

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

**APPENDIX 4E
PRELIMINARY FINAL REPORT
FINANCIAL YEAR ENDED 30 JUNE 2006
(previous corresponding period is for the year ended 30 June 2005)**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$A'000
Revenues from ordinary activities <i>(Appendix 4E Item 2.1)</i>	Up	112%	To	1,651
Net loss for the period attributable to members <i>(Appendix 4E item 2.2)</i>	Down	75%	To	(754)
Net loss from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.3)</i>	Down	75%	To	(754)

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

Record date for determining entitlements to dividends. <i>(Appendix 4E item 2.5)</i>	N/A
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<p>Explanation of Result <i>(Appendix 4E item 2.6)</i></p> <p>For a further explanation of the financial year's operating results, please refer to the Directors' Comments following.</p>
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**NSX LIMITED
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Directors' Comments

The Directors are pleased to report the consolidated results of NSX Limited (NSX) and its controlled entities for the financial year ended 30 June 2006. NSX Limited incorporates two Australian Market Licensees (Stock Exchanges) trading as the Stock Exchange of Newcastle Limited (SENL), Bendigo Stock Exchange Limited (BSX) and BSX Taxi Markets.

PROFIT AND LOSS

The Company incurred a loss after tax of to \$754,082 (2005: loss of \$2,986,761). The Directors chose not to impair the goodwill of the Cash Generating Units due to the improvements in the Stock Exchange of Newcastle Limited and Bendigo Stock Exchange Limited business units as well as the ongoing project work on the COM-AgEx derivatives exchange. The operating loss comprised the full effect of the integration of the SENL and BSX business units which is substantially complete. Revenue increased by 112% from \$779,722 to \$1,650,740 reflecting the increase in listings, the full year effect of the Taxi Market revenue and general activity of the Cash Generating Units. Earnings per share (EPS) has improved from (10.42) cents per share to (1.53) cents per share.

PRODUCTS AND SERVICES

NSX Limited operates stock exchanges and trading markets in Australia. In particular the NSX operates the Newcastle Stock Exchange or NSX Corporate Exchange, the Bendigo Stock Exchange or NSX Alternative Exchange and the BSX Taxi Market.

NSX Corporate Exchange

NSX Corporate Exchange is a Stock Exchange set up and managed specifically to cater for the listing of small to medium enterprises.

NSX Alternative Exchange

NSX Alternative Exchange, also provides an efficient and effective listing platform. However, it concentrates on developing markets for an alternative range of products, such as community based organisations and other products requiring a low cost trading environment.

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

BSX Services, a wholly owned subsidiary of NSX Limited has developed a trading platform for the trading of Taxi Licences in Victoria. The Licence Trading Market has been designed and developed in conjunction with the Victorian Government and industry bodies. The Victorian Government has passed legislation and has developed regulations that require that transactions involving metropolitan taxi cab licences must be either processed through, or notified to, a market. The processing or notification will only be effected through an approved broker. The Taxi Market started trading on 28th March 2006.

Wollongong Exchange (www.wollongongexchange.com.au)

NSX signed a Heads of agreement with Wollongong City Council and the Illawarra Business Chamber to promote Exchange services in the region. The services will be promoted as the Wollongong Exchange and will operate as a sub-board under the same operating rules of the NSX Corporate Exchange. During the year a steering committee was established to promote the initiative.

New Business Initiatives – COM-AgEx

Early in 2006, NSX signed a joint venture agreement with COM-AgEx to establish a derivatives exchange. The entity will utilise BSX Limited and the companies listed on BSX will be transitioned to the markets operated by the Stock Exchange of Newcastle Limited. The first task of the venture is to establish operating rules and submit these to ASIC as Ministerial consent is required before a new Australian Market Licensee can operate.

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TECHNOLOGY

During the year NSX finalised its arrangements with OMX to supply a new trading system. Changing a trading system has been one of the largest projects undertaken by NSX and was completed on time with the system going live on 18th August 2006. Implementing a new system means that the SEATS system will be decommissioned. The system integrates the trading of both the NSX and BSX markets on the one trading platform.

