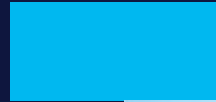


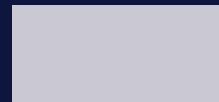
The logo for NSX, featuring the letters 'NSX' in a bold, white, sans-serif font. The 'X' is stylized with two parallel diagonal lines crossing at the center. The logo is centered in a light blue rectangular panel within a grid of architectural images.

# Annual Report

FOR YEAR ENDED 30TH JUNE 2014



N S X L I M I T E D A N D C O N T R O L L E D E N T I T I E S



# Annual Report



FOR THE YEAR ENDED 30 JUNE 2014

ABN 33 089 447 058

# Corporate Directory

## **DIRECTORS**

Ann Bowering  
Michael Cox (Chairman)  
Thomas Price

## **SENIOR EXECUTIVES**

Emlyn Scott  
*Chief Executive Officer*

Ann Bowering  
*Chief Executive Officer*  
*SIM Venture Securities Exchange*

Ian Craig  
*Companies Manager*

Scott Evans  
*General Manager & Company Secretary*

## **COMPANY SECRETARY**

Scott Evans

## **PRINCIPAL REGISTERED OFFICE**

Level 2, 117 Scott Street  
Newcastle NSW 2300.  
Telephone: (02) 4929 6377  
Facsimile: (02) 4929 1556

## **BANKERS**

**National Australia Bank**  
Level 1, 101 Hannell Street  
Wickham NSW 2293  
[www.nab.com.au](http://www.nab.com.au)

## **SOLICITORS**

**Baker & McKenzie**  
AMP Centre  
50 Bridge Street,  
Sydney NSW 1223  
[www.bakernet.com](http://www.bakernet.com)

## **AUDITORS**

**PKF Lawler Partners**  
755 Hunter Street  
Newcastle West NSW 2302  
[www.pkflawler.com.au](http://www.pkflawler.com.au)

## **SHARE REGISTRY**

**Boardroom Pty Ltd**  
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@boardroomlimited.com.au](mailto:callcentre@boardroomlimited.com.au)  
[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

## **WEBSITES**

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

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## Chairman's Report

### Dear Fellow Shareholder,

On behalf of the Board I am pleased to present you with the Annual Report for NSX Limited for the Financial Year ended 30 June 2014.

### Comments on the Financial Results of the Group

NSX's statutory result after tax was an operating loss of \$2.09million compared to a loss of \$1.96million in 2013. Expenses increased by 1.3% and revenue fell by 7.4%. This indicates that NSX's cost control regime is operating successfully but that NSX is subject to the vagaries of the capital markets with in it operates for its revenue growth. The main revenue category to fall was additional quotation of securities fees compared to the previous year. Further annual listing fees from Issuers is dependent on the total market capitalisation of Issuers which remained stable and therefore did not contribute to revenue growth as in previous years.

However the decline in revenue and the overall results of the group on a historical basis do not yet reflect the strategies that have been put in place during the year to improve earnings. The first has been a review of exchange fees where increases will be reflected in the 2014/2015 financial year and the second strategy is the continued business development activities which are starting to yield results.

We are starting to see an increase both in the number of enquiries for listing and these enquiries converting to completed applications and quotation of securities. There have been a range of companies listing recently from Australia, China, Malaysia and the United States that will contribute to revenue growth in the 2014/2015 financial year. Two have listed in July, one in August and at least another is scheduled to list in early September with further potential companies at various stages of progress toward listing in the pipeline.

I urge shareholders to read details on the financial results found in the body of this report to obtain a complete picture of last year's results.

### Recognising the support of stakeholder's

Without Participants, Nominated Advisers, Issuers and their investors neither the National Stock Exchange nor SIM Venture Securities Exchange would not exist and I thank them for their support of the markets.

I would like to thank our major shareholder, Financial and Energy Exchange Limited, for their continued support, not only in terms of financial support but also in strategic advice and market presence.

I must thank NSX's employees, led by our CEO Emlyn Scott, who whilst maintaining the day to day operational demands of running two stock exchanges have been able to develop and implement the key strategic changes needed to enable our business to grow.

I look forward to your attendance at the Annual General Meeting and would like to thank our shareholders for their continuing support and interest.

Michael Cox  
**Chairman**  
**NSX Limited**  
28 August 2014



## Markets Information

### LISTING, TRADING AND SETTLEMENT

#### About Us

NSX operates two Australian Market Licences. The National Stock Exchange of Australia (NSXA) is able to accommodate many different types of equity, equity related, and debt securities on its markets. Its rules, systems, processes and pricing are specifically suited to the SME and growth sector. The SIM Venture Securities Exchange (SIMVSE) specifically targets cleantech and innovation companies and their securities.

#### Listing

The markets do not have a one size fits all approach to the market trading of listed securities.

They can offer the conventional listing model that is standard across exchanges, but although this model suits the vast majority of listing companies there are some that have differing requirements.

The three common listing models across the exchanges are:

1. **Conventional** – standard market trading model chosen by the majority of companies with no investor or trading time restrictions. Any investor can invest in any company at any time during business hours in this type of trading model. The vast majority of our listed companies choose this trading model as it represents the standard and best known form of stock trading.
2. **Closed market** – investors are restricted to a particular group specified by the listed company. This model is popular with companies with a restricted membership type ownership base.
3. **Trading Windows** – trading occurs only twice a year for six weeks after semi and annual reporting. This restriction in trading times has the advantages of focusing liquidity around periods where news occurs and away from quiet periods. Trading windows is currently restricted to property-based managed investment schemes.

#### Trading

The NSX and SIMVSE operate their own trader workstation terminal as well as electronic feeds for those wishing to use their own terminals to trade or for information vendors. The service is called NETS and is based on one of the most technologically advanced trading platforms in the world. NSX sources its technology from NASDAQ OMX.

The NETS trading engine compares buying and selling orders entered into the system and automatically executes trades in strict time/price priority whenever two orders match. Orders are entered on NETS trader workstations in stockbrokers' offices or via online trading screens which may be located anywhere, and are then routed to network processors in the NSX's datacentre.

Trading hours are between 10.00am and 4.15pm Australian Eastern Standard Time ("AEST"), Monday to Friday.

#### Settlement

Both NSX and SIMVSE can accommodate securities that are either electronically settled or certificated securities. All securities registered for settlement electronically are settled on a T+3 basis. Certificated securities are settled on a T+5 basis.

For the purposes of electronic settlement, NSXA and SIMVSE have established a Settlement Facilitation Service agreement between NSX, SIMVSE and ASX Settlement Pty Ltd to utilise the CHES system. This agreement recognises the NSX and SIMVSE as an Australian Market Licence pursuant to ASX Settlement Operating Rule 4.1A and allows NSX and SIMVSE to be a recipient of the Facilitation Service provided by ASX. NSX is also a Recognised Market Operator under ASX Settlement Operating Rules and as such complies with the conditions set out in ASX Settlement Rule 4.3.13. Further, NSX is registered as a General Settlement Participant and therefore can act as a settlement agent on behalf of NSX and SIMVSE registered Participants.

## NSXA AND SIMVSE LISTING HISTORY OF SECURITIES

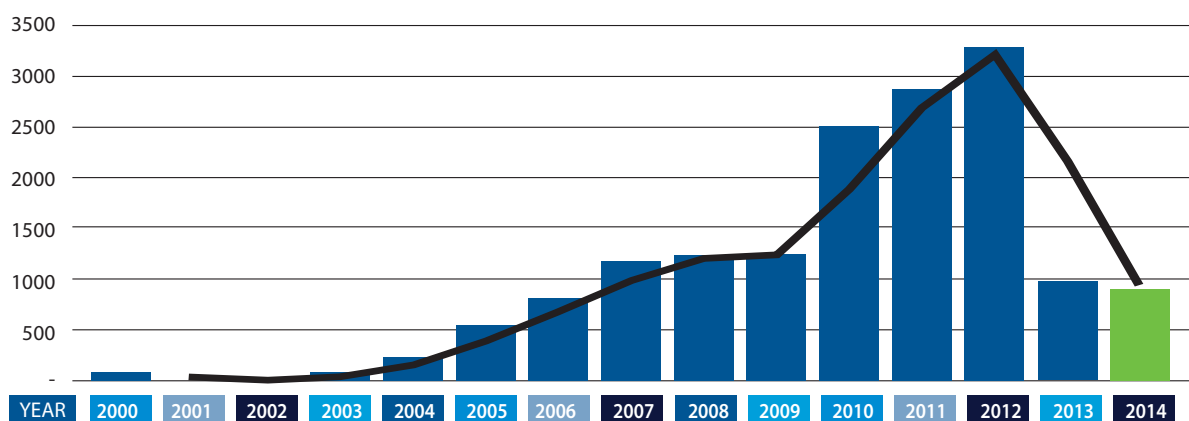
as at 30 June	2010	2011	2012	2013	2014
Fully Paid Ordinary	96	79	69	64	65
Partly Paid Ordinary	1	1	1	1	1
Debt Securities	40	47	50	46	38
Preference Securities	2	2	2	5	3
Company issued options	12	8	5	5	2
Property Trusts	-	1	2	2	1
<b>Total Listed Securities</b>	<b>151</b>	<b>138</b>	<b>128</b>	<b>123</b>	<b>110</b>
Delisted securities	13	13	40	14	14

Note: the increase in delisted securities in 2012 is due to the one time migration of BSX securities to NSXA and expiry of debt securities.

## NSXA &amp; SIMVSE TRADING STATISTICS

as at 30 June	2010	2011	2012	2013	2014
Listed Securities (no.)	151	138	128	123	110
Market Capitalisation (\$'mil)	2,517	2,857	3,552	1,058	911
Volume Traded ('000 shares)	30,690	226,142	279,812	253,579	301,891
Value Traded (\$'000)	9,559	132,586	261,693	128,691	55,348
Trades (no.)	1,112	2,542	3,445	1,842	1,110
Average Volume per trade ('000 shares)	27.6	89.0	81.2	137.7	272.0
Average value per trade (\$'000)	8.6	52.2	76.0	69.9	49.9
Average Price per Share (\$)	0.31	0.59	0.94	0.51	0.18
Announcements (no.)	3,111	4,171	4,773	4,886	3,486

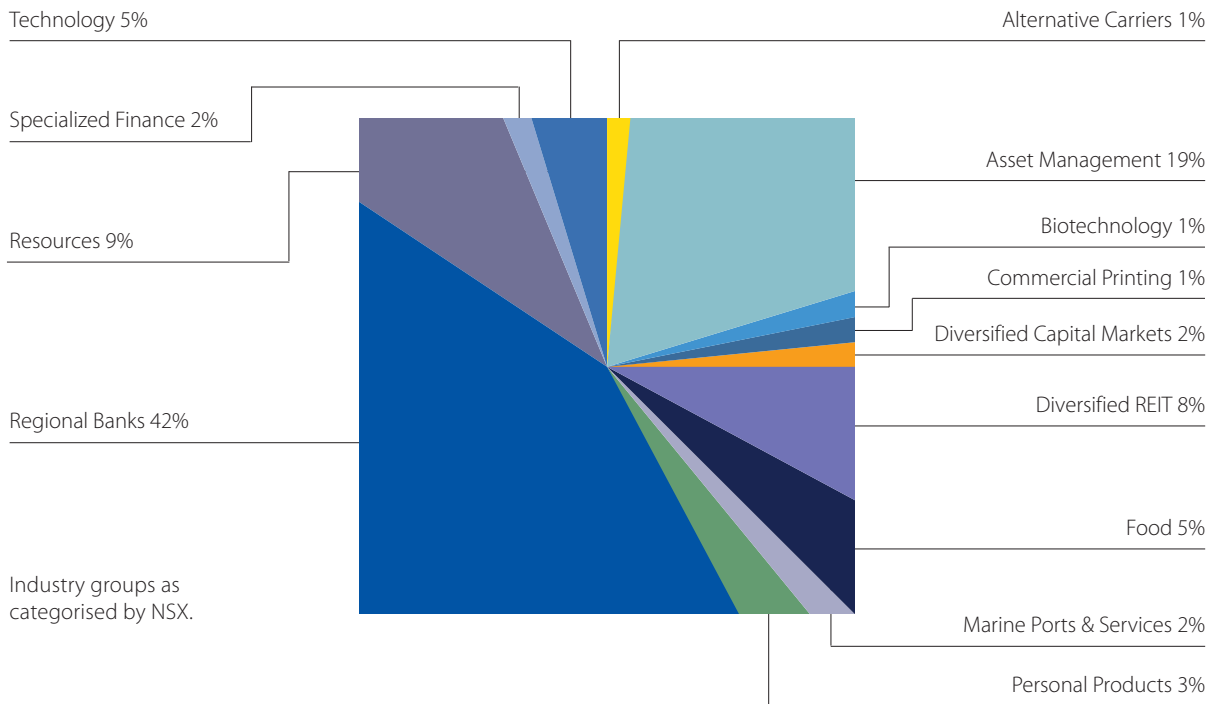
## MARKET CAPITALISATION (\$m)



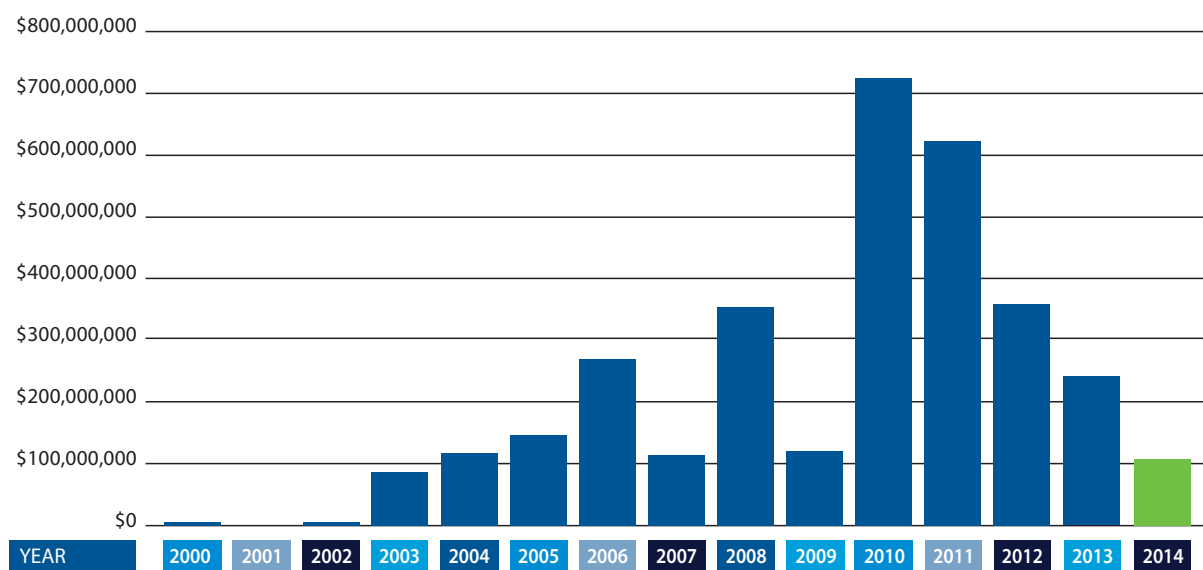
The solid line represents a two year moving average for the market capitalisation value. The value for 2014 represents the market capitalisation of all securities listed on the NSX and SIMVSE as at 30 June 2014.



