



ANNUAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

Annual
Annual Report 2009
Report 2009
Annual Report 2009
Annual Report 2009
2009



NSX LIMITED
AND
CONTROLLED ENTITIES

ABN 33 089 447 058

ANNUAL REPORT FOR
YEAR ENDED
30 JUNE 2009

CORPORATE DIRECTORY

DIRECTORS

Steven Pritchard
Paul Seymour
Ann Bowering

SENIOR EXECUTIVES

Paul Seymour
Managing Director

Brian Peadon
Waterexchange

Scott Evans
General Manager

Ian Craig
Companies Manager

COMPANY SECRETARY

Scott Evans

PRINCIPAL REGISTERED OFFICE

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Telephone: (02) 6112 8123
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BANKERS

Westpac Banking Corporation
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Newcastle NSW 2300
www.westpac.com.au

National Australia Bank
91 Northbourne Avenue
Turner ACT 2612
www.nab.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.nlx.com.au

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CHAIRMAN'S AND MANAGING DIRECTOR'S REPORT

Dear Fellow Shareholder,

The only word that your new Board can use to describe the 2009 consolidated operating loss of \$15,247,916 for NSX Limited is, shocking.

The result was a combination of the write down of the WaterExchange carrying value as at 31 December 2008 as well as over the last six months of the year the previous Board expended many hundreds of thousands of dollars in legal and consulting fees on the failed placement to the New Zealand Stock Exchange. As part of this activity there was a failed Federal Court case, launched by the previous Board, in an attempt to stop shareholders holding a General Meeting the agenda of which was to seek their removal as directors.

Following the replacement of the previous Board on 25 May 2009 and the voting down by the shareholders of the proposed placement to the New Zealand Stock Exchange on 19 June 2009, your new Board has reviewed the operations of the current business and embarked upon a course to grow the business.

Improving the business

Your Board has implemented or announced the following;

1. A reduction in ongoing operating costs by approximately \$2,000,000;
2. A significant curtailment in the use of external consultants, who will in future only be used for specific projects that can satisfy an appropriate cost benefit analysis;
3. Entered into a joint venture arrangement with Sustainable Investment Market (SIM-X) to establish a trading facility for clean tech investments which should provide significant revenue going forward;
4. Reduced exposure to business risks and enhanced business processes; and
5. Refocused staff towards revenue retention and generation activities by concentrating on expanding core business and engaging the investment community.

Stock Exchanges

The Board is currently focused on ways to significantly raise the profile of NSX Limited and the stock exchanges that it controls to both the investing community and possible listees.

The result of refocusing staff on revenue generating activities has seen, in the last three months, applications for listing from 5 issuers, approval of a nominated adviser, approval of a facilitator and the approval of two new brokers.

In the next few months the trading boards of the National Stock Exchange of Australia Limited will be restructured, with the establishment of more specialised Boards.

It is currently proposed that these boards would be:

- Industrials
- Mining and energy
- Property
- Debt Securities
- Restricted securities

Your Board believes that this structure will allow the exchange to establish itself in a number of specialised markets.

In particular, with the inability of investors to currently redeem their investments in the many mortgage and property funds which have suspended redemptions, NSX Limited and its subsidiary exchanges are in an ideal position to list the securities of these funds.

This will allow those investors who wish to exit their investment in these funds for whatever reason to offer their units for sale on a regulated market. Premium Income Fund, listed on the National Stock Exchange of Australia, is an example of this in practice. NSX Limited, is currently examining what changes, if any, are required to the listing rules of its subsidiary exchanges to facilitate such listings.

Your Board has signed a Joint Venture arrangement with SIM-X and BSX to market and facilitate the listing of companies operating in the clean tech sector. SIM-X defines clean tech to be a business or industry that provides outputs that are driven by eco-efficient market economics and hence offers investors exposure to the risk and return profile of the clean tech meta-asset class. The revenue impact for the Stock Exchange business is expected to be a minimum of \$1 million in additional revenue over 5 years.

Taxi Markets


The NSX has operated a business for the last 3 years that facilitates trading in Taxi licences and assignments predominately in the Victorian Central Business District. In conjunction with a new website (www.nlx.com.au), which was launched during the year, taxi market staff have been actively marketing outside of this area to other states in Australia in order to increase the share of trading in these licences. The platform can be adapted to other non-financial product assets and NSX is seeking opportunities in this area.

Water Trading

The NSX operates a web based facility, www.waterexchange.com.au, for the trading of water entitlements, both temporary and permanent. The WaterExchange earns fees from the trading in these rights and manages the settlement process on behalf of brokers and their clients. Trading is affected by levels of rain fall as well as Government policy with Local, State and Federal Governments all involved. From May 2009 until August 2009 there was an embargo in transfers of entitlements which has affected the trading in the lead up to the 2009-2010 season.

Conclusion

Your Board is committed to focusing on revenue growth in developing the Exchange, Taxi and Water Trading businesses and looks forward to receiving your continued support in the coming year.



.....
Steven Pritchard
Chairman



.....
Paul Seymour
Managing Director

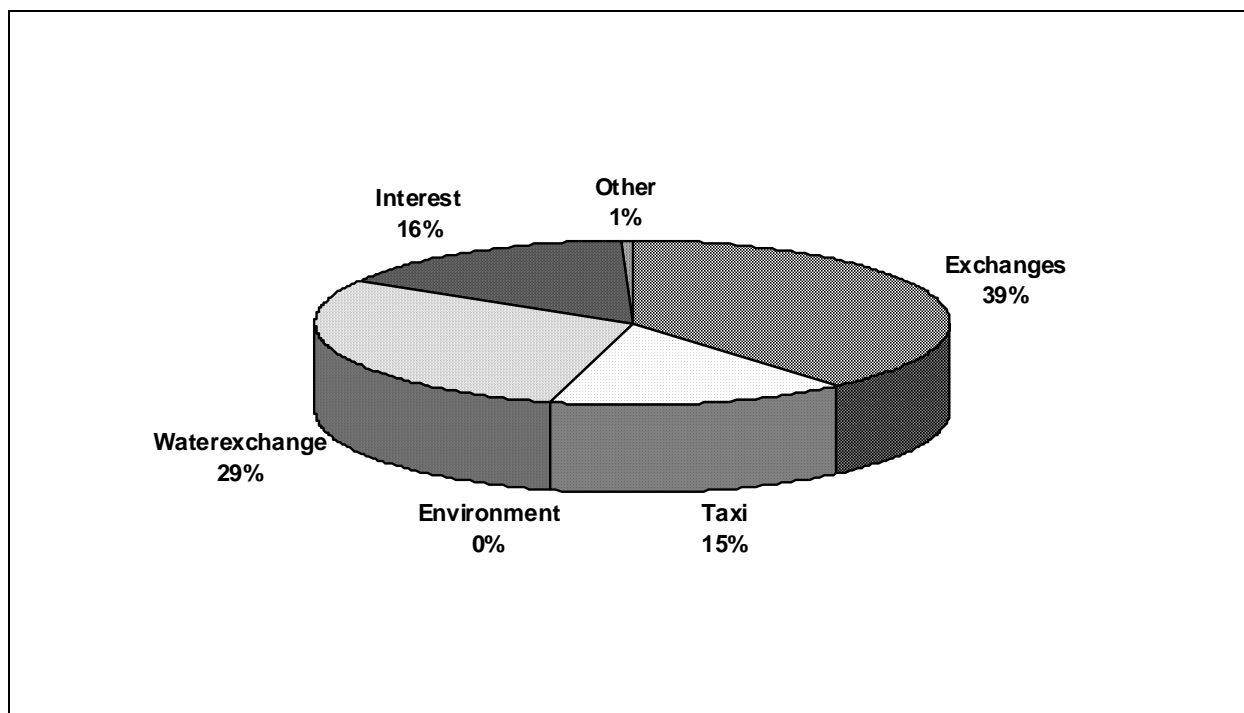
Dated 29 September 2009

Newcastle

ANALYSIS OF RESULTS

REVENUE

Revenue by Category (Figure 1)



Changes in Revenue 30 June 2009 vs. 30 June 2008 (Table 1)

Revenue	30-Jun-2009	30-Jun-2008	Change
	\$'000	\$'000	%
Stock Exchanges ⁽¹⁾	810.9	896.0	-9.5
Taxi Markets ⁽²⁾	321.2	311.2	3.2
Water Exchange	609.9	475.5	28.3
Environmental Services ⁽³⁾	-	-	-
Interest	329.0	627.4	-47.6
Other	14.3	4.5	210.9
Total Revenue	2,085.3	2,314.6	-9.9

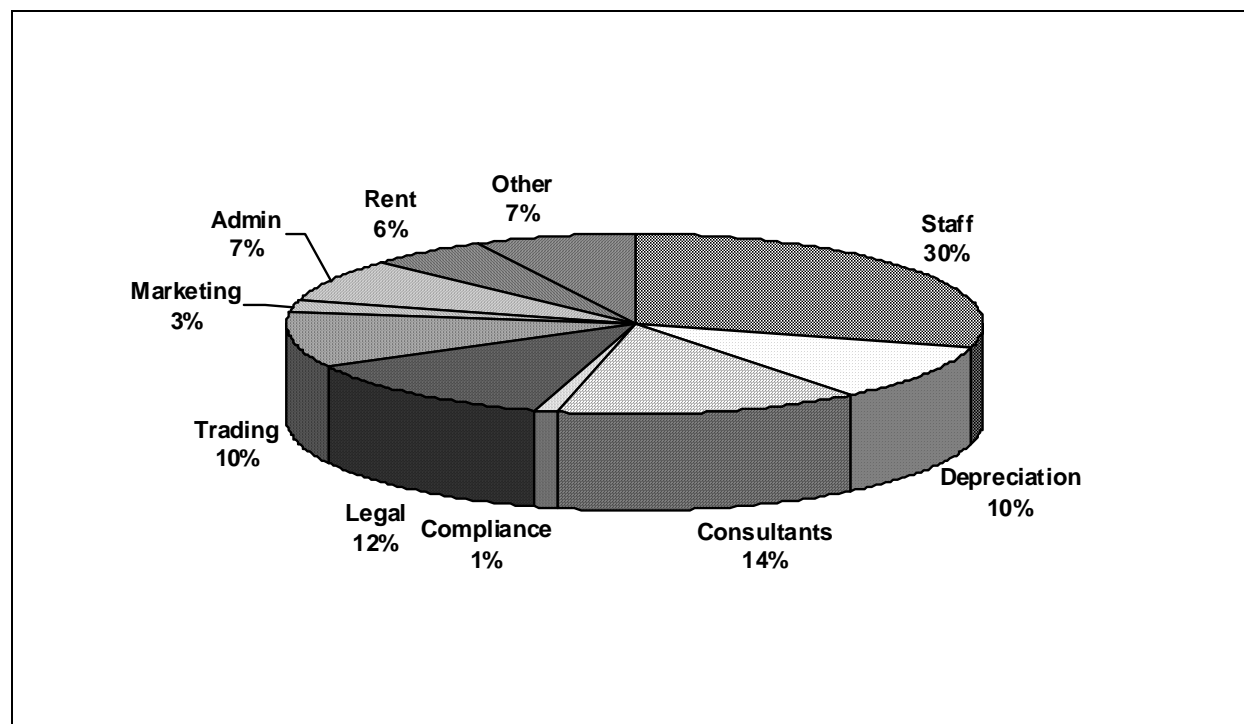
Note: (1) Stock Exchanges includes activities for the National Stock Exchange and Bendigo Stock Exchange.

(2) Taxi Markets includes activities for BSX Taxi Market and national licence exchange. (3) Environmental Services includes activities primarily for environmental related activities that NSX is involved in.

Revenue has declined by 9.9% with the majority of the decline associated with less listing fee revenue and reduced interest received on cash balances held.

