NSX Limited

ACN 089 447 058

PROSPECTUS

for the issue of 24,000,000
fully paid ordinary shares
issued at $0.50 each
to raise $12,000,000.

THIS ISSUE CLOSES AT 5.00 PM ESDT ON 31 DECEMBER 2004.

IMPORTANT NOTICE

This is an important document and investors should read the document in its entirety and are advised to consult with their professional advisors before deciding whether to apply for Shares.

Underwriter to the issue:

Bell Potter Securities Limited

Manager of the issue:

HINDAL

THIS ISSUE IS A SPECULATIVE ISSUE

IMPORTANT NOTICES

This Prospectus has been issued by NSX Limited and was lodged with the Australian Securities & Investments Commission (ASIC) on 6th December 2004 and is dated 6th December 2004.

No Shares will be issued on the basis of this Prospectus later than the expiry date of the Prospectus, being 13 months after the date of the Prospectus. This Prospectus does not constitute an offer or invitation to subscribe for or purchase Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. If you obtain a copy of the Prospectus outside Australia, you should inform yourself about any such restrictions and comply with them. Any failure to comply with such restrictions may constitute a violation of those laws.

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer. Some words in this Prospectus have defined meanings. The definitions appear in Section 10 of this Prospectus. References to dollars are to Australian dollars.

This Prospectus is available in electronic form on the Company's website at www.newsx.com.au and on the Underwriter's website at www.bellpotter.com.au. This Prospectus is only available online to residents in Australia. A person who accesses the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. Any person who receives this Prospectus electronically can request from the Company a paper copy of the Prospectus (and attached Application Form) free of charge during the Offer.

The Application Form included in this Prospectus may only be distributed if it is included in, or accompanied by, a complete and unaltered copy of this Prospectus. The Application Form contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing a paper copy of the Application Form which accompanies this Prospectus.

Applications under the Offer must be made by completing a paper copy of the Application Form included in this Prospectus or an Application Form included in this Prospectus downloaded and printed in its entirety from one of the websites mentioned above. NSX will not accept a completed Application Form if it has reason to believe that the Applicant has not received a Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way.

Under the Corporations Act, the Company is not permitted to process Applications in the period 7 days after the date of lodgement of this Prospectus with ASIC. ASIC may extend this period for a further 7 days. This period is an exposure period to enable the Prospectus to be examined by market participants prior to the raising of funds. No preference will be conferred on Applications received during this period.

DISCLAIMER

An investment in the Company has the general risks associated with any investment in the share market. This Prospectus provides information to assist investors in deciding whether they wish to invest in the Company. This Prospectus is an important document and should be read in its entirety, including Section 8. Investors should consult their accountant, lawyer, financial adviser, stockbroker or other professional adviser before making an investment in the Company.

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the glossary of terms in Section 10. The financial amounts in this Prospectus are expressed in Australian dollars unless otherwise stated. References to time are to Eastern Standard Daylight Time unless stated otherwise.

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IMPORTANT DATES

Date of this Prospectus	6th December 2004
Opening Date	14th December 2004
Closing Date	31st December 2004
Latest date for dispatch of Share Statements	7th January 2005
Expected Listing Date	13th January 2005

The above dates are indicative and subject to change. NSX and the Underwriter reserve the right to change the dates and times of the Offer without notice.

HOW TO APPLY

An application for Shares under this Offer can only be made by completing and lodging the Application Form attached at the back of this Prospectus. Detailed instructions on completing the Application Form can be found on the back of the Application Form.

ENQUIRIES

This Prospectus provides information for potential investors in NSX and should be read in its entirety. If after reading this Prospectus, you have any questions about any aspect of an investment in NSX, please contact your stockbroker, accountant or independent financial adviser.

