place an employment contract. Details of the contract are disclosed in the Remuneration Report within this document.</p>	<p>Board Policy</p>

Principle	Compliance	References
	<p>An executive director – Brian Peadon - has an employment contract in place. Details of the contract are disclosed in the Remuneration Report within this document.</p> <p>Executive remuneration is reviewed and determined by the Board.</p>	
Recommendation 8.5	Companies should provide the information indicated in the Guide to reporting on Principle 8.	
NSX Response	See note 22 and remuneration report contained within this document.	Annual report

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; and
- Related Parties & Relevant Interests.

These documents are published on the NSX shareholder website (www.nsx.com.au)

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

AUDIT & RISK COMMITTEE

During the year the NSX Limited Board established an Audit and Risk Committee as part of its Corporate Governance Policy. The current Chair of the Committee is Michael Cox. There are no other members of the Committee.

The primary function of the Committee is to assist the Board of Directors of the NSX Limited to carry out the following:

- monitor the integrity of the NSX Group's statutory financial reports and statements;
- monitor management's framework to identify and manage enterprise risk and internal control for the NSX Group;
- monitor compliance, in conjunction with the NSX Compliance Committee, with laws and regulations and code of conduct for the NSX Group; and
- monitor the performance and independence of the external auditor.

When considering the financial reports and statements of the NSX Group, the Committee relies on the Board of each NSX Group controlled entity to review and consider their respective financial statements, risk management processes, internal controls and compliance systems. The Committee receives confirmation of these matters through the annual reports of the respective entity boards to the Board.

REMUNERATION AND NOMINATION COMMITTEE

During the year the NSX Limited Board of Directors established a Remuneration and Nomination Committee as part of its Corporate Governance Policy. The current Chair of the Committee is Hugh Robertson. There are no other members of the Committee.

The Committee's primary functions are to:

- review director competence standards;
- review Board succession plans;
- evaluate the Board's performance;
- make recommendations for the appointment and removal of directors to the Board; and
- make recommendations to the Board on, executive remuneration and incentive policies, the remuneration packages of senior management, recruitment, retention and termination policies for senior management, incentive schemes, and remuneration for directors.

This page is intentionally left blank.

NSX Limited

ABN: 33 089 447 058

Financial Statements

For the Year Ended 30 June 2008

NSX Limited

ABN: 33 089 447 058

For the Year Ended 30 June 2008

CONTENTS

	Page
Financial Statements	
Directors' Report	39
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	50
Income Statement	51
Balance Sheet	52
Statement of Changes in Equity	53
Cash Flow Statement	54
Notes to the Financial Statements	55
Directors' Declaration	84
Independent Audit Report	85

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Year Ended 30 June 2008

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2008.

Directors

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

Ian Mansbridge

Robert Bladier

Appointed 26 February 2008

Brian Peadon

Appointed 12 November 2008

Michael Cox

Hugh Robertson

Richard Symon

Resigned 3 June 2008

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

Company Secretary

Scott Evans, General Manager & Company Secretary B.Ec (hons), appointed 7 March 2006. Previously worked for the ASX as National Manager, Information Products and for Reuters PLC. Mr Evans has extensive experience in the finance industry, in managing companies and reviewing NSX listed entities compliance with the listing rules.

Principal Activities

The principal activities of the Economic Entity during the financial year was the operation of two stock exchanges (National Stock Exchange of Australia Limited and Bendigo Stock Exchange), a market for Taxi Licences in Melbourne CBD (BSX Taxi Market), a market for the trading of water entitlements (The WaterExchange) and activities in the environmental markets space including carbon.

Other than the acquisition of the Waterexchange Group, 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 \$2,374,298 (2007 - \$3,296,686).

Dividends Paid

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 2008

Review of Operations

During the year the Economic Entity incurred a loss after tax of \$2,374,298 (2007 - loss of \$3,296,686) an improvement of 28% on the previous year. Revenue increased by 37% from \$1,684,460 to \$2,314,636. The 2007 result included impairment of 2,473,958 and the directors have chosen not to impair the carrying value of assets for 2008. As a result, expenses decreased by 5.9% from \$4,981,146 to \$4,688,934 while employee benefits expense increased by 99% from \$988,650 to \$1,966,847 and consultancy expense increased by 276% from \$175,786 to \$662,091. Earnings per share (EPS) has improved from (6.67) cents per share to (3.52) cents per share. Further analysis of the operating result can be found earlier in this report.

Information on Directors

Ian Mansbridge	Chairman/Non-executive Director
Qualifications	FCIM, CPA, FCIS, DCM
Appointed	11 May 2005
Experience	Mr Mansbridge has been CEO/Managing Director of Elders Rural Bank, Sandhurst Trustees Ltd and National Mortgage Market Corporation and General Manager of Bendigo Bank. His Board positions have included Chairman of Sandhurst Trustees, Community Enterprise Foundation, C.V. Innovation Park and Director of Tasmanian Perpetual Trustees Ltd, Victorian Innovation Centre Ltd, Sunstate LMI, Tasmanian Banking Services and Agriculture Finance Forum.
Interest in Shares and Options	- 10,000 fully paid ordinary shares
Directorships held in other listed entities	Tasmanian Perpetual Trustees Limited (ASX)
Robert Bladier	Director, Managing Director (from 3 June 2008)
Qualifications	BSc, Dp Ed, MBA
Appointed	26 February 2008
Experience	Mr Bladier has more than 20 years experience in financial services and capital markets, including ten years working with ASX where he was head of Strategic Business Development. Robert's involvement took him through the ASX demutualisation and importantly, the strategic planning necessary for a stock exchange as a listed commercial entity. Prior to this, Robert was the Director in charge of equity derivatives for BZW Australia, part of Barclays Bank, and one of Australia's largest brokers in the 1990s. He also has considerable experience in government and public policy.
Interest in shares and options	Nil
Directorships held in other listed entities	Hyro Limited (ASX)