EXPENSES

Expenses by Category excluding impairment (Figure 2)



Changes in Expenses 30 June 2009 vs. 30 June 2008 (Table 2)

Expense	30 June 2009	30 June 2008	Change	Percentage
	'000	'000	%	of Total
				%
Employee benefits expense	1,883.5	1,966.8	-4.2	10.9
Depreciation, amortisation and impairments	655.6	166.2	294.4	3.8
Consultancy expenses	920.9	662.1	39.1	5.3
Compliance expenses	70.4	87.1	-5.2	0.4
Legal expenses	803.4	163.2	392.3	4.6
Market trading expenses	635.6	649.4	-0.8	3.7
Marketing and promotion	169.2	189.6	-11.0	1.0
Service fee expense	-	7.5	-100.0	0.0
Rental expenses	364.2	186.6	95.1	2.1
Administration expenses	477.2	316.2	41.3	2.8
Impairment losses	10,875.3	-	100.0	62.7
Other expenses	477.9	294.1	62.9	2.8
Finance costs	-	0.1	-100.0	0.0
Total Expenses	17,333.2	4,688.9	269.7	100.0

Employee expense decreased by 10.9% due mainly to the Managing Director being paid as a consultant for much of the period and restructuring of operations in June 2009. Consultants' expense has increased by 39% due to employment of Chief Financial Officer, Managing Director payments and external consultants. Legal expenses have increased by 392% due to the expenditure associated with the unsuccessful NZX transaction. Overall expenses have increased by 269% which reflects the impairment to the carrying value of assets and increased expenditure on consultants.

GROUP SUMMARY

	30-Jun-2009	30-June-2008	Change
	\$'000	\$'000	%
Revenue	2,085.4	2,314.6	-9.9
Expenses excluding impairments	6,458.0	4,688.9	37.7
Operating loss	-4,372.6	-2,374.2	84.2
Expenses including impairments	17,333.2	4,688.9	269.7
Net Loss after tax	-15,247.9	-2,374.3	542.2
Earnings per share (cents)	-20.48	-3.52	481.8
Net tangible asset backing (cents)	4.81	11.72	-59.0
Share price at end of period (cents)	21.0	17.0	23.5
Market Capitalisation	\$15.6m	\$12.7m	23.5
Cash at bank	4,470.7	7,801.0	-42.7
Cash held for statutory purposes	1,700.0	1,700.0	0.0
WaterExchange deposits	800.0	100.0	700.0

The operating loss for the Group was \$4.37million for the period (84.2% increase on the previous period). Including the impairment to goodwill, the loss of the group was \$15.25million (542.2% increase on the previous period). The Group maintains a cash balance of \$4.47million at the end of the period. Of the cash held, \$1.7million is held in trust as part of the Stock Exchange's market compensation arrangements and \$0.8million is owed to participants of the WaterExchange leaving \$1.9million as working capital for the NSX Group.

Since the appointment of the new board of directors, on 25 May 2009, significant steps have been undertaken to reduce the ongoing cost basis of the group.

MARKETS INFORMATION

NSXA AND BSX LISTING HISTORY OF SECURITIES

Listed Securities	As at June 2005	As at June 2006	As at June 2007	As At June 2008	As at June 2009
Fully Paid Ordinary Shares	55	81	87	94	91
Partly Paid ordinary shares	1	1	1	0	1
Debt Securities	3	0	0	9	29
Preference Securities	0	0	0	0	1
Company Issued Options	7	15	13	16	13
Property Trusts	7	7	10	4	1
Total Listed Securities	73	104	111	123	136
Delisted Securities ⁽¹⁾	4	11	10	9	13

NSXA & BSX TRADING STATISTICS

	As at June 2005	As at June 2006	As at June 2007	As at June 2008	As at June 2009
Listed Securities (No.)	73	104	111	123	136
Market Capitalisation (\$m)	564	812	1,174	1,238	1,250
	FY05	FY06	FY07	FY08	FY09
Volume Traded ('000 shares)	47,303	51,143	85,548	53,872	22,635
Value Traded (\$'000)	18,604	15,174	42,369	27,789	8,248
Number of Trades (No.)	1,754	1,514	1,833	1,470	900
Average Volume Per Trade ('000 shares)	27.0	33.8	46.7	36.6	25.2
Average Value Per Trade (\$'000)	10.61	10.02	23.11	18.90	9.16
Average Price Per Share (\$)	\$0.39	\$0.30	0.50	0.52	\$0.36
Announcements	786	936	1,138	1,241	2,136

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 NSXA 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 NSXA 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.

Participants:

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

NOMINATED ADVISERS ON NSXA

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:

Allens Arthur Robinson	Macpherson + Kelley Lawyers
Bilbie Dan Solicitors	Managers & Directors
BKR Walker Wayland Services Pty Limited	Martin Place Securities
Burrell Stockbroking	Mason Sier Turnbull
Business Growth Strategies	The MBA Partnership
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
DibbsBarker	Oakley Thompson & Co
DLA Phillips Fox Lawyers	Pritchard & Partners Corporate Finance
Hall Chadwick - Sydney Partnership	Quivre & Associates
Hindal Securities Pty Limited	Taylor Collison Limited
Holman Webb Lawyers	Venture Axess
Hopgood Ganim Lawyers	Wellington Capital Limited
Hynes Lawyers	Whittens Lawyers & Consultants

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:

Cullen Capital	Guthrie Securities Pty Ltd
FFrench Commercial Lawyers	Preslane Pty Ltd

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 can only be effected through an approved broker. The Taxi Market started trading on 28th March 2006. During the year the Taxi Market launched a new national trading platform (www.nlx.com.au) available to taxi brokers outside of the Victorian metropolitan area.

TRADING STATISTICS

	FY07	FY08	FY09
Licences Traded (No.)	121	105	111
Licenses Traded (\$mill)	46.5	49.0	39.5
Assignments Traded (No.)	1,270	1,083	1,384
Assignments Traded (\$mill)	82.2	69.0	92.8
Total Trades (No.)	1,391	1,187	1,495
Total Trades (\$mill)	128.7	118.0	132.3
Average Value Per Licence (\$mill)	0.384	0.426	0.356
Average Value per Assignment (\$mill)	0.065	0.063	0.067
Average Value per Trade (\$mill)	0.093	0.099	0.088
Accredited Taxi Brokers	19	19	19

TRADING ON NSX WATEREXCHANGE

The Waterexchange transacted over 5,500 individual trades in the last year. This was a decline of 10% over the previous year due to difficult political situation and embargo in the NSW area from May 2009. The total value of trades placed through the market was in excess of \$150 million dollars with more than 434 megalitres traded.

Water Market Report: Spot Allocations as at 30 June 2009

Region	Code	\$Last	Volume ⁽¹⁾	\$Value ⁽²⁾
NSW Coleambally Inter-Valley	CIC07EA	375	71,413	25,566,948
NSW Gwydir	GWY07IA	285	318	78,770
NSW Lower Murray	LOM07EA	320	17,385	5,209,980
NSW M.I.A Inter-Valley	MIA07EA	360	75,295	28,686,338
NSW Macintyre	INT07IA	190	223	41,530
NSW Macquarie	MAQ07IA	135	654	118,210
NSW Mid Murray	MIM07EA	350	10,589	3,764,103
NSW Murray I.L.	MIL07EA	309	7,073	2,177,996
NSW Murrumbidgee Inter-Valley	BID07EA	360	22,321	7,566,724
SA Berri - Top-Up	BE-TOPUP	365	5,264	1,706,271
SA Cadell - Top-Up	CA-TOPUP	330	455	151,855
SA Chaffey - Top-Up	CH-TOPUP	375	1,807	571,560
SA Cobdogla - Top-Up	CO-TOPUP	345	4,712	1,522,270
SA Golden Heights - Carry Over	GDH-CARRY	280	38	10,640
SA Golden Heights - Top-Up	GDH-TOPUP	370	4,075	1,398,168
SA Greenways - Top-Up	GRW-TOPUP	330	319	104,230
SA Kingston - Top-Up	KI-TOPUP	310	134	41,660
SA Loxton - Top-Up	LO-TOPUP	325	6,526	2,160,854
SA Lyrup - Top-Up	LY-TOPUP	354	617	217,188

Region	Code	\$Last	Volume ⁽¹⁾	\$Value ⁽²⁾
SA Moorook - Top-Up	MO-TOPUP	350	716	238,617
SA Mypolonga - Top-Up	MY-TOPUP	350	67	22,535
SA River - Top-Up	TOP07EA	400	30,513	10,581,659
SA Sunlands - Top-Up	SL-TOPUP	345	1,834	640,653
SA Waikerie - Top-Up	WA-TOPUP	375	1,787	600,970
VIC 1A Goulburn	V1A07EA	384	60,773	23,761,946
VIC 1B Boort	V1B07EA	375	6,604	2,298,440
VIC 1st Mildura Irr. Trust - Zone 7	FMIT7	325	2,431	768,614
VIC 3 Goulburn	V3A07EA	380	619	194,425
VIC 6 Hume	V6A07EA	375	10,386	3,509,513
VIC 6B Lower Broken	V6B07EA	350	23	8,140
VIC 7 Barmah	V7A07EA	374	32,804	11,293,490
VIC LMW - Zone 7	LMW7	374	56,119	19,266,968
Totals			434,067	154,323
Average Value per mega-litre				\$355.53

Notes:

- (1) Volume = total volume in Megalitres from 1 July 2008 until 30 June 2009
(2) \$Value = total value of all trades in dollars since 1 July 2008 until 30 June 2009.

TECHNOLOGY

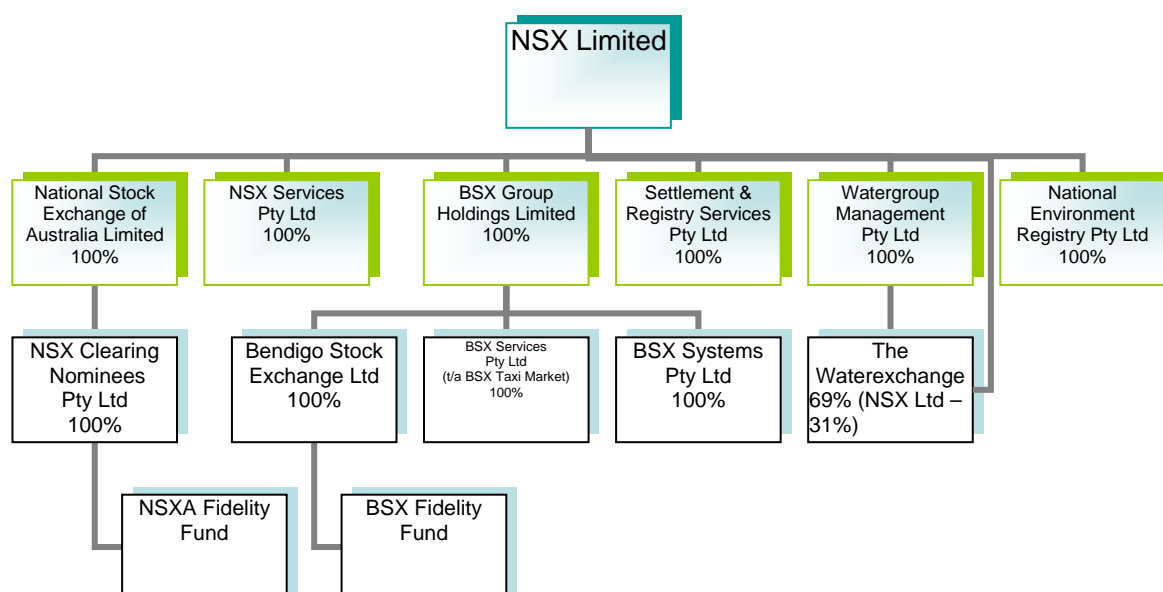
The trading system for equities markets is supplied by NASDAQ OMX group. The system integrates the trading of both the NSX and BSX markets on the one trading platform. The system has the ability to expand to other trading classes and markets as required.

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.