SECTION 1 - CORPORATE DIRECTORY

Directors
Raymond Whitten
Michael Cox
Mark Menzies
Paul Seymour
Kelvin Arthur Clarke

Company Secretary
Francis Markham Menzies

General Manager
Scott Evans

Principal Business Office
Suite 3, Ground Floor
384 Hunter Street,
Newcastle, NSW 2300.
Telephone: (02) 4929 6377
Facsimile: (02) 4929 1556
www.newsx.com.au

Auditors
Lawler Partners
763 Hunter Street
Newcastle West NSW 2302
www.lawlerpartners.com.au

Bankers
Westpac Bank
45 Hunter Street
Newcastle NSW 2300
www.westpac.com.au

Solicitors
Baker & McKenzie
AMP Centre
50 Bridge Street,
Sydney NSW 1223
www.bakernet.com

Manager of the Offer
Hindal Securities Pty Limited
Level 10
350 Collins Street
Melbourne VIC 3000
www.hindal.com.au

Underwriter
Bell Potter Securities Limited
Level 28
80 Collins Street
Melbourne,
VIC Australia 3000
Telephone: 1300 137 278
www.bellpotter.com.au

Share Registry
Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000
Telephone: +61 2 9290 9600
Fax: +61 2 9279 0664
Correspondence to:
PO Box R67
Royal Exchange
Sydney NSW 1223
registries@registriesltd.com.au
www.registriesltd.com.au

SECTION 2 - LETTER FROM THE CHAIRMAN

Dear Investor,

On behalf of the Board, I am pleased to offer you the opportunity to invest in NSX Limited (**NSX**), the ultimate parent company of the Stock Exchange of Newcastle Limited (**SENL**).

NSX was established on 8 September 1999 to provide companies seeking a platform for trading their securities with a viable alternative to existing platforms, such as ASX. To achieve this goal, NSX has 100% ownership of SENL, an Australian Market Licensee. SENL enables the creation of secondary markets in securities, with operating rules that ensure clarity, investor protection, openness, and credibility. SENL is both a market regulator and trading facilitator.

The equity market is going through a period of growth and the Directors believe that excellent growth opportunities exist for a securities exchange in Australia. The Directors believe that NSX will grow SENL's business through promotion of a strong NSX brand and raising the awareness of SENL as a viable, solid alternative and complementary exchange to ASX.

Your Directors believe that an efficient market structure provides liquidity of securities and creates the market to raise capital for corporate entities to expand.

Although the Directors are excited by the opportunities for NSX, an investment in NSX is of a speculative nature. The Offer is expected to raise gross proceeds of $12 million in order to:

(a) Provide working capital to expand market awareness, invest in technology, accommodate market growth and regulatory requirements; and
(b) Provide an opportunity for participants as well as members of the public to acquire an interest in the exchange to continue to enhance the market; and
(c) Repay an existing line of credit advanced of $0.24 million by Accounting P.C. Training Pty Limited, a company associated with M. Cox, a director of NSX.

Before listing on ASX, NSX will hold an EGM to adopt an ASX compliant constitution.

In addition, NSX is currently in discussions with BSX Group Holdings Limited (**BSX Group**) which is the ultimate parent company of Bendigo Stock Exchange Limited which also holds an Australian Market License. NSX is negotiating an offer to acquire BSX Group. Details of the proposed offer can be found in Section 5.13. The consideration is expected to be 10 million shares in NSX and NSX does not expect to complete the transaction until after listing, at which time NSX will seek shareholder approval to issue the shares.

This Prospectus contains detailed information about the Offer and NSX. Please read this information carefully before making your investment decision. Together with my fellow Directors, I look forward to welcoming you as a Shareholder of NSX and sharing in our future prosperity.

Yours faithfully
NSX LIMITED

Raymond L. Whitten
Chairman

SECTION 3 - OFFER SUMMARY

This section provides an overview of the Offer. It is intended that this section be read in conjunction with the remainder of the Prospectus.

3.1 INVESTMENT HIGHLIGHTS

NSX is the ultimate parent company of the SENL which is an Australian Markets Licensee allowing the operation of a market in the trading of securities.