### NSX ISSUERS BY INDUSTRY

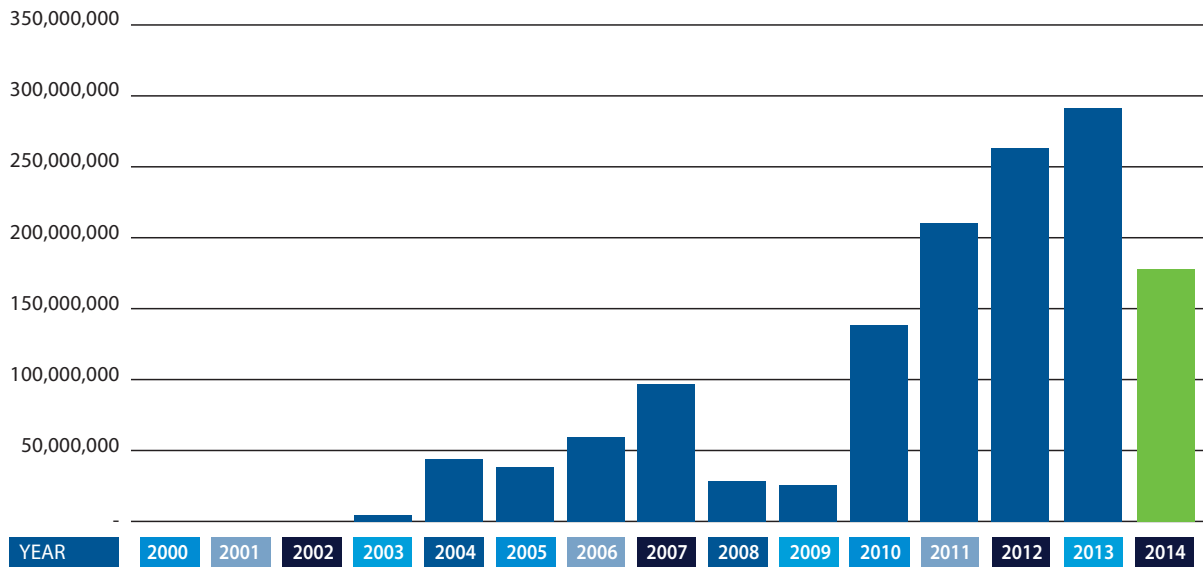


### PRIMARY AND SECONDARY CAPITAL RAISED (\$)



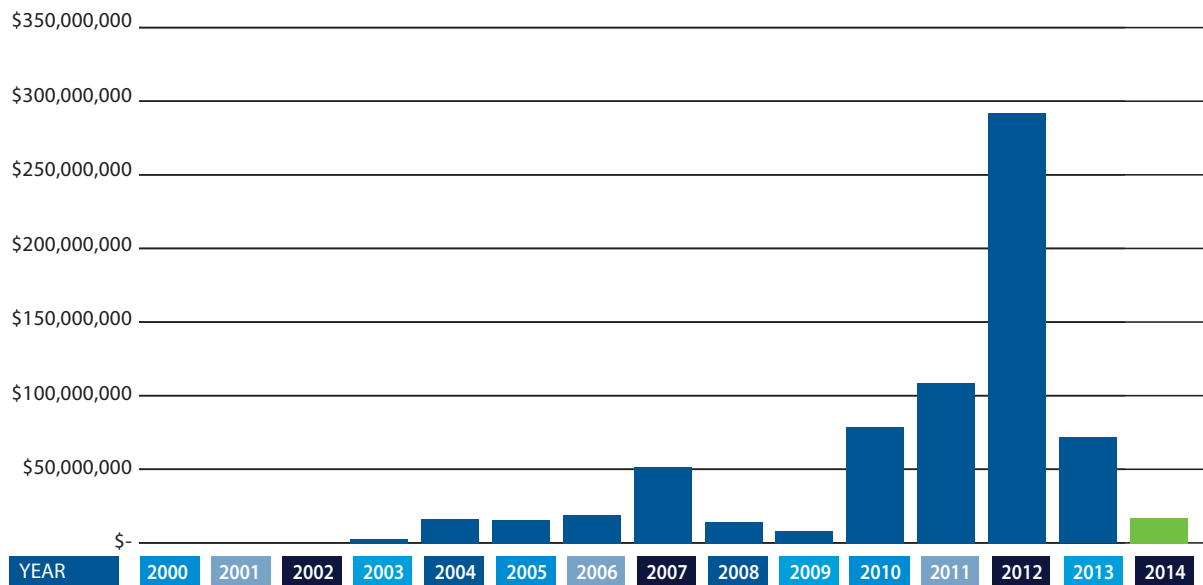
The green bar for 2014 represents actual capital raised during the calendar year 2014 both as primary capital (that is at the time of float) and secondary capital (that is additional capital raised by Issuers).

### TOTAL SHARES TRADED (SHARES)



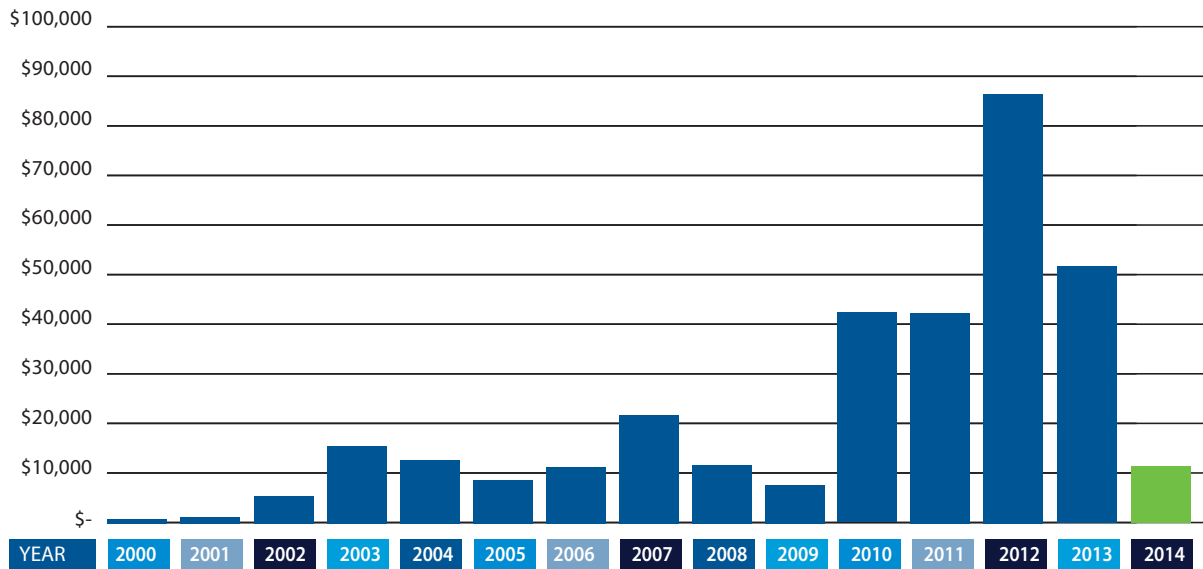
The green bar for 2014 total shares traded represents an annualised estimate of the total number of trades for the calendar year 2014.

### VALUE OF SHARES TRADED (\$)



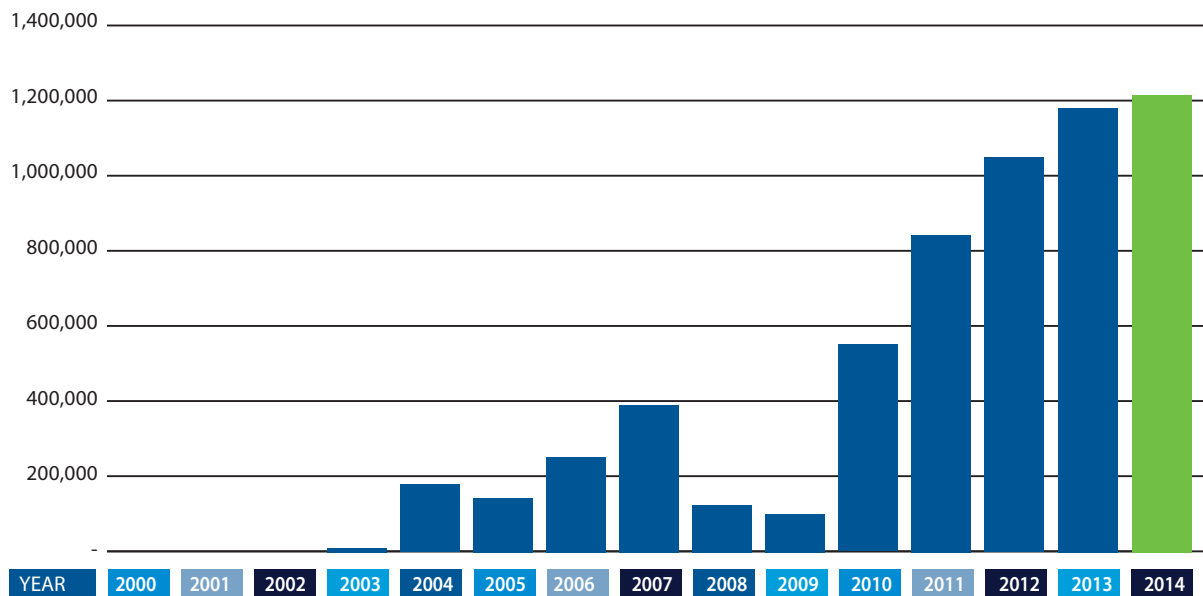
The green bar for 2014 total value of shares traded represents an annualised estimate of the total value of shares traded for the calendar year 2014.

### VALUE OF SHARES TRADED PER TRADE (\$)



The green bar represents the average value of shares traded per trade in dollars as at 31 July 2014.

### AVERAGE VOLUME OF SHARES TRADED PER DAY (SHARES)

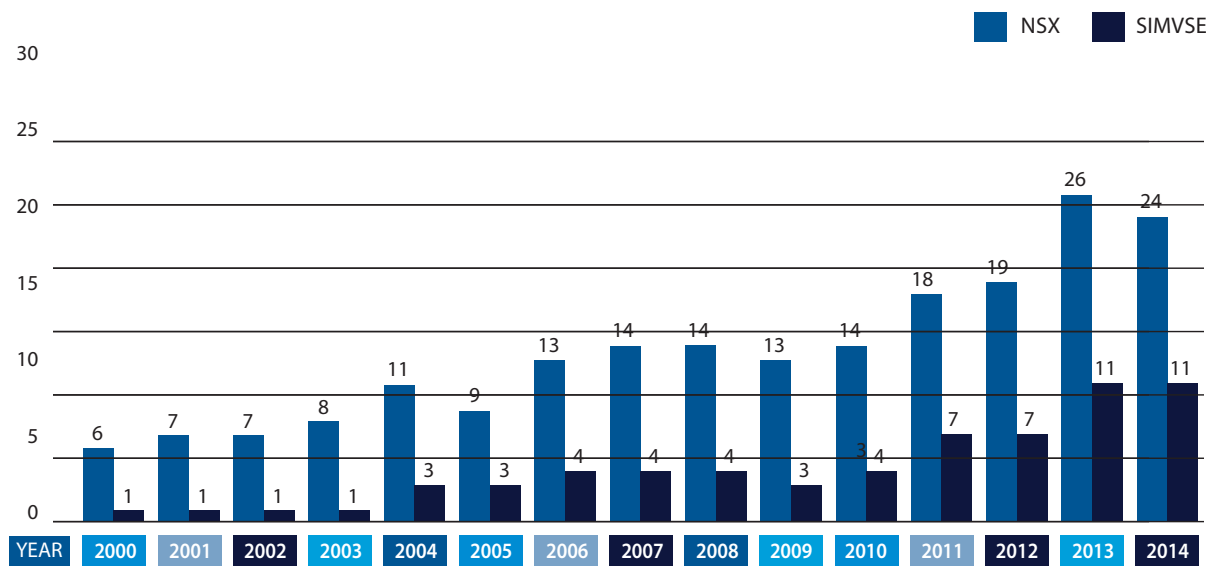


The green bar represents the average volume of shares traded per trade in number of shares as at 31 July 2014

## ABOUT PARTICIPANTS

NSXA and SIMVSE permit licensed organisations to apply to become Participants. Once a member of a licenced market these organisations can call themselves stockbrokers according to the Corporations Act. Participants offer services such as raising capital, trade execution, underwriting, research, investment advice, settlement and corporate advisory services. Participant services for each new listing includes assisting the listing applicant to obtain sufficient spread of shareholders and working capital requirements. Membership of a licenced stock exchange imposes a higher standard of compliance on Participants.

## NSX BROKERS (#)



## LIST OF BROKER PARTICIPANTS ON NSXA

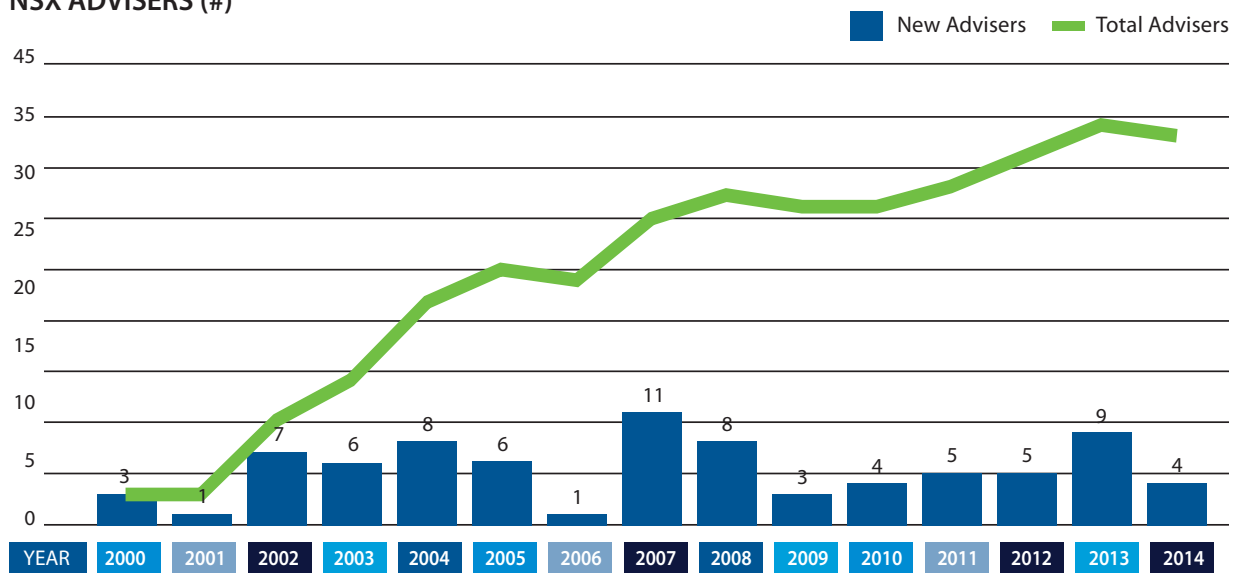
Participants (as at the date of this report)	
Affinity Wealth Services (NSXA, SIMVSE)	Morgans Financial Limited
AIMS Capital Securities (NSXA)	New York Securities (NSXA)
Baillieu Holst (NSXA, SIMVSE)	OpenMarkets Australia Limited (NSXA, SIMVSE)
Bell Potter Securities Limited (NSXA)	Ord Minnett Limited (NSXA)
Burrell Stockbroking Limited (NSXA)	Paterson Securities Limited (NSXA, SIMVSE)
Canaccord Genuity (Australia) Pty Ltd (NSXA)	Phillip Capital (NSXA, SIMVSE)
CPS Capital (NSXA)	Pritchard & Partners Pty Limited (NSXA)
Dayton Way Financial Pty Ltd (NSXA, SIMVSE)	Strategem Investment Services Pty Ltd (NSXA)
DJ Carmichael Stockbrokers (NSXA)	Taylor Collison Limited (NSXA, SIMVSE)
Dolphin Partners (NSXA, SIMVSE)	Triple C Consulting Pty Ltd (NSXA)
Leyland Private Asset Management (NSXA)	Veritas Securities (NSXA, SIMVSE)
Macquarie Equities Limited (NSXA)	Vertical Capital Markets (NSXA)

## ABOUT 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.

## NSX ADVISERS (#)



## LIST OF NOMINATED ADVISERS ON NSXA

Nominated Advisors (as at the date of this report)	
Addisons Lawyers	Minter Ellison – Gold Coast
Australian Securities Company (International) Pty Ltd	Minter Ellison - Adelaide
Baker and McKenzie	Nexia Australia
Burrell Stockbroking	Oakhill Hamilton Pty Ltd
Clayton Utz	PKF Hacketts
Collins Street Group Pty Ltd	Pointon Partners
Connell Lawyers	Pritchard & Partners Corporate Finance
Crowe Horwath Corporate Finance	Reanda Business Intellect Pty Ltd
DLA Piper	Sekel Oshry Lawyers
Eakin McCaffery Cox	Southasia Advisory

**Nominated Advisors (Cont'd) (as at the date of this report)**

FS Capital Ltd	Sparke Helmore
Highgate Corporate Advisors Pty Ltd	Steinepreis Paganin
HLB Chessboard Pty Ltd	Taylor Collison Limited
HopgoodGanim Lawyers	the MBA Partnership Pty Ltd
IQ3 Corp Limited	Walker Wayland Services Pty Limited
Madgwicks Lawyers	Wellington Capital Limited
Mathews Folbigg	Whittens Lawyers & Consultants
McCullough Robertson Lawyers	

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

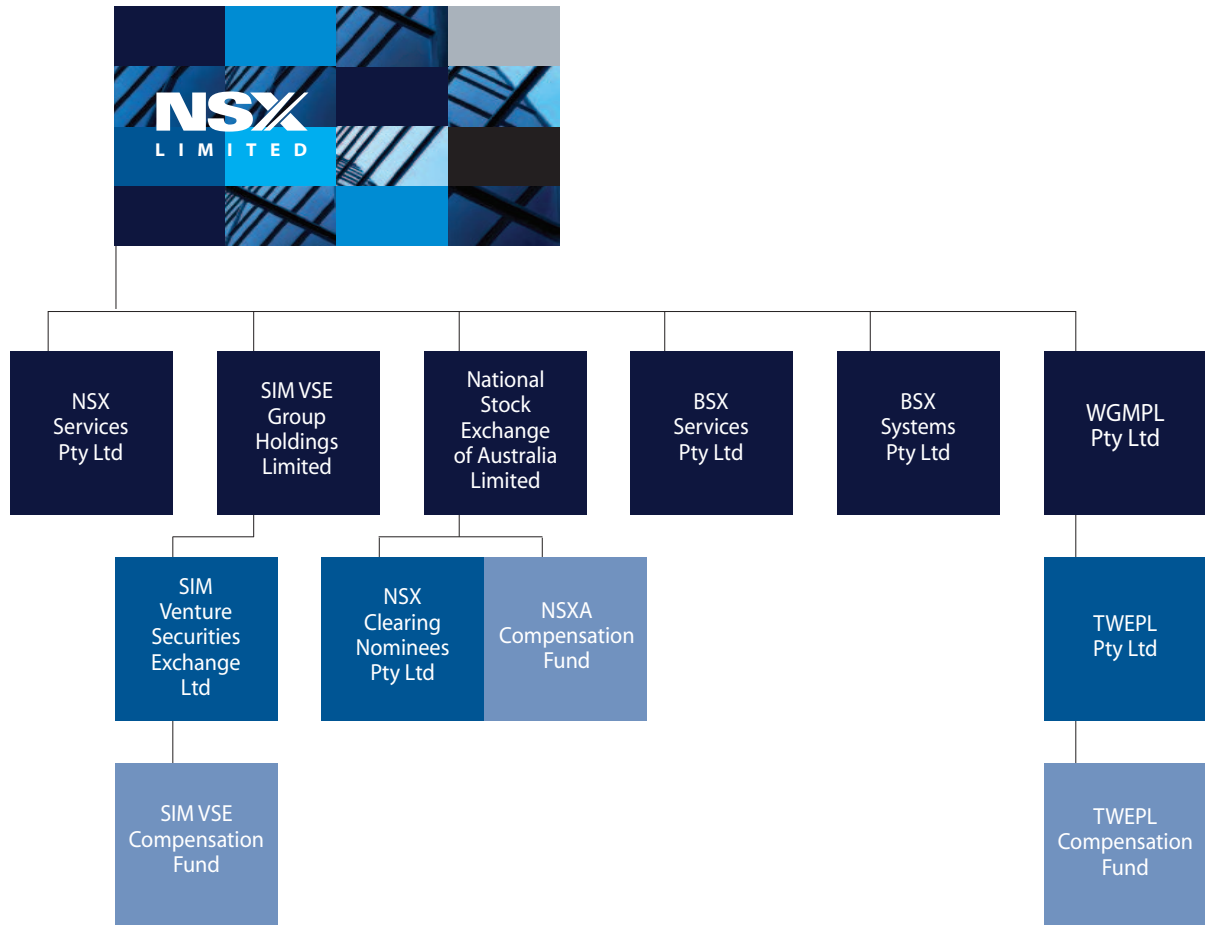
**TECHNOLOGY**

The trading system for equities markets is supplied by NASDAQ OMX group. The system integrates the trading of both the NSX and SIMVSE markets on the one trading platform. The system has the ability to expand to other trading classes and markets as required. NSX hosts the South Pacific Stock Exchange trading facility on its platform.