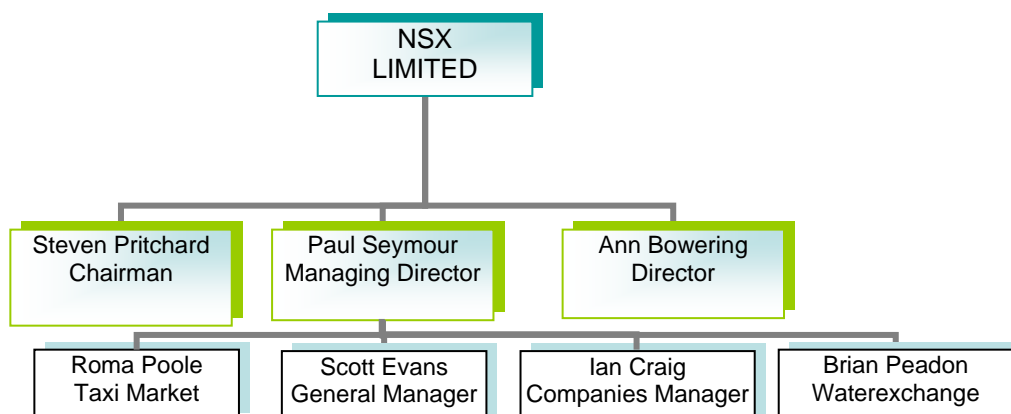
The BSX Taxi Market operates exclusively from the BSX Taxi market website (www.bsxtaximarket.com.au).

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

GROUP STRUCTURE

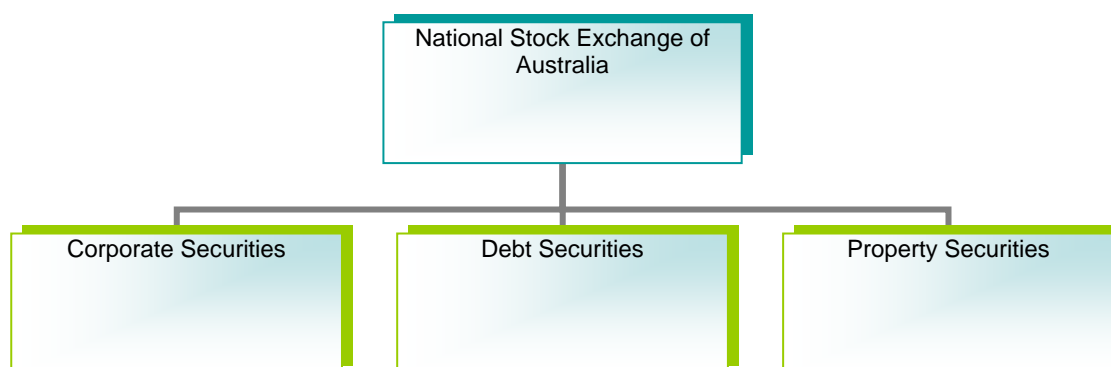


MANAGEMENT STRUCTURE

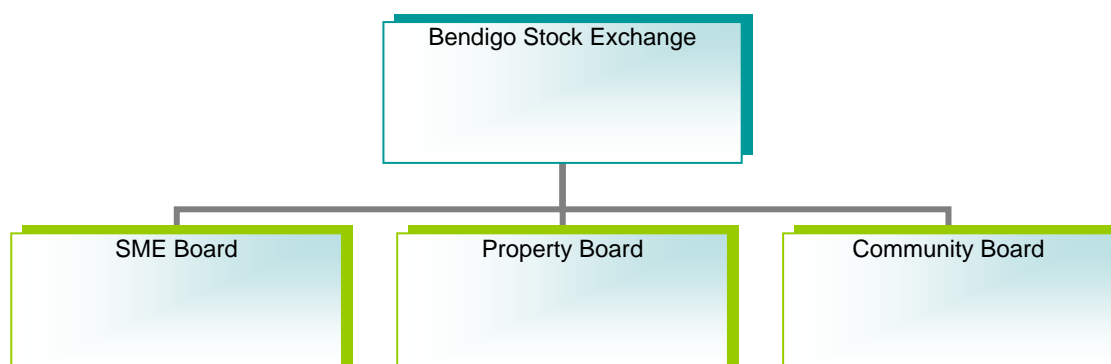


MARKET STRUCTURES

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

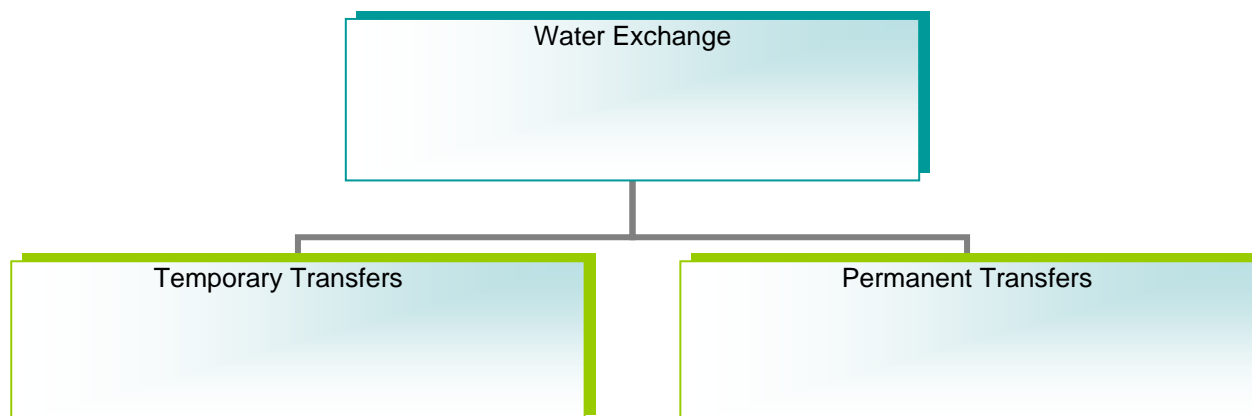


Bendigo Stock Exchange (www.bsx.com.au)



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

NSX Waterexchange (www.waterexchange.com.au)



FINANCIAL MARKETS SUPERVISION

NSX financial exchanges (NSXA and BSX) are supervised by the Australian Securities & Investments Commission (“ASIC”) and are 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 to conduct 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 & ADMISSIONS COMMITTEE

The Listing & Admissions 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 be made.

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.

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.

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 eight 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. Remunerate fairly and responsibly

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

CORPORATE GOVERNANCE COMPLIANCE SUMMARY

ASX 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 between the Chairman and Managing Director.	NSX Board Charter NSX Corporate Governance Statement
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 between the Chairman and Managing Director. The Remuneration and Nomination Committee has oversight of evaluating executive performance.	NSX Board Charter NSX Corporate Governance Statement NSX Remuneration and Nomination Committee Charter

Principle	Compliance	References
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.nsga.com.au)	NSX Board Charter NSX Corporate Governance Statement
Principle 2	Structure the board to add value	
Recommendation 2.1	A majority of the board should be independent directors	
NSX Response	<p>The NSX Board consists of 3 directors, including the Chairman - Steven Pritchard, Managing Director – Paul Seymour, Non-executive director Ann Bowering.</p> <p>Applying the independence test outlined in the Principles, the NSX considers that Steven Pritchard, and Ann Bowering are independent directors. Thus, there are a majority of directors (2 out of 3) that are independent.</p> <p>The independence of the Board is further supported by adherence by the Board to various policy documents.</p> <p>These documents require that:</p> <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. 	<p>NSX Code of Ethics and Conduct</p> <p>NSX Corporate Governance Statement</p> <p>NSX Conflicts of Interest Policy</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>
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 Chair and Managing Director positions are filled by two separate people.	Board Charter
Recommendation 2.4	The board should establish a nomination committee	
NSX Response	<p>The Board has established a Remuneration and Nomination Committee.</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>The selection of new board members is guided by the Procedures for appointment of new directors and senior officers to NSX. This document requires</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</p>

Principle	Compliance	References
	<p>a formal process to be followed when recruiting new directors which 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>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 in the statutory financial 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 Steven Pritchard and Ann Bowering.</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/BSX Australian Market Licences some directors are not independent and Steven Pritchard is a director of a market Participant.</p> <p>Nevertheless, for Corporate Governance issues they are considered independent.</p>	
	<p>(iii) A statement as to whether there is a procedure agreed by the Board of Directors to take independent professional advice at the expense of the company.</p>	
NSX Response	<p>There is procedure for directors to take independent professional advice at the expense of the company, following confirmation by the chairperson and/or the full board.</p>	
	<p>(iv) The term of office held by each director in office at the date of the annual report.</p>	
NSX Response	<p>The term of office of each director is disclosed in the Annual Report</p>	

Principle	Compliance	References
	statutory financial 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 in the statutory financial 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	The skills and experience of each director is reported in the statutory financial Report. The names of independent Directors have been listed above. The relevant Charters and Procedures mentioned in this table are posted on the NSX website (www.nsx.com.au). There is an agreed procedure for directors to take external advice. The period of office is provided in the Statutory Financial Report.	Annual report Board Charter
Principle 3	<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 to take 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>	
NSX Response	<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</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>

Principle	Compliance	References
	<p>and directors in financial products traded on NSX markets. The Procedures restate the Corporations Act prohibition on insider trading, 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>NSX Conflicts of Interest Policy</p> <p>Procedures for dealing in securities by Directors, Officers and Employee of NSX</p>
Recommendation 3.2	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.	
NSX Response	<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>
Recommendation 3.3	Companies should provide the information indicated in Guide to reporting on Principle 3.	
NSX Response	<p>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.</p>	<p>NSX Website</p>
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 members 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</p>	<p>Board Charter</p> <p>Audit & Risk Committee Charter</p>

Principle	Compliance	References
	<p>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 3 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 	
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	<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>Audit & Risk Committee Charter</p>
Recommendation 4.3	The Audit Committee should have a formal charter	
NSX Response	The Audit Committee has a formal charter.	<p>Audit & Risk Committee Charter</p>
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	Companies should promote timely and balanced disclosure.	
Recommendation 5.1	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	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. The plan provides a 'road map' of NSX compliance with its disclosure obligations.	Compliance Plan
Recommendation 5.2	Provide the information indicated in Guide to reporting on Principle 5.	
NSX Response	NSX provides on its web site a summary of the policies and procedures designed by NSX to guide NSX compliance with the above mentioned ASX	Website

Principle	Compliance	References
	Listing Rule disclosure requirements.	
Principle 6 Recommendation 6.1	Respect the rights of shareholders Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	
NSX Response	<p>The NSX Shareholder Communications Policy states that the NSX is committed to timely and accurate disclosure of information to shareholders.</p> <p>As outlined in the Policy NSX carries out its obligations to inform its shareholders by doing to following:</p> <ol style="list-style-type: none"> 1. maintaining and regularly updating its web site; 2. making available electronic copies of annual reports to shareholders; 3. operating a free email newsletter service where shareholders and members of the public can subscribe by entering in their email address and also RSS feed syndications; 4. accepting nominations for the board of NSX that are made to the Company Secretary in accordance with the NSX constitution; 5. strictly applying the Procedures for the Dealing in Securities by Directors and Employees; and <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>	NSX Shareholder Communications Policy
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

Principle	Compliance	References
<p>Recommendation 7.3</p>	<p>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.</p>	<p>Compliance Plan</p>
<p>NSX Response</p>	<p>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.</p> <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>NSX Corporate Governance Statement</p>
<p>Recommendation 7.3</p> <p>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 as 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</p> <p>Recommendation 8.1</p> <p>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</p> <p>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 is paid a director's fee on a</p>	<p>Board Policy</p>

Principle	Compliance	References
	<p>fortnightly basis at a fixed rate. There is no performance based remuneration or equity based remuneration contained within the director's fee. Details of remuneration for the Managing Director are provided in the Remuneration Report contained within this document.</p> <p>Based on recommendations of the committee the executive remuneration is reviewed and approved 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)

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 Ann Bowering. 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 Paul Seymour. 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.

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NSX Limited

ABN: 33 089 447 058

Financial Statements

For the Year Ended 30 June 2009

NSX Limited

ABN: 33 089 447 058

For the Year Ended 30 June 2009

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NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Year Ended 30 June 2009

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2009.