The strategy of NSX is to provide an efficient cost effective market exchange for organisations.

3.2 THE OFFER

NSX is offering 24,000,000 new Shares at $0.50 per Share.

3.3 KEY OFFER STATISTICS

The table below sets out a summary of NSX capital structure.

Item	Value
Offer Price per Share	$0.50
Shares to be offered for subscription in this Offer	24,000,000
Partly Paid Shares on Issue (1)	1,500,000
Fully Paid Shares on Issue	15,420,003
Total Shares on issue on completion of the Offer	**40,920,003**
Market capitalisation at the Offer Price (1)	$20,460,001
Options on Issue (2)	1,530,000
Options to be Issued (2) (3)	1,395,000
Total Shares and Options on issue on completion of the Offer	**43,845,003**

Notes:
(1) Assuming the partly paid Shares, currently paid to $0.01, are all fully paid to $1.00;
(2) The terms of the options are set out in Section 9.3;
(3) Options to be issued subject to approval at an EGM to be held prior to admission to the Official List.

3.4 KEY FINANCIAL DATA

	Audited Historical Financial Performance SENL (Consolidated) $'000		Audited Historical Financial Performance NSX (1) (Consolidated with SENL) $'000	
($000)	**FY04**	**FY03**	**FY04**	**FY03**
Revenue	333	139	333	139
EBITDA	(213)	(520)	(221)	(530)
EBIT	(229)	(542)	(264)	(605)
NPBT	(236)	(543)	(271)	(606)
NPAT	(236)	(543)	(271)	(606)

Note:
(1) NSX is the ultimate parent company of SENL

No forecast financial information has been incorporated in to this Prospectus.

3.5 RISKS OF INVESTING

An investment in NSX is of a speculative nature. An investment in NSX has a number of key risks. The key risk factors of which potential investors should be aware are described in Section 8. Before deciding to apply for new Shares, prospective Applicants should read the entire Prospectus and the risk factors that could affect the future financial performance of NSX.

SECTION 4 - DETAILS OF THE ISSUE

4.1 DESCRIPTION OF THE OFFER

This Prospectus invites applications for a total of 24,000,000 Shares in NSX at a price of $0.50 per Share. The gross proceeds of the Offer ($12 million) will be paid to NSX on completion of the Offer. All of the Shares offered under this Prospectus will rank equally with all Shares currently on issue in NSX as set out in Section 4.2.

4.2 CAPITAL STRUCTURE

The table below sets out the ownership of Shares before the Offer and immediately following admission to the Official List.

Shares and Options held by	Before the Offer Number of Shares and Options	After listing on ASX Number of Shares and Options
Fully paid Shares on issue prior to the Offer	15,420,003	15,420,003
Fully paid Shares to be offered for subscription in this Offer	-	24,000,000
Total fully paid Shares	**15,420,003**	**39,420,003**
Partly paid Shares on issue prior to the Offer (1)	1,500,000	1,500,000
Total partly paid Shares on issue (1)	**1,500,000**	**1,500,000**
Options on issue prior to the Offer (2)	1,530,000	1,530,000
Options to be issued (2) (3)	**-**	1,395,000
Total Options	**1,530,000**	**2,925,000**

Notes:
(1) The partly paid Shares are currently paid to $0.01, ($0.99 uncalled and unpaid). The partly paid shares will not be listed;
(2) The terms of the options are set out in Section 9.3. The options will not be listed;
(3) Options to be issued subject to approval by shareholders at an EGM to be held prior to admission to the Official List. The options will not be listed.