NSXA and SIMVSE are Recognised Market Operators in the ASX Settlement CHES system for the settlement of equity trades. Equity trades are settled via the batch Delivery versus Payment mechanism. NSX also allows the settlement of nominated securities by certificates on a broker to broker basis rather than through CHES.

### NSX GROUP CORPORATE STRUCTURE

The NSX group structure below depicts the corporate entities that are responsible for the operation of the Stock Exchanges and their respective compensation funds arrangements.



## MARKET STRUCTURES

The National Stock Exchange of Australia is able to accommodate many different types of equity and equity related securities on its markets. SIMVSE specifically targets cleantech and innovation companies and their securities.



SIMVSE is Asia's Cleantech and Innovation Exchange. Much like NASDAQ was to the Tech sector in the 1990's, SIMVSE is creating a hub for investment into the cleantech and innovation sectors. Companies from all over the world, in the form of primary and secondary listings, and from industries such as renewable energy, life sciences, innovators and new technologies will list on SIMVSE to access Asian capital for growth.







## Financial Markets Supervision

NSX financial exchanges (NSXA and SIMVSE) 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, Market Licencee’s primary obligations are to conduct a fair, orderly and transparent market. It is an obligation placed on the directors of each Licencee to ensure that the Licencee has sufficient resources to meet its obligations.

As part of this role, each Licencee 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 the 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. From 1 August 2010 this also means adherence to ASIC Market Integrity Rules.

The following outlines some of the committees and structures 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 SIM Venture Securities Exchange Limited.

The role of the Listing & Applications Committee is to review applications for listing by Issuers, Participant brokers and Nominated Advisers. 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 SIM Venture Securities 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 Board concerning Participant obligations, breaches of the Business Rules and disciplinary action, including suspension and removal of Participant recognition.
- Adjudicate on appeals.

Also in operation is an independent Compliance Officer whose responsibilities are to Chair the Compliance Committee, report to the 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 SIM Venture Securities Exchange (SIMVSE) 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 Market Licencees maintain investor confidence in the integrity of the markets by regulating the conduct of market participants and monitoring market activity for any irregularities. The NSXA and SIMVSE Fidelity Funds and Compensation arrangements provide a mechanism whereby retail clients of Participants, on either exchange, may claim recompense for losses under certain circumstances.

From 11th March 2004 the Fidelity Funds 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 and Fidelity Funds for NSXA and SIMVSE is available from the appropriate websites. A Market Licencee is obliged to maintain this arrangement for six months after a Market Licencee 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 SIMVSE are:

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

Information about making complaints is available from the NSX and SIMVSE websites as well as a form for lodging a complaint. All complaints must be made in writing.



## 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 on a continual basis.

### 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 as a listed entity.

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 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.

Summaries of 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 "Principles of Good Corporate Governance" (Principles) and the "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 following table is compliant according to the 2nd edition of the Corporate Governance Council's Principles effective up until 30 June 2014. NSX expects to update this table and its Corporate Governance statement to the 3rd Edition effective from 1 July 2014 in its 2015 Annual Report. As per ASX Listing Rule 4.7.3 NSX lodges Appendix 4G: Key Disclosures – Corporate Governance Council Principles and recommendations that became effective 1 July 2014 at the same time as this Annual report.

The following table summarises NSX compliance with ASX Corporate Governance Council's guidelines. Shaded sections are Guidance Principles, while white sections are NSX's responses. NSX's Corporate Governance statement is also available on its website (<http://www.nsx.com.au/about/governance>).

Principle	Compliance/Response	References
<b>Principle 1</b>	<b>Lay solid foundations for management and oversight.</b>	
<b>Recommendation 1.1</b>	<b>Formalise and disclose the functions reserved to the board and those delegated to senior executives and disclose those functions.</b>	
<b>NSX Response</b>	The NSX Board Charter makes it clear that the roles of Chairman and Chief Executive Officer are to be separate and distinct.	NSX Board Charter NSX Corporate Governance Statement
<b>Recommendation 1.2</b>	<b>Companies should disclose the process for evaluating the performance of senior executives.</b>	
<b>NSX Response</b>	The Board, as Remuneration Committee, has nomination (of Board members) and remuneration duties (of directors and senior employees). It performs this function by having reviews of salary levels, short term and long term incentive programs as and when required	NSX Board Charter NSX Corporate Governance Statement NSX Remuneration and Nomination Committee Charter NSX Annual report Remuneration Report

Principle	Compliance/Response	References
<b>Recommendation 1.3</b>	<b>Companies should provide information indicated in the Corporate Governance Guide to reporting on Principle 1.</b>	
<b>NSX Response</b>	<p>The Board Charter and Corporate Governance statements are published in the NSX website (www.nsx.com.au)</p> <p>The Board has not performed a review of the performance of Board members or of senior executives during the period.</p>	<p>NSX Board Charter</p> <p>NSX Corporate Governance Statement</p> <p>NSX Annual Report</p> <p>Remuneration Report</p>
<b>Principle 2</b>	<b>Structure the board to have an effective composition, size and commitment to adequately discharge its responsibilities and duties.</b>	
<b>Recommendation 2.1</b>	<b>A majority of the board should be independent directors.</b>	
<b>NSX Response</b>	<p>The NSX Board consists of 3 directors, including the Chairman - Michael Cox, Executive Director Ann Bowering and Non-Executive Director Thomas Price.</p> <p>Applying the independence test outlined in the Principles, the NSX considers that the only independent director is Michael Cox. Thus, there is not a majority of directors that are independent.</p> <p>The Board is cognisant off the need for independence and so has in place policies to mitigate for the lack of independence. The independence of the Board is supported by adherence by the Board to various policy documents. These documents require that:</p> <ul style="list-style-type: none"> <li>(a) new directors inform the Board of any perceived bias or conflicts of interest before their appointment,</li> <li>(b) serving directors bring any potential conflicts of interests to the notice of the Board prior to the commencement of each meeting,</li> <li>(c) any conflicted director will absent him or herself from voting on that particular matter; and</li> <li>(d) Non-executive Directors can hold independent meetings before scheduled full board meetings in the absence of management; and</li> <li>(e) Has established external committees to oversee listing and compliance of listed entities that are regulated by NSX.</li> </ul> <p>The Board is of the view that this is the best arrangement to grow the business of the NSX in the current development cycle of the Company.</p>	<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>
<b>Recommendation 2.2</b>	<b>The chairperson should be an independent director.</b>	
<b>NSX Response</b>	The Chairperson is considered an independent director.	Board Charter

Principle	Compliance/Response	References
<b>Recommendation 2.3</b>	<b>The roles of chairperson and Chief Executive Officer should not be exercised by the same individual.</b>	
<b>NSX Response</b>	The NSX Board Charter makes it clear that the roles of Chairman and Chief Executive Officer are to be separate and distinct. These positions are separated.	Board Charter
<b>Recommendation 2.4</b>	<b>The board should establish a nomination committee.</b>	
<b>NSX Response</b>	<p>The Board has established a Remuneration and Nomination Committee but it is inactive. The Board oversees this role currently.</p> <p>When active, 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 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>The Board is of the view that this is the best arrangement to grow the business of the NSX in the current development cycle of the Company.</p>	<p>Remuneration and Nomination Committee Charter</p> <p>Procedures for the provision of services by Director's and related parties.</p> <p>Procedures for the maintenance of the conflicts of interest register</p> <p>Procedures for appointment of new directors or senior officers to NSX</p> <p>Procedures for Board Charter</p> <p><i>Corporations Act (s792B)</i></p>
<b>Recommendation 2.5</b>	<b>Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.</b>	
<b>NSX Response</b>	The process for evaluating performance is disclosed on the NSX website as part of the corporate governance documents made available there.	<p>Board Charter</p> <p>Remuneration and Nomination Committee Charter</p> <p>NSX Annual Report</p> <p>Remuneration Report</p>
<b>Recommendation 2.6</b>	<b>Provide the information indicated in Guide to reporting on Principle 2.</b>	
	<b>(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.</b>	
<b>NSX Response</b>	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.	NSX Annual Report

Principle	Compliance/Response	References
	<b>(ii) The names of the directors considered by the Board to constitute independent directors and the company's materiality thresholds.</b>	
<b>NSX Response</b>	<p>There is one independent director, Michael Cox.</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; or</p> <p>The Director is related to a substantial (5% or more) shareholder of the Company.</p> <p>The Board may decide other relevant factors as appropriate from time to time.</p> <p>The Board is of the view that this is the best arrangement to grow the business of the NSX in the current development cycle of the Company.</p>	NSX Board Charter
	<b>(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.</b>	
<b>NSX Response</b>	<p>There is a procedure for directors to take independent professional advice at the expense of the company, following confirmation by the Chairperson and/or the full board.</p>	<p>NSX Constitution</p> <p>NSX Board Minutes</p> <p>NSX Board Charter</p>
	<b>(iv) A Statement as to the mix of skills and diversity for which the Board of directors is looking to achieve in membership of the Board.</b>	
<b>NSX Response</b>	<p>At the present time the Board is not seeking to appoint additional directors.</p> <p>The skills and experience of each director is reported in the statutory financial Report. The relevant Charters and Procedures mentioned in this table are posted on the NSX website (<a href="http://www.nsx.com.au">www.nsx.com.au</a>). There is an agreed procedure for directors to take external advice. The period of office is provided in the Statutory Financial Report.</p>	<p>NSX Board Charter</p> <p>NSX Annual Report</p>
	<b>(v) The term of office held by each director in office at the date of the annual report.</b>	
<b>NSX Response</b>	<p>The appointment and resignation dates of each director is disclosed in the statutory financial report.</p>	NSX Annual Report

Principle	Compliance/Response	References
	<b>(vi) The names of members of the nomination committee and their attendance at meetings of the committee.</b>	
<b>NSX Response</b>	The composition and attendance of meetings is disclosed in the statutory financial report. As the Committee is represented by the Board then Board minutes are taken as evidence of attendance of meetings.	NSX Annual Report – Board Meetings
	<b>(vii) Description of the procedure for the selection and appointment of directors.</b>	
<b>NSX Response</b>	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
<b>Principle 3</b>	<p><b>Promote ethical and responsible decision making.</b></p> <p><b>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</b></p> <p><b>3.1.1 The practices necessary to maintain confidence in the company's integrity;</b></p> <p><b>3.1.2 The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;</b></p> <p><b>3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</b></p>	
<b>NSX Response</b>	<p>NSX has in place a number of procedures and policy documents to guide the directors and Chief Executive Officer 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 in securities sets out the rules relating to dealings by employees and directors in financial products traded on NSX markets. The Procedures restate the <i>Corporations Act</i> 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>Each individual must abide by these policies and procedures in order to contribute to the high standard of integrity expected by the NSX.</p> <p>NSX declares on its website the conflicts of interest each director and Senior Officers have as well as those entities either Advisers, Participants or Listed Issuers that have been declared as review parties due to some association with either a Director or a Senior Officer which may put either party in direct conflict.</p>	<p>Procedures for appointment of new directors or senior officers to NSX</p> <p>Procedures for dealing in securities by Directors, Officers and Employees of NSX</p> <p>NSX Code of Ethics and Conduct</p> <p>NSX Conflicts of Interest Policy</p> <p>Procedures for dealing in securities by Directors, Officers and Employee of NSX</p> <p>NSX Disclosures of Conflicts of Interest and review Parties</p>



Principle	Compliance/Response	References								
<b>Recommendation 3.2</b>	<b>Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.</b>									
<b>NSX Response</b>	<p>Currently NSX has a written diversity policy which is published on the NSX website.</p> <p>The Board considers that the Company is well diversified both in Director and employee representation.</p>	<p>NSX Board Charter</p> <p>NSX Diversity Policy</p>								
<b>Recommendation 3.3</b>	<b>Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.</b>									
<b>NSX Response</b>	<p>The Board has established the following gender targets</p> <table border="1"> <thead> <tr> <th>Target</th> <th>By When</th> </tr> </thead> <tbody> <tr> <td>(1) at Board level at least one of the next 2 appointments desirably should be female with appropriate skills and attributes.</td> <td>(1) when it is appropriate to expand or refresh the Board.</td> </tr> <tr> <td>(2) at Executive level at least one of the next 2 executive appointments desirably should be female with appropriate skills and attributes.</td> <td>(2) when it is appropriate to expand or refresh the executive team.</td> </tr> <tr> <td>(2) generally subject to the qualifying note under this item 2(c), not less than 33% of new appointments should be male and not less than 33% of new appointments should be female.</td> <td>(3) annually by 30 June each year.</td> </tr> </tbody> </table>	Target	By When	(1) at Board level at least one of the next 2 appointments desirably should be female with appropriate skills and attributes.	(1) when it is appropriate to expand or refresh the Board.	(2) at Executive level at least one of the next 2 executive appointments desirably should be female with appropriate skills and attributes.	(2) when it is appropriate to expand or refresh the executive team.	(2) generally subject to the qualifying note under this item 2(c), not less than 33% of new appointments should be male and not less than 33% of new appointments should be female.	(3) annually by 30 June each year.	<p>NSX Diversity Policy</p> <p>NSX Annual report</p>
Target	By When									
(1) at Board level at least one of the next 2 appointments desirably should be female with appropriate skills and attributes.	(1) when it is appropriate to expand or refresh the Board.									
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(2) generally subject to the qualifying note under this item 2(c), not less than 33% of new appointments should be male and not less than 33% of new appointments should be female.	(3) annually by 30 June each year.									
<b>Recommendation 3.4</b>	<b>Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.</b>									
<b>NSX Response</b>	<p>33% of Directors are women.</p> <p>25% of senior executives are women.</p> <p>50% of all employees are women.</p>	NSX Annual report								
<b>Recommendation 3.5</b>	<b>Companies should provide the information indicated in the Guide to reporting on Principle 3.</b>									
<b>NSX Response</b>	Refer to 3.4 above.	NSX Annual report								

Principle	Compliance/Response	References
Principle 4	<b>Independently verify and safeguard the integrity in financial reporting.</b>	
Recommendation 4.1	<b>The board should establish an audit committee.</b>	
<b>NSX Response</b>	<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 &amp; Risk Committee but it is currently inactive. The Board overseas this function.</p> <p>In addition, the Board considers that the Board is of sufficient size and possesses sufficient technical accounting and commercial expertise to ensure NSX carries out its reporting obligations.</p> <p>The integrity of NSX financial reporting is promoted by the following:</p> <ol style="list-style-type: none"> <li>1. That at least one director has significant accounting experience and expertise;</li> <li>2. NSX is not so large as to warrant resources beyond that of the existing board being utilised;</li> <li>3. The NSX Board engages with its auditors on a regular basis;</li> <li>4. 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.</li> </ol> <p>The Board is of the view that this is the best arrangement to grow the business of the NSX in the current development cycle of the Company.</p>	<p>Board Charter</p> <p>Audit &amp; Risk Committee Charter</p>
Recommendation 4.2	<b>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.</b>	
<b>NSX Response</b>	<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 Board currently oversees this function. The Board is of the view that this is the best arrangement to grow the business of the NSX in the current development cycle of the Company.</p>	<p>Audit &amp; Risk Committee Charter</p>