NSX Limited

ABN: 33 089 447 058

Directors' Report For the Year Ended 30 June 2008

Brian Peadon	Executive Director
Qualifications	BAGSc (Irrigation)
Appointed	12 November 2007
Experience	Is the founder of the Waterexchange Pty Ltd, Settlement & Registry Services Pty Ltd and Watergroup Management Pty Ltd. Brian Peadon established the Waterexchange in 1994. The market was originally run from his family's farm in Dubbo, NSW before setting up permanent offices in Canberra, ACT. In 1999 Brian was awarded a BAGSc (Irrigation) from Charles Sturt University.
Interest in shares and options	10,500,000 fully paid ordinary shares
Directorships held in other listed entities	Nil
Hugh Robertson	Non-executive Director
Qualifications	MSDIA
Appointed	23 February 2006
Experience	Mr Robertson has had 25 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 Rattoon Limited and Wentworth Holdings Limited. Mr Robertson is a member of the Securities and Derivatives Industry Association (SDIA).
Interest in Shares and Options	- 500,000 fully paid ordinary shares
Directorships held in other listed entities	Wentworth Holdings Limited (ASX) Rattoon Holdings Limited (NSXA)
Michael Cox	Non-executive Director
Qualifications	BSc (USyd), LLB(UTS), Cert Acc, Dip Gem, Dip DT, PNA, MAICD, FGAA
Appointed	13 October 2003
Experience	Mr Cox has 10 years experience in the securities industry prior to acting as corporate consultant and professional director. Mr Cox was formerly a director of other public companies including Benitec Ltd, Queensland Opals NL, Australian Environmental Resources NL and is a director of a number of private and public unlisted companies. Mr Cox was CEO of the NSX at the time it listed on the ASX and merged with the BSX. Mr Cox is a partner in Solidus Financial Services – public accountants.
Interest in Shares and Options	- 375,000 options, exercise price 50 cents, expiry date 20 December 2009 - 1,050,000 fully paid ordinary shares - 700,000 partly paid \$1.00 shares paid to 1 cent
Directorships held in other listed entities	NIL

NSX Limited

ABN: 33 089 447 058

Directors' Report For the Year Ended 30 June 2008

Meetings of Directors

During the financial year, 13 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
Ian Mansbridge	12	12	1	0
Robert Bladier	2	2	0	0
Brian Peadon	6	5	0	0
Michael Cox	12	12	1	1
Hugh Robertson	12	12	1	1
Richard Symon	12	12	1	1

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

Audit & Risk Committee

During the financial year, 3 meetings of the members of the Committee were held. Attendances by each director during the year were as follows:

	Meetings	
	Eligible to attend	Number attended
Michael Cox	3	3

Compliance Committee

During the financial year, 7 meetings of the members of the Committee were held. Attendances by each member during the year were as follows:

	Meetings	
	Eligible to attend	Number attended
John Weingarth	7	7
Steven Pritchard	7	7
Lindsay Karathanassis	7	7
Lloyd Kerr	7	7

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Year Ended 30 June 2008

Remuneration and Nomination Committee

During the financial year, 4 meetings of the members of the Committee were held. Attendances by each director during the year were as follows:

	Meetings	
	Eligible to attend	Number attended
Hugh Robertson	4	4

Directors' and Executive Officers' Emoluments

Remuneration Report

The remuneration for each director and each of the top five key executive officers of the Economic Entity receiving the highest remuneration, and the remuneration policy during the year is disclosed in Note 22 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

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. All fees are inclusive of 9% superannuation guarantee contribution. Non-executive Director fees are comprised of a fixed component only. Disclosures for director fees paid during the financial year are provided in Note 22.

Managing Director – Robert Bladier

Mr Bladier was appointed Managing Director on 3 June 2008. Currently Mr Bladier is on a fixed contractual retainer of \$29,000 gross per month. The retainer includes no performance based remuneration component. The retainer is paid to Blatan Pty Ltd and is included in the disclosures for Related Party Transactions Note 19 and Director & Key Management Disclosures Note 22.

CEO performance awards during 2007/2008 – Richard Symon

Mr Symon ceased as a Director on 3 June 2008 and as an employee on 30 June 2008.

Short Term Incentive Plan

Details of the STI were announced as part of the documents for the AGM held 15 October 2007.

During the financial year, Mr Symon was awarded a bonus of \$30,000 in cash according to the plan.

NSX Limited

ABN: 33 089 447 058

Directors' Report For the Year Ended 30 June 2008

Mr Symon was issued 23,256 fully paid ordinary shares and 413,971 options with an exercise price of \$0.50, an exercise date of 15 October 2016 as part of the Employee Incentive Scheme. As part of the separation agreement with Mr Symon the Board vested the above shares and options. The above awards issued to Mr Symon during the financial year have been included in the disclosure for Note 22 of the financial statements.

Long Term Incentive Plan

Details of the STI were announced as part of the documents for the AGM held 15 October 2007.

During 2007/2008 shareholders had not approved nor did the Board seek to have approved any awards according to this plan.

Executive Director – Brian Peadon

Short Term Incentive Plan

The Executive Director 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 are considered at the end of the financial year and are based upon the satisfaction of performance hurdles over that financial year. These hurdles are set by the Board and relate to both the financial performance of the Company and non-financial measures. Awards made 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.

During 2007/2008 shareholders had not approved nor did the Board seek to have approved any awards according to this plan.

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 Executive Director's base salary. The final quantum and detailed plan design is determined by the Board and requires approval by shareholders. The timing of any awards under the LTI Plan depends upon legal and corporate governance considerations affecting the Company.

During 2007/2008 the shareholders had not approved nor did the Board seek to have approved any awards according to this plan.

NSX Limited

ABN: 33 089 447 058

Directors' Report For the Year Ended 30 June 2008

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 previous Chief Executive Officer, and Brian Peadon, currently all directors, secretary and senior manager remuneration is fixed and does not contain performance components. The performance component for the CEO's and Brian Peadon's remuneration is comprised of short term (STI) and long term incentive (LTI) arrangements as discussed above. It is expected that the incoming Managing Director will have suitable performance measures as part of their remuneration package.
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</p>	<p>The annual report contains details of the remuneration of each directors' and each of the top 5 highest grossing key management executives for this reporting period. Refer Note 22.</p> <p>The previous CEO's remuneration was linked to all aspects of the business, including but not limited to, key performance indicators negotiated with the Chairman and approved by the Board. It is expected that the incoming Managing Director will have suitable performance measures as part of their remuneration package.</p>

NSX Limited

ABN: 33 089 447 058

Directors' Report For the Year Ended 30 June 2008

Section	Obligation	Discussion
	received the highest remuneration for that year; and	
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 a component for remunerating directors and executives for this reporting period. The securities were issued as part of the Employee Incentive Scheme approved by shareholders on 15 Oct 2007.
300A(1)(e)	For each person referred to in paragraph (c).	For securities issued to the outgoing CEO refer to Note 22.
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 \$0.13. As at 26 August 2008 the share price was \$0.13. There have been no bonus payments made 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 22.

