



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

NSX Melbourne  
Level 1, 257 Collins Street, Melbourne, VIC, 3000  
PO BOX 191, Flinders Lane, VIC, 8009  
P: +61 3 9664 0000  
F: +61 3 9664 0011

[www.nsx.net.au](http://www.nsx.net.au)

NSX Limited  
ABN 33 089 447 058  
Stock Exchange of Newcastle Limited  
ABN: 11 000 902 063  
Bendigo Stock Exchange Limited  
ABN: 41 087 708 898

**NSX Limited**  
**ABN 33 089 447 058**  
**and its controlled entities**  
**(incorporating**  
**The Stock Exchange of Newcastle Limited**  
**and Bendigo Stock Exchange Limited)**

**Preliminary Final Report**  
**Including additional**  
**Appendix 4E disclosures**

**30 June 2005**

Lodged with ASX under Listing Rule 4.3A  
All amounts are in Australian Dollars unless otherwise stated.

**RELEASED**  
**13 SEPTEMBER 2005**

## Contents

	Page
Results for Announcement to the Market	3
Management discussion and analysis	4
Consolidated Statement of Financial Performance	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	10
Compliance Statement	23

### ENQUIRIES

**Analyst Enquiries should be directed to:** Michael Cox, Director/Chief Executive Officer

**Media Enquiries should be directed to:** Ray Whitten, Chairman

APPENDIX 4E  
PRELIMINARY FINAL REPORT  
FINANCIAL YEAR ENDED 30 JUNE 2005  
(previous corresponding period is for the year ended 30 June 2004)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$A'000
Revenues from ordinary activities (Appendix 4E Item 2.1)	Up	134%	To	780
Net profit / (loss) for the period before write down of goodwill	Up	46%	To	(396)
Net profit / (loss) for the period attributable to members (Appendix 4E item 2.2)	Up	1003%	To	(2,987)
Net profit / (loss) from ordinary activities after tax attributable to members (Appendix 4E item 2.3)	Up	1003%	To	(2,987)

Dividends/distributions (Appendix 4E item 2.4)	Amount per security	Franked Amount per security
Final dividend	Nil	Nil
Previous corresponding period	Nil	Nil

<b>Record date</b> for determining entitlements to dividends. (Appendix 4E item 2.5)	<b>N/A</b>
---	------------

<b>Explanation of Result</b> (Appendix 4E item 2.6)
For a further explanation of the financial year's operating results, please refer to the Management discussion and analysis following.