Directors

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

Ian Mansbridge	Resigned 23 May 2009
Robert Bladier	Resigned 25 May 2009
Brian Peadon	Resigned 25 May 2009
Michael Cox	Resigned 4 May 2009
Hugh Robertson	Resigned 25 May 2009
Michael Costello	Appointed 17 November 2008, Resigned 25 May 2009
Steven Pritchard	Appointed 25 May 2009
Paul Seymour	Appointed 25 May 2009
Ann Bowering	Appointed 25 May 2009

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 (appointed 24 September 2001) & Company Secretary B.Ec (hons), appointed 7 March 2006. He 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, as well as the technology associated with trading and settlement systems.

Principal Activities

The principal activities of the Economic Entity during the financial year were 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.

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 \$15,247,916 (2008 – loss of \$2,374,298).

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 2009

Review of Operations

During the year the Economic Entity incurred a loss after tax of \$15,247,916 (2008 - loss of \$2,374,298) or 542% increase compared to 2008.

Revenue declined by 9.9% from \$2,314,636 to \$2,085,360 which was due to a combination of lower interest received on cash held and lower sales revenue. The 2009 result includes impairment of \$10,875,278 which includes a write down of the carrying value for The Waterexchange Pty Ltd that was recognised in the 31 December 2008 accounts.

Operating expenses increased by 37.7% from \$4,688,934 to \$6,457,998. Excluding impairment of goodwill major operating expense increases were in legal costs (up 392%) associated mainly with the unsuccessful New Zealand Stock Exchange transaction and rental expenses associated with the higher rental costs of 410 Collins Street and the relocation of the Melbourne office to 45 Exhibition street (up 95%). Consultancy expenses grew by 39% to \$920,907.

Employee benefits expense decreased by 4.2% due to the restructuring of NSX. Earnings per share (EPS) declined from a loss of (3.52) cents per share to a loss of (20.48) cents per share.

Information on Current Directors

Steven Pritchard:	Chairman
Qualifications:	CPA, Grad Dip Applied Finance, Assoc Securities Institute of Australia
Appointed:	25 May 2009
Experience:	

Steven Pritchard obtained a Bachelor of Commerce degree from the University of Newcastle in 1986, and qualified as a Certified Practising Accountant in 1988. He has been providing investment advice as a representative of a licensed dealer in securities since 1988. He became a director of Rees Pritchard Pty. Limited, Certified Practising Accountants, in 1989. He completed the Graduate Diploma in Applied Finance and Investment and was admitted as an Associate of the Securities Institute of Australia in 1993.

In 1996 he was admitted as a member of the Stock Exchange of Newcastle Limited (NSX), and was instrumental in establishing Pritchard & Partners Pty. Limited to provide investment advice to clients of Rees Pritchard Pty. Limited. He was a director of NSX from 1996 to 2003 and Chairman from 2000 to 2003. During that time he was responsible for developing the strategic plan which saw the renaissance of NSX as a capital market for small, medium and regionally based companies.

In 2002 he was responsible for the establishment of Cameron Capital Limited, which acquired the ASX Participating Organisation Cameron Stockbrokers Limited. In 2003 he was appointed to the board of Winpar Holdings Limited, which was the first company to list on the rejuvenated NSX. In 2004 he was jointly responsible with Daniel Di Stefano for a successful capital raising for and the listing of Illuminator Investment Company Limited on NSX. Illuminator Investment Company Limited became the first Newcastle based company to list on NSX, and the first Newcastle based listed institutional investor.

Steven Pritchard is a director of Florin Mining Investment Company Limited, which undertook a capital raising and listed on NSX in 2005. He is the Chairman of Pritchard Equity Limited, which undertook a capital raising and listed on NSX in 2006. Pritchard Equity Limited is a substantial shareholder in Cameron Capital Limited. He is a past Branch Councillor and Chairman of CPA Australia, and received the Presidents Award in 2000 for outstanding contributions to CPA Australia.

NSX Limited
ABN: 33 089 447 058
Directors' Report
For the Year Ended 30 June 2009

Information on Current directors (Cont.)

Steven Pritchard (Cont.)

Interest in Shares and Options:	fully paid ordinary shares
Directorships held in other listed entities:	Florin Mining Investment Company (NSX) Illuminator Investment Company (NSX) Pritchard Equity Limited (NSX) Winpar Holdings Limited (NSX)

Paul Seymour:	Director, Managing Director (from 2 June 2009)
Appointed:	25 May 2009
Experience:	

Paul Seymour commenced his career with stockbroking firm J. M. Bowyer & Co. in May 1971. Following the acquisition of J. M. Bowyer & Co. by the NatWest Group of London in 1985, he became Director of Operations. In 1991 he was appointed a Director of NatWest Group Australia.

He was responsible for setting up the NatWest office in New Zealand with 15 staff, testing and installing the company's systems, and running the company's operations in New Zealand. He was also responsible for 56 staff located in Sydney, Melbourne, Wellington and London. In 1998 NatWest Stockbroking was taken over by Citigroup, and Paul Seymour joined the Citigroup board as a director of Citigroup Australia.

He was on the Citigroup and ASX committees responsible for the testing of all brokers' computer systems for year 2000 compliance. At various times he has served as a member of the ASX Office Managers Study Group Committee, the ASX National Settlements Advisory Committee and the ASX National Adjudications Committee.

In 1994 Paul Seymour joined the board of NSX. The company was subsequently granted a stock exchange licence, and the Exchange opened in 2001 with the listing of two stocks. Paul Seymour was responsible for setting up the operations of the Exchange, which included the installation and testing of the Exchange's computer systems.

The original NSX board took the company from a \$400,000 base to a base of \$32 million in 2006.

Interest in shares and options:	1,100,001 fully paid ordinary shares
Directorships held in other listed entities:	Nil

NSX Limited

ABN: 33 089 447 058

Directors' Report For the Year Ended 30 June 2009

Information on Current directors (Cont.)

Ann Bowering:	Non-executive Director
Qualifications:	B.Comm Acc & Fin, CA
Appointed:	25 May 2009
Experience:	

Ann Bowering has considerable experience in the Australian capital markets and a strong management background. Her career has consistently focused on the opportunities and economic activities of the Energy and Resources sector and, in more recent times, the emerging Cleantech and Sustainability sector. A Chartered Accountant, having worked with KPMG Melbourne, Sydney and Houston, Ann has a suite of professional and personal competencies that are highly complementary to the role of director of NSX Limited. At KPMG Ann worked on more than 30 unique transactions totalling over \$12 billion of capital raisings, and merger and acquisition transactions for clients such as AGL, Bluescope Steel, Tabcorp and Lend Lease. She was a leader of the firm's Risk Management practice.

Ann oversaw a period of significant business development at Lucsan Capital, a consultancy and advisory business focused on providing services to the Australian financial markets in her role as Head of Operations and Business Development. Her major accomplishments during this time were the expansion of the business nationally and internationally: the Melbourne office successfully opened in June 2007 and the London office successfully opened in May 2008.

As a member of the executive team of the Financial and Energy Exchange, Ann is responsible for finance, regulatory and compliance and equity markets, all of which have allowed her to create influential relationships in the financial exchange market globally.

Ann is a director of Australian Cleantech Marketplace Pty. Limited.

Interest in shares and options:	Nil
Directorships held in other listed entities:	Nil

Meetings of Directors

During the financial year, 26 (2008: 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	19	16	1	1
Robert Bladier	20	20	1	1
Brian Peadon	20	17	1	1
Michael Cox	14	14	1	1
Hugh Robertson	20	19	1	1
Michael Costello	13	13	-	-
Steven Pritchard	3	3	2	2
Paul Seymour	3	3	2	2
Ann Bowering	3	3	2	2

NSX Limited
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Directors' Report
For the Year Ended 30 June 2009

Meetings of Audit & Risk Committee

During the financial year, 2 (2008: 1) 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	2	2
Ann Bowering	-	-

Meetings of Compliance Committee

During the financial year, 9 (2008: 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	9	9
Steven Pritchard	9	9
Lindsay Karathanassis	9	8
Lloyd Kerr	9	9

Meetings of Remuneration and Nomination Committee

During the financial year, 1 meeting 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	1	1
Paul Seymour	-	-

NSX Limited

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Directors' Report For the Year Ended 30 June 2009

Directors' and Executive Officers' Emoluments

Remuneration Report (Audited)

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 a table has been included (page 39), which identifies each obligation and NSX's response to each of these requirements.

Director Remuneration

Approved by shareholders at the AGM of 20 December 2004, the remuneration pool for non-executive directors is \$200,000 per annum. All fees are inclusive of 9% superannuation guarantee contribution. Non-executive Director fees are comprised of a fixed component only. From 25 May 2009 until 31 July 2009 the directors waived their fee. From 1 August 2009 each of the three directors: Steven Pritchard, Ann Bowering and Paul Seymour receive a director's fee of \$12,000 per annum inclusive of superannuation. Disclosures for director fees actually paid during the financial year are provided in Note 22.

Managing Director – Paul Seymour

There is no employment or service agreement agreed to by the Board for Mr Seymour. From 1 August 2009, Mr Seymour is paid a director stipend of \$12,000 per annum inclusive of superannuation.

Short Term Incentive Plan

No short term incentive scheme had been approved by the Board or shareholders.

Long Term Incentive Plan

No long term incentive scheme had been approved by the Board or shareholders.

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Outgoing Managing Director – Robert Bladier

Mr Bladier was appointed Managing Director on 3 June 2008. Mr Bladier's employment was terminated by the Board on 2 June 2009.

Paid as a consultant

From 1 July 2008 until 1 April 2009 Mr Bladier was on a fixed contractual retainer of \$29,000 gross per month (excluding GST). The retainer included no performance based remuneration component. The retainer was paid to Blatan Pty Ltd and is included in the disclosures for Related Party Transactions Note 19 and Director & Key Management Disclosures Note 22.

Paid as an Employee

From 1 April 2009 until 2 June 2009 Mr Bladier was paid according to a signed employment agreement dated 31 March 2009. The contract was authorised by the Chairman (M Costello) and a Director (H Robertson). The employment agreement specified the following terms and conditions:

Annual Salary	\$350,000 per annum
Superannuation:	9% in accordance with the Superannuation Guarantee (Administration) Act 2001, subject to the maximum superannuation contributions detailed therein. Estimated value is \$13,500.
Insurance:	Reimbursement of privately held insurance premiums (a) Life protection plan, (b) recovery protection plan and (c) income protection plan. Premiums are estimated at \$24,224 per annum.
Incentive Benefit Plan	NSX will provide the Executive with the proposed performance targets and associated incentives. The final incentive benefit plan shall be agreed between NSX and the Executive in writing
Minimum Cash Value of Package:	\$387,724 per annum

Outgoing Managing Director performance awards during 2008/2009 – Mr Robert Bladier

Mr Bladier ceased as a Director on 25 May 2009 and as an employee on 2 June 2009.

Incentive Benefit Plan

No incentive benefit scheme had been approved by the Board or shareholders.

Termination Payment

Mr Bladier was paid a termination payment equivalent to 1 weeks salary effective 2 June 2009.

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Directors' Report
For the Year Ended 30 June 2009

Information on Current directors (Cont.)

Executive Director – Brian Peadon

Mr Peadon ceased as an executive director on 25 May 2009. Mr Peadon remains an employee of the NSX Limited.

Short Term Incentive Plan

The Mr Peadon 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 2008/2009 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 2008/2009 the shareholders had not approved nor did the Board seek to have approved any awards according to this plan.