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



**MICHAEL COX
Director**

1 September 2006

**NSX LIMITED
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**INCOME STATEMENT
for the year ended 30 June 2006**

	Notes	Economic Entity		Parent Entity	
		2006 \$	2005 \$	2006 \$	2005 \$
Revenue	4	1,650,740	779,722	615,670	371,762
Depreciation	5	(58,310)	(20,586)	-	-
Impairment losses	5	-	(2,687,562)	-	-
Finance costs	5	(65)	(13,354)	-	-
Diminution of investments	5	-	-	-	(2,178,554)
Consultancy fees		(265,327)	(168,076)	(118,996)	(104,074)
Compliance expenses		(43,502)	(21,153)	-	-
Legal expenses		(51,161)	(21,885)	(8,432)	(21,735)
Market trading expense		(509,595)	(214,841)	-	(2,632)
Employee benefits expense		(1,017,007)	(336,670)	(229,190)	(541)
Marketing and promotion		(14,557)	(43,522)	(8,167)	(26,703)
Service fees		-	-	-	(291,223)
Rental expenses	5	(43,280)	(38,603)	-	-
Other administration		(191,992)	(132,082)	(110,280)	(25,075)
Other expenses		<u>(210,026)</u>	<u>(68,149)</u>	<u>(103,854)</u>	<u>(24,134)</u>
Loss before income tax		<u>(754,082)</u>	<u>(2,986,761)</u>	<u>36,751</u>	<u>(2,302,909)</u>
Income tax expense	6	-	-	-	-
Loss for the year		<u>(754,082)</u>	<u>(2,986,761)</u>	<u>36,751</u>	<u>(2,302,909)</u>
Basic earnings per share (cents per share)	2	(1.53)	(10.42)		
Diluted earnings per share (cents per share)	2	(1.53)	(10.42)		

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

**NSX LIMITED
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**BALANCE SHEET
as at 30 June 2006**

	Notes	Economic Entity		Parent Entity	
		2006 \$	2005 \$	2006 \$	2005 \$
CURRENT ASSETS					
Cash and cash equivalents	8	779,694	389,032	514,332	184,868
Trade and other receivables	9	76,577	115,095	941,086	208,620
Financial assets	10	10,315,000	11,300,081	9,615,000	10,500,000
Other current assets	11	25,935	19,695	19,525	-
TOTAL CURRENT ASSETS		<u>11,197,206</u>	<u>11,823,903</u>	<u>11,089,943</u>	<u>10,893,488</u>
NON-CURRENT ASSETS					
Financial assets	10	-	-	3,541,735	3,541,735
Property, plant and equipment	12	160,704	102,458	-	-
Intangible assets	13	2,885,280	2,885,280	-	-
TOTAL NON-CURRENT ASSETS		<u>3,045,984</u>	<u>2,987,738</u>	<u>3,541,735</u>	<u>3,541,735</u>
TOTAL ASSETS		<u>14,243,190</u>	<u>14,811,641</u>	<u>14,631,678</u>	<u>14,435,223</u>
CURRENT LIABILITIES					
Trade and other payables	14	432,536	182,183	221,776	76,072
Short-term borrowings	15	3,815	10,892	-	-
Short-term provisions	16	54,654	45,984	-	-
Other current liabilities	17	-	76,500	-	-
TOTAL CURRENT LIABILITIES		<u>491,005</u>	<u>315,559</u>	<u>221,776</u>	<u>76,072</u>
NON-CURRENT LIABILITIES					
Long-term borrowings	15	-	3,815	-	-
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>3,815</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>491,005</u>	<u>319,374</u>	<u>221,776</u>	<u>76,072</u>
NET ASSETS		<u>13,752,185</u>	<u>14,492,267</u>	<u>14,409,902</u>	<u>14,359,151</u>
EQUITY					
Issued capital	18	20,255,596	20,241,596	20,255,596	20,241,596
Accumulated losses		(6,503,411)	(5,749,329)	(5,845,694)	(5,882,445)
TOTAL EQUITY		<u>13,752,185</u>	<u>14,492,267</u>	<u>14,409,902</u>	<u>14,359,151</u>

The balance sheet is to be read in conjunction with the notes to the financial statements set out in the notes to this report.