Principle	Compliance/Response	References
<b>Recommendation 4.3</b>	<b>The Audit Committee should have a formal charter.</b>	
<b>NSX Response</b>	The Audit Committee has a formal charter.	Audit & Risk Committee Charter
<b>Recommendation 4.4</b>	<b>Companies should provide the information indicated in the Guide to reporting on Principle 4.</b>	
<b>NSX Response</b>	NSX director details are provided in the Annual Report as are the meeting attendance records except when the Board oversees this function.	Annual report
<b>Principle 5</b>	<b>Companies should promote timely and balanced disclosure.</b>	
<b>Recommendation 5.1</b>	<b>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.</b>	
<b>NSX Response</b>	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
<b>Recommendation 5.2</b>	<b>Provide the information indicated in Guide to reporting on Principle 5.</b>	
<b>NSX Response</b>	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 Listing Rule disclosure requirements.	Website

Principle	Compliance/Response	References
<b>Principle 6</b>	<b>Respect the rights of shareholders.</b>	
<b>Recommendation 6.1</b>	<b>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.</b>	
<b>NSX Response</b>	<p>The NSX Shareholder Communications Policy states that the NSX is committed to timely and accurate disclosure of information to shareholders. 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"> <li>1. maintaining and regularly updating its web site;</li> <li>2. making available electronic copies of annual reports to shareholders;</li> <li>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;</li> <li>4. accepting nominations for the board of NSX that are made to the Company Secretary in accordance with the NSX constitution;</li> <li>5. strictly applying the Procedures for the Dealing in Securities by Directors and Employees; and</li> <li>6. 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.</li> </ol>	NSX Shareholder Communications Policy
<b>Recommendation 6.2</b>	<b>Companies should provide the information indicated in the Guide to reporting on Principle 6.</b>	
<b>NSX Response</b>	Application information is provided on the NSX website.	Board Policy
<b>Principle 7</b>	<b>Recognise and manage risk.</b>	
<b>Recommendation 7.1</b>	<b>Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</b>	
<b>NSX Response</b>	As stated in the NSX Corporate Governance Statement, NSX Compliance Officer has responsibility for reviewing the compliance framework and policies within NSX, while the Board assesses risk policies and framework associated with the NSX.	NSX Corporate Governance Statement Board Charter Compliance Plan NSX Risk Framework

Principle	Compliance/Response	References
<b>Recommendation 7.2</b>	<b>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.</b>	
<b>NSX Response</b>	Management reports to the Board on its operations. This includes any analysis of risks facing the business.	NSX Corporate Governance Statement Board Charter Compliance Plan NSX Risk Framework
<b>Recommendation 7.3</b>	<b>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.</b>	
<b>NSX Response</b>	NSX has adopted a policy of requiring the Chief Executive Officer 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.  The Board is also cognisant that material changes are required to be disclosed to the market with respect to Listing Rule 3.1.	NSX Corporate Governance Statement
<b>Recommendation 7.4</b>	<b>Provide the information indicated in Guide to reporting on Principle 7.</b>	
<b>NSX Response</b>	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. On a periodic basis, the Board assesses compliance and risks associated with operating the NSX businesses.	Corporate Governance Statement
<b>Principle 8</b>	<b>Remunerate fairly and responsibly.</b>	
<b>Recommendation 8.1</b>	<b>The Board should establish a Remuneration &amp; Nomination Committee.</b>	
<b>NSX Response</b>	The Board has established a Remuneration and Nomination Committee.	Remuneration and Nomination Committee Charter

Principle	Compliance/Response	References
<b>Recommendation 8.2</b>	<b>The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent chair and has at least three members.</b>	
<b>NSX Response</b>	The committee consists of the current Board members. The Board is of the view that this is the best arrangement to grow the business of the NSX in the current development cycle of the Company.	Remuneration and Nomination Committee Charter
<b>Recommendation 8.3</b>	<b>Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executives.</b>	
<b>NSX Response</b>	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.  Based on recommendations of the Remuneration Committee the executive remuneration is reviewed and approved by the Board.	Board Policy
<b>Recommendation 8.4</b>	<b>Companies should provide the information indicated in the Guide to reporting on Principle 8.</b>	
<b>NSX Response</b>	See Note 22 and remuneration report contained within this document.	Annual report

## TRADING POLICY

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 Trading 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 or compliance 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 Limited 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](http://www.nsx.com.au))

## AUDIT RISK COMMITTEE

NSX Limited Board has established an Audit and Risk Committee as part of its Corporate Governance Policy. The Committee structure is currently inactive as the NSX Board oversees these functions. The Board is of the view that this is the best arrangement to grow the business of the NSX in the current development cycle of the Company.

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 NSX Board.

## REMUNERATION AND NOMINATION COMMITTEE

NSX Limited Board of Directors has established a Remuneration and Nomination Committee as part of its Corporate Governance Policy. The Committee structure is currently inactive as the NSX Board oversees this function. The Board is of the view that this is the best arrangement to grow the business of the NSX in the current development cycle of the Company.

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.

## CONFLICTS OF INTEREST – DECLARED CONFLICTS AND REVIEW PARTIES

As part of the requirements of its corporate governance arrangements and as a part of the obligations for holding two Australian Market licences able to operate Stock Exchanges in Australia, NSX has a number of policies and procedures to help manage conflicts of interests that its officers and employees may face in the course of their day to day activities.

Further, NSX has obligations to disclose potential or actual conflicts of interest. Disclosure is in two forms (1) the conflicts of interest that officers and staff may have to manage on a day to day basis and (2) conflicts that NSX, its officers and its staff may have when the NSX supervises third parties known as Review Parties.

A commercial conflict of interest is a situation where an employee interest and NSX interest(s) are in conflict and the employee gives preference to the employee's interest usually for a financial gain or other benefit, ahead of the interest(s) of NSX. For example a director or employee is involved with a supplier to NSX, a Nominated Adviser, a Participant of NSX or a listed Issuer on NSX and by the Director or employee actions that Participant or Issuer derives a benefit that they would not have ordinarily obtained.

Further, where NSX supervises competitors who are Participants of the NSXA or SIMVSE markets, then there is potential for conflict if the NSX makes a decision, unfairly, that is to the detriment of that competitor. Also, there may be a regulatory conflict where NSX's commercial interests or those commercial interests of the parties that Directors and Staff are involved with potentially override the regulatory obligations of the NSX as a holder of Australian Market Licences.

### Table of Declared Conflicts

Director or Officer	Relationship to NSX	Nature of potential or actual Conflict
<b>Brian Price</b>	Director of SIMVSE Director of substantial shareholder of NSX and SIMVSE	Substantial shareholder of Openmarkets Online Trading Pty Ltd which owns Openmarkets Australia Limited (formerly Cameron Stockbrokers Limited) a Participant of NSXA and SIMVSE. Ownership percentage 19.92% through Ironmountain Pty Ltd. Director of 52.394% shareholder of NSX Limited. Director of 38% shareholder (FEX) of SIMVSE. Iron Mountain Pty Ltd owns 16.94% of Telezon Limited an Issuer listed on SIMVSE
<b>Tom Price</b>	Director of NSX Director of SIMVSE Director of substantial shareholder of NSX and SIMVSE	Director of 50.803% shareholder of NSX Limited. Director of 38% shareholder (FEX) of SIMVSE.
<b>Michael Cox</b>	Director of NSX Director of SIMVSE	None
<b>Ann Bowering</b>	Director NSX Limited Chief Executive Officer SIMVSE Director of SIMVSE	Executive Officer of 52.394% shareholder (FEX) of NSX Limited Executive Officer of 38% shareholder (FEX) of SIMVSE
<b>Emlyn Scott</b>	Chief Executive Officer NSX	Substantial shareholder of Openmarkets Online Trading Pty Ltd which owns Openmarkets Australia Limited (formerly Cameron Stockbrokers Limited) a Participant of NSXA and SIMVSE. Ownership percentage 20.89% through Serpentine Pty Ltd and Beaupride Pty Ltd.

NSX makes this information available on its website.



# Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

ABN 33 089 447 058

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## Director's Report

our directors present their report on the company and its controlled entities for the financial year ended 30 June 2014.

### DIRECTORS

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

Ann Bowering	Appointed 25 May 2009
Thomas Price	Appointed 17 November 2009
Michael Cox	Appointed 23 November 2009
Bruce McNab (alternate to Ann Bowering)	Appointed 1 June 2011

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), GAICD, SA Fin, (appointed 7 March 2006). He previously worked for the Australian Securities Exchange as National Manager, Information Products and for Reuters PLC as Historical Database Manager Asia/Pacific. Mr Evans has extensive experience in the finance industry, in managing companies and reviewing NSX listed entities compliance with the listing rules. Mr Evans is responsible for surveillance, compliance, trading, settlement, technology and market operations.

### 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 SIM Venture Securities Exchange Ltd).

### OPERATING RESULTS

The net loss of the Economic Entity for the financial year after providing for income tax amounted to \$2,091,021 (2013: loss of \$1,961,995).

An analysis of the factors contributing to this result is provided in the Review of Operations section (below).

### DIVIDENDS PAID OR RECOMMENDED

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

## REVIEW OF OPERATIONS

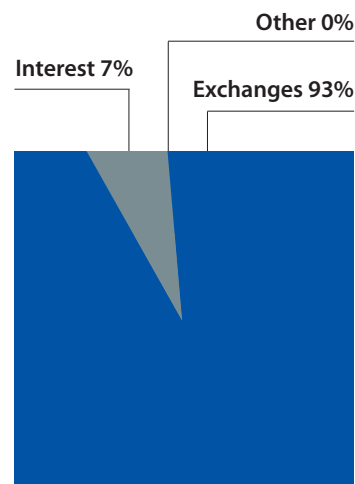
### REVENUE

Out of total revenue, receipts associated with the operation of the stock exchanges business accounts for 93% of all revenue earned.

Gross revenue has decreased by 7.4% due to a falls in interest received and revenue from the quotation of additional securities. This is reflective of general market conditions for listed companies where raising additional capital has been difficult.

Interest received declined by 23.1% due to lower interest rates received on smaller cash balances held within the NSX Group.

Other revenue has declined by 89.8% due to no other one off revenue gains.



Changes in Revenue Categories from 30 June 2014 vs. 30 June 2013 (Table 1)

30 June Revenue Category	Notes	2014 \$'000	2013 \$'000	Change %
Exchange Revenue	1	1,009.7	1,065.2	-5.2
Interest Received		75.9	98.7	-23.1
Other Revenue	2	1.0	10.2	-89.8
<b>Total Revenue</b>		<b>1,086.6</b>	<b>1,174.1</b>	<b>-7.4</b>

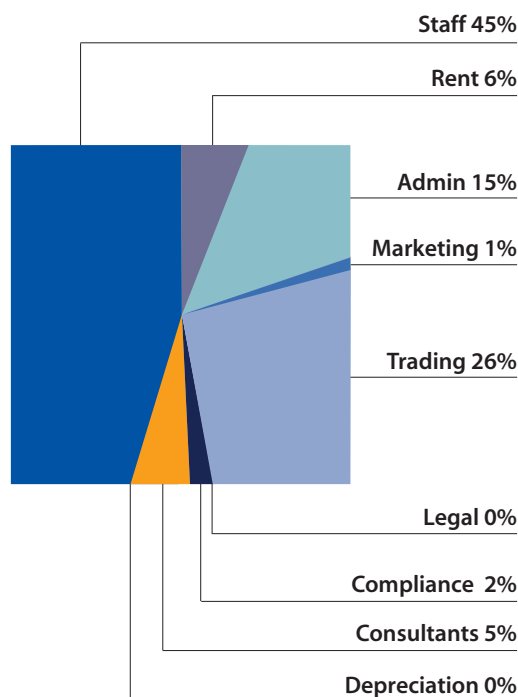
### EXPENSES

Gross operating expenses increased by 1.3% from \$3.1million to \$3.2million. The following is an explanation of major movements within each expense category that lead to the above result.

Employee benefits expense increased by 11.6% as share based variable contracts for two executives were converted to fixed employment agreements and outstanding entitlements under the previous agreements were paid out. The NSX no longer operates share based employment schemes.

Consultancy expenses includes contractor payments, external advisers and payments to Financial and Energy Exchange for the services of Ann Bowering as CEO of the SIMVSE Joint Venture. This expense decreased by 0.2% due a slightly smaller expenditure incurred by the JV with FEX for SIMVSE.

Compliance expense includes any activities associated with the external committees for the Exchanges such as the Listing and Admission Committee and the Compliance Committee. It also includes any other compliance related expenses not classified elsewhere in the accounts. This expense increased by 6.5% due to increased regulatory activities of both Exchanges. This expense category tends to increase or decrease depending on the amount of listing applications by issuers, applications for participant broker status, compliance and surveillance activity required of the Listing Admission and Compliance Committees.



Legal and professional expenses includes any payments to outside legal and professional representation. This expense decreased by 80.5% due to a continuing trend of a lesser requirement for legal advice during the year. There are no known current or pending legal actions.

Market trading expenses encompasses any costs associated with running the trading and settlement activities of the exchanges, including trading systems, websites, fees to regulators and key service provider costs that can be identified as contributing to the operation of the markets. This expense decreased by 6.8% during the year due to a reduction in CHES application fees for new issuers. This expense also includes fees associated with NSX participation in the ASX Settlement Facilitation Service as well as ASIC annual fees for the Stock Exchanges' Market Licences.

Marketing and promotion includes any costs associated with external promotion of the Exchanges such as sales activities at exhibitor conferences and business development related travel. Expenditure has decreased by 58.5% due no one off third party payments.

Occupancy expense includes any expense related to the three offices maintained by NSX in Sydney, Melbourne and Newcastle during the year. It also includes any allocation by FEX for office space utilised by the SIMVSE Joint Venture. This expense has increased by 4.1% due to market based increases in rent associated with all three locations..

General administration and other expenses have increased by 5.1% mainly due to a reduction in bad debts expense.

The table of expenses summarises the movements in major expense categories relative to the previous comparable period's expenses.

30 June Expense Category	2014 \$'000	2013 \$'000	Change %
Employee benefits expense	1,442.6	1,292.6	11.6
Depreciation, amortisation and impairments	11.5	18.1	-36.5
Consultancy expenses	160.2	160.5	-0.2
Compliance expenses	57.2	53.7	6.5
Legal expenses	13.1	67.3	-80.5
Market trading expenses	811.8	870.9	-6.8
Marketing and promotion expenses	15.8	38.1	-58.5
Occupancy expenses	199.1	191.3	4.1
Administration & Other expenses	466.2	443.5	5.1
<b>Total Expenses</b>	<b>3,177.5</b>	<b>3,136.0</b>	<b>1.3</b>

## CONSOLIDATED SUMMARY

The operating loss for the Group was \$2.09million for the period (6.6% increase on the previous period's operating loss). Factors leading to this result are explained in the revenue and expense analysis sections above. The Group maintains a cash balance of \$2.3million at the end of the period. Of the cash held, \$2.2million is held in trust as part of the Stock Exchange's market compensation arrangements and guarantees leaving \$0.13million as working capital for the NSX Group as at 30 June. The remaining funding due from Financial and Energy Exchange for the SIMVSE joint venture is \$0.71million. The Group is reliant on funding from FEX.

Earnings per share (EPS) decreased from (1.97) cents per share to (2.04) cents per share or a decline of 3.6%.

30 June Summary	2014 \$'000	2013 \$'000	Change %
Revenue	1,087	1,174	-7.4
Expenses excluding impairments	3,178	3,136	1.3
Operating loss	(2,091)	(1,962)	6.6
Expenses including impairments	3,178	3,136	1.3
<b>Net loss after tax</b>	<b>(2,091)</b>	<b>(1,962)</b>	<b>6.6</b>

Key Statistics	2014	2013	Change %
Earnings per share (cents)	(2.04)	(1.97)	-3.6
Net tangible asset backing (cents)	0.5	2.4	-77.8
Share price at end of period (cents)	10.0	16.0	-37.5
Shares on Issue at end of period (mil)	102.4	102.4	0.0
Market capitalisation (\$'mil)	10.2	16.4	-37.5
Cash at bank (\$'000)	2,331	2,431	-4.1
Cash held for statutory purposes (\$'000)	2,200	2,200	0.0
<b>Working Capital (\$'000)</b>	<b>131</b>	<b>231</b>	<b>-43.3</b>
SIMVSE capital due from FEX (\$'000)	710	990	-28.3

## INFORMATION ON DIRECTORS

Michael Cox	Non-Executive Director, Chairman
Qualifications	BSc (USyd), LLB(UTS), Cert Acc, Dip Gem, Dip DT, FIPA, MAICD, FGAA
Appointed	23 November 2009
Directorships held in other listed entities:	NIL
Interest in Shares and Options:	2,609 Fully paid ordinary shares 700,000 Partly paid shares paid to 1 cent

### EXPERIENCE

Mr Cox had 10 years of experience in the securities industry prior to acting as corporate consultant and professional director. Mr Cox was formerly a director of other public companies including Benitec Ltd, Queensland Opals NL, Australian Environmental Resources NL and is a director of a number of private and public unlisted companies.