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Year Ended 30 June 2008

Financial Position

The net assets of the Economic Entity have increased by \$8,375,699 from 30 June 2007 to \$18,831,198 in 2008. The increase has resulted from the recognition of goodwill on the purchase of Watergroup Management Pty Limited, Waterexchange Pty Limited and Settlement & Registry Services Pty Ltd during the period.

Significant Changes in State of Affairs

During the year the Economic Entity acquired Watergroup Management Pty Ltd and Waterexchange Pty Ltd for a total of \$10.75 million, satisfied by the issues of 25 million NSX shares at 43 cents. Waterexchange Pty Ltd is Australia's largest independent water market operator.

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

Post balance date events

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

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 APES 110: Code of Ethics for Professional Accountants.

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Year Ended 30 June 2008

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 2008:

	2008
	\$
Tax advice - General	4,700
Tax advice - ATO GST Audit	2,755
Tax services - Income Tax	5,000
Tax services - 2008 FBT Return	1,320
	13,775

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 50.

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
28/08/2004	28/08/2008	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
15/10/2006	15/10/2016	0.50	413,971
15/10/2007	15/10/2017	0.50	323,412
			2,417,383

During the year ended 30 June 2008, no ordinary shares of NSX Limited were issued on the exercise of options.

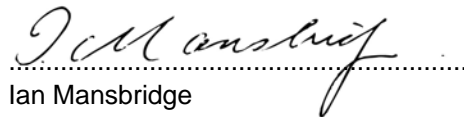
NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Year Ended 30 June 2008

Proceedings on Behalf of Company

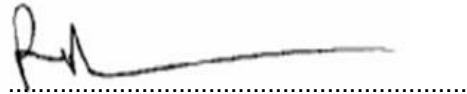
No person has applied for leave of Court in accordance with section 237 of the Corporations Act 2001 to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

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



Ian Mansbridge
Chairman



Robert Bladier
Managing Director

Dated 29 August 2008

Melbourne

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 2008 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



CLAYTON HICKEY
Partner

Dated: 29 August 2008

Newcastle

Sydney

Level 9, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney 2001
Tel 02 8346 6000 Fax 02 8346 6099
Email: info@lawlerpartners.com

Newcastle

763 Hunter Street
Newcastle West NSW 2302 Australia
PO BOX 2368 Dangar 2309
Tel 02 4962 2688 Fax 02 4962 3245 DX 4303
Email: mail@lawlerpartners.com.au



NSX Limited

ABN: 33 089 447 058

Income Statement For the Year Ended 30 June 2008

	Note	Consolidated		Parent	
		2008 \$	2007 \$	2008 \$	2007 \$
Revenue	2	2,314,636	1,684,460	554,871	584,971
Employee benefits expense		(1,966,847)	(988,650)	(894,001)	(379,210)
Depreciation, amortisation and impairments	3	(166,244)	(154,756)	(450)	-
Consultancy expenses		(662,091)	(175,786)	(285,588)	(54,068)
Compliance expenses		(74,371)	(49,570)	-	-
Legal expenses		(163,204)	(14,373)	(4,191)	(2,881)
Market trading expenses		(640,504)	(520,168)	(112,284)	(28,918)
Marketing and promotion		(190,214)	(97,253)	(104,291)	(55,787)
Service fee expense		(7,500)	-	(5,000)	-
Rental expenses		(186,625)	(77,303)	(28,689)	-
Administration expenses		(337,822)	(263,163)	(115,401)	(142,536)
Impairment losses	3	-	(2,473,958)	-	-
Other expenses		(293,457)	(166,163)	(162,992)	(70,175)
Finance costs	3	(55)	(3)	-	-
Loss before income tax		(2,374,298)	(3,296,686)	(1,158,016)	(148,604)
Income tax expense	5	-	-	-	-
Loss attributable to members		(2,374,298)	(3,296,686)	(1,158,016)	(148,604)
Earnings Per Share:					
Basic earnings per share (cents per share)	30	(3.52)	(6.67)	-	-
Diluted earnings per share (cents per share)	30	(3.52)	(6.67)	-	-

The accompanying notes form part of these financial statements.

NSX Limited

ABN: 33 089 447 058

Balance Sheet As At 30 June 2008

	Note	Consolidated		Parent	
		2008	2007	2008	2007
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	7	1,746,301	576,542	1,183,764	343,742
Trade and other receivables	8	233,043	88,347	3,080,904	1,785,205
Financial assets	9	6,055,000	9,500,000	5,355,000	8,800,000
Other current assets	10	556,447	35,102	-	-
Total current assets		8,590,791	10,199,991	9,619,668	10,928,947
Non-current assets					
Financial assets	9	-	-	14,466,598	3,541,735
Property, plant and equipment	11	194,654	187,497	1,094	-
Intangible assets	12	10,939,808	411,322	-	-
Total non-current assets		11,134,462	598,819	14,467,692	3,541,735
TOTAL ASSETS		19,725,253	10,798,810	24,087,360	14,470,682
LIABILITIES					
Current liabilities					
Trade and other payables	14	788,412	287,995	234,078	209,384
Financial liabilities	15	31	8	-	-
Short-term provisions	16	81,490	55,308	-	-
Total current liabilities		869,933	343,311	234,078	209,384
Non-current liabilities					
Other long-term provisions	16	24,119	-	-	-
Total non-current liabilities		24,119	-	-	-
TOTAL LIABILITIES		894,052	343,311	234,078	209,384
NET ASSETS		18,831,201	10,455,499	23,853,282	14,261,298
EQUITY					
Issued capital	17	31,005,596	20,255,596	31,005,596	20,255,596
Retained earnings		(12,174,395)	(9,800,097)	(7,152,314)	(5,994,298)
TOTAL EQUITY		18,831,201	10,455,499	23,853,282	14,261,298

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 2008

Consolidated

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2007		20,255,596	(9,800,097)	10,455,499
Loss for the year		-	(2,374,298)	(2,374,298)
Shares issued during the year		10,749,997	-	10,749,997
Balance at 30 June 2008		31,005,593	(12,174,395)	18,831,198
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

Parent

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2007		20,255,596	(5,994,298)	14,261,298
Loss for the year		-	(1,158,016)	(1,158,016)
Shares issued during the year		10,749,997	-	10,749,997
Balance at 30 June 2008		31,005,593	(7,152,314)	23,853,279
Balance at 1 July 2006		20,255,596	(5,845,694)	14,409,902
Loss for the year		-	(148,604)	(148,604)
Balance at 30 June 2007		20,255,596	(5,994,298)	14,261,298