**NSX LIMITED
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**STATEMENT OF CHANGES IN EQUITY
as at 30 June 2006**

Economic Entity

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2004	4,038,332	(2,762,568)	1,275,764
Shares issued during the year	17,000,000	-	17,000,000
Transaction costs relating to share issue	(796,736)	-	(796,736)
Profit for the year	-	(2,986,761)	(2,986,761)
Balance at 30 June 2005	<u>20,241,596</u>	<u>(5,749,329)</u>	<u>14,492,267</u>
Shares issued during the year	14,000	-	14,000
Profit for the year	-	(754,082)	(754,082)
Balance at 30 June 2006	<u>20,255,596</u>	<u>(6,503,411)</u>	<u>13,752,185</u>

Parent Entity

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2004	4,038,332	(3,579,536)	458,796
Shares issued during the year	17,000,000	-	17,000,000
Transaction costs relating to share issue	(796,736)	-	(796,736)
Profit for the year	-	(2,302,909)	(2,302,909)
Balance at 30 June 2005	<u>20,241,596</u>	<u>(5,882,445)</u>	<u>14,359,151</u>
Shares issued during the year	14,000	-	14,000
Profit for the year	-	36,751	36,751
Balance at 30 June 2006	<u>20,255,596</u>	<u>(5,845,694)</u>	<u>14,409,902</u>

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

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**CASH FLOW STATEMENT
for the year ended 30 June 2006**

	Notes	Economic Entity		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		1,213,181	474,767	28,322	600
Payments to suppliers and employees		(2,258,883)	(1,154,514)	(348,170)	(503,196)
Interest received		564,651	398,158	511,100	354,829
Finance costs paid		(65)	-	-	-
Net cash provided by (used in) operating activities	19(a)	<u>(481,116)</u>	<u>(281,589)</u>	<u>191,252</u>	<u>(147,767)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments		-	(11,300,081)	-	(10,500,000)
Proceeds from investments		985,081	-	885,000	-
Payment for subsidiary, net of cash acquired		-	54,990	-	-
Payments to related entities		-	-	(760,788)	(432,030)
Receipts from related entities		-	-	-	61,401
Proceeds from sale of plant and equipment		414	-	-	-
Payment for plant and equipment		(116,825)	(42,331)	-	-
Net cash provided by (used in) investing activities		<u>868,670</u>	<u>(11,287,422)</u>	<u>124,212</u>	<u>(10,870,629)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issue		14,000	11,203,264	14,000	11,203,264
Payment for borrowings		(10,892)	(241,480)	-	-
Net cash provided by (used in) financing activities		<u>3,108</u>	<u>10,961,784</u>	<u>14,000</u>	<u>11,203,264</u>
Net increase/(decrease) in cash held		390,662	(607,227)	329,464	184,868
Cash at beginning of year		<u>389,032</u>	<u>996,259</u>	<u>184,868</u>	<u>-</u>
Cash at end of year	8	<u>779,694</u>	<u>389,032</u>	<u>514,332</u>	<u>184,868</u>

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

**NSX LIMITED
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**NOTES TO APPENDIX 4E
for the year ended 30 June 2006**

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.

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (IFRS), the company's financial report has been prepared in accordance with those Standards. A reconciliation of adjustments arising on the transition to AIFRS is included in Note 23 to this report.

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

NOTE 2: 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 49,424,071 (2005: 28,669,318).

Weighted average number of shares used as the denominator for diluted earnings per share 49,424,071 (2005: 28,669,318).

	Current Period	Previous corresponding period
Basic earnings per share (cents)	(1.53)	(10.42)
Diluted earnings per share (cents)	(1.53)	(10.42)

NOTE 3: EVENTS SUBSEQUENT TO REPORTING DATE

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

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**NOTES TO APPENDIX 4E
for the year ended 30 June 2006**

	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
NOTE 4: REVENUE				
Operating activities				
- listing fees	681,110	292,125	-	-
- taxi licence market income	300,000	64,167	-	-
- interest – other persons	564,651	418,830	511,100	371,162
- other	<u>104,979</u>	<u>4,600</u>	<u>104,570</u>	<u>600</u>
	<u>1,650,740</u>	<u>779,722</u>	<u>615,670</u>	<u>371,762</u>

NOTE 5: LOSS FROM ORDINARY ACTIVITIES

Loss from ordinary activities before income tax expense has been determined after:

(a) Expenses:

Depreciation of non-current assets

- plant and equipment	<u>58,310</u>	<u>20,586</u>	<u>-</u>	<u>-</u>
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Impairment losses

- goodwill on consolidation	-	97,124	-	-
- goodwill write off as future benefits not considered recoverable	<u>-</u>	<u>2,590,438</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>2,687,562</u>	<u>-</u>	<u>-</u>

Finance costs

- director related entity	65	13,342	-	-
- other persons	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>
Total borrowing costs	<u>65</u>	<u>13,354</u>	<u>-</u>	<u>-</u>

Rental expense on operating lease

- minimum lease payments	<u>43,280</u>	<u>38,603</u>	<u>-</u>	<u>-</u>
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Write down of investments to recoverable amounts

	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,178,554</u>
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**NSX LIMITED
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**NOTES TO APPENDIX 4E
for the year ended 30 June 2006**

	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
NOTE 6: INCOME TAX EXPENSE				
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% (2005 – 30%)				
	(226,225)	(1,682,628)	11,025	(1,477,473)
Add:				
Tax effect of:				
- amortisation of goodwill	-	1,592,590	-	-
- tax losses not recognised the accounts	226,225	90,038	-	37,307
- diminution of investments	-	-	-	1,440,166
Less:				
Tax effect of				
- recoupment of tax losses	-	-	(11,025)	-
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 set out in Note 1(b) occur				
	<u>849,734</u>	<u>623,509</u>	<u>39,214</u>	<u>50,239</u>
NOTE 7: AUDITORS' REMUNERATION				
Remuneration of the auditor of the parent entity for:				
- auditing and reviewing the financial report	70,000	31,800		
- taxation services	<u>11,008</u>	<u>8,650</u>		
	<u>81,008</u>	<u>40,450</u>		
NOTE 8: CASH AND CASH EQUIVALENTS				
Cash at bank	<u>779,694</u>	<u>389,032</u>	<u>514,332</u>	<u>184,868</u>

**NSX LIMITED
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**NOTES TO APPENDIX 4E
for the year ended 30 June 2006**

	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
NOTE 9: TRADE AND OTHER RECEIVABLES				
CURRENT				
Trade debtors	12,876	99,146	-	-
Other debtors	63,701	15,949	20,011	48,333
Amounts receivable from:				
- wholly owned subsidiaries	-	-	921,075	160,287
	<u>76,577</u>	<u>115,095</u>	<u>941,086</u>	<u>208,620</u>
NOTE 10: OTHER FINANCIAL ASSETS				
CURRENT				
Commercial bills – at amortised cost	<u>10,315,000</u>	<u>11,300,081</u>	<u>9,615,000</u>	<u>10,500,000</u>
NON-CURRENT				
Shares in unlisted controlled entities				
- at cost	-	-	7,651,346	7,651,346
- less provision for diminution	-	-	(4,109,611)	(4,109,611)
	<u>-</u>	<u>-</u>	<u>3,541,735</u>	<u>3,541,735</u>
NOTE 11: OTHER ASSETS				
CURRENT				
Prepayments	<u>25,935</u>	<u>19,695</u>	<u>19,525</u>	<u>-</u>

**NSX LIMITED
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**NOTES TO APPENDIX 4E
for the year ended 30 June 2006**

	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
NOTE 12: PROPERTY, PLANT AND EQUIPMENT				
Plant and equipment – at cost	451,254	247,553	-	-
Less accumulated depreciation	<u>(290,550)</u>	<u>(145,095)</u>	<u>-</u>	<u>-</u>
	<u>160,704</u>	<u>102,458</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 beginning of the year	102,458	54,617	-	-
Additions	116,825	42,331	-	-
Additions through acquisition of entity	-	26,223	-	-
Disposals	(269)	(127)	-	-
Depreciation expense	<u>(58,310)</u>	<u>(20,586)</u>	<u>-</u>	<u>-</u>
Carrying amount at the end of the year	<u>160,704</u>	<u>102,458</u>	<u>-</u>	<u>-</u>