Mr Cox was CEO of the NSX at the time it listed on the ASX and merged with the Bendigo Stock Exchange. Mr Cox is a partner in Solidus Financial Services – public accountants.

**INFORMATION ON DIRECTORS (CONT)**

<b>Thomas Price</b>	<b>Non-Executive Director</b>
Qualifications	B.Arts (Macquarie)
Appointed	17 November 2009
Directorships held in other listed entities:	NIL
Interest in Shares and Options:	53,325,305 Fully paid ordinary shares (Director of Financial and Energy Exchange Limited)

**EXPERIENCE**

Tom Price is an Executive Director of the Financial & Energy Exchange Limited (FEX), a Director of the Australian Market licensed interest rate and currency swap market operator, Mercari Pty Ltd, and a Strategy Advisor on the environmental product development joint venture between FEX, Macquarie Capital Group and Climate Exchange plc (Envex).

In his role at FEX, Tom is responsible for the overall implementation of operational technology and regulatory infrastructure for business development including the proposed energy, commodity and environmental derivative markets. He works closely with NASDAQ OMX on technology issues and is also responsible for overall market connectivity infrastructure for the FEX group.

Previously, Tom was an Australian based Derivative Asset Manager and Consultant with over 15 years experience in derivative transactions, derivatives trading and option pricing.

<b>Ann Bowering</b>	<b>Executive Director, Chief Executive Officer of SIM Venture Securities Exchange Ltd</b>
Qualifications	B.Comm Acc & Fin, CA
Appointed	25 May 2009
Directorships held in other listed entities:	NIL
Interest in Shares and Options:	NIL

**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 is a director of Financial and Energy Exchange Limited (FEX). As a member of the executive team of FEX, 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.

**INFORMATION ON DIRECTORS (CONT'D)**

<b>Bruce McNab</b>	<b>Alternate Director to Ann Bowering</b>
Qualifications	Council of Legal Education Diploma – RMIT Admitted as a Barrister and Solicitor of the Supreme Court of Victoria (Australian Legal Practitioner)
Appointed	1 June 2011
Directorships held in other listed entities:	NIL
Interest in Shares and Options:	NIL

**EXPERIENCE**

Bruce McNab is an Australian Legal Practitioner with 30 years experience practising in commercial, property and finance law, primarily as a partner with Garland Hawthorn Brahe Solicitors. In addition he has had a five year career in management as Commercial Manager for Cleanevent International with responsibilities in the USA, UK, Europe and the Middle East and with Bellwater Thailand in Asia. Bruce is currently practising with Aldgate Lawyers in Melbourne.

Bruce's commercial legal practice has involved a range of Corporations Law matters involving shareholders rights and entitlements and corporate governance issues. This, combined with the perspective that his relevant business management experience provides, gives him valuable insight into the current issues and challenges facing NSX.

**MEETINGS OF DIRECTORS**

During the financial year, 12 (2013: 12) Meetings of Directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Special Meetings	
	Eligible to attend	Number attended	Eligible to attend	Number attended
Michael Cox	12	12	1	1
Thomas Price	12	12	1	1
Ann Bowering	12	11	1	1
Bruce McNab (alternate to A Bowering)	-	-	-	-

Special meetings encompass Annual General Meetings and any other General Meetings of shareholders.

**MEETINGS OF AUDIT AND RISK COMMITTEE**

The NSX has in place an Audit Committee. Due to the size of the organisation the functions of the Audit committee are performed by the entire Board. The Board has two accounting qualified Board members.



## MEETINGS OF REMUNERATION AND NOMINATION COMMITTEE

The NSX has in place a Remuneration and Nomination Committee. Due to the size of the organisation the functions of this committee are performed by the entire Board.

## DIRECTORS' AND CHIEF 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 40), 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 inclusive of any superannuation guarantee remittances. Non-executive Chairman and Director fees are comprised of a fixed component being \$87,600 and \$43,800 respectively inclusive of superannuation. The fee has changed due to the change in statutory superannuation percentage from 9.25% to 9.5%. Executive director fees for service are by mutual agreement with the Board. Disclosures for director fees and allowances actually paid during the financial year are provided in Note 22.

#### Chairman of Directors – Michael Cox

For performance of the roles of Chairman and Director Mr Cox is paid a stipend of \$87,600 inclusive of superannuation.

The actual remuneration paid to Mr Cox for the year ended 30 June 2014 is provided in Note 22. Related Party transactions with Mr Cox are disclosed in Note 19.

#### 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.

**REMUNERATION REPORT (AUDITED) (CONT'D)****Non-Executive Director – Thomas Price**

There is no employment or service agreement agreed to by the Board for Mr Price. Mr Price's director stipend as a director is \$43,800 inclusive of superannuation per annum.

The actual remuneration paid to Mr Price for the year ended 30 June 2014 is provided in Note 22. Related Party transactions with Mr Price are disclosed in Note 19.

**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.

**Executive Director – Ann Bowering**

There is no employment or service agreement agreed to by the Board for Ms Bowering. Ms Bowering stipend as an executive director is \$43,800 inclusive of superannuation per annum.

During the year Ann Bowering was an employee of Financial and Energy Exchange Ltd (FEX). In return for the services provided by Ann Bowering as Chief Executive of SIM Venture Securities Exchange Ltd NSX reimburses FEX.

Actual remuneration paid by NSX to Ms Bowering for services as a director for the year ended 30 June 2014 is provided in Note 22. The fees reimbursed to FEX for Ms Bowering services are disclosed in the related parties Note 19.

**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.

**Alternate Director – Bruce McNab**

In line with the NSX Limited constitution no remuneration was paid by the Company to Alternate Directors. Alternate Directors are allowed reimbursement for expenses in relation to performing their duties.

Actual allowances fees paid to Mr McNab for the year ended 30 June 2014 is provided in Note 19 and Note 22.

**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.

**REMUNERATION REPORT (AUDITED) (CONT'D)****Chief Executive Officer – Emlyn Scott**

An employment agreement exists between NSX and Emlyn Scott commencing on 3 October 2011. The agreement for a total remuneration package of \$218,000 per annum inclusive of superannuation, 20 days annual leave without leave loading, accrue long service leave according to the provisions of the Long Service leave Act 1995 (NSW), and personal leave of 10 days per annum. As the Chief Executive Officer is not a director no director stipend is applicable.

The employment contract with Mr Scott can be terminated by Mr Scott providing one month's written notice. The NSX can terminate the contract by written notice and payment of 6 months' base salary in lieu of notice.

Actual remuneration paid to Mr Scott during the period is provided in Note 22. Mr Scott is a substantial shareholder of Openmarkets Online Trading Pty Ltd which is the parent of Openmarkets Australia Limited ("Openmarkets") a participant of NSXA and SIMVSE markets. Related party disclosures for Mr Scott in relation to Openmarkets are disclosed in the related parties Note 19. Openmarkets is declared as a review party by NSX in order to put in place a framework for managing the conflict of interest that could potentially arise. More information concerning review parties and the framework for the management of conflicts of interest is available from the NSX website.

**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.

**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 group. Currently, the policy is that remuneration is reviewed by the Board on a periodic basis to ensure continued support of the commercial and regulatory interests of the exchange and its shareholders.</p>

## COMPLIANCE WITH SECTION 300A CORPORATIONS ACT 2001 (CTH) – ANNUAL DIRECTORS REPORT (CONT'D)

Section	Obligation	Discussion
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;	This policy ensures that Directors and management are paid without prejudice to the interests of a particular business of the company. This is because Directors and senior management are expected to be able to contribute to each cash generating unit in a positive manner thereby enhancing the performance of each of the cash generating units.
300A(1)(ba)	if an element of the remuneration of a member of the key management personnel for the company, or if consolidated financial statements are required, for the consolidated entity is dependent on the satisfaction of a performance condition:	Not Applicable
	(i) a detailed summary of the performance condition; and	Not Applicable
	(ii) an explanation of why the performance condition was chosen; and	Not Applicable
	(iii) a summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen; and	Not Applicable
	(iv) if the performance condition involves a comparison with factors external to the company:	Not Applicable
	(A) a summary of the factors to be used in making the comparison; and	Not Applicable
	(B) if any of the factors relates to the performance of another company, of 2 or more other companies or of an index in which the securities of a company or companies are included – the identity of that company, of each of those companies or of the index; and	Not Applicable

## COMPLIANCE WITH SECTION 300A CORPORATIONS ACT 2001 (CTH) – ANNUAL DIRECTORS REPORT (CONT'D)

Section	Obligation	Discussion
300A(1)(c)	The prescribed details in relation to the remuneration of: <ul style="list-style-type: none"> <li>(i) each director of the company; and</li> <li>(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;</li> </ul>	The annual report contains details of the remuneration of each director and each of the top 5 highest grossing key management executives and directors for this reporting period. Refer Note 22 for more detailed information.
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 during this reporting period. The NSX does not currently operate an executive share scheme. The previous executive share scheme ceased operation as at 1 July 2014 and all outstanding entitlements under that scheme were paid out in the form of cash as per agreement with the affected executives. Refer Note 22 for detailed information on the share scheme and actual amounts paid to each executive during the year.
300A(1)(e)	For each person referred to in paragraph (c).	Refer to Note 22
300A(1)(f)	such other matters related to the policy or policies referred to in paragraph (a) as are prescribed by the regulations; and	Not Applicable
300A(1)(g)	if: <ul style="list-style-type: none"> <li>(i) at the company's most recent AGM, comments were made on the remuneration report that was considered at that AGM; and</li> <li>(ii) when a resolution that the remuneration report for the last financial year be adopted was put to the vote at the company's most recent AGM, at least 25% of the votes cast were against adoption of that report;</li> </ul>	<p>There were no comments made, at the last AGM, concerning the remuneration report.</p> <p>At the last AGM votes cast were less than 25% against the remuneration report.</p>

## COMPLIANCE WITH SECTION 300A CORPORATIONS ACT 2001 (CTH) – ANNUAL DIRECTORS REPORT (CONT'D)

Section	Obligation	Discussion
	(iii) an explanation of the board's proposed action in response or, if the board does not propose any action, the board's reasons for inaction; and	The Board has engaged with its major shareholder concerning the remuneration report and believes it currently has in place a suitable remuneration policy. The Board reviews its policy whenever necessary.
300A(1)(h)	<p>if a remuneration consultant made a remuneration recommendation in relation to any of the key management personnel for the company or, if consolidated financial statements are required, for the consolidated entity, for the financial year:</p> <ul style="list-style-type: none"> <li>(i) the name of the consultant; and</li> <li>(ii) a statement that the consultant made such a recommendation; and</li> <li>(iii) if the consultant provided any other kind of advice to the company or entity for the financial year – a statement that the consultant provided that other kind or those other kinds of advice; and</li> <li>(iv) the amount and nature of the consideration payable for the remuneration recommendation; and</li> <li>(v) the amount and nature of the consideration payable for any other kind of advice referred to in subparagraph (iii); and</li> <li>(vi) information about the arrangements the company made to ensure that the making of the remuneration recommendation would be free from undue influence by the member or members of the key management personnel to whom the recommendation relates; and</li> </ul>	<p>Section Not applicable</p> <p>Not applicable</p>

COMPLIANCE WITH SECTION 300A CORPORATIONS ACT 2001 (CTH) – ANNUAL DIRECTORS REPORT (CONT'D)

Section	Obligation	Discussion
	<ul style="list-style-type: none"> <li>(vii) a statement about whether the board is satisfied that the remuneration recommendation was made free from undue influence by the member or members of the key management personnel to whom the recommendation relates; and</li> <li>(viii) if the board is satisfied that the remuneration recommendation was made free from undue influence by the member or members of the key management personnel to whom the recommendation relates – the board's reasons for being satisfied of this.</li> </ul>	Not applicable
300A(1AA)	<p>Without limiting paragraph (1)(b), the discussion under that paragraph of the company's performance must specifically deal with:</p> <ul style="list-style-type: none"> <li>(a) the company's earnings; and</li> <li>(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.</li> </ul>	The Directors' Report and accompanying financial and remuneration reports provide details of these issues.
300A(1AB)	<p>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:</p> <ul style="list-style-type: none"> <li>(a) dividends paid by the company to its shareholders during that year; and</li> <li>(b) changes in the price at which shares in the company are traded between the beginning and the end of that year; and</li> </ul>	<ul style="list-style-type: none"> <li>a) No dividends have been paid by the company to date.</li> <li>(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 30 June 2014 the share price was \$0.10. As at 8 August 2013 the share price was \$0.10. There have been no bonus payments made nor are there any employee incentive schemes based on share price movements.</li> </ul>

## COMPLIANCE WITH SECTION 300A CORPORATIONS ACT 2001 (CTH) – ANNUAL DIRECTORS REPORT (CONT'D)

Section	Obligation	Discussion
	<ul style="list-style-type: none"> <li>(c) any return of capital by the company to its shareholders during that year that involves: <ul style="list-style-type: none"> <li>(i) the cancellation of shares in the company; and</li> <li>(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</li> </ul> </li> <li>(d) any other relevant matter.</li> </ul>	<ul style="list-style-type: none"> <li>(i) Not applicable</li> <li>(ii) Not applicable</li> <li>(d) Not applicable</li> </ul>
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.

**FINANCIAL POSITION**

The net assets of the Economic Entity have decreased from \$2,357,455 as at 30 June 2013 to \$546,434 as at 30 June 2014. The change is due to the drawing down of the debt facility provided by the Financial and Energy Exchange Limited.

**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**

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 AND CARBON TAX

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. The Company has not performed a detailed impact study of the effect of the Carbon Tax on its business. However the Company expects that suppliers of services would seek to pass on cost increases related to the Carbon Tax onto their customers in the normal course of business. NSX is a price taker for the services it receives from suppliers. NSX expects that on removal of the Carbon Tax that suppliers would pass on any consequent savings.

## 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 2014:

	2014 \$	2013 \$
Tax Advice - FBT	1,500	1,500
Tax Services - Employee Share Plan Advice	-	-
Tax Services - Income Tax	6,000	5,000
<b>Total</b>	<b>7,500</b>	<b>6,100</b>

## 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 48.

## 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.

## 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
15-Oct-2006	15-Oct-2016	0.50	413,971
15-Oct-2007	15-Oct-2017	0.50	323,412
			737,383

During the year ended 30 June 2014, no ordinary shares of NSX Limited were issued on the exercise of options and no options lapsed.

## PROCEEDINGS ON BEHALF OF COMPANY

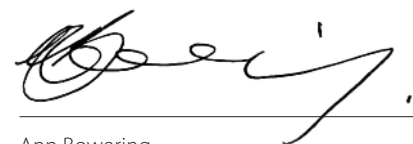
No person has applied for leave of Court in accordance with section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of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

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

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



Michael Cox  
Director



Ann Bowering  
Director

Dated 28 August 2014

Newcastle

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

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of NSX Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014, 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.

  
**PKF LAWLER PARTNERS**

Chartered Accountants

Newcastle

Dated: 28 August 2014



**CLAYTON HICKEY**

Partner



## Statement of Profit or Loss and Other Comprehensive Income

		CONSOLIDATED	
	NOTE	2014 \$	2013 \$
<b>Revenue</b>	2	<b>1,086,639</b>	1,174,087
Employee benefits expense		(1,442,615)	(1,292,577)
Depreciation, amortisation and impairments	3	(11,498)	(18,145)
Consultancy fees		(160,230)	(160,470)
Compliance expenses		(57,204)	(53,733)
Legal expenses		(13,136)	(67,336)
Market trading expenses		(811,774)	(870,865)
Marketing and promotion		(15,842)	(38,114)
Occupancy expenses		(199,098)	(191,345)
Administration expenses		(404,405)	(420,647)
Other Expenses		(61,858)	(22,850)
<b>Loss before income tax</b>		<b>(2,091,021)</b>	(1,961,995)
Income tax expense	5	-	-
<b>Loss after tax attributable to members from Continuing operations</b>		<b>(2,091,021)</b>	(1,961,995)
<b>Discontinued Operations</b>			
Profit/(loss) after tax from discontinued operations	6	-	-
<b>Loss for the Year</b>		<b>(2,091,021)</b>	(1,961,995)
<b>Loss Attributable to:</b>			
Non controlling equity interest	30	(309,122)	(267,035)
Members of the parent entity		(1,781,899)	(1,694,960)
		<b>(2,091,021)</b>	(1,961,995)
<b>Total comprehensive income attributable to:</b>			
Non controlling equity interest	30	(309,122)	(267,035)
Members of the parent entity		(1,781,899)	(1,694,960)
		<b>(2,091,021)</b>	(1,961,995)

The accompanying notes form part of these financial statements.

## Statement of Profit or Loss and Other Comprehensive Income (Cont)

		CONSOLIDATED	
	NOTE	2014 \$	2013 \$
<b>Earnings per share</b>			
<i>Basic earnings per share</i>			
Earnings from continuing operations	32	(2.04)	(1.97)
<i>Diluted earnings per share</i>			
Earnings from continuing operations	32	(2.04)	(1.97)

The accompanying notes form part of these financial statements.