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 2008

Note	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Cash from operating activities:				
	1,837,589	1,195,490	-	-
	(4,350,191)	(2,670,302)	(1,749,605)	(733,411)
	627,376	642,019	554,871	584,971
	(55)	(3)	-	-
Net cash provided by (used in) operating activities	(1,885,281)	(832,796)	(1,194,734)	(148,440)
Cash flows from investing activities:				
	(174,569)	-	(174,863)	-
	(151,813)	(181,549)	(1,544)	-
	(63,601)	-	-	-
	-	-	(1,233,837)	(837,150)
Net cash provided by (used in) investing activities	(389,983)	(181,549)	(1,410,244)	(837,150)
Cash flows from financing activities:				
	31	-	-	-
	(8)	(3,807)	-	-
Net cash provided by (used in) financing activities	23	(3,807)	-	-
Net increase (decreases) in cash held	(2,275,241)	(1,018,152)	(2,604,978)	(985,590)
Cash at beginning of financial year	10,076,542	11,094,694	9,143,742	10,129,332
Cash at end of financial year	7,801,301	10,076,542	6,538,764	9,143,742

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 2008

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 company 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 2008

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 2008

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

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 2008

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 2008

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 company'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 2008

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 2008

Note 2 Revenue

	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Operating activities				
- listing fees	895,967	735,441	-	-
- interest received - other persons	627,376	642,019	554,871	584,971
- taxi licence market income	311,154	302,160	-	-
- Water trading fees	475,525	-	-	-
- other revenue	4,614	4,840	-	-
Total Revenue	2,314,636	1,684,460	554,871	584,971

Note 3 Profit from Ordinary Activities

(a) Expenses

Finance Costs	55	3	-	-
Write down of goodwill to recoverable amount	-	2,473,958	-	-
Depreciation, amortisation and impairments	166,244	154,756	450	-

Note 4 Auditors' Remuneration

- Auditing and reviewing the financial report	73,000	73,000	-	-
- Taxation services	13,755	12,079	-	-
	86,755	85,079	-	-

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Consolidated		Parent	
2008	2007	2008	2007
\$	\$	\$	\$

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% (2007: 30%)

(712,289)	(990,506)	(347,405)	(46,081)
-----------	-----------	-----------	----------

Add:

Tax effect of:

- tax losses not recognised in the accounts

712,289	990,506	347,405	46,081
---------	---------	---------	--------

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.

2,552,529	1,840,240	432,700	85,295
-----------	-----------	---------	--------

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 on hand

336	-	42	-
-----	---	----	---

Cash at bank

1,745,965	576,542	1,183,722	343,742
-----------	---------	-----------	---------

1,746,301	576,542	1,183,764	343,742
-----------	---------	-----------	---------

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Note 8 Trade and Other Receivables				
CURRENT				
Trade receivables	62,706	30,218	-	-
Deposits	62,698	-	-	-
Sundry debtors	106,639	56,362	53,859	22,862
Receivable from controlled entities	-	-	3,027,045	1,762,343
Other receivables	1,000	1,767	-	-
	233,043	88,347	3,080,904	1,785,205

Note 9 Financial Assets

CURRENT				
Commercial bills - at amortised cost	6,000,000	9,500,000	5,300,000	8,800,000
Term deposit	55,000	-	55,000	-
	6,055,000	9,500,000	5,355,000	8,800,000
NON-CURRENT				
Shares in controlled entities - at cost	-	-	18,576,209	7,651,346
Less: provision for diminution	-	-	(4,109,611)	(4,109,611)
	-	-	14,466,598	3,541,735

Note 10 Other Assets

CURRENT				
Prepayments	135,980	35,102		
Water Exchange Trust Account	420,467	-		
	556,447	35,102	-	-

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Consolidated		Parent	
2008	2007	2008	2007
\$	\$	\$	\$

Note 11 Property Plant and Equipment

PLANT AND EQUIPMENT

Plant and equipment - at cost	906,592	632,803	1,544	-
Less accumulated depreciation	(711,938)	(445,306)	(450)	-
Total plant and equipment	194,654	187,497	1,094	-

(a) Movements in Carrying Amounts

Consolidated

	Plant and Equipment \$	Total \$
Balance at the beginning of year	187,497	187,497
Additions	173,401	173,401
Depreciation and amortisation expense	(166,244)	(166,244)
Carrying amount at the end of year	194,654	194,654

Parent

Balance at the beginning of year	-	-
Additions	1,544	1,544
Depreciation and amortisation expense	(450)	(450)
Carrying amount at the end of year	1,094	1,094

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$

Note 12 Intangible Assets

Website development costs - at cost	63,601	-	-	-
Accumulated amortisation and impairment	-	-	-	-
	63,601	-	-	-
Goodwill - at cost	16,037,727	5,572,842	-	-
Accumulated impairment losses	(5,161,520)	(5,161,520)	-	-
Net carrying amount	10,876,207	411,322	-	-
	10,939,808	411,322	-	-

(a) Reconciliation of movements

	Consolidated		
	Goodwill	Website development costs	Total
	\$	\$	\$
Year ended 30 June 2007			
Opening balance	2,885,280	-	2,885,280
Additions	-	-	-
Impairment losses	(2,473,958)	-	(2,473,958)
Balance at 30 June 2007	411,322	-	411,322
Year ended 30 June 2008			
Opening balance	411,322	-	411,322
Additions	10,464,885	63,601	10,528,486
Balance at 30 June 2008	10,876,207	63,601	10,939,808

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Consolidated		Parent	
2008	2007	2008	2007
\$	\$	\$	\$

Note 13 Controlled Entities

Name	Country of incorporation	Percentage Owned 2008	Percentage Owned 2007
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%
Watergroup Management Pty Ltd	Australia	100%	0%
The Waterexchange Pty Ltd	Australia	31%	0%
Settlement & Registry Services Pty Ltd	Australia	100%	0%
National Environment Registry Pty Ltd	Australia	100%	0%
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%
Subsidiaries of Watergroup Management Pty Ltd			
The Waterexchange Pty Ltd	Australia	69%	0%

Note 14 Trade and Other Payables

CURRENT				
Unsecured liabilities				
Trade payables	181,528	39,054	120,479	300
Sundry payables	516,456	140,589	33,872	41,389
Amounts payable to wholly owned subsidiaries	-	-	7,649	59,343
Interest received in advance	90,428	108,352	72,078	108,352
	788,412	287,995	234,078	209,384

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Note 15 Borrowings				
CURRENT				
Secured liabilities				
Bank overdraft	31	-	-	-
Finance lease obligation	18(a) -	8	-	-
	31	8	-	-

Note 16 Provisions

(a) Movement in carrying amounts

Consolidated

	Employee entitlements	Total
	\$	\$
Opening balance at 1 July 2007	55,308	55,308
Additional provisions	109,182	-
Amounts used	(58,881)	-
Balance at 30 June 2008	105,609	55,308

(b) Analysis of Total Provisions

Current	81,490	55,308	-	-
Non-current	24,119	-	-	-
	105,609	55,308	-	-

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Note 17 Issued Capital				
74,460,003 (2007: 49,460,003) fully paid ordinary shares	30,990,596	20,240,596	30,990,596	20,240,596
1,500,000 (2007: 1,500,000) ordinary shares paid to 1 cent	15,000	15,000	15,000	15,000
	31,005,596	20,255,596	31,005,596	20,255,596

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.