## Management discussion and analysis

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

### Profit and Loss

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

### Impact of Non-Trading Items

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

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

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

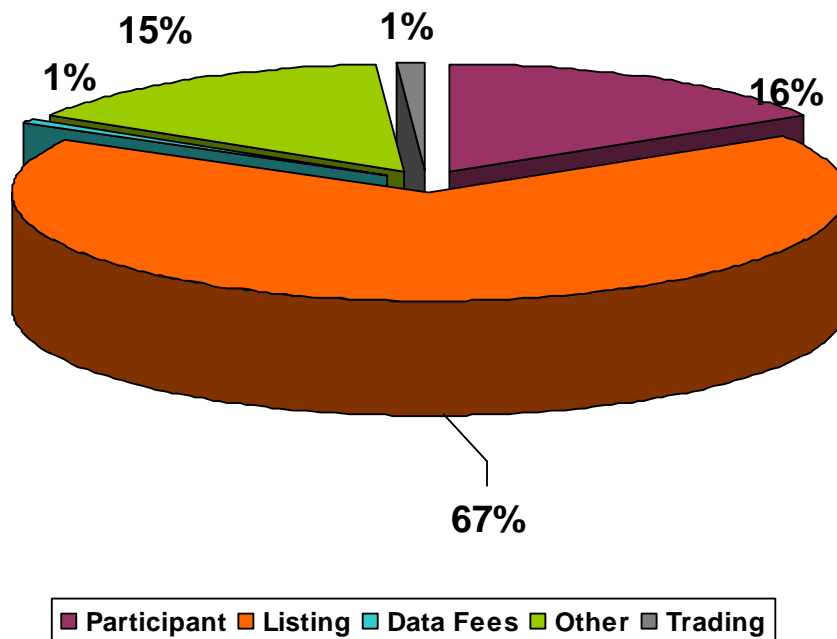
## Revenue and Cost Drivers

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

Revenue Drivers	Percentage of FY05 Revenue (%)	Cost Drivers	Percentage of FY05 Expenses (%)
Issuer Application & Annual Fees	67.0	Technology	7.0
Trading Fees	1.0	Market Trading	22.0
Participant & Nominated Adviser Fees	16.0	Surveillance & Compliance	18.0
Ad Hoc Market Data Fees	1.0	Employees	26.0
Other income including Taxi Markets	15.0	General Administration	24.0
		Marketing, Promotion, Business Development Activities	3.0
<b>Total</b>	<b>100</b>	<b>Total</b>	<b>100</b>

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

## Revenue by Source



## Existing and New Business Initiatives

Enquiries from organisations and their advisers concerning listing on the Exchanges remains strong with both the NSX Corporate (SENL) and Alternative (BSX) markets continuing to list companies in their respective market places. The success of new listings is highly dependent on the NSX adviser and broker networks and the availability of investment funds for small to mid capitalised companies.

The NSX expects the Taxi Market to begin full operation in the next financial year.

The NSX signed a Heads of agreement on 30<sup>th</sup> August 2005 with Wollongong City Council and the Illawarra Business Chamber to promote Exchange services in the region. The services will be promoted as the Wollongong Stock Exchange and will operate as a sub-board under the same operating rules of the Newcastle Stock Exchange.

Table reflecting the Listing History of Securities.

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

Notes: (1) Delisted securities includes 15 AWX Wine Class Preference shares. (2) Includes Bendigo Stock Exchange Figures.

## Dividends

NSX Limited has not declared a dividend at this time. NSX does not currently operate a Dividend Reinvestment Plan.



**MICHAEL COX**  
Chief Executive Officer  
NSX Limited  
13 September 2005

**STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 30 June 2005**

	Notes	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
<b>REVENUE</b>					
Revenue from ordinary activities	5	779,722	332,546	371,762	-
<b>EXPENSES</b>					
Depreciation and amortisation	6	(2,708,148)	(42,673)	-	-
Borrowing costs	6	(13,354)	(7,357)	-	-
Diminution of investments	6	-	-	(2,178,554)	(1,622,899)
Consultancy fees		(168,076)	(3,857)	(104,074)	-
Compliance expenses		(21,153)	(50,876)	-	-
Legal expenses		(21,885)	(59,906)	(21,735)	-
Market trading expense		(214,841)	(135,050)	(2,632)	-
Employee benefits expense		(336,670)	(154,498)	(541)	-
Marketing and promotion		(43,522)	(17,905)	(26,703)	-
Service fees		-	-	(291,223)	-
Rental expenses	6	(38,603)	(33,701)	-	-
Other administration		(132,082)	(55,723)	(25,075)	-
Other expenses		(68,149)	(41,694)	(24,134)	(8,000)
Loss from ordinary activities before income tax expense relating to ordinary activities		(2,986,761)	(270,694)	(2,302,909)	(1,630,899)
Income tax benefit/(expense) relating to ordinary activities	7	-	-	-	-
<b>Net loss attributable to members of the parent entity</b>		<b>(2,986,761)</b>	<b>(270,694)</b>	<b>(2,302,909)</b>	<b>(1,630,899)</b>
<b>Total changes in equity of the entity other than those resulting from transactions with owners as owners</b>		<b>(2,986,761)</b>	<b>(270,694)</b>	<b>(2,302,909)</b>	<b>(1,630,899)</b>
Basic earnings per share (cents per share)	3	(10)	(2)		
Diluted earnings per share (cents per share)	3	(10)	(2)		

The statement of financial performance is to be read in conjunction with the notes to the financial statements set out in the notes to this report.