## Statement of Financial Position

		CONSOLIDATED	
		2014	2013
		\$	\$
	NOTE		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	131,249	230,978
Trade and other receivables	9	131,086	138,007
Financial assets	10	2,200,000	2,200,000
Other current assets	11	113,960	267,835
<b>Total current assets</b>		<b>2,576,295</b>	<b>2,836,820</b>
<b>Non-current assets</b>			
Property, plant and equipment	12	15,362	15,980
Other Financial Investments	13	120,000	250,000
<b>Total non current assets</b>		<b>135,362</b>	<b>265,980</b>
<b>TOTAL ASSETS</b>		<b>2,711,657</b>	<b>3,102,800</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15 (a)	276,613	550,993
Borrowings	15 (b)	1,621,480	-
Short-term provisions	16	247,600	146,709
<b>Total current liabilities</b>		<b>2,145,693</b>	<b>697,702</b>
<b>Non-current liabilities</b>			
Other long-term provisions	16	19,530	47,643
<b>Total non-current liabilities</b>		<b>19,530</b>	<b>47,643</b>
<b>TOTAL LIABILITIES</b>		<b>2,165,223</b>	<b>745,345</b>
<b>NET ASSETS</b>		<b>546,434</b>	<b>2,357,455</b>
<b>EQUITY</b>			
Issued capital	17	36,018,761	36,018,761
Retained earnings		(36,895,469)	(35,113,570)
Non-controlling interest		1,423,142	1,452,264
<b>TOTAL EQUITY</b>		<b>546,434</b>	<b>2,357,455</b>
Net Tangible Assets per share:			
NTA (Cents per share)		<b>0.53</b>	2.37

The accompanying notes form part of these financial statements.



## Statement of Changes in Equity

	CONSOLIDATED			
	Issued Capital \$	Non- Controlling Interests \$	Retained Earnings \$	Total \$
Balance at 1 July 2013	36,018,761	1,452,264	(35,113,570)	2,357,455
Loss for the year	-	-	(1,781,899)	(1,781,899)
Shares issued	-	-	-	-
Share issues by subsidiaries	-	280,000	-	280,000
Loss attributable to non-controlling interest	-	(309,122)	-	(309,122)
<b>Balance at 30 June 2014</b>	<b>36,018,761</b>	<b>1,423,142</b>	<b>(36,895,469)</b>	<b>546,434</b>
Balance at 1 July 2012	35,341,833	1,619,299	(33,418,610)	3,542,522
Loss for the year	-	-	(1,694,960)	(1,694,960)
Share issued	676,928	-	-	676,928
Share issues by subsidiaries	-	100,000	-	100,000
Non-cash share based payments	-	-	-	-
Loss attributable to non-controlling interest	-	(267,035)	-	(267,035)
<b>Balance at 30 June 2013</b>	<b>36,018,761</b>	<b>1,452,264</b>	<b>(35,113,570)</b>	<b>2,357,455</b>

The accompanying notes form part of these financial statements.



## Statement of Cash Flows

		CONSOLIDATED	
	NOTE	2014 \$	2013 \$
<b>Cash from operating activities:</b>			
Receipts from customers		1,030,792	1,072,525
Payments to suppliers and employees		(3,060,536)	(2,912,429)
Interest received		75,894	98,661
Finance Costs		-	-
<b>Net cash provided by (used in) operating activities</b>	20(a)	<b>(1,953,850)</b>	<b>(1,741,243)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of property, plant and equipment		-	-
Acquisition of property, plant and equipment		(10,879)	(2,706)
Acquisition of intangibles		-	-
Net loans from/(to) related parties		-	-
<b>Net cash provided by (used in) investing activities</b>		<b>(10,879)</b>	<b>(2,706)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issue of shares by parent		-	676,928
Costs of issue of shares by parent		-	-
Proceeds from issue of shares by subsidiary		260,000	100,000
Proceeds from borrowings		1,605,000	-
Repayment of borrowings		-	-
<b>Net cash provided by (used in) financing activities</b>		<b>1,865,000</b>	<b>776,928</b>
<b>Net increase (decreases) in cash held</b>		<b>(99,729)</b>	<b>(967,021)</b>
Cash at beginning of financial year		2,430,978	3,397,999
<b>Cash at end of financial year</b>	20(c)	<b>2,331,249</b>	<b>2,430,978</b>

The accompanying notes form part of these financial statements.





## Notes to the Financial Statements

This financial report includes the consolidated financial statements and notes of NSX Limited and controlled entities ('Economic Entity'). The separate financial statements of the parent entity, NSX Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

### 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) Principals of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (NSX Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

A list of controlled entities is contained in Note 14 to the financial statements. All controlled entities have a June financial year end.

**NOTE 1 (CONT'D)****(a) Principals of Consolidation (Cont'd)****Business Combinations**

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

**(b) 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 Statement of Financial Position date.

**Deferred income tax assets**

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

**Accounting for deferred tax**

Deferred tax is accounted for using the Statement of Financial Position 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.

**NOTE 1 (CONT'D)****(b) Income Tax (Cont'd)****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 statement of financial position 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 consolidated 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.

**(c) Property, Plant and Equipment**

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

**Plant and equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to note 1(g) for details of impairment).

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 statement of financial performance during the financial period in which they are incurred.

**NOTE 1 (CONT'D)****(c) Property, Plant and Equipment (Cont'd)****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:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and Equipment	20 - 40%

**(d) 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.

**(e) Leases****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.

**NOTE 1 (CONT'D)****(f) 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.

**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 for 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.

**NOTE 1 (CONT'D)****(f) Financial Instruments (Cont'd)****Financial assets at fair value**

Financial assets are classified at "fair value through profit or loss" when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

**Loans and receivables**

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

**Held-to-maturity investments**

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

**Available-for-sale financial assets**

Available-for-sale financial assets include any financial assets not included in the above categories 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 recognised in other comprehensive income.

**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 statement of Profit or Loss and Other Comprehensive income.

**NOTE 1 (CONT'D)****(f) Financial Instruments (Cont'd)****Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(g) 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 statement of comprehensive income.

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.

**(h) 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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

**NOTE 1 (CONT'D)****(i) Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(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 Statement of Financial Position.

**(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 capital raising fees are recognised when the listing or subsequent event has taken place. Annual listing fees are recognised evenly over the year.

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 Statement of Financial Position 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.



**NOTE 1 (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 13 for details of these assumptions.

**Key Estimates – Equity Settled Compensation**

In determining the amount of the share-based payments under the Group's equity-settled share-based payment employee share scheme, the Directors have determined that the probability of employees under the Employee Share Scheme meeting the vesting conditions is 100%. This estimate is based on discussions with the employees involved and analysis of historical employment records.

**Estimation of useful lives**

The Economic Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

**Long service leave provision**

As discussed in Note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**(o) New Accounting Standards, Interpretations and Amendments Adopted by the Group**

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of NSX Limited.

**NOTE 1 (CONT'D)****(o) New Accounting Standards, Interpretations and Amendments Adopted by the Group (Cont'd)****(i) Consolidated financial statements**

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 July 2013:

- AASB 10: Consolidated Financial Statements;
- AASB 11: Joint Arrangements
- AASB 12: Disclosure of Interests in Other Entities;
- AASB 127: Separate Financial Statements;
- AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards; and
- AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.

These Standards became mandatorily applicable to the Group from 1 July 2013.

The Group has applied these Accounting Standards retrospectively in accordance with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and the specific transition requirements in AASB 10 and AASB 11. The effects of initial application of these Standards in the current reporting period are as follows:

Upon the initial application of AASB 10, retrospective restatement of financial statement amounts of the year that immediately precedes the date of initial application (ie 2012-2013) is necessary. When control is considered to have been obtained earlier than the beginning of the immediately preceding year (ie pre 1 July 2012), any difference between the amount of assets, liabilities and non controlling interests recognised and the previous carrying amount of the investment in that investee is recognised as an adjustment to equity as at 1 July 2012.

Although the first time application of AASB 10 (together with the associated Standards) caused certain changes to the Group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the Group's financial statements as the "controlled" status of the existing subsidiaries did not change, nor did it result in any new subsidiaries being included in the Group as a consequence of the revised definition. However, the revised wording of accounting policy for consolidation is set out in Note 1(a).

***Joint arrangements:***

AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Revised AASB 128 facilitates the application of AASB 11 and incorporates guidance relating to the equity method of accounting. Joint ventures will generally be required to be accounted for using the equity method under AASB 11. The proportionate consolidation method is no longer permitted.

NSX has a joint venture arrangement with Financial and Energy Exchange Limited (FEX) with respect to the Australian Market Licence held by the SIM VSE Group.

**NOTE 1 (CONT'D)****(o) New Accounting Standards, Interpretations and Amendments Adopted by the Group (Cont'd)***Disclosure of interest in other entities:*

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements. Particularly the financial information of subsidiaries in which there is a material non controlling interest has now been included in Note 14.

**(ii) Fair value measurement**

The Group has adopted AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 from 1 July 2013 together with consequential amendments to other Standards. These Standards became mandatorily applicable to the Group from 1 July 2013. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value.

New disclosures prescribed by AASB 13 that are material to this financial report have been provided in the notes to this financial report. Although these Standards do not significantly impact the fair value amounts reported in the Group's financial statements, the directors have determined that additional accounting policies providing a general description of fair value measurement and each level of the fair value hierarchy, as set out in Note 1(t), should be incorporated in these financial statements.

**(iii) Other**

Other new and amending Standards that became applicable to the Group for the first time during this reporting period are as follows:

- AASB 2012–2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities and AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle.

These Standards make changes to presentation and disclosure requirements, but did not affect the Group's accounting policies or the amounts reported in the financial statements.

- AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).

These Standards did not affect the Group's accounting policies or the amounts reported in the financial statements, mainly because the Group does not have defined benefit plan assets or obligations.

**NOTE 1 (CONT'D)****(p) New accounting standards for application in future periods**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)**

*Applicable for the financial year ended 30 June 2018*

These standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

Once adopted, this standard will affect the Group's accounting for its available for sale financial assets resulting in fair value gains and losses associated with the instruments being recognised directly in profit or loss.

The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

**AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non Financial Assets**

*Applicable for the financial year ended 30 June 2015*

This standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment. These amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Additional disclosures may be necessary if the Group has impaired assets going forward.

**(q) Equity Settled Compensation**

The Group operates equity-settled share-based payment employee schemes. The fair value of the equity to which employees become entitled is measured at the grant date and recognised as an expense over the vesting period, with corresponding increase to an equity account. The fair value of the shares is ascertained as either the last traded price if available or the market bid price on the grant date. The number of shares expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as a consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

**(r) Removal of Parent Entity Financial Statements**

The Group has applied amendments to the *Corporations Act 2001* that removes the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by specific parent entity disclosures in Note 31.

**NOTE 1 (CONT'D)****(s) Discontinued Operations**

A discontinued operation is a component of the Economic Entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the Statement of Profit or Loss and Other Comprehensive Income.

The disclosures for discontinued operations in prior years relate to all operations that have been discontinued by the reporting date for the last period presented. Where operations previously presented as discontinued are now regarded as continuing operations, prior period disclosures are correspondingly re-presented.

The Group measures some of its assets and liabilities at fair value on either a recurring or non recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**(i) Valuation techniques**

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

**NOTE 1 (CONT'D)****(t) Fair Value of Assets and Liabilities (Cont'd)**

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**(ii) Fair value hierarchy**

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- Level 1: Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- i. if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- ii. if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

**NOTE 2 REVENUE**

## OPERATING ACTIVITIES

Trading &amp; listing fees (exchanges)

Interest received - other persons

Other revenue

**Total Revenue****(a) Reconciliation of Revenue**

Revenue from continuing operations

**Total Revenue****CONSOLIDATED**

	2014	2013
	\$	\$
	<b>1,009,701</b>	1,065,221
	<b>75,894</b>	98,661
	<b>1,045</b>	10,205
	<b>1,086,640</b>	1,174,087
	<b>1,086,640</b>	1,174,087
	<b>1,086,640</b>	1,174,087

**NOTE 3 PROFIT FROM ORDINARY ACTIVITIES****(a) Expenses***Depreciation of non-current assets*

Plant and equipment

Discontinued plant and equipment

	<b>11,498</b>	18,145
	-	-
	<b>11,498</b>	18,145

**NOTE 4 AUDITORS' REMUNERATION**

Auditing and reviewing the financial report

Taxation services

	<b>65,000</b>	65,000
	<b>7,500</b>	6,100
	<b>72,500</b>	71,100

**NOTE 5 INCOME TAX EXPENSE**

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

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013 30%)

Add:

Tax Effect Of:

Tax losses not recognised in the accounts

Income tax attributable to entity

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

**CONSOLIDATED**

2014 \$	2013 \$
(627,306)	(588,599)
627,306	588,599
-	-
<b>11,540,225</b>	<b>10,912,919</b>

**NOTE 6 DISCONTINUED OPERATIONS**

**Discontinued Operations 2014**

There were no discontinued operations during 2014.

**Discontinued Operations 2013**

There were no discontinued operations during 2013.

**NOTE 7 DIVIDENDS**

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

<b>86,495</b>	86,495
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**NOTE 8 CASH AND CASH EQUIVALENTS**

Cash on hand

Cash at bank

200	200
<b>131,049</b>	230,778
<b>131,249</b>	<b>230,978</b>



**NOTE 9 TRADE AND OTHER RECEIVABLES****CURRENT**

Trade receivables  
Deposits  
Other receivables

<b>CONSOLIDATED</b>	
2014 \$	2013 \$
<b>20,873</b>	28,244
<b>9,984</b>	9,534
<b>100,229</b>	100,229
<b>131,086</b>	138,007

**NOTE 10 FINANCIAL ASSETS****CURRENT**

Commercial bills - at amortised cost  
Term deposits

<b>1,000,000</b>	1,000,000
<b>1,200,000</b>	1,200,000
<b>2,200,000</b>	2,200,000

**NOTE 11 OTHER ASSETS****CURRENT**

Prepayments

<b>113,960</b>	267,835
<b>113,960</b>	267,835

**NOTE 12 PROPERTY PLANT AND EQUIPMENT****PLANT AND EQUIPMENT**

Plant and equipment - at cost  
Less accumulated depreciation  
Total plant and equipment

<b>716,154</b>	705,274
<b>(700,792)</b>	(689,294)
<b>15,362</b>	15,980

**(a) Movements on carrying amounts**

Balance at the beginning of year  
Additions  
Depreciation and amortisation  
Carrying amount at end of year

	Plant and Equipment \$	Total \$
	15,980	15,980
	10,880	10,880
	(11,498)	(11,498)
	<b>15,362</b>	<b>15,362</b>

**NOTE 13 OTHER FINANCIAL INVESTMENTS**

CONSOLIDATED	
2014 \$	2013 \$
Investment – Finance TV Pty Ltd (Shares)	250,000
<b>120,000</b>	<b>250,000</b>

Investment – Finance TV Pty Ltd (Shares)

*Investment in Finance TV Pty Ltd (T/A Financial News Network)*

The fair value of the Company’s investment in Finance TV Pty Ltd has been considered at Note 33.

**NOTE 14 CONTROLLED ENTITIES**

Name	Country of Incorporation	Percentage Owned 2014	Percentage Owned 2013
<b>Parent Entity</b>			
NSX Limited	Australia		
<b>Subsidiaries of NSX Limited:</b>			
BSX Services Pty Limited	Australia	100%	100%
BSX Systems Pty Limited	Australia	100%	100%
National Stock Exchange of Australia Limited	Australia	100%	100%
NSX Services Pty Limited	Australia	100%	100%
SIM VSE Group Holdings Limited	Australia	61.8%	66.5%
TWEPL Pty Ltd	Australia	31%	31%
WGMPL Pty Ltd	Australia	100%	100%
<b>Subsidiaries of National Stock Exchange of Australia Limited:</b>			
NSX Clearing Nominees Pty Limited	Australia	100%	100%
<b>Subsidiaries of SIM VSE Group Holdings Limited</b>			
SIM Venture Securities Exchange Limited	Australia	100%	100%
<b>Subsidiaries of WGMPL Pty Ltd</b>			
TWEPL Pty Ltd	Australia	69%	69%

**Changes During 2013/2014**

As part of the SIMVSE Share Purchase Agreement, Financial and Energy Exchange contributed additional capital to the SIMVSE Joint Venture arrangements. This resulted in the receipt of \$260,000 in working capital to the joint venture. There were no other changes in the other entities.

**Changes During 2012/2013**

As part of the SIMVSE Share Purchase Agreement, Financial and Energy Exchange contributed additional capital to the SIMVSE Joint Venture arrangements. This resulted in the receipt of \$100,000 in working capital to the joint venture. There were no other changes in the other entities.