4.3 USE OF PROCEEDS OF THE OFFER

Based on the Offer Price, NSX will have gross proceeds of $12 million. The intended use of the funds raised by the Offer is set out in the table below:

INTENDED USE	$MILLION
Working Cash in reserve (1)	4.51
Repayment of Loan (2)	0.24
Information Technology and Trading Systems (3)	3.00
Settlement Activities (4)	0.90
Compensation Arrangements (5)	1.00
Compliance and Surveillance Activities (6)	0.90
Market Enhancement (7)	0.60
Expenses of the Offer (8)	0.85
Gross proceeds of the Offer	**12.00**

Notes:

(1) **Cash in Reserve** is cash set aside as a contingency if particular projects (see below) require additional funding to maintain an orderly market, and to take advantage of new opportunities that may arise, and to have sufficient financial resources for the purposes of SENL's market licence to maintain an orderly market.

(2) **Repayment of Loan** is to a Director related party, Accounting PC Training Pty Ltd of which Michael Cox is a Director. The principal of the loan of $220,000 and accrued interest of $17,959 is due to be repaid on 30 June 2005. The repayment will be in the form of cash. Refer to Section 9.4.4.

(3) **Information Technology and Trading Systems** - Refer to Sections 5.10 and 9.4.2.

(4) **Settlement Activities** includes expenditure required when NSX moves to delivery versus payment (DVP) settlement. In order to be involved in DVP settlement NSX must provide to ASTC with a performance bond of $0.5 million. Additional funds are expected to be required for improvements in settlement systems and methods as the number of NSX listings increases.

(5) **Compensation Arrangements** includes the requirement by NSX under its markets licence to have a minimum of $0.8 million of cover in its investor compensation scheme. If a claim is made on the compensation fund then NSX is required to immediately top up the fund back to the minimum cover. The additional compensation reserve is to enable NSX to meet this requirement for possible future claims, if any. NSX does not or currently has no knowledge of pending claims in this regard.

(6) **Compliance and Surveillance Activities** expenditure required for NSX to develop further market surveillance systems and methods, increase numbers of surveillance staff and associated costs. As additional companies list on the NSX market, and as trading volume increases, NSX is required to increase compliance and surveillance activities to maintain an orderly market. This amount also includes increased costs of NSX Compliance and Audit Committee and Exchange Examining Accountant.

(7) **Market Enhancement** includes costs incurred by NSX as part of market education not attributable to advertising or promotion, investigation of new products and other costs associated with development of the market.

(8) **Expenses of the Offer** refer to Section 9.11. This amount also includes printing and distribution costs of the Prospectus. A deduction is available for expenditure incurred in connection with issuing the prospectus pursuant to sec 40-880 of the Income Tax Assessment Act 1997. The amount allowable as a tax deduction is 20% of the expenditure in the first income year incurred and each of the four subsequent years.

NSX has sufficient working capital to carry out its stated objectives. It is expected that the above expenditures would be carried out over a minimum of 24 months.

4.4 OPENING AND CLOSING DATES

The Opening Date of the Offer will be 14th December 2004 at 9am ESDT and the Closing Date of the Offer will be 31st December 2004 at 5pm ESDT.

The Directors of NSX (in consultation with the Underwriter) reserve the right to:

(a) close the Offer early without prior notice; or

(b) vary any of the important dates set out in this Prospectus, including extending the Offer Period.

4.5 UNDERWRITING AGREEMENT

The Underwriter, Bell Potter, has agreed to underwrite the Offer on the terms of the Underwriting Agreement. Details of the material terms of the Underwriting Agreement are set in Section 9.4.1. NSX will pay the Underwriter's fees and expenses from the proceeds of the Offer on the terms of the Underwriting Agreement. The Underwriter has reserved the right to procure that any person sub-underwrite any portion of the Offer.

4.6 ASX LISTING

NSX will apply for the Shares offered by this Prospectus and for other Shares on issue in the Company (subject to the ASX Listing Rules) to be listed for quotation by ASX within 7 days of the date of this Prospectus. NSX's ASX code will be **NSX**.

The fact that ASX may admit NSX to the Official List is not to be taken in any way as an indication of the merits of NSX or of the Shares offered by this Prospectus. Quotation, if granted, of the Shares offered by this Prospectus will commence as soon as practicable after the issue of transaction confirmation statements to successful Applicants.