(a) Reconciliation of movements

At the beginning of reporting period	20,240,596	20,240,596	20,240,596	20,240,596
Shares issued during the year				
12 September 2007	2,042,500	-	2,042,500	-
19 October 2007	8,707,500	-	8,707,500	-
At reporting date	30,990,596	20,240,596	30,990,596	20,240,596

	Consolidated		Parent	
	2008	2007	2008	2007
	No.	No.	No.	No.
At the beginning of reporting period	49,460,003	49,460,003	49,460,003	49,460,003
Shares issued during the year				
12 September 2007	4,750,000	-	4,750,000	-
19 October 2007	20,250,000	-	20,250,000	-
At reporting date	74,460,003	49,460,003	74,460,003	49,460,003

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$

Note 18 Capital and Leasing Commitments

(a) Finance Lease Commitments

Payable - minimum lease payments				
- no later than 12 months	-	8	-	-
Minimum lease payments	-	8	-	-
Present value of minimum lease payments	15	8	-	-

The finance lease was 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	235,830	111,000	-	-
- between 12 months and 5 years	876,667	450,000	-	-
	1,071,000	561,000	-	-

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 the Company has signed a 3 year lease with two 3 year options for renewal at another site with a small increase in rent.

The property lease for the Melbourne premises is a non-cancellable lease with a five-year term with one 5 year option for renewal, with rent payable monthly in advance. During the year, the Melbourne office moved from Level 8, 410 Collins Street to the Ground Floor, 410 Collins Street. The revised lease commenced in February 2008 for the Ground Floor premises and rent increased in line with the location of the premises and increase in space.

NSX Limited has an agreement with NASDAQ 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 2008

Consolidated		Parent	
2008	2007	2008	2007
\$	\$	\$	\$

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.

Transactions 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 (Mr Symon)

(135,860)	(22,561)	-	-
-----------	----------	---	---

Growth Market Services (UK) subscription membership for 12 months paid to director related company (Mr Symon)

(10,843)	-	-	-
----------	---	---	---

Rattoon Holdings Limited – a company listed on the NSXA market (Mr Robertson)

16,313	19,235	-	-
--------	--------	---	---

Director related company - Blatan Pty Limited – Remuneration payments to the Managing Director are made to this company. These payments include payments made during the year as consultant, director and then Managing Director. (Mr Bladier)

(127,600)	-	-	-
-----------	---	---	---

(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 2008 was:

Shares:	12,060,000 (2007: 1,595,000) fully paid ordinary shares
Shares:	700,000 (2007: 700,000) partly paid shares
Share Options	375,000 (2007: 375,000)

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Consolidated		Parent	
2008	2007	2008	2007
\$	\$	\$	\$

Note 20 Cash Flow Information

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

Net income/loss for the period	(2,374,298)	(3,296,686)	(1,158,016)	(148,604)
Cash flows excluded from profit attributable to operating activities				
Non-cash flows in profit				
Depreciation and amortisation	166,244	154,756	450	-
Write-downs of goodwill to recoverable amount	-	2,473,958	-	-
Changes in assets and liabilities, net of the effects of purchase of subsidiaries				
(Increase)/decrease in trade and term receivables	352,150	(15,397)	(30,997)	(2,851)
(Increase)/decrease in other assets	(521,345)	(9,167)	-	19,525
Increase/(decrease) in trade payables and accruals	441,667	(140,914)	(6,171)	(16,510)
Increase/(decrease) in provisions	50,301	654	-	-
Cashflow from operations	(1,885,281)	(832,796)	(1,194,734)	(148,440)

(b) Credit Standby Arrangement and Loan Facilities

The company has a bank overdraft and commercial bill facility amounting to \$30,000 (2007: \$16,000). At 30 June 2008, \$6,887 of this facility was used (2007: \$NIL). Interest rates are variable.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Note 20 Cash Flow Information (Cont'd)

(c) Reconciliation of cash

Note	Consolidated		Parent	
	2008 \$	2007 \$	2008 \$	2007 \$
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:				
Cash and cash equivalents	1,746,301	576,542	1,183,764	343,742
Held to maturity (amortised cost)	6,055,000	9,500,000	5,355,000	8,800,000
	7,801,301	10,076,542	6,538,764	9,143,742

(d) Non-cash Financing and Investing Activities

Acquisition of Subsidiaries

Watergroup Management Pty Ltd, Waterexchange Pty Ltd and Settlement & Registry Services Pty Ltd were acquired through the issue of shares with no cash consideration, besides incidental costs of acquisition which were paid in cash. This has been excluded from the cash flow statement as a non-cash investing activity.

Note 21 Acquisitions of subsidiaries

(a) Effect of acquisitions

The acquisitions had the following effect on the consolidated entity's assets and liabilities.