Section 300A Corporations Act

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;	<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</p>

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Directors' Report For the Year Ended 30 June 2009

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

Section	Obligation	Discussion
		group. Currently, the policy is that remuneration is reviewed annually to ensure continued support of the commercial and regulatory interests of the exchange and its shareholders. A remuneration committee exists to make recommendations to the Board on remuneration policy.
300A(1)(a)(ii)	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;	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;	Except for Brian Peadon, currently all directors, secretary and senior manager remuneration is fixed and does not contain performance components. The performance component of 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. Mr Seymour as Managing Director, effective 1 st August 2009, receives a stipend of \$12,000 per year including superannuation.
300A(1)(c)	The prescribed details in relation to the remuneration of: (i) each director of the company; and (ii) each of the 5 names company executives who received the highest remuneration for that year; and if consolidated financial statements are required – each of the 5 named relevant group executives who received the highest remuneration for that year;	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. It is expected that the incoming Managing Director will have suitable performance measures as part of their remuneration package.
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 a performance condition;	Securities were not a component for remunerating directors and executives for this reporting period.
300A(1)(e)	For each person referred to in paragraph (c).	During the period no securities were issued to the outgoing Managing Director. refer to Note 22.

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Directors' Report For the Year Ended 30 June 2009

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

Section	Obligation	Discussion
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 13 January 2005 over which time the share price of the company has fluctuated between a high of \$1.10 and a low of \$0.095. As at 28 September 2009 the share price was \$0.23. 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.

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Directors' Report
For the Year Ended 30 June 2009

Financial Position

The net assets of the Economic Entity have decreased by \$15,247,916 from 30 June 2008 to \$3,583,285 as at 30 June 2009.

Significant Changes in State of Affairs

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

Post balance date events

On 1 September 2009 the Company announced a Joint Venture arrangement with Sustainable Investment Market Pty Limited (SIM-X) to create a SIM-X Cleantech Market for the listing of equity securities by Companies in the Cleantech space. The arrangement is estimated to be worth \$1million over a 5 year period.

Mr Bladier, the out going Managing Director, has commenced legal proceedings against the Company for non-payment of termination benefits. The Company is currently opposing this action.

There are no other 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.

NSX Limited
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Directors' Report
For the Year Ended 30 June 2009

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.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2009:

	2009
	\$
Tax advice - General	2,500
Goodwill Impairment Advice	10,000
Tax services - Income Tax	16,213
	<u>28,713</u>

Auditors Independence Declaration

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

Indemnifying Officers or Auditors

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

NSX Limited
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Directors' Report
For the Year Ended 30 June 2009

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
12-Nov-2004	20-Dec-2009	0.50	105,000
20-Dec-2004	20-Dec-2009	0.50	1,395,000
15-Oct-2006	15-Oct-2016	0.50	413,971
15-Oct-2007	15-Oct-2017	0.50	323,412
			2,237,383

During the year ended 30 June 2009, no ordinary shares of NSX Limited were issued on the exercise of options. On 28 August 2008, 180,000 options at an exercise price of 35 cents lapsed.


Proceedings on Behalf of Company

Mr Bladier, the out going Managing Director, has commenced legal proceedings against the Company for non-payment of termination benefits. The Company is currently opposing this action.

No other 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:



.....
Steven Pritchard
Chairman



.....
Paul Seymour
Managing Director

Dated 29 September 2009

Newcastle

NSX Limited

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 2009 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

Newcastle

Dated: 29 September, 2009

Lawler Partners
Audit & Assurance
(a Limited Partnership)
ABN 91 850 861 839

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Liability limited by a scheme approved
under Professional Standards Legislation

NSX Limited

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Income Statement For the Year Ended 30 June 2009

	Note	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
Revenue	2	2,085,360	2,314,636	276,644	554,871
Employee benefits expense		(1,883,488)	(1,966,847)	(570,313)	(894,001)
Depreciation, amortisation and impairments	3	(655,646)	(166,244)	(2,037)	(450)
Consultancy expenses		(920,907)	(662,091)	(537,668)	(285,588)
Compliance expenses		(70,481)	(74,371)	-	-
Legal expenses		(803,412)	(163,204)	(601,653)	(4,191)
Market trading expenses		(635,573)	(640,504)	(27,060)	(112,284)
Marketing and promotion		(169,203)	(190,214)	(78,901)	(104,291)
Service fee expense		-	(7,500)	-	(5,000)
Rental expenses		(364,163)	(186,625)	(120,540)	(28,689)
Administration expenses		(477,193)	(337,822)	(329,197)	(115,401)
Impairment losses	3	(10,875,278)	-	(10,875,278)	-
Other expenses		(477,932)	(293,457)	(633,746)	(162,992)
Finance costs	3	-	(55)	-	-
Loss before income tax		(15,247,916)	(2,374,298)	(13,499,749)	(1,158,016)
Income tax expense	5	-	-	-	-
Loss attributable to members		(15,247,916)	(2,374,298)	(13,499,749)	(1,158,016)
Earnings Per Share:					
Basic earnings per share (cents per share)	30	(20.48)	(3.52)		
Diluted earnings per share (cents per share)	30	(20.48)	(3.52)		

The accompanying notes form part of these financial statements.

NSX Limited

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Balance Sheet As At 30 June 2009

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	7	1,970,697	1,746,301	408,664	1,183,764
Trade and other receivables	8	270,770	233,043	4,848,766	3,080,904
Financial assets	9	2,500,000	6,055,000	1,800,000	5,355,000
Other current assets	10	171,302	556,447	-	-
Total current assets		4,912,769	8,590,791	7,057,430	9,619,668
Non-current assets					
Financial assets	9	-	-	3,591,320	14,466,598
Property, plant and equipment	11	286,479	194,654	2,241	1,094
Intangible assets	12	-	10,939,808	-	-
Total non-current assets		286,479	11,134,462	3,593,561	14,467,692
TOTAL ASSETS		5,199,248	19,725,253	10,650,991	24,087,360
LIABILITIES					
Current liabilities					
Trade and other payables	14	1,417,732	788,412	297,458	234,078
Financial liabilities	15	-	31	-	-
Short-term provisions	16	144,657	81,490	-	-
Total current liabilities		1,562,389	869,933	297,458	234,078
Non-current liabilities					
Other long-term provisions	16	53,574	24,119	-	-
Total non-current liabilities		53,574	24,119	-	-
TOTAL LIABILITIES		1,615,963	894,052	297,458	234,078
NET ASSETS		3,583,285	18,831,201	10,353,533	23,853,282
EQUITY					
Issued capital	17	31,005,596	31,005,596	31,005,596	31,005,596
Retained earnings		(27,422,311)	(12,174,395)	(20,652,063)	(7,152,314)
TOTAL EQUITY		3,583,285	18,831,201	10,353,533	23,853,282
Net Tangible Assets per share:					
NTA					
(cents per share)		4.81	11.72		

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2009

Consolidated

	Note	Issued Capital \$	Retained Earnings \$	Total \$
Balance at 1 July 2008		31,005,596	(12,174,395)	18,831,201
Loss for the year		-	(15,247,916)	(15,247,916)
Balance at 30 June 2009		31,005,596	(27,422,311)	3,583,285
Balance at 1 July 2007		20,255,599	(9,800,097)	10,455,502
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		31,005,596	(12,174,395)	18,831,201

Parent

	Note	Issued Capital \$	Retained Earnings \$	Total \$
Balance at 1 July 2008		31,005,596	(7,152,314)	23,853,282
Loss for the year		-	(13,499,749)	(13,499,749)
Balance at 30 June 2009		31,005,596	(20,652,063)	10,353,533
Balance at 1 July 2007		20,255,599	(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

The accompanying notes form part of these financial statements.

NSX Limited

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Cash Flow Statement For the Year Ended 30 June 2009

Note	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Cash from operating activities:				
	2,006,658	1,837,589	-	-
	(5,403,770)	(4,350,191)	(3,064,398)	(1,749,605)
	329,013	627,376	276,644	554,871
	-	(55)	-	-
Net cash provided by (used in) operating activities	(3,068,099)	(1,885,281)	(2,787,754)	(1,194,734)
20(a)				
Cash flows from investing activities:				
	-	(174,569)	-	(174,863)
	(251,745)	(151,813)	(3,184)	(1,544)
	(10,729)	(63,601)	-	-
	-	-	(1,539,162)	(1,233,837)
Net cash provided by (used in) investing activities	(262,474)	(389,983)	(1,542,346)	(1,410,244)
Cash flows from financing activities:				
	-	31	-	-
	(31)	(8)	-	-
Net cash provided by (used in) financing activities	(31)	23	-	-
Net increase (decreases) in cash held				
	(3,330,604)	(2,275,241)	(4,330,100)	(2,604,978)
Cash at beginning of financial year	7,801,301	10,076,542	6,538,764	9,143,742
Cash at end of financial year	4,470,697	7,801,301	2,208,664	6,538,764
20(b)				

The accompanying notes form part of these financial statements.

NSX Limited

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Notes to the Financial Statements For the Year Ended 30 June 2009

This financial report includes the consolidated financial statements and notes of NSX Limited and controlled entities ('Economic Entity'), and the separate financial statements and notes of NSX Limited an individual parent entity ('Parent Entity').

Note 1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(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 where NSX Limited has the power to control the financial and operating policies 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 consistency 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.

NSX Limited

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Notes to the Financial Statements For the Year Ended 30 June 2009

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

(c) Income Tax (Cont'd)

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.

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.

Tax Consolidation

NSX Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

NSX Limited

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Notes to the Financial Statements For the Year Ended 30 June 2009

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

(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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Economic Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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%

(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.

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Notes to the Financial Statements For the Year Ended 30 June 2009

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

(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 and initial measurements

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

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Notes to the Financial Statements For the Year Ended 30 June 2009

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

(g) Financial Instruments (Cont'd)

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a) the amount at which the financial asset or financial liability is measured at initial recognition;
- b) less principal repayments;
- c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Economic Entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

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.

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Notes to the Financial Statements For the Year Ended 30 June 2009

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

(g) Financial Instruments (Cont'd)

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories or designated as such by management. 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.

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Notes to the Financial Statements For the Year Ended 30 June 2009

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.

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Notes to the Financial Statements For the Year Ended 30 June 2009

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

(k) Revenue and other income

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

Listings revenue includes revenue from annual listing fees, initial listing fees and secondary capital raisings. Initial and secondary listing fees are recognised when the listing or subsequent event has taken place. Annual listing fees are recognised evenly over the year.

Taxi licence market revenue is recognised evenly over the year as the service is performed.

Water trading fees are recognised on the completion of each trade.

Revenue from the rendering of other 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).

(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.

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Notes to the Financial Statements For the Year Ended 30 June 2009

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

(n) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Economic Entity.

Key Estimates – Impairment

The Economic Entity assesses impairment at each reporting date by evaluating conditions and events specific to the Economic Entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. Refer to note 12 for details of these assumptions.

With respect to cash flow projections prepared for goodwill on the acquisition of The Waterexchange Pty Ltd the following estimates have been made:

- (i) Revenue growth rate of 15% and expenditure growth rate of 3% have been factored into valuation models for the next five years on the basis of management's expectations around the economic entity to grow the business in accordance with its strategic plan.
- (ii) Pre-tax discount rates in the range of 12% to 20% has been used in all valuation models.
- (iii) Cash flow forecasts have been based over a period of five years only.

The application of this valuation model resulted in the balance of goodwill being fully impaired during the financial year.

Key Judgements – Impairment of receivables

Included in other assets is a receivable taken up on the acquisition of the Waterexchange, amounting to \$420,467. The director's believe there is significant uncertainty with regards to the collection of these monies, and accordingly this has been impaired at balance date.

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Notes to the Financial Statements For the Year Ended 30 June 2009

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

(o) New accounting standards for application in future periods

Certain new and amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. NSX Limited's assessment of the impact of these new and amended standards and interpretations is set out below:

AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Economic Entity will be unable to be determined. The following changes to accounting requirements are included:

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Economic Entity's policy);
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
- where there is, in substance, no change to Economic Entity interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

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Notes to the Financial Statements For the Year Ended 30 June 2009

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

Note 1 New accounting standards for application in future periods (cont.)

AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Economic Entity's Board for the purposes of decision making. Given that AASB 8 is only applicable to publicly listed entities or disclosing entities, the Economic Entity does not anticipate any impact from the introduction of this standard.

AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Economic Entity. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There is not expected to be any impact on the Economic Entity given that most capital projects are financed internally.

AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Economic Entity.

The Economic Entity does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Economic Entity's financial statements.

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Notes to the Financial Statements For the Year Ended 30 June 2009

Note 2 Revenue

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Operating activities				
- listing fees	810,852	895,967	-	-
- interest received - other persons	329,013	627,376	276,644	554,871
- taxi licence market income	321,246	311,154	-	-
- Water trading fees	609,924	475,525	-	-
- other revenue	14,325	4,614	-	-
Total Revenue	2,085,360	2,314,636	276,644	554,871

Note 3 Profit from Ordinary Activities

(a) Expenses

Finance Costs	-	55	-	-
Write down of goodwill to recoverable amount	10,875,278	-	10,875,278	-
Depreciation and amortisation	234,250	166,244	2,037	450
Impairments	421,396	-	-	-

Note 4 Auditors' Remuneration

- Auditing and reviewing the financial report	76,000	73,000	-	-
- Taxation services	28,713	13,755	-	-
	104,713	86,755	-	-

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Notes to the Financial Statements For the Year Ended 30 June 2009

Consolidated		Parent	
2009	2008	2009	2008
\$	\$	\$	\$

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% (2008: 30%)

(4,574,375)	(712,289)	(4,049,925)	(347,405)
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Add:

Tax effect of:

- tax losses not recognised in the accounts

4,574,375	712,289	4,049,925	347,405
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Income tax attributable to entity

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

7,126,904	2,552,529	4,482,625	432,700
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Note 6 Dividends

Balance of franking account at period end adjusted for franking credits arising from payment for provision of income tax

86,495	86,495	-	-
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Note 7 Cash and Cash Equivalents

Cash on hand

694	336	200	42
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Cash at bank

1,970,003	1,745,965	408,464	1,183,722
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1,970,697	1,746,301	408,664	1,183,764
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Notes to the Financial Statements For the Year Ended 30 June 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Note 8 Trade and Other Receivables				
CURRENT				
Trade receivables	33,169	62,706	-	-
Deposits	37,244	62,698	-	-
Sundry debtors	200,357	106,639	109,439	53,859
Receivable from controlled entities	-	-	4,739,327	3,027,045
Other receivables	-	1,000	-	-
	270,770	233,043	4,848,766	3,080,904

Note 9 Financial Assets

CURRENT				
Commercial bills - at amortised cost	2,500,000	6,000,000	1,800,000	5,300,000
Term deposit	-	55,000	-	55,000
	2,500,000	6,055,000	1,800,000	5,355,000
NON-CURRENT				
Shares in controlled entities - at cost	-	-	18,576,209	18,576,209
Less: provision for diminution	-	-	(14,984,889)	(4,109,611)
	-	-	3,591,320	14,466,598

Term deposits are bank guarantees held as bonds against rental properties at 117 Scott Street, Newcastle and 45 Exhibition Street, Melbourne. During the year the \$55,000 guarantee was returned on vacation of the 410 Collins Street, Melbourne premises.

Note 10 Other Assets

CURRENT				
Prepayments	171,302	135,980	-	-
Water Exchange Trading Account	-	420,467	-	-
	171,302	556,447	-	-

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Notes to the Financial Statements For the Year Ended 30 June 2009

Consolidated		Parent	
2009	2008	2009	2008
\$	\$	\$	\$

Note 10 Other Assets (cont.)

(a) Reconciliation of movements

Consolidated

	Waterexchange trading account
	\$
Balance at the beginning of year	420,467
Impairment	(420,467)
Balance at the end of year	-

Write off of net receivable identified on acquisition of the Waterexchange.

Note 11 Property Plant and Equipment

PLANT AND EQUIPMENT

Plant and equipment - at cost	1,158,337	906,592	4,728	1,544
Less accumulated depreciation	(871,858)	(711,938)	(2,487)	(450)
Total plant and equipment	286,479	194,654	2,241	1,094

(a) Movements in Carrying Amounts

Consolidated

	Plant and Equipment	Total
	\$	\$
Balance at the beginning of year	194,654	194,654
Additions	251,745	251,745
Depreciation and amortisation expense	(159,920)	(159,920)
Carrying amount at the end of year	286,479	286,479

Parent

Balance at the beginning of year	1,094	1,094
Additions	3,184	3,184
Depreciation and amortisation expense	(2,037)	(2,037)
Carrying amount at the end of year	2,241	2,241

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Notes to the Financial Statements For the Year Ended 30 June 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Note 12 Intangible Assets				
Website development costs - at cost	74,330	63,601	-	-
Accumulated amortisation and impairment	(74,330)	-	-	-
	-	63,601	-	-
Goodwill - at cost	16,036,798	16,036,798	-	-
Accumulated impairment losses	(16,036,798)	(5,161,520)	-	-
Net carrying amount - Goodwill	-	10,875,278	-	-
Formation Costs – at Cost	929	929	-	-
Accumulated amortisation and impairment	(929)	-	-	-
	-	929	-	-
Total Intangible Assets	-	10,939,808	-	-

(a) Reconciliation of movements

	Consolidated			Total
	Goodwill	Formation Costs – at Cost	Website development costs	
	\$	\$	\$	\$
Year ended 30 June 2008				
Opening balance	410,393	929	-	411,322
Additions	10,464,885	-	63,601	10,528,486
Impairment losses	-	-	-	-
Balance at 30 June 2008	10,875,278	929	63,601	10,939,808
Year ended 30 June 2009				
Opening balance	10,875,278	929	63,601	10,939,808
Additions	-	-	10,729	10,729
Amortisation	-	(929)	(2,845)	(3,774)
Impairment Losses	(10,875,278)	-	(71,485)	(10,946,763)
Balance at 30 June 2009	-	-	-	-

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Notes to the Financial Statements For the Year Ended 30 June 2009

Note 12 Intangible Assets (Cont.)

(b) Impairment Disclosures

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges in respect of intangible assets are included under depreciation and amortisation expense per the income statement. Goodwill has an infinite life and current impairments are included as a separate line item per the income statement.

Goodwill is 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 of the net assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but is tested annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is 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.

At each reporting date, the Economic Entity reviews the carrying values of its 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 or more often if required. 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.

Carrying Value

Goodwill is allocated to cash-generating units (business operations) which are based on the Economic Entity's reporting segments.

	30 June 2009	30 June 2008
Cash Generating Unit	\$	\$
Stock Exchanges	-	410,403
Water Exchange	-	7,964,875
Environmental Services	-	2,500,000
	-	10,875,278

The recoverable amount of each cash-generating unit above is determined as the higher of fair value less costs to sell and value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period. The cash flows are discounted using the weighted average cost of capital applicable to each cash generating unit. The fair value less costs to sell method was considered but because fair value cannot be reliably determined at this time the value-in-use method has been employed for determining the carrying value.

Key Assumptions

The key areas that management rely on in the budgets are:

- the sensitivity to changes in listings of securities on the stock exchanges;
- potential water entitlement trading levels in the Water Exchange market; and
- potential demand for carbon registry services based on expected trading levels in carbon trading markets, the introduction of an emission trading scheme in Australia or trading levels on voluntary trading markets.

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Notes to the Financial Statements For the Year Ended 30 June 2009

Note 12(b) Impairment Disclosures (Cont'd)

The following numerical assumptions were used in the value-in-use calculations for each cash generating unit.:

Cash Generating Unit	Revenue	Expenditure	Discount Rate	Discount Rate
	Growth Rate	Growth Rate	%	%
	%	Rate %	31 Dec 2008	30 June 2008
Stock Exchanges	15.00	3.00	12.09	7.50
Water Exchange	15.00	3.00	14.22	7.50
Environmental Services	15.00	3.00	20.00	7.50

For comparisons of revenue, expenses and operating results for the above cash generating units please refer to Note 25 Segment Reporting.

Management has based the value-in-use calculations on budgets produced for each reporting segment over a 5 year period. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

Events or circumstances leading to the recognition of impairment.

Stock Exchanges – since 30 June 2008 there has been a crisis in financial markets resulting in reduced capital for companies seeking to list. Many smaller companies that are looking for capital have, potentially, scaled back plans for listing. The Stock Exchange's budget has factored the potential for reduced demand for listing based on capital raising. However expectation for future business will come from compliance listings where companies have sufficient capital to operate.

Environmental Services – since 30 June 2008 changes in political agendas, some in response to the financial crisis, have postponed adoption of carbon trading protocols and delayed the introduction of emissions trading in Australia. This has increased the uncertainty with which the Company is able to ascertain future revenues from this business in the near term.

Water Exchange – water trading varies in line with seasonal conditions (such as drought, flood, fire, location of areas with or without rain in catchments), but can also be affected by government allocations of water to irrigators, government policy with respect to water generally, the ability of irrigators to utilise the water in their allocations among other factors. Since 30 June 2008 Australia has received various conditions of extremes in weather in many states which can have an impact on trading levels. More recently an embargo was put in place on water trading in New South Wales at the end of May 2009 which curtailed trading at the end of the season. This embargo was lifted at the end of August 2009 and trading in the affected regions is expected to resume.

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Notes to the Financial Statements For the Year Ended 30 June 2009

Consolidated		Parent	
2009	2008	2009	2008
\$	\$	\$	\$

Note 13 Controlled Entities

Name	Country of incorporation	Percentage Owned 2009	Percentage Owned 2008
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%	100%
The Waterexchange Pty Ltd	Australia	31%	31%
Settlement & Registry Services Pty Ltd	Australia	100%	100%
National Environment Registry Pty Ltd	Australia	100%	100%
Subsidiaries of National Stock Exchange of Australia Limited:			
NSX Clearing Nominees Pty Limited	Australia	100%	100%
Subsidiaries of BSX Group Holdings Limited			
Bendigo Stock Exchange Limited	Australia	100%	100%
BSX Services Pty Limited	Australia	100%	100%
BSX Systems Pty Limited	Australia	100%	100%
Subsidiaries of Watergroup Management Pty Ltd			
The Waterexchange Pty Ltd	Australia	69%	69%

Note 14 Trade and Other Payables

CURRENT				
Unsecured liabilities				
Trade payables	341,143	181,528	255,979	120,479
Sundry payables	1,071,143	516,456	28,384	33,872
Amounts payable to wholly owned subsidiaries	-	-	7,649	7,649
Interest received in advance	5,446	90,428	5,446	72,078
	1,417,732	788,412	297,458	234,078

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Notes to the Financial Statements For the Year Ended 30 June 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Note 15 Borrowings				
CURRENT				
Secured liabilities				
Bank overdraft	-	31	-	-
Finance lease obligation	18(a)	-	-	-
	-	31	-	-

Note 16 Provisions

(a) Movement in carrying amounts

Consolidated

	Employee entitlements	Total
	\$	\$
Opening balance at 1 July 2008	105,609	105,609
Additional provisions	153,087	153,087
Amounts used	(60,465)	(60,465)
Balance at 30 June 2009	198,231	198,231

(b) Analysis of Total Provisions

Current	144,657	81,490	-	-
Non-current	53,574	24,119	-	-
	198,231	105,609	-	-

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Notes to the Financial Statements For the Year Ended 30 June 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Note 17 Issued Capital				
74,460,003 (2008: 74,460,003) fully paid ordinary shares	30,990,596	30,990,596	30,990,596	30,990,596
1,500,000 (2008: 1,500,000) ordinary shares paid to 1 cent	15,000	15,000	15,000	15,000
	31,005,596	31,005,596	31,005,596	31,005,596

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.

The partly paid shares are only callable at the option of the holder or on liquidation. They can be voted in proportion to the amount that is paid up.

(a) Reconciliation of movements

At the beginning of reporting period	30,990,596	20,240,596	30,990,596	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	30,990,596	30,990,596	30,990,596

	Consolidated		Parent	
	2009	2008	2009	2008
	No.	No.	No.	No.
At the beginning of reporting period	74,460,003	49,460,003	74,460,003	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	74,460,003	74,460,003	74,460,003

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Notes to the Financial Statements For the Year Ended 30 June 2009

Consolidated		Parent	
2009	2008	2009	2008
\$	\$	\$	\$

Note 17 Issued Capital (Cont.)