NOTE 13: INTANGIBLES

Goodwill – at cost	5,572,842	5,572,842	-	-
Less: accumulated impairment losses	<u>(2,687,562)</u>	<u>(2,687,562)</u>	<u>-</u>	<u>-</u>
	<u>2,885,280</u>	<u>2,885,280</u>	<u>-</u>	<u>-</u>

(a) Reconciliation of movements

Balance at beginning of the year	2,885,280	5,572,842
Impairment losses	<u>-</u>	<u>(2,687,562)</u>
Balance at end of the year	<u>2,885,280</u>	<u>2,885,280</u>

**NSX LIMITED
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**NOTES TO APPENDIX 4E
for the year ended 30 June 2006**

	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
NOTE 14: TRADE AND OTHER PAYABLES				
CURRENT				
Trade creditors	151,742	114,075	300	14,671
Interest received in advance	121,252	-	121,252	-
Sundry creditors	159,542	68,108	45,000	-
Amounts payable to wholly owned subsidiaries:				
- Stock Exchange of Newcastle Ltd	-	-	-	-
- NSX Services Pty Limited	-	-	55,224	59,729
- BSX Services Pty Limited	-	-	-	1,672
	<u>432,536</u>	<u>182,183</u>	<u>221,776</u>	<u>76,072</u>
NOTE 15: BORROWINGS				
CURRENT				
Lease liability unsecured	<u>3,815</u>	<u>10,892</u>	<u>-</u>	<u>-</u>
NON CURRENT				
Lease liability unsecured	<u>-</u>	<u>3,815</u>	<u>-</u>	<u>-</u>
NOTE 16: PROVISIONS				
Opening balance at 1 July 2005	45,984			
Additional provisions	61,377			
Amounts used	<u>(52,707)</u>			
Balance at 30 June 2006	<u>54,654</u>			
NOTE 17: OTHER LIABILITIES				
CURRENT				
Unearned revenue	<u>-</u>	<u>76,500</u>	<u>-</u>	<u>-</u>
NOTE 18: ISSUED CAPITAL				
49,460,003 (2005 – 49,420,003) fully paid ordinary shares	18(a) 20,240,596	20,226,596	20,240,596	20,226,596
1,500,000 (2005 - 1,500,000) ordinary shares paid to 1 cent	18(b) 15,000	15,000	15,000	15,000
	<u>20,255,596</u>	<u>20,241,596</u>	<u>20,255,596</u>	<u>20,241,596</u>

**NSX LIMITED
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**NOTES TO APPENDIX 4E
for the year ended 30 June 2006**

	Economic Entity		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
NOTE 18: ISSUED CAPITAL (continued)				
(a) Fully paid ordinary shares				
At the beginning of the year	20,226,596	20,226,596	20,226,596	20,226,596
Shares issued during the year:				
- 23 May 2006 Exercise of options	5,250	-	5,250	-
- 26 May 2006 Exercise of options	8,750		8,750	
Transaction costs relating to share issue		-		-
	<u>20,240,596</u>	<u>20,226,596</u>	<u>20,240,596</u>	<u>20,226,596</u>
At reporting date	<u>20,240,596</u>	<u>20,226,596</u>	<u>20,240,596</u>	<u>20,226,596</u>

	Economic Entity		Parent Entity	
	2006 No.	2005 No.	2006 No.	2005 No.
At the beginning of the year	49,420,003	49,420,003	49,420,003	49,420,003
Shares issued during year				
- 23 May 2006 Exercise of options	15,000	-	15,000	-
- 26 May 2006 Exercise of options	25,000	-	25,000	-
	<u>49,460,003</u>	<u>49,420,003</u>	<u>49,460,003</u>	<u>49,420,003</u>
At reporting date	<u>49,460,003</u>	<u>49,420,003</u>	<u>49,460,003</u>	<u>49,420,003</u>

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) Partly paid ordinary shares

At the beginning of year	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
At reporting date	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>

	Economic Entity		Parent Entity	
	2006 No.	2005 No.	2006 No.	2005 No.
At the beginning of year	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
At reporting date	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>

**NSX LIMITED
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**NOTES TO APPENDIX 4E
for the year ended 30 June 2006**

NOTE 18: ISSUED CAPITAL (continued)

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.