If ASX does not grant permission for the official quotation of the Shares within 3 months after the date of issue of this Prospectus, none of the new Shares offered by this Prospectus will be allotted or issued unless ASIC grants NSX an exemption permitting the allotment or Issue.

In order to obtain ASX approval to the admission to the Official List, NSX must alter its constitution to an ASX compliant form. Alteration of the constitution is subject to approval at an EGM to be held prior to admission to the Official List.

If no allotment or Issue is made, all money paid on Application for the new Shares will be refunded without interest within the time required under the Corporations Act.

4.7 ESCROW ARRANGEMENTS

Shares not paid for by cash and a proportion of Shares paid for by cash held by existing Directors are expected to be subject to a two (2) year ASX imposed escrow period. Some or all of the options held by Directors are expected to be subject to a two (2) year ASX imposed escrow period. The anticipated escrow arrangements are set out below, however. ASX has not yet determined these escrows and the final outcome may differ.

Holder Escrowed	Number of restricted shares	Number of Restricted Options (1)(2)	Restricted Partly Paid Shares (3)	Term of restriction in Months
Barbary Coast Investments Pty Ltd(4)	300,000	375,000	-	24
Accounting PC Training Pty Ltd (5)	300,000	375,000	-	24
Paul Ernest Seymour	1,100,001	195,000	700,000	24
Francis Markham Menzies (6)	997,000	300,000	-	24
Kelvin Arthur Clarke	-	150,000	-	24

Notes
(1) The terms of the options are set out in Section 9.3, the options will not be listed;
(2) Options to be issued subject to approval by shareholders at an EGM to be held prior to admission to the Official List. The options will not be listed;
(3) The partly paid Shares, are currently paid to $0.01, ($0.99 uncalled and unpaid). The partly paid Shares will not be listed;
(4) Company associated with Raymond L. Whitten.
(5) Company associated with Michael Cox.
(6) Also known as Mark Menzies.

4.8 HOW TO APPLY FOR SHARES

Applications can only be made by completing and lodging the Application Form attached to this Prospectus. The Application Form contains detailed instructions on how it is to be completed. An Application Form must be accompanied by a cheque for Australian dollars drawn on an Australian Branch of an Australian Bank, crossed "not negotiable" and made payable to "**NSX Limited Share Offer Account**". Payment for the new Shares must be made in full at the Offer Price of $0.50 for each new Share subscribed. Applications which do not meet these requirements may be refused at the discretion of the Directors in consultation with the Underwriter.

Completed Application Forms and accompanying cheques should be lodged at the following address as soon as practicable after the Offer opens.

Underwriter
Bell Potter Securities Limited – NSX IPO
Level 28
80 Collins Street
Melbourne VIC 3000
Telephone: 1300 137 278

Completed Application Forms and Application Money must be received by Bell Potter before 5pm ESDT on the Closing Date of the Offer.

The minimum Application size is 4,000 Shares at $0.50 each ($2,000). Additional Shares can be applied for in multiples of 200 Shares.

4.9 ALLOTMENT

NSX will not process any Application until the expiration of the Exposure Period. New Shares applied for under this Prospectus will be allocated as soon as practicable after the Closing Date. Application Money will be held in a subscription account until Shares are issued. Interest on Application Money will be for the benefit of NSX and will be retained, irrespective of whether Shares are issued.

The Directors of NSX, in consultation with the Underwriter, reserve the right to accept any Application in full, accept any lesser number of Shares or decline any Application. Applicants must not assume that the Shares they apply for, or any number of Shares, will be issued to them in response to their Application. Before dealing in any Shares, Applicants must satisfy themselves as to their actual holding of Shares.