(b) Capital Management

The Economic Entity's objective in managing capital is to continue to provide shareholders with attractive investment returns and ensure that the group can fund its operations and continue as a going concern.

The Economic Entity's capital consists of shareholders equity plus net debt. The movement in equity is shown in the Statement of Changes in Equity. At 30 June 2009 net debt was \$Nil (2008: \$Nil).

There are no externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Economic Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

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Notes to the Financial Statements For the Year Ended 30 June 2009

Consolidated		Parent	
2009	2008	2009	2008
\$	\$	\$	\$

Note 18 Capital and Leasing Commitments

(a) 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	124,074	235,830	-	-
- between 12 months and 5 years	281,243	876,667	-	-
	405,317	1,112,497	-	-

During the year the Newcastle (117 Scott Street) and Melbourne (45 Exhibition Street) offices moved to new premises. The Canberra office remains in its current location of 40 Brisbane Avenue. The property lease for the Newcastle premises is a non-cancellable lease with a three-year term with options for 2 additional three year terms, with rent payable monthly in advance. The lease commenced in August 2008.

During the year, the Melbourne office moved from Ground Floor, 410 Collins Street to the Level 3, 45 Exhibition Street. The Collins Street offices were re-let to Qantas. The revised lease is a non-cancellable sub-lease from Mirvac ICPS and commenced in December 2008 for a term of 2.5 years with no option to renew. An operating lease exists for a multi-function printer/scanner/fax in the Melbourne office with a monthly rental of \$995 per month plus a variable charge for consumables.

NSX Limited has an agreement with NASDAQ OMX 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.

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Notes to the Financial Statements For the Year Ended 30 June 2009

Consolidated		Parent	
2009	2008	2009	2008
\$	\$	\$	\$

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

Website redevelopment and internet services paid to director-related company - Adapt Information Technology Pty Ltd (Mr Symon)	-	(135,860)	-	-
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 director) paid listing fees to NSX	10,683	16,313	-	-
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)	(261,000)	(127,600)	-	-
M Cox as a director of Solidus Financial Services	(15,175)			
Mr Pritchard is a director of the following NSX participants which paid fees to NSX:				
Illuminator Investment Company Limited	7,750		-	-
Florin Mining Investment Company Limited	6,200		-	-
Pritchard Equity Limited	6,843		-	-
Winpar Holdings Limited	7,432		-	-
Pritchard & Partners Pty Ltd (broker)	1,715		-	-
Pritchard & Partners Corporate Finance Pty Ltd (Nominated Adviser)	1,000	1,000	-	-
Cameron Stockbrokers Limited	1,454			

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Notes to the Financial Statements For the Year Ended 30 June 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
(broker)				
Cameron Stockbrokers Limited (nominated advisers)	1,000	1,000	-	-
Rees Pritchard – Awarded costs associated with Federal Court case on holding a meeting.	(11,914)	-	-	-
Mr Paul Seymour	-	-	-	-
Ms Ann Bowering	-	-	-	-

(b) Beneficial Holdings

The direct, indirect and beneficial holdings of directors and their director related entities in the share and share options of the Economic Entity as at 30 June 2009 were:

Ordinary Shares:	1,429,002	(2008: 12,060,000)	fully paid ordinary shares
Partly Paid Shares:	700,000	(2008: 700,000)	partly paid shares
Share Options	195,000	(2008: 375,000)	

Note 20 Cash Flow Information

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

Net income/loss for the period	(15,247,916)	(2,374,298)	(13,499,749)	(1,158,016)
Cash flows excluded from profit attributable to operating activities				
Non-cash flows in profit				
Depreciation and amortisation	655,646	166,244	2,037	450
Write-downs of goodwill to recoverable amount	10,875,278	-	-	-
Impairment of Investment	-	-	10,875,278	-
Changes in assets and liabilities, net of the effects of purchase of subsidiaries				
(Increase)/decrease in trade and term receivables	(37,727)	352,150	(55,580)	(30,997)
(Increase)/decrease in other assets	(35,322)	(521,345)	-	-
Increase/(decrease) in trade payables and accruals	629,320	441,667	(109,740)	(6,171)
Increase/(decrease) in provisions	92,622	50,301	-	-
Cashflow from operations	(3,068,099)	(1,885,281)	(2,787,754)	(1,194,734)

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Notes to the Financial Statements For the Year Ended 30 June 2009

Consolidated		Parent	
2009	2008	2009	2008
\$	\$	\$	\$

Note 20 Cash Flow Information (Cont.)

(b) Credit Standby Arrangement and Loan Facilities

The company has a commercial credit facility amounting to \$72,000 (2008: \$30,000). At 30 June 2009, \$13,303 of this facility was used (2008: \$6,887). Interest rates are variable.

(c) Reconciliation of cash

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	1,970,697	1,746,301	408,664	1,183,764
Held to maturity (amortised cost)	2,500,000	6,055,000	1,800,000	5,355,000
	<u>4,470,697</u>	<u>7,801,301</u>	<u>2,208,664</u>	<u>6,538,764</u>

(d) Non-cash Financing and Investing Activities

Acquisition of Subsidiaries

No subsidiaries were acquired during the year. There were no non-cash financing activities during the year.

Note 21 Acquisitions of subsidiaries

No subsidiaries were acquired during the year

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Notes to the Financial Statements For the Year Ended 30 June 2009

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	Non-Executive, Director – Resigned 23 May 2009
Robert Bladier	MD - Director - Executive, Resigned 25 May 2009, ceased as an employee 2 June 2009.
Brian Peadon	Director - Executive, Appointed 12 November 2007, Resigned 25 May 2009, Continuing employment with the Waterexchange.
Michael Costello	Chairman, Appointed 17 Nov 2008, Resigned 25 May 2009.
Michael Cox	Director – Non-Executive, Resigned 4 May 2009
Hugh Robertson	Director – Non-Executive, Resigned 25 May 2009
Steven Pritchard	Appointed 25 May 2009
Paul Seymour	Managing Director, Appointed 25 May 2009
Ann Bowering	Non-executive Director, Appointed 25 May 2009
Scott Evans	General Manager, Company Secretary
Ian Craig	Companies Manager

(b) Director & Key Management Personnel Compensation

2009

	Short-term benefits		Post employment benefits	Other	Total
	Cash, salary & commissions	Non-cash Benefits	Superannuation		
	\$000	\$000	\$000		
Ian Mansbridge	38	-	3	-	41
Robert Bladier ¹	332	-	5	-	337
Brian Peadon	230	-	21	-	251
Michael Costello	31	-	3	-	34
Michael Cox ²	32	-	3	17	52
Hugh Robertson	-	-	35	-	35
Steven Pritchard	-	-	-	-	-
Paul Seymour	-	-	-	-	-
Ann Bowering	-	-	-	-	-
Scott Evans	150	5 ³	13	-	168
Ian Craig	159	5 ⁴	14	-	178
	972	10	97	17	1,096

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

² During 2007/2008 M. Cox was engaged by the WaterExchange as a consultant for a period of 19 days. An invoice was tendered by Solidus Financial Services - M Cox for \$16,693 and paid by the Company and is included as other in the table.

³ Issue of 11,628 shares in NSX Limited at a price of \$0.43 to Scott Evans.

⁴ Issue of 11,628 shares in NSX Limited at a price of \$0.43 to Ian Craig

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Notes to the Financial Statements For the Year Ended 30 June 2009

Note 22 Key Management Personnel (Cont'd)

2008

	Short-term benefits		Post employment benefits	Other \$000	Total \$000
	Cash, salary & commissions	Non-cash Benefits	Superannuation		
	\$000	\$000	\$000		
Ian Mansbridge	34	-	22	-	56
Robert Bladier ⁵	14	-	1	-	15
Brian Peadon	159	-	14	-	173
Richard Symon ⁶	581	74 ⁷	52	-	707
Michael Cox ⁸	44	-	4	-	48
Hugh Robertson	-	-	48	-	48
Scott Evans	146	-	13	-	159
Ian Craig	149	-	13	-	162
	1,127	74	167	-	1,368

(c) Compensation Options

No options were issued during the year as remuneration - 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 1/07/2008	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2009	Total Exercisable
Ian Mansbridge	-	-	-	-	-	-
Robert Bladier	-	-	-	-	-	-
Brian Peadon	-	-	-	-	-	-
Michael Costello	-	-	-	-	-	-
Michael Cox	375,000	-	-	-	375,000	375,000
Hugh Robertson	-	-	-	-	-	-
Steven Pritchard	-	-	-	-	-	-
Paul Seymour	-	-	-	-	-	-
Ann Bowering	-	-	-	-	-	-
Scott Evans	80,000	-	-	(20,000)	60,000	60,000
Ian Craig	-	-	-	-	-	-
	455,000	-	-	(20,000)	435,000	-

⁵ See note 19 for director related party disclosures – Blatan Pty Ltd.

⁶ See note 19 for director related party disclosures – Adapt It Pty Ltd, Growth Market Services (UK). Includes termination payments.

⁷ 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.

⁸ 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.

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Notes to the Financial Statements For the Year Ended 30 June 2009

Note 22 Key Management Personnel (Cont'd)

(f) Shareholdings

Number of Ordinary Fully Paid Shares held by Director & Key Management Personnel

	Balance 1/7/2008	Received as Remuneration	Options Exercised	Net Change Other ⁽¹⁾	Balance 30/06/2009
Ian Mansbridge	10,000	-	-	-	10,000
Robert Bladier	-	-	-	-	-
Brian Peadon ⁽²⁾	10,500,000	-	-	-	10,500,000
Michael Costello	-	-	-	-	-
Michael Cox ⁽³⁾	1,050,000	-	-	100,000	1,150,000
Hugh Robertson	500,000	-	-	-	500,000
Steven Pritchard	105,001	-	-	-	105,001
Paul Seymour	1,100,001	-	-	-	1,100,001
Ann Bowering	-	-	-	-	-
Scott Evans	5,000	11,628	-	-	16,628
Ian Craig	-	11,628	-	-	11,628
Totals	13,270,002	23,256	-	100,000	13,393,258

Note (1) Net change other refers to shares purchased or sold on market during the financial year.
 (2) Brian Peadon's shares arose from the sale of Waterexchange Group of Companies to NSX Limited. (3) Michael Cox purchased shares on market during the year.

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

	Balance 1/07/2008	Received as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2008
Ian Mansbridge	-	-	-	-	-
Robert Bladier	-	-	-	-	-
Brian Peadon	-	-	-	-	-
Michael Cox	700,000	-	-	-	700,000
Michael Costello	-	-	-	-	-
Steven Pritchard	700,000	-	-	-	700,000
Paul Seymour	-	-	-	-	-
Ann Bowering	-	-	-	-	-
Hugh Robertson	-	-	-	-	-
Scott Evans	-	-	-	-	-
Ian Craig	-	-	-	-	-
Totals	1,400,000	-	-	-	1,400,000

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Notes to the Financial Statements For the Year Ended 30 June 2009

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 20 December 2004, the remuneration pool for non-executive directors is \$200,000 per annum inclusive of Superannuation. All fees are inclusive of 9% superannuation. Director's fees are comprised of a fixed component only.

From 1 August 2009, Steven Pritchard, Ann Bowering and Paul Seymour receive a director's fee of \$12,000 per annum inclusive of superannuation. Disclosures for director fees paid during the financial year are provided in Note 22.

Managing Director – Paul Seymour

Short Term Incentive Plan

No short term incentive scheme had been approved by the Board or shareholders.

Long Term Incentive Plan

No long term incentive scheme had been approved by the Board or shareholders.

Outgoing MD performance awards during 2008/2009 – Mr Robert Bladier

Mr Bladier ceased as a Director on 29 May 2009 and as an employee on 3 June 2009.

Incentive Benefits Plan

During 2008/2009 the Board did not approve any awards.