Acquiree's net assets at the acquisition date	Recognised values \$	Fair value adjustments \$	Carry amount \$
Property, plant and equipment	21,588	-	21,588
Trade and other receivables	496,846	-	496,846
Cash and cash equivalents	294	-	294
Trade and other payables	(58,750)	-	(58,750)
Net identifiable assets and liabilities	459,978	-	459,978
Goodwill on acquisition	10,464,885		
Incidental costs of acquisition, satisfied in cash	(174,863)		
Consideration paid, satisfied in shares	10,750,000		

Goodwill has arisen on acquisition of Watergroup Management Pty Ltd, Waterexchange Pty Ltd and Settlement & Registry Services Pty Ltd because of customer relationships that did not meet the criteria for recognition as an intangible asset at the date of acquisition.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Note 22 Director & Key Management Personnel

(a) Director & Key Management Personnel

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

Director & Key Management	Position
Ian Mansbridge	Chairman – Non-Executive
Robert Bladier	MD - Director - Executive, Appointed 26/2/08
Brian Peadon	Director - Executive, Appointed 12/11/07
Richard Symon	CEO - Director - Executive, Resigned 3/6/08
Michael Cox	Director – Non-Executive
Hugh Robertson	Director – Non-Executive
Scott Evans	General Manager, Company Secretary
Ian Craig	Companies Manager

(b) Director & Key Management Personnel Compensation

2008

	Short-term benefits		Post employment benefits	Other	Total
	Cash, salary & commissions	Non-cash Benefits	Superannuation		
	\$000	\$000	\$000		
Ian Mansbridge	34	-	22	-	56
Robert Bladier ¹	14	-	1	-	15
Brian Peadon	159	-	14	-	173
Richard Symon ²	581	74 ³	52	-	707
Michael Cox ⁴	44	-	4	-	48
Hugh Robertson	-	-	48	-	48
Scott Evans	146	-	13	-	159
Ian Craig	149	-	13	-	162
	1,127	74	167	-	1,368

¹ See note 19 for director related party disclosures – Blatan Pty Ltd.

² See note 19 for director related party disclosures – Adapt It Pty Ltd, Growth Market Services (UK).

³ Non cash benefits includes shares and options issued to Richard Symon as part of his separation package with the amount indicated as an estimated monetary value at the time of issue.

⁴ During 2007/2008 M. Cox was engaged by the WaterExchange as a consultant for a period of 19 days. As no rate has been determined by the Board of NSX for this work no invoice has yet been rendered nor has a liability been recognised in the accounts.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Note 22 Director and Key Management Personnel (Cont'd)

(b) Director & Key Management Personnel Compensation (Cont'd)

2007	Short-term benefits		Post employment benefits	Other	Total
	Cash, salary & commissions	Non-cash Benefits	Superannuation		
	\$000	\$000	\$000	\$000	\$000
Ian Mansbridge	-	-	15	-	15
Richard Symon	168	-	15	3	186
Michael Cox	98	-	9	6	113
Hugh Robertson	-	-	13	-	13
Scott Evans	137	-	12	-	149
Ian Craig	139	-	12	-	151
	542	-	76	9	618

(c) Compensation Options

There were 413,971 options, exercise price \$0.50, exercise date 15 October 2016 granted to Richard Symon as compensation during the financial year with an approximate value of \$74,000. For details of Option Holdings for Director & Key Management Personnel, refer to Notes 22(b) and (e).

(d) Shares Issued on Exercise of Remuneration Options

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

(e) Options and Rights Holdings

Number of Options Held by Director & Key Management Personnel

	Balance 1/07/2007	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2008	Total Exercisable
Ian Mansbridge	-	-	-	-	-	-
Robert Bladier	-	-	-	-	-	-
Brian Peadon	-	-	-	-	-	-
Richard Symon	-	413,971	-	-	431,971	413,971
Michael Cox	375,000	-	-	-	375,000	375,000
Hugh Robertson	-	-	-	-	-	-
Scott Evans	80,000	-	-	-	80,000	80,000
Ian Craig	-	-	-	-	-	-
	455,000	413,971	-	-	886,971	886,971

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Note 22 Key Management Personnel (Cont'd)

(f) Shareholdings

Number of Shares held by Director & Key Management Personnel

	Balance 1/07/2007	Received as Remuneration	Options Exercised	Net Change Other ⁽¹⁾	Balance 30/06/2008
Ian Mansbridge	10,000	-	-	-	10,000
Robert Bladier	-	-	-	-	-
Brian Peadon	-	-	-	10,500,000	10,500,000
Richard Symon	35,000	23,256	-	165,000	223,256
Michael Cox	1,050,000	-	-	-	1,050,000
Hugh Robertson	500,000	-	-	-	500,000
Scott Evans	5,000	-	-	-	5,000
Ian Craig	20,000	-	-	(20,000)	-
	1,620,000	23,256	-	10,645,000	12,228,256

Note (1) Net change other refers to shares purchased or sold on market during the financial year. Brian Peadon's shares arose from the sale of Waterexchange Group of Companies to NSX Limited.

Number of Partly Paid Shares paid to 1 cent each held by Director and & Key Management Personnel

	Balance 1/07/2007	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30/06/2008
Ian Mansbridge	-	-	-	-	-
Robert Bladier	-	-	-	-	-
Brian Peadon	-	-	-	-	-
Richard Symon	-	-	-	-	-
Michael Cox (1)	-	-	-	700,000	700,000
Hugh Robertson	-	-	-	-	-
Scott Evans	-	-	-	-	-
Ian Craig	-	-	-	-	-
					700,000

Note (1): The Net change for Michael Cox's partly paid shares arose from an off market purchase.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Note 22 Key Management Personnel (Cont'd)

(g) Remuneration Practices

The Board's policy for determining the nature and amount of compensation of key directors and 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 Audit & Risk Committee, Remuneration & Nomination Committee, Compliance Committee or Listing & Admissions 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. All fees are inclusive of 9% superannuation. Director's fees are comprised of a fixed component only.

Managing Director – Robert Bladier

Mr Bladier was appointed Managing Director on 3 June 2008. Currently Mr Bladier is on a fixed contractual retainer of \$29,000 gross per month. The retainer includes no performance based remuneration component. The retainer is paid to Blatan Pty Ltd and is included in the disclosures for Related Party Transactions Note 19 and Director & Key Management Disclosures Note 22.

CEO performance awards during 2007/2008 – Richard Symon

Mr Symon ceased as a Director on 3 June 2008 and as an employee on 30 June 2008.

Short Term Incentive Plan

During the financial year Mr Symon was awarded a bonus of \$30,000 in cash according to the plan. Mr Symon was issued 23,256 fully paid ordinary shares and 413,971 options with an exercise price of \$0.50, an exercise date of 15 October 2016 as part of the Employee Incentive Scheme. As part of the separation agreement with Mr Symon the Board vested the above shares and options, but cancelled entitlement to 413,971 options with an exercise date of 15 October 2017. The value of the options was estimated at \$69,000 and the value of the shares was estimated at \$4,884. The above awards issued to Mr Symon during the financial year have been included in the disclosure for Note 22 of the financial statements.

Long Term Incentive Plan

During 2007/2008 the Board did not issue any awards according to this plan.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Note 22 Key Management Personnel (Cont'd)

Executive Director – Brian Peadon

Short Term Incentive Plan

During 2007/2008 the Board did not issue any awards according to this plan.