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



**STATEMENT OF FINANCIAL POSITION  
as at 30 June 2005**

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

The statement of financial position is to be read in conjunction with the notes to the financial statements set out in the notes to this report.



**STATEMENT OF CASH FLOWS  
for the year ended 30 June 2005**

	Notes	Economic Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		474,767	308,348	600	-
Payments to suppliers and employees		(1,154,514)	(642,927)	(503,196)	-
Interest received		398,158	38,916	354,829	-
Borrowing costs paid		-	(7,357)	-	-
Income tax (paid) refunded		-	-	-	-
Net cash provided by (used in) operating activities	20(b)	<u>(281,589)</u>	<u>(303,020)</u>	<u>(147,767)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for Investments		(11,300,081)	-	(10,500,000)	-
Payment for subsidiary, net of cash acquired		54,990	-	-	-
Payments to related entities		-	-	(432,030)	-
Receipts from related entities		-	-	61,401	-
Payment for plant and equipment		<u>(42,331)</u>	<u>(8,422)</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>(11,287,422)</u>	<u>(8,422)</u>	<u>(10,870,629)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from share issue		11,203,264	700,000	11,203,264	-
Payment for borrowings		(241,480)	-	-	-
Proceeds from borrowings		-	220,000	-	-
Net cash provided by (used in) financing activities		<u>10,961,784</u>	<u>920,000</u>	<u>11,203,264</u>	<u>-</u>
<b>Net increase/(decrease) in cash held</b>		<b>(607,227)</b>	<b>608,558</b>	<b>184,868</b>	<b>-</b>
Cash at beginning of year		996,259	387,701	-	-
<b>Cash at end of year</b>	20(a)	<b><u>389,032</u></b>	<b><u>996,259</u></b>	<b><u>184,868</u></b>	<b><u>-</u></b>

The statement of cash flows are to be read in conjunction with the notes to the financial statements set out in the notes to this report.

**NOTES TO APPENDIX 4E  
for the year ended 30 June 2005**

**NOTE 1: BASIS OF PREPARATION**

This preliminary final report has been prepared in accordance with ASX Listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

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

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2004 annual report.

This financial report does not include full disclosures of the type normally included in an annual financial report.

**NOTE 2: ACQUISITION / DISPOSAL OF CONTROLLED ENTITIES**

The following acquisition occurred during the financial year:

On 13<sup>th</sup> April 2005 the company issued 10,000,000 fully paid ordinary shares at fair value (50 cents each) for BSX Group Holdings Limited shareholders so as to acquire all the issued shares of BSX Group Holdings Limited and its controlled entities.

**NOTE 3: EARNINGS PER SHARE**

Only ordinary shares have been included in basic earnings per share.

Shareholder options and employee options currently do not have a potential to dilute earnings per share.

Weighted average number of shares used as the denominator for basic earnings per share 28,669,318 (2004: 15,118,633).

Weighted average number of shares used as the denominator for diluted earnings per share 28,669,318 (2004: 15,118,633).

	<b>Current Period</b>	<b>Previous corresponding period</b>
Basic earnings per share (cents)	(10)	(2)
Diluted earnings per share (cents)	(10)	(2)

**NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE**

No events have occurred subsequent to balance date which would materially affect the financial report.

**NOTES TO APPENDIX 4E  
for the year ended 30 June 2005**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
for the year ended 30 June 2004**

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>NOTE 5: REVENUE</b>				
Operating activities				
- listing fees	292,125	279,462	-	-
- taxi licence market income	64,167	-	-	-
- interest – from bank	418,830	42,625	371,162	-
	775,122	322,087	371,162	-
Non operating activities				
- other	4,600	10,459	600	-
Total revenue	779,722	332,546	371,762	-
<b>NOTE 6: LOSS FROM ORDINARY ACTIVITIES</b>				
Loss from ordinary activities before income tax expense has been determined after:				
<b>(a) Expenses:</b>				
Depreciation of non-current assets				
- plant and equipment	20,586	16,456	-	-
Amortisation of non-current assets				
- goodwill on consolidation	97,124	26,217	-	-
Goodwill write off as future benefits not considered recoverable	2,590,438	-	-	-
Borrowing costs				
– director related entity	13,342	6,400	-	-
– other persons	12	957	-	-
Total borrowing costs	13,354	7,357	-	-
Bad and doubtful debts				
Loan – wholly owned subsidiary Stock Exchange of Newcastle	-	-	-	(1,411,603)