(c) Options

	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	No.	No.	No.	No.
At the beginning of the year	2,925,000	2,925,000	2,925,000	2,925,000
Options expired 30 June 2006	(1,205,000)	-	(1,205,000)	-
Option exercised 23 May 2006	(15,000)	-	(15,000)	-
Option exercised 26 May 2006	(25,000)	-	(25,000)	-
	<u>1,680,000</u>	<u>2,925,000</u>	<u>1,680,000</u>	<u>2,925,000</u>
At reporting date	<u>1,680,000</u>	<u>2,925,000</u>	<u>1,680,000</u>	<u>2,925,000</u>

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**NOTES TO APPENDIX 4E
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	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
NOTE 19: CASH FLOW INFORMATION				
(a) Reconciliation of Cash				
Loss after income tax	(754,082)	(2,986,761)	36,751	(2,302,909)
Cash flows excluded from profit attributable to operating activities:				
Impairment write-downs	-	2,687,562	-	-
Depreciation	58,310	20,586	-	-
Write down of investments to recoverable amount	-	-	-	2,178,554
Net (gain)/loss on disposal of plant and equipment	(145)	127	-	-
Changes to assets and liabilities net of the effects of purchase of subsidiaries:				
(Increase)/decrease in receivables	38,518	88,769	28,322	-
(Increase)/decrease in other assets	(6,240)	11,444	(19,525)	(16,333)
Increase/(decrease) in payables	173,853	(141,690)	145,704	(7,079)
Increase/(decrease) in provisions	8,670	18,631	-	-
Increase/(decrease) in other liabilities	-	19,743	-	-
Cash flows from operations	<u>(481,116)</u>	<u>(281,589)</u>	<u>191,252</u>	<u>(147,767)</u>

(b) 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. \$10,000 of this facility has not been utilised.

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**NOTES TO APPENDIX 4E
for the year ended 30 June 2006**

NOTE 20: 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		Within 1 Year		1 to 5 Years		Non-Interest Bearing		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets												
Cash assets	5.63	3.75	779,694	389,032	1,000,000	-	-	-	-	-	1,779,694	389,032
Commercial bills	5.99	5.50	-	-	9,315,000	11,300,081	-	-	-	-	9,315,000	11,300,081
Receivables	-	-	-	-	-	-	-	-	76,577	115,095	76,577	115,095
Total Financial Assets			779,694	389,032	10,315,000	11,300,081	-	-	76,577	115,095	11,171,271	11,804,208
Financial liabilities												
Lease liabilities	7.50	7.50	-	-	3,815	10,892	-	3,815	-	-	3,815	14,707
Payables	-	-	-	-	-	-	-	-	311,284	182,183	311,284	182,183
Total Financial Liabilities			-	-	3,815	10,892	-	3,815	311,284	48,826	315,099	268,286

(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 21: SEGMENT REPORTING

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

**NSX LIMITED
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**NOTES TO APPENDIX 4E
for the year ended 30 June 2006**

NOTE 22: 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.

NOTE 23: ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

	30 June 2005	1 July 2004
	\$	\$
Summary of adjustments to Equity and Profit and Loss at 1 July 2004 and 30 June 2005		
(a) Amortisation of Goodwill		
During the 2005 financial year, goodwill was amortised in accordance with A-GAAP. As the amortisation of goodwill is now prohibited under AASB3: Business Combinations, the amortisation recorded in the 2005 income statement was reversed	(97,124)	-
(b) Impairment of Goodwill		
Impairment testing performed as at 30 June 2005 indicated that the recoverable amount of goodwill on consolidation was \$2,885,280. Thus, an impairment write-down was recorded to write the value of goodwill down to its recoverable amount.	97,124	-

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SUPPLEMENTARY APPENDIX 4E INFORMATION

NTA Backing (Appendix 4E item 9)

	30 June 2006	30 June 2005
Net tangible asset backing per ordinary share	\$0.22	\$0.40

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

There were no entities acquired during the financial year.

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

There were no joint ventures during the financial year

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The 2006 Annual General Meeting will be held as follows:

Place: Innovation @ 257, ..

Level 1, 257 Collins Street
Melbourne VIC, 3000

Time: 11.00 am

Date: Thursday 26th October 2006

Approximate date the Annual Report will be available: 20 September 2006

Compliance Statement

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

Date: 1 September 2006



**MICHAEL COX
Director**