Long Term Incentive Plan

During 2007/2008 the Board did not issue any awards according to this plan.

Note 23 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 and Westpac Bank has issued a letter of credit for this amount.

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 24 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 2008

Note 24 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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:										
Cash and cash equivalents	6.50	5.76	1,745,965	576,542	1,000,000	1,000,000	336	-	2,746,301	1,576,542
Commercial bills	7.23	6.31	-	-	5,000,000	8,500,000	-	-	5,000,000	8,500,000
Receivables	-	-	-	-	-	-	233,043	88,347	233,043	88,347
Total Financial Assets			1,745,965	576,542	6,000,000	9,500,000	233,043	88,347	7,979,008	10,164,889
Financial Liabilities:										
Payables	-	-	-	-	-	-	181,528	39,054	181,528	39,054
Finance lease liability	7.50	7.50	-	-	-	8	-	-	-	8
Total Financial Liabilities						8	181,528	39,054	181,528	39,062

(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 2008

Note 24 Financial Instruments (Cont'd)

(e) Sensitivity analysis

The Economic Entity has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk. As the Economic Entity does not trade in commodities, is not involved in foreign exchange transactions and has minimal trade receivables it has determined it is not exposed to any other market rate fluctuations.

(i) Interest rate sensitivity analysis

	Interest rate risk				
	Carrying Amount \$	-0.25%		+0.5%	
		Profit \$	Equity \$	Profit \$	Equity \$
Assets					
Cash	2,745,965	(6,865)	(6,865)	13,730	13,730
Commercial bills	5,000,000	(12,500)	(12,500)	25,000	25,000
Increase / (Decrease)	7,745,965	(19,365)	(19,365)	38,730	38,730

Note 25 Segment Reporting

Primary reporting - Business segments

	Stock Exchanges		Taxi Markets		Water Exchange		Environmental Services		Consolidated	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
REVENUE										
Revenue from external customers:										
Services	896.0	740.3	311.2	302.2	480.1	-	-	-	1,687.3	1,042.4
Total revenue from external customers	896.0	740.3	311.2	302.2	480.1	-	-	-	1,687.3	1,042.4
Total revenue	896.0	740.3	311.2	302.2	480.1	-	-	-	1,687.3	1,042.4
RESULT										
Segment results	(2,022.2)	(3,952.9)	(198.3)	14.1	(382.8)	-	(398.4)	-	(3,001.7)	(3,938.8)
Segment Profit/Loss for the year	(2,022.2)	(3,952.9)	(198.3)	14.1	(382.8)	-	(398.4)	-	(3,001.7)	(3,938.8)

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Note 25 Segment Reporting (Cont'd)

Reconciliation of Segment profit and loss with reported profit and loss.

	Stock Exchanges		Taxi Markets		Water Exchange		Environmental Services		Consolidated	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
UNALLOCATED										
Net Interest	-	-	-	-	-	-	-	-	627.3	642.1
Profit/Loss for the year	-	-	-	-	-	-	-	-	(2,373.4)	(3,296.7)
ASSETS										
Segment assets	8,613.6	10,729.9	148.6	68.9	8,463.1	-	2,500.0	-	19,725.3	10,798.8
Total assets	8,613.6	10,729.9	148.6	68.9	8,463.1	-	2,500.0	-	19,725.3	10,798.8
LIABILITIES										
Segment liabilities	814.1	306.3	17.0	37.0	63.7	-	-	-	894.1	343.3
Total Liabilities	814.1	306.3	17.0	37.0	63.7	-	-	-	894.1	343.3
OTHER										
Impairment Losses	-	2,474.0	-	-	-	-	-	-	-	2,474.0
Depreciation & amortisation of segment assets	155.4	154.8	-	-	-	-	-	-	155.4	154.8

(a) Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, intangibles, and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

(b) Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Economic Entity at an arm's length. These transfers are eliminated on consolidation.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Note 25 Segment Reporting (Cont'd)

(c) Business and Geographic Segments

Business segments

The Economic Entity has the following 3 business segments:

- The Stock Exchanges segment primarily includes the activities of the National Stock Exchange of Australia as well as Bendigo Stock Exchange which provide a facilities for enterprises to raise capital, list and trade securities.
- The Taxi Markets segment provides a facility for the trading of Melbourne metropolitan taxi licence transfers and assignments.
- The Waterexchange segment primarily includes The Water Exchange Pty Ltd activities which provide a facility for the trading of water entitlements.
- The Environmental Services segment primarily includes encompasses areas where NSX is involved in the environment space such as carbon.

Geographic segments

The Economic Entity's business segments are located in Australia.

Note 26 Fidelity Funds

As at 30 June 2008 the National Stock Exchange of Australia Limited Fidelity Fund had a balance of \$310,740 (2007 - \$273,567). 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 2008 the Bendigo Stock Exchange Limited Fidelity Fund had a balance of \$35,601 (2007 - \$33,641). 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.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Note 27 Reliance on Technology and Systems

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 which are licensed to the economic entity by NASDAQ OMX Group and the ASTC CHESS settlement systems, which are licensed to the Economic Entity by the Australia Securities 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 systems, which are licensed to the Economic Entity by NASDAQ OMX Group.

The ability of the BSX Taxi Market trading platform to operate is dependent on the software and website facilities provided by DT Design.

The ability of the Waterexchange trading platform to operate is dependent on Macquarie Telecom.

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

Note 28 Events After the Balance Sheet Date

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

Note 29 Company Details

The registered office and principal place of business is:

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

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2008

Note 30 Earnings per Share

(a) Reconciliation of Earnings to Loss:

	Consolidated	
	2008	2007
	\$	\$
Loss for the year	(2,374,928)	(3,296,686)
Earnings used to calculate basic and diluted EPS	(2,374,928)	(3,296,686)

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

Weighted average number of ordinary shares used in calculating basic earnings per share	67,358,227	49,424,071
Weighted average number of ordinary used in calculating dilutive EPS	67,358,227	49,424,071

NSX Limited

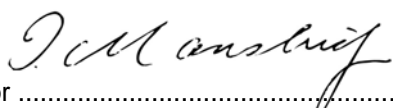
ABN: 33 089 447 058


Directors' Declaration

The directors of the company 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 30 June 2008 and of the performance for the year ended on that date of the company and economic entity;
2. The Chief Executive Officer and General Manager have each declared that:
 - (a) the financial records of the company for the financial year have been 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 company will be able to pay its debts as and when they become due and payable.

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


Director
Ian Mansbridge


Director
Robert Bladier

Dated 29 August 2008

Melbourne

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 2008 as set out on pages 39 to 85.