**NOTES TO APPENDIX 4E  
for the year ended 30 June 2005**

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

**NOTES TO APPENDIX 4E  
for the year ended 30 June 2005**

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>NOTE 7: INCOME TAX EXPENSE</b>				
The prima facie tax payable on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:				
Prima facie tax payable (benefit) on operating loss before income tax at 30% (2004 – 30%)	(896,028)	(81,209)	(690,873)	(489,270)
Add:				
Tax effect of:				
- amortisation of goodwill	806,267	7,865	-	-
- tax losses not recognised in the accounts	89,761	92,823	37,307	4,125
- diminution of investments	-	-	653,566	486,870
- other non deductible amounts	-	420	-	-
Less:				
Tax effect of				
- deductible items	-	(17,444)	-	(1,725)
- non assessable refunds	-	(2,455)	-	-
Income tax expense (benefit) attributable to profit from ordinary activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tax losses not brought to account, the benefits will only be realised if the conditions for deductibility.				
	<u>623,232</u>	<u>533,471</u>	<u>50,239</u>	<u>12,932</u>
<b>NOTE 8: CASH ASSETS</b>				
Cash at bank	<u>389,032</u>	<u>296,259</u>	<u>184,868</u>	<u>-</u>

NOTES TO APPENDIX 4E  
for the year ended 30 June 2005

	Economic Entity		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$
<b>NOTE 9: RECEIVABLES</b>				
CURRENT				
Trade debtors	99,146	3,213	-	-
Other debtors	15,949	12,421	48,333	-
BSX Group Holdings - subsidiary	-	-	160,287	-
	<u>115,095</u>	<u>15,634</u>	<u>208,620</u>	<u>-</u>
<b>NOTE 10: OTHER FINANCIAL ASSETS</b>				
CURRENT				
At cost:				
Commercial bills	<u>11,300,081</u>	<u>700,000</u>	<u>10,500,000</u>	<u>-</u>
NON-CURRENT				
Shares in unlisted controlled entities				
- at cost	-	-	7,651,346	2,411,603
- less provision	-	-	(4,109,611)	(1,931,057)
At recoverable amount	<u>-</u>	<u>-</u>	<u>3,541,735</u>	<u>480,546</u>
<b>NOTE 11: OTHER ASSETS</b>				
CURRENT				
Prepayments	<u>19,695</u>	<u>9,214</u>	<u>-</u>	<u>-</u>