**Note 14(b) Subsidiaries with material non-controlling interests**

Set out below is the summarised financial information for each subsidiary that has a non-controlling interests (NCI) that are material to the Group, before any inter-group eliminations:

Name of Subsidiary	SIM VSE GROUP HOLDINGS LTD	
	30-June 2014	30-June 2014
Ownership held by NCI	38%	34%
Profit / loss allocated to NCI	(309,122)	(267,035)
Accumulated NCI of subsidiary	2,423,090	2,032,832
<b>Summarised consolidated statement of financial position</b>		
Current assets	19,332	165,064
Non-current assets	45,804	83,750
Current liabilities	294,035	272,206
Non-current liabilities	-	-
<b>Net Assets</b>	<b>(228,898)</b>	<b>(23,391)</b>
<b>Summarised consolidated statement of profit or loss and other comprehensive income</b>		
Revenue	-	-
Profit / (loss)	(309,122)	(267,035)
<b>Total comprehensive income</b>	<b>(309,122)</b>	<b>(267,035)</b>
<b>Summarised statement of cash flows</b>		
Cash flows from / (used in) operating activities	(169,051)	(167,341)
Cash flows from / (used in) investing activities	-	(33,500)
Cash flows from / (used in) financing activities	142,390	(26,800)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(26,661)</b>	<b>(227,641)</b>

**NOTE 15 TRADE AND OTHER PAYABLES**

**CONSOLIDATED**

**CURRENT**

*Unsecured liabilities*

	2014 \$	2013 \$
Trade payables	104,471	336,396
Sundry Payables	171,892	61,597
Deferred Consideration Payable	-	150,000
Interest received in advance	250	3,000
	<b>276,613</b>	<b>550,993</b>

- (i) On 23 May 2013, the Company made an investment in Finance TV Pty Ltd trading as Financial News Network ([www.finnewsnetwork.com.au](http://www.finnewsnetwork.com.au)). The original investment amount was \$250,000. The first tranche of \$100,000 was paid on 23 May 2013. A second tranche of \$20,000 was paid on 23 January 2014. Combined, both tranches amount to \$120,000. FNN closed its offer to further investments and the accounts have been adjusted to reflect that \$120,000 out of the initial planned \$250,000 investment.

**NOTE 15(B) BORROWINGS**

Loan FEX	1,621,480	-
	<b>1,621,480</b>	<b>-</b>

- (i) As announced on 31 July the Board negotiated funding with its major shareholder, Financial and Energy Exchange Limited (FEX) via a Funding Guarantee Deed ("Loan"). The Loan provides for the payment of the operating costs of NSX each month as required.

The agreement can be terminated at any time by NSX giving one calendar month's notice and FEX giving six calendar month's notice. Repayment of the facility is at the discretion of NSX and can be made in the way of cash or shares subject to ASX listing rules, the Corporations Act and Shareholder approval. The funding is utilised by NSX for its working capital purposes and NSX began draw down of the facility in November 2013. Interest on the Loan will accrue on any amount payable at the rate of the One Month Mid-Point Bank Bill Swap Reference (BBSW) rate as published AFMA ([www.afma.com.au](http://www.afma.com.au)) on the last business day of each month.

**NOTE 16 PROVISIONS****(a) Movements on carrying amounts**

Opening balance at 1 July 2012

Additional provisions

Amounts used

Balance at 30 June 2013

Opening balance at 1 July 2013

Additional provisions

Amounts used

Balance at 30 June 2014

**CONSOLIDATED**

	Employee Entitlements \$	Total \$
	165,379	165,379
	83,554	83,554
	(54,581)	(54,581)
	194,352	194,352
	<b>194,352</b>	<b>194,352</b>
	<b>163,251</b>	<b>163,251</b>
	<b>(90,473)</b>	<b>(90,473)</b>
	<b>267,130</b>	<b>267,130</b>

**(b) Analysis of total provisions**

Current

Non-current

	2014 \$	2013 \$
	247,600	146,709
	19,530	47,643
	<b>267,130</b>	194,352

**NOTE 17 ISSUED CAPITAL NSX LIMITED**

102,444,197 (2013: 102,444,197) fully paid ordinary shares

1,500,000 (2013: 1,500,000) ordinary shares paid to 1 cent

	<b>36,003,761</b>	36,003,761
	<b>15,000</b>	15,000
	<b>36,018,761</b>	36,018,761

**NOTE 17 ISSUED CAPITAL NSX LIMITED (CONT'D)**

**(a) Reconciliation of movements of fully paid ordinary shares**

At beginning of period  
 1:8 Entitlement Offer - 30 April 2013  
 At Reporting Date

CONSOLIDATED	
2014 \$	2013 \$
<b>336,003,761</b>	35,326,833
-	676,928
<b>36,003,761</b>	36,003,761

At beginning of period  
 1:8 Entitlement Offer - 30 April 2013  
 At Reporting Date

2014 No.	2013 No.
<b>102,444,197</b>	99,059,556
-	3,384,641
<b>102,444,197</b>	102,444,197

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.

**(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 2014 debt was \$1,621,480 (2013: \$Nil) which is present because of the draw down of funding from FEX during the period.

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.

**NOTE 18 CAPITAL AND LEASING COMMITMENTS****(a) Operating Lease Commitments**

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

	CONSOLIDATED	
	2014 \$	2013 \$
Payable - minimum lease payments		
not later than 12 months	93,429	107,064
between 12 months and 5 years	217,476	321,192
	310,905	428,256

**Office Leases**

During the year offices were occupied by the Company in Newcastle, Melbourne and Sydney.

*Newcastle*

Leased offices have been occupied at Level 2, 117 Scott Street, Newcastle NSW 2300. The property lease for the Newcastle premises is a non-cancellable lease with rent payable monthly in advance. The lease commenced in August 2008. NSX has renewed this lease until August 2017 with a further three year option.

*Melbourne*

Shared offices have been occupied at Suite 1.2, 415 Riversdale Road, Hawthorn East Vic 3123. The lease may be terminated at any time with 3 months' notice.

*Sydney*

Serviced offices have been occupied at Level 34, 50 Bridge Street which are leased through Regus until October 2014 and provide office accommodation for the CEO.

**Technology Leases**

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.

**New leases**

Other than that stated above, no other new leases have been entered into during the period.

**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.

**(a) Director Related Entities****Ultimate parent entity: NSX Limited.**

	CONSOLIDATED	
	2014 \$	2013 \$
Mr Michael Cox as a director of Solidus Financial Services	-	-
Ms Ann Bowering - as Director of Financial and Energy Exchange Limited - Services invoiced by FEX for A Bowering's fees, allocation of office rent, SIMVSE website and other overheads.	<b>71,622</b>	-
Mr Thomas Price as Director of Financial and Energy Exchange Limited - Services invoiced by FEX for A Bowering's fees, allocation of office rent, SIMVSE website and other overheads.	-	(279,194)
Mr Emlyn Scott - substantial shareholder Openmarkets	<b>2,750</b>	-

All figures are inclusive of GST.

**(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 2014 were:

Ordinary Shares:	53,677,914	(2013:53,677,914) fully paid ordinary shares
Partly Paid Shares:	700,000	(2013:700,000) partly paid shares to 1 cent
Share Options	Nil	(2013:Nil)



## NOTE 20 CASH FLOW INFORMATION

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

	CONSOLIDATED	
	2014 \$	2013 \$
Net income/(loss) for the period	(2,091,021)	(1,961,995)
<i>Cash flows excluded from profit attributable to operating activities</i>		
<i>Non-cash flows in profit</i>		
Depreciation and amortisation	11,498	18,145
<i>Changes in assets and liabilities, net of effects of purchase of subsidiaries</i>		
(Increase)/decrease in trade and term receivables	6,354	(557)
(Increase)/decrease in financial assets	130,000	(250,000)
Increase/(decrease) in other assets	154,442	(20,835)
Increase/(decrease) in trade payables and accruals	(237,901)	445,027
Increase/(decrease) in provisions	72,778	28,972
<b>Cashflow from Operations</b>	<b>(1,953,850)</b>	<b>(1,741,243)</b>

NSX Limited and controlled entities are a consolidated group.

## (b) Credit Standby Arrangement and Loan Facilities

The company has commercial credit card facilities with a limit of \$33,000 in any one calendar month. At 30 June 2014, \$2,183 of this facility was used (2013: \$4,072). Interest rates are variable.

**NOTE 20 (CONT'D)**

**(c) Reconciliation of cash**

Cash at end of the financial year as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents  
 Held to maturity (amortised cost)

<b>CONSOLIDATED</b>	
<b>2014</b>	<b>2013</b>
<b>\$</b>	<b>\$</b>
<b>131,249</b>	230,978
<b>2,200,000</b>	2,200,000
<b>2,331,249</b>	2,430,978

**(d) Non-cash Financing and Investing Activities**

No subsidiaries were acquired during the year by issuance of equity.

**NOTE 21 ACQUISITION/DISPOSAL OF SUBSIDIARIES**

No subsidiaries were acquired or disposed of during the period.

**NOTE 22 DIRECTOR & KEY MANAGEMENT PERSONNEL****(a) Director and Key Management Personnel**

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

Director and Key Management	Position	Appointed
Michael Cox	Director, Chairman and Chief Executive Officer	23 November 2009
Thomas Price	Executive-Director	17 November 2009
Ann Bowering	Non-executive Director	25 May 2009
Bruce McNab	Alternate to Ann Bowering	1 June 2011
Emlyn Scott	Chief Executive Officer	3 October 2011
Scott Evans	General Manager and Company Secretary	24 September 2001
Ian Craig	Companies Manager	7 July 2003

**(b) Director and Key Management Personnel Compensation**

Remuneration for 2014		Short term benefits			Post employment benefits		Equity settled share-based Payments		Total
2014	Notes	Cash & Salary \$'000	Commissions & Deferred Income \$'000	Non cash Benefits \$'000	Super-annuation \$'000	Other \$'000	Shares/ /Units \$'000	Options/ Rights \$'000	\$'000
Michael Cox	1	80	-	-	7	-	-	-	87
Ann Bowering	1	40	-	-	4	-	-	-	44
Thomas Price	1	40	-	-	4	-	-	-	44
Emlyn Scott	2	200	-	-	18	-	-	-	218
Scott Evans	4	217	50	-	18	-	-	-	285
Ian Craig	3,4	230	47	-	18	-	-	-	295
		807	97	-	69	-	-	-	973

Notes to 2014 Remuneration Report:

- (1) Amounts for M Cox, A Bowering and T Price are for director fees paid during the year.
- (2) Amounts paid to Emlyn Scott as per employment agreement for services as Chief Executive Officer.

**NOTE 22(b) (Cont'd)**

(3) On 1 July 2013 the commission scheme applicable to I Craig was terminated. I Craig's remuneration was converted into salary and superannuation only payments as a consequence. In forgoing the commission scheme I Craig's remuneration was increased to be in line with his duties and an average value of the commissions paid over the last three years.

(4) I Craig and S Evans were entitled to share based payments equivalent to 176,471 shares and 205,882 shares respectively in the financial year. On 1 July 2013 the Board terminated the employee share scheme applicable to I Craig and S Evans. As I Craig and S Evans were entitled to a deferred payment of shares as part of their 2012 employment arrangements the Board, as done in previous years, paid the outstanding entitlement in the form of cash. These amounts are once off as part of the winding up of the scheme and are disclosed in the commissions and deferred income column.

For clarity the annual salary now of I Craig is \$225,000 exclusive of superannuation and the annual salary of S Evans is \$216,960.25 exclusive of superannuation.

Remuneration for 2013		Short term benefits			Post employment benefits		Equity settled share-based Payments		Total
	Notes	Cash & Salary \$'000	Commissions & Allowances \$'000	Non cash Benefits \$'000	Super-annuation \$'000	Other \$'000	Shares/ /Units \$'000	Options/ Rights \$'000	\$'000
Michael Cox	1	80	-	-	7	-	-	-	87
Ann Bowering	1	40	-	-	4	-	-	-	44
Thomas Price	1	40	-	-	4	-	-	-	44
Emlyn Scott	2	202	-	-	16	-	-	-	218
Scott Evans	4	170	48	-	15	-	-	-	233
Ian Craig	3,4	120	70	-	13	-	-	-	203
		652	118	-	59	-	-	-	829

Notes to 2013 Remuneration Report:

- (1) Amounts for M Cox, A Bowering and T Price are for director fees paid during the year.
- (2) Amounts paid to Emlyn Scott as per employment agreement for services as Chief Executive Officer.
- (3) Includes accrued commission for June 2013 paid in July 2013 to I Craig. I Craig receives payments as part of a commission scheme with a minimum amount payable of \$28,000 for the financial year. The commission scheme is based on new applications for Companies, Nominated Advisers and Participant Brokers on both exchanges. The commission pool is calculated by reference to 20% of application money paid (and not refundable) for new applications. The pool excludes annual fees paid by all Participants. The condition to be met to earn the commission payment is that applications are received and the applicants are either approved and have paid the full fee or if applicants are not approved then only the non-refundable part of the application fee goes into the commission pool. This method of commission was chosen to focus key staff performance on revenue generation activities. No other staff member is entitled to participate in this scheme.
- (4) I Craig and S Evans are entitled to share based payments equivalent to 176,471 shares and 205,882 shares respectively in a financial year. The purpose of converting salary payments to shares is that the Company expects this will provide a key incentive for staff to provide value to the Company by the staff being able to share in the uplift of the Company's share price and at the same time enable the Company to prudently manage its cash reserves.

The Board negotiated with I Craig and S Evans to convert their share entitlement into the equivalent value of cash. The amount payable to I Craig and S Evans were \$41,470.69 and \$48,382.27 respectively and is declared in the commissions and deferred income column.

**Note 22(c) Compensation Options**

No options were issued during the year.

**(d) Shares Issued on Exercise of Remuneration Options**

There were no shares issued on the exercise of remuneration options during the financial year please refer to Note 22(e).

**(e) Options and Rights Holdings**

Number of Options Held by Director & Key Management Personnel.

	Balance 1/07/2012 No.	Granted as Remuneration No.	Options Exercised No.	Net Change Other No.	Balance 30/06/2013 No.	Total Exercisable No.
Michael Cox	-	-	-	-	-	-
Thomas Price	-	-	-	-	-	-
Ann Bowering	-	-	-	-	-	-
Peter Koller	-	-	-	-	-	-
Bruce McNab	-	-	-	-	-	-
Emlyn Scott	-	-	-	-	-	-
Scott Evans	161,706	-	-	-	161,706	-
Ian Craig	161,706	-	-	-	161,706	-
	<b>323,412</b>	-	-	-	<b>323,412</b>	-

Note: Options for I Craig and S Evans still outstanding have an exercise price of 50 cents and expiry date of 15 October 2017. The options can be exercised at any time at the discretion of the holder.

**(f) Shareholdings**

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

2014	NOTES	Balance 1/07/2013 No.	Received as Remuneration No.	Options Exercised No.	Net Change Other No.	Balance 30/06/2014 No.
Thomas Price	1	53,325,305	-	-	-	53,325,305
Michael Cox		2,609	-	-	-	2,609
Ann Bowering		-	-	-	-	-
Emlyn Scott		-	-	-	10,000	10,000
Scott Evans	2	20,000	-	-	-	25,000
Ian Craig		-	-	-	-	-
		53,352,914	-	-	10,000	53,362,914

Notes:

- (1) As a director of Financial and Energy Exchange Limited with respect to shares obtained by FEX Equity Markets Pty Ltd on market.
- (2) Purchased by Emlyn Scott on market at a price of 11.5 cents on 30 May 2014.

2013	NOTES	Balance 1/07/2012 No.	Received as Remuneration No.	Options Exercised No.	Net Change Other No.	Balance 30/06/2013 No.
Thomas Price	1,2	50,325,305	-	-	3,000,000	53,325,305
Michael Cox		2,609	-	-	-	2,609
Ann Bowering		-	-	-	-	-
Emlyn Scott		-	-	-	-	-
Scott Evans	3	20,000	-	-	5,000	25,000
Ian Craig		-	-	-	-	-
		50,347,914	-	-	3,005,000	53,352,914

Notes:

- (1) Net change other refers to shares purchased or sold on market during the financial year or as shares subscribed to as part of the 1:8 Entitlement Offer.
- (2) As a director of Financial and Energy Exchange Limited with respect to shares obtained by FEX Equity Markets Pty Ltd on market.
- (3) Refers to shares subscribed to by Scott Evans as part of the 1:8 Entitlement Offer.

**Note 22(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. Director's fees are comprised of a fixed component only and exclude any performance components.

Disclosures for director fees paid during the financial year are provided in Note 22(b).

**Director Remuneration**

Approved by shareholders at the AGM of 20 December 2004, the remuneration pool for non-executive directors is \$200,000 per annum inclusive of any superannuation guarantee remittances. Non-executive Chairman and Director fees are comprised of a fixed component being \$87,600 and \$43,800 respectively inclusive of superannuation. Executive director fees for service are by mutual agreement with the Board. Disclosures for director fees and allowances actually paid during the financial year are provided in Note 22.

**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.

**NOTE 23 CONTINGENT LIABILITIES**

	CONSOLIDATED	
	2014	2013
	\$	\$
Estimates of the maximum amounts of contingent liabilities that may become payable:		
Compensation Arrangements	<b>1,800,000</b>	1,800,000
ASX Settlement Performance Bond	<b>500,000</b>	500,000
	<b>2,300,000</b>	2,300,000

**Compensation Arrangements**

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 National Australia Bank has issued a letter of credit for this amount.