The financial report includes the consolidated financial statements of the consolidated entity comprising of the company and the entities it controlled at the year's end or from time to time during the financial year. The company'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 company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. 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 company'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.

Sydney

Level 9, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney 2001
Tel 02 8346 6000 Fax 02 8346 6099
Email: info@lawlerpartners.com

Newcastle

763 Hunter Street
Newcastle West NSW 2302 Australia
PO BOX 2368 Dangar 2309
Tel 02 4962 2688 Fax 02 4962 3245 DX 4303
Email: mail@lawlerpartners.com.au



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 company's and consolidated entity's financial position as at 30 June 2008 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


CLAYTON HICKEY
Partner

Date: 29 August 2008

Newcastle

NSX Limited
ABN 33 089 447 058
For the Year Ended 30 June 2008

Additional Information for Listed Public Companies

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

1. Shareholding

(a) Distribution of Shareholders as at 26 August 2008

Category (size of holding)	<u>Number</u>	
	<u>Ordinary</u>	<u>Redeemable</u>
1 – 1,000	62	-
1,001 – 5,000	244	-
5,001 – 10,000	171	-
10,001 – 100,000	260	-
100,001 – and over	63	3
	800	3

(b) Marketable Parcels as at 26 August 2008

The number of shareholdings held in less than marketable parcels (UMP) is 210 (at market price of 13 cents). UMP Number of securities is 370,849. UMP as a percentage of shares on issue is 0.5%.

(c) Substantial Shareholders as at 26 August 2008

The names of the substantial shareholders listed in the holding company's register as at 26 August 2008 are:

<u>Shareholder</u>	<u>Number</u>	
	<u>Ordinary</u>	<u>Percentage</u>
IRRICO AUSTRALIA PTY LTD	10,500,000	14.102
IRON MOUNTAIN ENTERTAINMENT PTY LTD	9,750,000	13.094
GPG NOMINEES PTY LTD	5,667,138	7.611
BENDIGO BANK LIMITED	5,585,640	7.502
INVIA CUSTODIAN PTY LIMITED <BLACK A/C>	5,384,153	7.231

(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 unless that share is a "default share". The Constitution defines default shares as any shares held above 15% voting power limit by any one party and its associates.

Partly Paid shares - Each partly paid share is entitled to one vote on a prorata basis dependent on the amount that is already paid when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands unless that share is a "default share". The Constitution defines default shares as any partly paid shares that are not subject to a call and have not been paid.

NSX Limited
ABN 33 089 447 058
For the Year Ended 30 June 2008

Additional Information for Listed Public Companies

(e) 20 Largest Shareholders — Ordinary Shares – as at 26 August 2008

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1 IRRICO AUSTRALIA PTY LTD	10,500,000	14.102
2 IRON MOUNTAIN ENTERTAINMENT PTY LTD	9,750,000	13.094
3 GPG NOMINEES PTY LTD	6,438,908	8.647
4 BENDIGO BANK LIMITED	5,585,640	7.502
5 INVIA CUSTODIAN PTY LIMITED <BLACK A/C>	5,384,153	7.231
6 MR JOHN STEVEN LUNDGREN	1,336,499	1.795
7 BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	1,290,000	1.732
8 MR PAUL ERNEST SEYMOUR	1,100,001	1.477
9 JEMAYA PTY LTD <THE FEATHERBY FAMILY A/C>	1,100,000	1.477
10 INVIA CUSTODIAN PTY LIMITED <WILSON INVMT FUND LTD A/C>	1,085,000	1.457
11 ACCOUNTING PC TRAINING PTY LIMITED	1,000,000	1.343
12 PEHELBA PTY LTD <PEHELBA A/C>	925,000	1.242
13 BRUCE GUNNING ENTERPRISES PTY LTD	925,000	1.242
14 REAM INVESTMENTS PTY LIMITED <THE RMD A/C>	900,000	1.209
15 JACK HART & ASSOCIATES PTY LIMITED <PROVIDENT FUND A/C>	800,000	1.074
16 RATTOON HOLDINGS LTD	800,000	1.074
17 COGENT NOMINEES PTY LIMITED	710,949	0.955
18 FADMOOR PTY LTD <JOHN RUBINO SUPER FUND A/C>	691,940	0.929
19 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECSA	670,000	0.900
20 MR DAVID ANTHONY <INVESTMENT A/C>	638,000	0.857
Totals	51,631,909	69.341

2. Company Secretary

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

3. Registered Office

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 2008

Additional Information for Listed Public Companies

4. Registers of securities are held at the following addresses

New South Wales:	Registries Ltd Level 7, 207 Kent Street Sydney NSW 2000 www.registries.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 security holder's discretion. One director and related entities currently holds 700,000 partly paid shares.

Options over Unissued Shares

A total of 2,417,383 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 1,917,383 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.

7. On-market buy back

There is no current on market buy back.

8. Annual General Meeting

The NSX Limited Annual General Meeting will be held at Innovation @ 257 Collins Street (Level 1), Melbourne, Victoria at 2.00 pm (AEST) on Wednesday, 15 October 2008.

9. Sources of information for shareholders

Recent amendments to the Corporations Act have allowed changes to the way NSX delivers the Annual Report to shareholders each year. NSX sends to shareholders a letter asking shareholders to nominate how they wish to receive the Annual Report. NSX will send you a hardcopy Annual Report, free of charge, only if you elect to receive it. Alternatively NSX will provide details to shareholders on how to access the Annual Report in electronic form from the NSX website when NSX sends you the Notice of Meeting for the Annual General Meeting.

This report is located at: http://www.nsx.com.au/shareholder_financials.asp

Shareholders can access NSX documents and corporate information from the NSX website (www.nsx.com.au) from the Shareholders link.

FOR YOUR NOTES

FOR YOUR NOTES

FOR YOUR NOTES



NSX Limited and Controlled Entities. ABN 33 089 447 058

NEWCASTLE

Ground Floor, 384 Hunter Street,
Newcastle NSW 2300

P: +61 2 4929 6377

F: +61 2 4929 1556

MELBOURNE

Ground Floor, 410 Collin Street,
Melbourne VIC 3000

P: +61 3 9664 0000

F: +61 3 9664 0011

CANBERRA

40 Brisbane Avenue,
BARTON ACT 2600

P: +61 2 6112 8123

F: +61 2 8282 4528

www.nsga.com.au

www.bsx.com.au

www.bsxtaximarket.com.au

www.waterexchange.com.au