**NOTES TO APPENDIX 4E  
for the year ended 30 June 2005**

	<b>Economic Entity</b>		<b>Parent Entity</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	\$	\$	\$	\$
<b>NOTE 12: PROPERTY, PLANT AND EQUIPMENT</b>				
Plant and equipment – at cost	247,553	179,396	-	-
Less accumulated depreciation	<u>(145,095)</u>	<u>(124,779)</u>	-	-
Total plant and equipment	<u>102,458</u>	<u>54,617</u>	<u>-</u>	<u>-</u>
 (a) Movements in carrying amounts				
Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the financial year:				
Plant and equipment				
Balance at the beginning	54,617	62,651	-	-
Additions	42,331	8,422	-	-
Additions through acquisition of entity	26,223	-	-	-
Disposals	(127)	-	-	-
Depreciation expense	<u>(20,586)</u>	<u>(16,456)</u>	-	-
Carrying amount at the end	<u>102,458</u>	<u>54,617</u>	<u>-</u>	<u>-</u>
 <b>NOTE 13: INTANGIBLES</b>				
Goodwill – at cost	6,513,007	1,420,711	-	-
Less: accumulated amortisation	<u>(3,627,727)</u>	<u>(940,165)</u>	-	-
	<u>2,885,280</u>	<u>480,546</u>	<u>-</u>	<u>-</u>
 <b>NOTE 14: PAYABLES</b>				
<b>CURRENT</b>				
Trade creditors	114,075	31,891	14,671	8,000
Sundry creditors	68,108	16,935	-	-
Payable to wholly owned subsidiaries				
- Stock Exchange of Newcastle Ltd	-	-	-	13,750
- NSX Services Pty Limited	-	-	59,729	-
- BSX Services Pty Limited	-	-	1,672	-
	<u>182,183</u>	<u>48,826</u>	<u>76,072</u>	<u>21,750</u>
 <b>NOTE 15: INTEREST BEARING LIABILITIES</b>				
<b>CURRENT</b>				
Lease liability unsecured	10,892	-	-	-
Loan unsecured	<u>-</u>	<u>220,000</u>	<u>-</u>	<u>-</u>
	<u>10,892</u>	<u>220,000</u>	<u>-</u>	<u>-</u>
 <b>NON CURRENT</b>				
Lease liability unsecured	<u>3,815</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO APPENDIX 4E  
for the year ended 30 June 2005**

	Economic Entity		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$
<b>NOTE 16: PROVISIONS</b>				
<b>CURRENT</b>				
Employee benefits	<u>45,984</u>	<u>11,680</u>	<u>-</u>	<u>-</u>
(a) Aggregate employee Benefits	45,984	11,680	-	-
(b) Number of full time equivalent employees at year end	6	3	-	-
<b>NOTE 17: OTHER LIABILITIES</b>				
<b>CURRENT</b>				
Unearned revenue	<u>76,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NOTE 18: CONTRIBUTED EQUITY</b>				
49,420,003 (2004 - 15,420,003) fully paid ordinary shares	20,226,596	4,023,332	20,226,596	4,023,332
1,500,000 (2004 - 1,500,000) ordinary shares paid to 1 cent	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
	<u>20,241,596</u>	<u>4,038,332</u>	<u>20,241,596</u>	<u>4,038,332</u>
<b>(a) Fully paid ordinary shares</b>				
At the beginning of the year	4,023,332	4,023,332	4,023,332	4,023,332
Shares issued during the year				
- 24,000,000 shares on 6 <sup>th</sup> January 2005	12,000,000	-	12,000,000	-
- 10,000,000 shares on 13 <sup>th</sup> April 2005	5,000,000	-	5,000,000	-
Transaction costs relating to share issue	<u>(796,736)</u>	<u>-</u>	<u>(796,736)</u>	<u>-</u>
At reporting date	<u>20,226,596</u>	<u>4,023,332</u>	<u>20,226,596</u>	<u>4,023,332</u>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
At the beginning of the reporting year	15,420,003	15,420,003	15,420,003	15,420,003
Shares issued during year				
- 6 <sup>th</sup> January 2005	24,000,000	-	24,000,000	-
- 13 <sup>th</sup> April 2005	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>	<u>-</u>
At reporting date	<u>49,420,003</u>	<u>15,420,003</u>	<u>49,420,003</u>	<u>15,420,003</u>



**NOTES TO APPENDIX 4E  
for the year ended 30 June 2005**

**NOTE 18: CONTRIBUTED EQUITY (continued)**

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

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

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

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

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

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

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

**NOTE 19: ACCUMULATED LOSSES**

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

**NOTES TO APPENDIX 4E  
for the year ended 30 June 2005**

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

**NOTE 20: CASH FLOW INFORMATION**

(a) Reconciliation of Cash

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

Cash	8	389,032	296,259	184,868	-
Commercial bill	10	-	700,000	-	-
		389,032	996,259	184,868	-

(b) Reconciliation of cash flow from operations with profit/(loss) from ordinary activities after income tax:

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

**NOTES TO APPENDIX 4E  
for the year ended 30 June 2005**

	Economic Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>NOTE 20: CASH FLOW INFORMATION (continued)</b>				
(c) Acquisition of Entities				
During the year 100% of the BSX Group Holdings Limited Group was acquired. Details of this transaction are:				
Purchase consideration - shares in NSX limited	5,000,000	-	5,000,000	-
Fair value of assets acquired				
Cash	54,990	-	-	-
Receivables	189,158	-	-	-
Other	21,925	-	-	-
Property, plant & equipment	26,728	-	-	-
Creditors	(11,365)	-	-	-
Unearned revenue	(36,845)	-	-	-
Sundry creditors	(301,984)	-	-	-
Lease liabilities	(16,444)	-	-	-
Provisions	(15,673)	-	-	-
Net assets acquired	<u>(89,510)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Goodwill on consolidation	<u>5,089,510</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash outflow on acquisition				
Cash consideration	-	-	-	-
Less: Cash balance acquired	<u>(54,990)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(54,990)</u>	<u>-</u>	<u>-</u>	<u>-</u>

(d) Credit Stand-by Arrangements and Loan Facilities

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

**NOTES TO APPENDIX 4E  
for the year ended 30 June 2005**

**NOTE 21: FINANCIAL INSTRUMENTS**

**(a) Interest Rate Risk**

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

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing						Total	
					Within 1 Year		1 to 5 Years		Non-Interest Bearing			
	2005 %	2004 %	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
<b>Financial assets</b>												
Cash assets	3.75	1.50	300,367	46,259	-	-	-	-	-	-	300,367	46,259
Term deposit	-	4.75	-	-	-	250,000	-	-	-	-	-	250,000
Commercial bills	5.50	4.75	-	11,300,081	700,000	-	-	-	-	-	11,300,081	700,000
Receivables	-	-	-	-	-	-	-	-	115,095	15,634	115,095	15,634
Prepayments	-	-	-	-	-	-	-	-	9,717	9,214	9,717	9,214
			300,367	46,259	11,300,081	950,000	-	-	124,812	24,848	11,725,260	1,021,107
<b>Financial liabilities</b>												
Loans	-	10.00	-	-	-	220,000	-	-	-	-	-	220,000
Lease liabilities	7.50	-	-	-	10,892	-	3,815	-	-	-	14,707	-
Payables	-	-	-	-	-	-	-	-	182,183	48,826	182,183	48,286
			-	-	10,892	220,000	3,815	-	182,183	48,826	196,890	268,286
<b>Net financial assets</b>			300,367	46,259	11,289,189	730,000	(3,815)	-	(57,371)	(23,978)	11,528,370	752,821

**(b) Credit Risk**

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

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

**(c) Net Fair Value of Financial Assets and Liabilities**

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

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

**NOTE 22: SEGMENT REPORTING**

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

**NOTES TO APPENDIX 4E  
for the year ended 30 June 2005**

**NOTE 23: CONTINGENT LIABILITY**

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

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

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

**SUPPLEMENTARY APPENDIX 4E INFORMATION**

**NTA Backing (Appendix 4E item 9)**

	<b>30 June 2005</b>	<b>30 June 2004</b>
Net tangible asset backing per ordinary share	<u>\$0.40</u>	<u>\$0.05</u>

**Contribution of entity acquired during the year (Appendix 4E item 10.3)**

BSX Group Holdings Limited contributed \$(107,766) to the loss of the economic entity for the period 13<sup>th</sup> April 2005 to 30 June 2005 which was the period NSX Limited had control.

**Details of shares and results in associates (Appendix 4E item 11)**

There were no joint ventures during the financial year.

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

The 2005 Annual General Meeting will be held as follows:

**Place:** Tattersalls Club, 181 Elizabeth Street, Sydney.

**Time:** 10.30am

**Date:** Thursday, 17 November 2005

Approximate date the Annual Report will be available: 30 September 2005

**Compliance Statement**

This report is based on financial statements that are in the process of being audited.



**Michael Andrew Cox**  
Director



**Francis Markham Menzies**  
Director

Newcastle

**13 September 2005**