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

**NOTE 23 CONTINGENT LIABILITIES (CONT'D)****ASX Settlement Performance Bond**

National Stock Exchange of Australia acts as a settlement agent on behalf of several NSX and SIMVSE broker participants. Consequently NSX is registered with ASX Settlement as a General Participant for the purpose of ASX Settlement Operating Rules to effect CHESSE settlements. ASX Settlement Operating Rule 4.9.1 requires General Participants to post a Settlement Performance Bond to the value of \$500,000. ASX Settlement can make a demand under Operating Rule 4.9.5 if ASX Settlement is satisfied that a Participant has contravened a provision of the rules and as a result of that contravention, ASX settlement has suffered or incurred any losses, damages, costs or expenses.

NSX has established a bank guarantee (National Australia Bank Limited) backed by a term deposit of \$500,000 to satisfy the requirements of the Settlement Performance Bond.

**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.

**(b) Interest Rate Risk**

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's 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	
	2014 %	2013 %	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
<b>Financial Assets</b>										
Cash and cash equivalents	2.41	2.67	131,249	230,778	700,000	700,000	200	200	831,449	930,978
Commercial bills	3.55	3.87	-	-	1,500,000	1,500,000	-	-	1,500,000	1,500,000
Receivables	-	-	-	-	-	-	-	37,778	-	37,778
<b>Total Financial Assets</b>	-	-	<b>131,249</b>	230,778	<b>2,200,000</b>	2,200,000	<b>200</b>	37,978	<b>2,331,449</b>	2,468,756
<b>Financial Liabilities</b>										
Payables	-	-	276,613	-	-	-	-	550,993	276,613	550,993
Borrowings	-	-	1,621,480	-	-	-	-	-	1,621,480	-
<b>Total Financial Liabilities</b>	-	-	<b>1,898,093</b>	-	-	-	-	550,993	<b>1,898,093</b>	550,993



**Note 24(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 Statement of Financial Position 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 Statement of Financial Position and notes to the financial statements.

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

**(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%	
2014	\$	Profit	Equity	Profit	Equity
		\$	\$	\$	\$
<b>Assets</b>					
Cash	131,249	(328)	(328)	656	656
Commercial Bills	2,200,000	(5,500)	(5,500)	11,000	11,000
<b>Liabilities</b>					
Borrowings	1,621,480	(4,054)	(4,054)	8,107	8,107
<b>Increase / Decrease</b>	<b>3,952,729</b>	<b>(9,882)</b>	<b>(9,882)</b>	<b>19,764</b>	<b>19,764</b>

**NOTE 25 SEGMENT REPORTING****Primary reporting - Business segments****Major Customers**

The Group has a number of customers to which it provides both products and services. During the period the NSX Group had no major customers that contributed more than 5.0% (2013: no major customers that contributed more than 5.0%) of total revenue.

**(a) Segment Performance**

	Stock Exchanges \$'000	Unallocated Items \$'000	Total \$'000
<b>12 Months Ended 30 June 2014</b>			
<b>Revenue</b>			
External sales - services	1,010	-	<b>1,010</b>
Interest revenue	76	-	<b>76</b>
Other	1	-	<b>1</b>
<b>Total segment revenue</b>	<b>1,087</b>	<b>-</b>	<b>1,087</b>
<b>Total group revenue</b>			<b>1,087</b>
<b>Results</b>			
Segment net profit before tax	(1,103)	(989)	<b>(2,092)</b>
<b>Other Items</b>			
Depreciation and amortisation	11	-	<b>11</b>
<b>12 Months Ended 30 June 2013</b>			
<b>Revenue</b>			
External sales - services	1,065	-	<b>1,065</b>
Interest revenue	36	63	<b>99</b>
Other	-	10	<b>10</b>
<b>Total segment revenue</b>	<b>1,101</b>	<b>73</b>	<b>1,174</b>
<b>Total group revenue</b>			<b>1,174</b>
<b>Results</b>			
Segment net profit before tax	(1,419)	(543)	<b>(1,962)</b>
<b>Other Items</b>			
Depreciation and amortisation	18	-	<b>18</b>

**NOTE 25 (CONT'D)**

**(b) Segment Assets**

	Stock Exchanges \$'000	Unallocated Items \$'000	Total \$'000
<b>As at 30 June 2014</b>			
Segment Assets	830	1,882	<b>2,712</b>
Segment asset increases for the period			
- Acquisitions	-	-	-
<b>As at 30 June 2013</b>			
Segment Assets	1,300	1,803	<b>3,103</b>
Segment asset increases for the period			
- Acquisitions	11	-	11

**(c) Segment Liabilities**

	Stock Exchanges \$'000	Unallocated Items \$'000	Total \$'000
<b>As at 30 June 2014</b>			
Segment Liabilities	653	1,512	<b>2,165</b>
<b>As at 30 June 2013</b>			
Segment Liabilities	134	611	<b>745</b>

**NOTE 25 (CONT'D)****(d) 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.

**(e) 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.

**(f) Business and Geographic Segments****Business segments**

The Economic Entity has the following business segments:

- The Stock Exchanges segment primarily includes the activities of the National Stock Exchange of Australia as well as SIM Venture Securities Exchange both of which provide a facility for enterprises to raise capital, list, trade and settle securities.

**Geographic segments**

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

## NOTE 26 FINANCIAL MARKET FIDELITY FUNDS AND COMPENSATION ARRANGEMENTS

As at 30 June 2014 the National Stock Exchange of Australia Limited Fidelity Fund had a balance of \$516,143 (2013: \$496,571). 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*. The Board of National Stock Exchange of Australia Limited has waived the contribution fees for Participants.

As at 30 June 2014 the SIM Venture Securities Exchange Limited Fidelity Fund had a balance of \$49,828 (2012: \$48,729). The SIM Venture Securities 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*. The Board of SIM Venture Securities Exchange Limited has waived the contribution fees for Participants.

## 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 ASX Settlement CHES settlement systems, which are licensed to the Economic Entity by the Australian Securities Exchange Limited.

The ability of the SIM Venture Securities Exchange 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 ASX Settlement CHES settlement systems, which are licensed to the Economic Entity by the Australian Securities Exchange Limited.

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

## NOTE 28 EVENTS AFTER THE END OF THE REPORTING PERIOD

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

## NOTE 29 COMPANY DETAILS

The registered office and principal place of business is:

NSX Limited

Level 2,

117 Scott Street

Newcastle NSW 2300

**NOTE 30 ASSOCIATES AND JOINT VENTURES**

There is currently an association between Financial and Energy Exchange Limited (FEX) and NSX Limited for the venture with SIM Group Holdings Limited for the operation of an Australian Market Licence; SIM Venture Securities Exchange Limited (SIM VSE). At 30 June 2014, NSX owns 61.83% of the venture and FEX owns 38.17%. FEX will move to 50% ownership of the venture on payment to the venture of \$0.71 million. The venture entity is consolidated in the accounts and is shown as non-controlling interest. The following table is provided as information on the financial performance of the venture.

	<b>SIM VSE JV</b>	
	30 June 2014	30 June 2013
<b>Non-controlling Interest</b>		
Share Capital \$	<b>2,423,090</b>	2,032,832
Current Year profit/(loss)	<b>(309,122)</b>	(267,035)

**NOTE 31 PARENT ENTITY DISCLOSURES**

	<b>PARENT</b>	
	2014 \$	2013 \$
<b>Results of Parent</b>		
Loss for the period	<b>(1,436,090)</b>	(877,859)
Loss attributable to non controlling equity interest	-	-
Profit from sale of discontinued operations	-	-
Total comprehensive loss for the period	<b>(1,436,090)</b>	(877,859)
<b>Financial position at year end</b>		
Current assets	<b>2,439,519</b>	2,418,786
Total assets	<b>6,031,039</b>	6,073,306
Current liabilities	<b>1,772,056</b>	378,233
Total liabilities	<b>1,772,056</b>	378,233
<b>Total Equity of parent entity</b>		
Share Capital	<b>36,018,762</b>	36,018,762
Retained losses	<b>(31,759,779)</b>	(30,323,689)
Total equity	<b>4,258,983</b>	5,695,073

The parent entity has no contingencies or any capital commitments for property, plant and equipment. The parent entity has in place agreements with subsidiary entities for the provision of services to maintain the operations of the Stock Exchanges. The parent entity has not entered into a deed of cross guarantee.

**CONSOLIDATED**

**NOTE 32 EARNINGS PER SHARE**

**(a) Reconciliation of Earnings to Loss**

	2014 \$	2013 \$
Loss for the period	(2,091,021)	(1,961,995)
Earnings used to calculate basic and diluted EPS	(2,091,021)	(1,961,995)

**(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	102,444,197	99,623,662
Weighted average number of ordinary used in calculating dilutive EPS	102,444,197	99,623,662

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

Earnings per share	Note		
<i>Basic earnings per share</i>			
Earnings from continuing operations		(2.04)	(1.97)
Total	32(a)(b)	(2.04)	(1.97)
<i>Diluted earnings per share</i>			
Earnings from continuing operations		(2.04)	(1.97)
Total	32(a)(b)	(2.04)	(1.97)

## NOTE 33 FAIR VALUE MEASUREMENT

The Group measures the following assets and liabilities at fair value on a recurring basis:

- Investment in Finance TV Pty Ltd –fully paid ordinary shares

### Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

<b>Level 1</b>	Measurement based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
<b>Level 2</b>	Measurement based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
<b>Level 3</b>	Measurement based on unobservable inputs for the asset or liability.

The table below shows the assigned categorisation within the fair value hierarchy for each asset and liability held at fair value by the Group:

<b>30 June 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Recurring fair value measurements</b>				
Finance TV Pty Limited fully paid ordinary shares	-	-	120,000	120,000
<b>30 June 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Recurring fair value measurements</b>				
Finance TV Pty Limited fully paid ordinary shares	-	-	100,000	100,000

### Investment in Finance TV – Level 3

The Company has considered the fair value of its investment in Finance TV Pty Limited having regard for recent arms-length market activity with respect to the asset.



### NOTE 34 GOING CONCERN

These financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the payment of liabilities in the ordinary course of business. Should the company be unable to continue as a going concern, it may be unable to realise the carrying value of its assets and to meet its liabilities as they become due.

The company has incurred losses of \$2,091,021 for the year ended 30 June 2014. In addition to this the company's current cash burn rate indicates that the company may not have sufficient working capital to meet its operational obligations for the coming 12 months.

The Directors have noted that the ongoing ability of the Company to remain a going concern is dependent upon an increase in the level of working capital within the Company. The Directors have instigated and are investigating the following strategies in an attempt to increase the level of working capital:

- Execution of a Funding Guarantee Deed with Financial and Energy Exchange, on 29 July 2013, to providing minimum working capital of \$220,000 per month (as required);
- Continuing to leverage the remaining contribution due from FEX for the SIM VSE Joint venture;
- Investigate share placement's to private investors; and/or

Given the above, the accounts have been prepared on a going concern basis which contemplates the realisation of assets and the payment of liabilities in the ordinary course of business. The Directors have adopted this basis of preparation having regard for their assessment, which is based on information available as at the date of this report. Should the above strategies be unsuccessful, there is significant uncertainty whether the Company will be able to continue as a going concern.



## Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set in the Statement of Comprehensive Income, Statement of Financial Position, Statement of changes in equity, Statement of Cash Flows and notes to the financial statements, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards and the *Corporations Act and Regulations 2001* (section 296); and
  - (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company and economic entity (*Corporations Act 2001 section 297*); and
  - (c) the audited remuneration disclosures set out in the Remuneration Report section of the Directors' Report for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*;
2. The Chief Executive Officer and General Manager have each declared according to section 295A(2) of the *Corporations Act 2001* 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. The declaration under section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and the system is operating effectively in material respects in relation to financial reporting of risks.
4. 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.

Michael Cox

Director

Ann Bowering

Director

Dated 28 August 2014, Newcastle

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NSX LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of NSX Limited and its controlled entities (the Economic Entity), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration 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.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of NSX Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NSX LIMITED**

**Auditor's Opinion**

In our opinion:

- a. the financial report of NSX Limited is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Economic Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Emphasis of Matter**

Without modifying our opinion above, attention is drawn to the following matter. As a result of a full going concern review, the ability of the Economic Entity to continue as a going concern and its ability to pay its debts as and when they become due and payable is dependent upon the perusal and success of the following strategies:

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

Should the Economic Entity not be able to achieve these strategies or receive the required level of financial support, there exists a material uncertainty that may cast significant doubt about the Economic Entity's ability to discharge its liabilities in the normal course of business.

**Report on the Remuneration Report**

We have audited the remuneration report included in pages 38 to 40 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A 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 2014 complies with s 300A of the *Corporations Act 2001*.



**PKF LAWLER PARTNERS**

Chartered Accountants

Newcastle

Dated: 28 August 2014



**CLAYTON HICKEY**

Partner



## 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 15 August 2014

##### Category (size of holding)

1 – 1,000  
 1,001 – 5,000  
 5,001 – 10,000  
 10,001 – 100,000  
 100,001 – and over

Number	
Ordinary	Partly Paid
32	-
103	-
53	-
82	-
23	3
<b>293</b>	<b>3</b>

#### (b) Marketable Parcels as at 15 August 2014

The number of holders holding less than a marketable parcel (UMP) is 115 (at a market price of 10 cents). UMP Number of securities is 229,451. UMP as a percentage of shares on issue is 0.22%.

#### (c) Substantial Shareholders as at 15 August 2014

The names of the substantial shareholders listed in the holding company's register as at 15 August 2014 are:

1	FEX EQUITY MARKETS PTY LTD
2	FINANCIAL & ENERGY EXCHANGE LTD
3	VITRON WERKBUND SUD AUSTRALASIA PTY LTD
4	NEW EQUITY WORLD PTY LTD
5	CROSS-STRAIT COMMON DEVELOPMENT FUND CO LTD
6	AUSTRALIAN MINING GROUP LTD

Number of fully paid ordinary shares held	Percentage of shares held to issued capital
27,423,655	26.8
12,621,278	12.3
11,700,000	11.4
11,270,520	11.0
10,212,000	10
7,432,500	7.3
<b>80,659,953</b>	<b>78.1</b>

#### (d) Voting Rights

**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.

**Partly Paid shares** – Each partly paid share is entitled to one vote on a pro-rata 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. The call on the partly paid shares is at the discretion of the holder.

**(e) 20 Largest Shareholders – Ordinary Shares – as at 15 August 2014**

	Number of fully paid ordinary shares held	Percentage of shares held to issued capital
1 FEX EQUITY MARKETS PTY LTD	27,423,655	26.8
2 FINANCIAL & ENERGY EXCHANGE LTD	12,621,278	12.3
3 VITRON WERKBUND SUD AUSTRALASIA PTY LTD	11,700,000	11.4
4 NEW EQUITY WORLD PTY LTD	11,270,520	11.0
5 CROSS-STRAIT COMMON DEVELOPMENT FUND CO LIMITED	10,212,000	10.0
6 AUSTRALIAN MINING GROUP LTD	7,432,500	7.3
7 RENERGY PTY LTD	4,788,665	4.7
8 DEMPSEY RESOURCES PTY LTD	4,000,000	3.9
9 BRIAN JOHN PEADON	2,672,067	2.6
10 IRON MOUNTAIN PTY LIMITED	1,930,372	1.9
11 MS LIJUN LI	1,220,948	1.2
12 MR QIZHONG WANG & MS RONG LI	865,565	0.8
13 MR JOHN JOSEPH RYAN	733,456	0.7
14 MR DAVID ANTHONY	638,000	0.6
15 THE GENUINE SNAKE OIL COMPANY PTY LTD	299,700	0.3
16 MS MELISSA ANN LAWRENCE	240,000	0.2
17 COLBERN FIDUCIARY NOMINEES PTY LTD	230,762	0.2
18 MR JOHN CARTHEW WILLIAM BURSTON & MRS CATRIONA MARY BURSTON	145,650	0.1
19 SLAPDASH PTY LTD	140,000	0.1
20 JOSEPH-NATHAN D'URBERVILLE	138,672	0.1
	<b>98,703,810</b>	<b>96.3</b>

**2 COMPANY SECRETARY**

The name of the company secretary is Mr Scott Francis Evans B.Ec(hons), GAICD, SA Fin.

**3 REGISTERED OFFICE**

The address of the principal registered office and place of business in Australia is:  
Level 2,  
117 Scott Street  
Newcastle NSW 2300

#### 4 REGISTERS OF SECURITIES ARE HELD AT THE FOLLOWING ADDRESSES

New South Wales: Boardroom Pty Ltd  
Level 7, 207 Kent Street  
Sydney NSW 2000  
www.boardroomlimited.com.au  
P: +61 2 9290 9600 | F: +61 2 9279 0664

#### 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.

##### Options over Unissued Shares

A total of 737,383 options are on issue.

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 3.30pm (AEST) on Thursday, 20 November 2014, at the FEX Marketsite, Ground Floor, 7 Bridge Street, Sydney NSW 2300.

#### 9 SOURCES OF INFORMATION FOR SHAREHOLDERS

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/about/nsx\\_reports](http://www.nsx.com.au/about/nsx_reports). Shareholders can access NSX documents, Governance and corporate information from the NSX website ([www.nsx.com.au](http://www.nsx.com.au)) from the About link.

FOR YOUR NOTES







NSX Limited and Controlled Entities

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

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