Executive Director – Brian Peadon

Short Term Incentive Plan

During 2008/2009 the Board did not issue any awards according to this plan.

Long Term Incentive Plan

During 2008/2009 the Board did not issue any awards according to this plan.

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Notes to the Financial Statements For the Year Ended 30 June 2009

Note 23 Contingent Liabilities

Estimates of the maximum amounts of contingent liabilities that may become payable:	2009 \$	2008 \$
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 and Adelaide Bank Limited and NSX Limited has cash on deposit of \$1,000,000 with Bendigo and Adelaide Bank Limited.

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.

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Notes to the Financial Statements For the Year Ended 30 June 2009

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		
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
		%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:											
Cash and cash equivalents	4.62	6.50	1,970,003	1,745,965	1,000,000	1,000,000	694	336	2,970,697	2,746,301	
Commercial bills	5.45	7.23	-	-	1,500,000	5,000,000	-	-	1,500,000	5,000,000	
Receivables			-	-	-	-	270,770	233,043	270,770	233,043	
Total Financial Assets			1,970,003	1,745,965	2,500,000	6,000,000	271,464	233,379	4,471,467	7,979,344	
Financial Liabilities:											
Payables	-	-	-	-	-	-	341,143	181,528	341,143	181,528	
Finance lease liability	-	-	-	-	-	-	-	-	-	-	
Total Financial Liabilities	-	-	-	-	-	-	341,143	181,528	341,143	181,528	

(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.

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Notes to the Financial Statements For the Year Ended 30 June 2009

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.

(f) Liquidity risk

Liquidity risk is the risk that the economic entity is unable to meet its financial obligations as they fall due.

The economic entity has a zero level of gearing and manages liquidity risk by closely monitoring forecast and actual cash flows and matching the maturity profiles of financial assets.

(g) Interest rate sensitivity analysis

	Carrying Amount \$	Interest rate risk			
		-0.25%		+0.5%	
		Profit \$	Equity \$	Profit \$	Equity \$
Assets					
Cash	2,970,697	(7,427)	(7,427)	14,853	14,853
Commercial bills	1,500,000	(3,750)	(3,750)	7,500	7,500
Increase / (Decrease)	4,470,697	(11,177)	(11,177)	22,353	22,353

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Notes to the Financial Statements For the Year Ended 30 June 2009

Note 25 Segment Reporting

Primary reporting - Business segments

	Stock Exchanges		Taxi Markets		Water Exchange		Environmental Services		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
REVENUE										
Revenue from external customers:										
Services	810.9	896.0	321.2	311.2	609.9	480.1	-	-	1,742.0	1,687.3
Total revenue from external customers	810.9	896.0	321.2	311.2	609.9	480.1	-	-	1,742.0	1,687.3
Total revenue	810.9	896.0	321.2	311.2	609.9	480.1	-	-	1,742.0	1,687.3
Operating Expenses	1,846.1	2,918.2	412.3	509.5	934.5	862.9	387.9	398.4	3,580.8	4,689.0
Operating Result	(1,035.2)	(2,022.2)	(91.1)	(198.3)	(324.6)	(382.8)	(387.9)	(398.4)	(1,838.8)	(3,001.7)
Impairment Exp	0.9	-	74.3	-	420.5	-	-	-	495.7	-
Segment Profit/Loss for the year	(1,036.1)	(2,022.2)	(165.4)	(198.3)	(745.1)	(382.8)	(387.9)	(398.4)	(2,281.7)	(3,001.7)
UNALLOCATED										
Corporate Expenses	-	-	-	-	-	-	-	-	(2,381.5)	-
Net Interest	-	-	-	-	-	-	-	-	329.0	627.3
Goodwill Impairment	-	-	-	-	-	-	-	-	(10,875.3)	-
Other Income	-	-	-	-	-	-	-	-	14.3	-
Profit/Loss for the year	-	-	-	-	-	-	-	-	(15,247.9)	(2,373.4)
ASSETS										
Segment assets	1,040.1	1,084.4	40.9	171.8	879.5	531.4	1.3	-	1,961.8	1,787.6
Unallocated Corp	-	-	-	-	-	-	-	-	3,237.4	17,937.70
Total assets	1,040.1	1,084.4	40.9	171.8	879.5	8,463.1	1.3	-	5,199.2	19,725.3
LIABILITIES										
Segment liabilities	28.3	433.5	83.8	79.2	859.9	63.3	8.1	-	980.1	576.0
Unallocated Corp	-	-	-	-	-	-	-	-	635.9	318.1
Total Liabilities	28.3	433.5	83.8	17.0	943.7	63.7	8.1	-	1,616.0	894.1
OTHER										
Impairment Losses	0.9	-	74.3	-	420.5	-	-	-	11,371.0	-
Depreciation & amortisation of segment assets	142.3	58.5	3.1	1.5	12.5	6.3	-	-	157.9	66.3
Unallocated Corp	-	-	-	-	-	-	-	-	2.0	3.5
Total Depreciation	142.3	58.5	3.1	1.5	12.5	6.3	-	-	159.9	66.8

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Notes to the Financial Statements For the Year Ended 30 June 2009

Note 25 Segment Reporting (Cont'd)

(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, 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.

(c) Business and Geographic Segments

Business segments

The Economic Entity has the following 4 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 facility 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 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.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2009

Note 26 Financial Market Fidelity Funds

As at 30 June 2009 the National Stock Exchange of Australia Limited Fidelity Fund had a balance of \$346,348 (2008 - \$310,740). 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 2009 the Bendigo Stock Exchange Limited Fidelity Fund had a balance of \$37,638 (2008 - \$35,601). The Bendigo Stock Exchange Limited is the trustee of the fund and the assets of the fund can only be used for the purposes prescribed in the Corporations Act 2001.

Note 27 Reliance on 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 systems which are licensed to the economic entity by NASDAQ OMX Group and the ASTC CHESSE settlement systems, which are licensed to the Economic Entity by the Australian 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

On 1 September 2009 the Company announced a Joint Venture arrangement with Sustainable Investment Market Pty Limited (SIM-X) to create a SIM-X Cleantech Market for the listing of equity securities by Companies in the Cleantech space. The arrangement is estimated to be worth \$1million over a 5 year period.

Mr Bladier, the out going Managing Director, has commenced legal proceedings against the Company for non-payment of termination benefits. The Company is currently opposing this action.

There are no other 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.

NSX Limited

ABN: 33 089 447 058

Notes to the Financial Statements For the Year Ended 30 June 2009

Note 29 Company Details

The registered office and principal place of business is:

NSX Limited
Level 2,
117 Scott Street
Newcastle NSW 2300

Note 30 Earnings per Share

(a) Reconciliation of Earnings to Loss:

	Consolidated	
	2009	2008
	\$	\$
Loss for the year	(15,247,916)	(2,374,928)
Earnings used to calculate basic and diluted EPS	(15,247,916)	(2,374,928)

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

Weighted average number of ordinary shares used in calculating basic earnings per share and net tangible assets	74,460,003	67,358,227
Weighted average number of ordinary used in calculating dilutive EPS	74,460,003	67,358,227

(c) Basic and diluted earnings per share (cents):

Basic and diluted earnings per share (cents)	(20.48)	(3.52)
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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 2009 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.



.....
Steven Pritchard
Chairman



.....
Paul Seymour
Managing Director

Dated 29 September 2009

Newcastle

Independent Audit Report to the members of NSX Limited

Scope

We have audited financial report of NSX Limited (the company) and NSX Limited and controlled entities (the consolidated entity) for the financial year ended 30 June 2009 as set out in the income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes to the financial statements and directors declaration.

The financial report includes the consolidated financial statements of the consolidated entity comprising 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.

Lawler Partners
Audit & Assurance
(a Limited Partnership)
ABN 91 850 861 839

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INDEPENDENT/MEMBER OF
POLARIS[™]
INTERNATIONAL

Liability limited by a scheme approved
under Professional Standards Legislation

Independent Audit Report to the members of NSX Limited

Audit Opinion

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

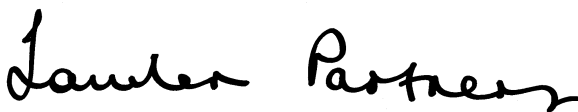
- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

Remuneration Report

We have audited the Remuneration Report as included in the report of directors for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of NSX Limited for the year ended 30 June 2009, complies with s300A of the *Corporations Act 2001*.



LAWLER PARTNERS
Chartered Accountants

Newcastle



CLAYTON HICKEY
Partner

Dated: 29 September, 2009

NSX Limited
ABN 33 089 447 058
For the Year Ended 30 June 2009

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 4 September 2009

Category (size of holding)	Number	
	Ordinary	Redeemable
1 – 1,000	62	-
1,001 – 5,000	237	-
5,001 – 10,000	161	-
10,001 – 100,000	220	-
100,001 – and over	51	3
	731	3

(b) Marketable Parcels as at 4 September 2009

The number of shareholdings held in less than marketable parcels (UMP) is 93 (at market price of 25 cents). UMP Number of securities is 96,406. UMP as a percentage of shares on issue is 0.13%.

(c) Substantial Shareholders as at 4 September 2009

The names of the substantial shareholders listed in the holding company's register as at 4 September 2009 are:

Shareholder	Number	
	Ordinary	Percentage
ANZ NOMINEES LIMITED <CASH INCOME A/C>	12,506,177	16.796
IRRICO AUSTRALIA PTY LTD	10,500,000	14.102
VITRON WERKBUND SUD AUSTRALASIA PTY LTD	9,750,000	13.094
GPG NOMINEES PTY LTD	5,667,138	7.611

(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. The call on the partly paid shares is at the discretion of the holder.

NSX Limited
ABN 33 089 447 058
For the Year Ended 30 June 2009

Additional Information for Listed Public Companies

(e) 20 Largest Shareholders — Ordinary Shares – as at 23 September 2009

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1 ANZ NOMINEES LIMITED <CASH INCOME A/C>	12,506,177	16.796
2 IRRICO AUSTRALIA PTY LTD	10,500,000	14.102
3 VITRON WERKBUND SUD AUSTRALASIA PTY LTD	9,750,000	13.094
4 GPG NOMINEES PTY LTD	5,667,138	7.611
5 FINANCIAL & ENERGY EXCHANGE LTD	2,917,603	3.918
6 BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	2,910,812	3.909
7 CITICORP NOMINEES PTY LIMITED	2,236,847	3.004
8 LIN LANG INTERNATIONAL TRADING PTY LTD	1,850,000	2.485
9 RENERGY PTY LTD	1,500,000	2.015
10 MR JOHN STEVEN LUNDGREN	1,134,000	1.523
11 MR PAUL ERNEST SEYMOUR	1,100,001	1.477
12 JEMAYA PTY LTD <THE FEATHERBY FAMILY A/C>	1,100,000	1.477
13 RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	1,085,000	1.457
14 REAM INVESTMENTS PTY LIMITED <THE RMD A/C>	900,000	1.209
15 RATTOON HOLDINGS LTD	800,000	1.074
16 GPG NOMINEES PTY LIMITED	771,770	1.036
17 FADMOOR PTY LTD <JOHN RUBINO SUPER FUND A/C>	691,940	0.929
18 MR DAVID ANTHONY <INVESTMENT A/C>	638,000	0.857
19 ALTERNATIVE EQUITY INVESTMENTS PTY LTD	444,992	0.598
20 MISS EVELIN ZHANG	410,000	0.551
Total	58,914,280	79.122

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:

Level 2,
117 Scott Street
Newcastle NSW 2300

NSX Limited
ABN 33 089 447 058
For the Year Ended 30 June 2009

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 2,237,383 options are on issue.

Option Expiring 20 Dec 2009 exercise price \$0.50	1,395,000
Option Expiring 20 Dec 2009 exercise price \$0.50	105,000
Option Expiring 15 Oct 2016 exercise price \$0.50	413,971
Option Expiring 15 Oct 2017 exercise price \$0.50	323,412

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 11.00am (AEST) on Tuesday, 17 November 2009.

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

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