If any Application is rejected, in whole or in part, the relevant Application Money will be refunded without interest. Where the number of Shares issued is less than the number applied for by the Applicant, the surplus Application Money will be refunded by cheque within 14 days after the Closing Date. Where no Shares are issued, the Application Money will be refunded in full by cheque within 30 days of the Closing Date. Irrespective of whether allotment of Shares takes place any interest earned on the Application Money will not be paid to Applicants.

4.10 CHESS AND ISSUER SPONSORED REGISTER

NSX will apply to participate in Clearing House Electronic Subregister System (**CHESS**), in accordance with the ASX Listing Rules and the ASTC Settlement Rules. NSX will operate an issuer sponsored subregister through the Share Registry. The CHESS subregister and the Issuer Sponsored subregister will together make up NSX's register of securities.

NSX will not issue certificates to shareholders but as soon as practicable after allocation, investors will be issued transaction confirmation statements which set out the number of Shares allocated to them pursuant to this Prospectus. The transaction confirmation statements will also set out each investor's unique Holder Identification Number (**HIN**) (in the case of a holding on the CHESS subregister), or Securityholder Reference Number (**SRN**) (in the case of a holding on an issuer sponsored subregister).

Investors will be provided with periodic Holding Statements showing any changes in their holdings of securities. Investors may request a holding statement at any time (although an administration fee may be charged for these additional statements).

4.11 FOREIGN INVESTORS

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

The Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. It is the responsibility of any Applicants who are citizens or residents of jurisdictions outside of Australia to ensure compliance with all laws of any jurisdiction which are relevant to their Applications.

4.12 ENQUIRIES IN RELATION TO THE OFFER

This Prospectus provides information for potential investors in NSX and should be read in its entirety. If after reading this Prospectus, you have any questions about any aspect of an investment in NSX, please contact your stockbroker, accountant or independent financial adviser.

SECTION 5 - THE BUSINESS

5.1 NATURE OF THE BUSINESS

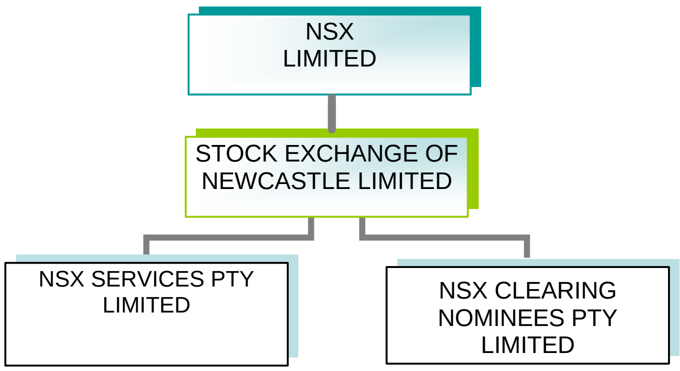
NSX is the ultimate parent company of SENL which is an Australian Markets Licensee allowing the operation of a market in the trading of securities. NSX was established on 8 September 1999. SENL was incorporated in 1972 but had operated as a stock exchange in Newcastle from 1937.

The primary focus of NSX is to enable the creation of secondary markets in securities, by owning an Australian Market Licensee which has operating rules that promote clarity, investor protection, openness and credibility. The function of the Australian Market Licensee is to be both a regulator and trading facilitator.

NSX has demonstrated that it can compete effectively in this market space. As at the date of this Prospectus, NSX has twenty-eight (28) listed securities and has received applications from issuers to list a further seven (7) securities on the NSX market.

The NSX business model relies heavily on the applications for listing of securities for its revenue growth. When market conditions are buoyant, applications for listing will increase. However when market conditions experience a downturn the applications for listings are likely to fall. NSX is of the view that companies will still seek to list on the NSX market even if there is a downturn in market conditions, because the NSX market provides a market to raise smaller amounts of capital than ASX.

Figure 1: NSX Corporate Structure [(1)]



(1) All subsidiaries are 100% owned by that subsidiary's parent company.

Figure 2: NSX Management Structure

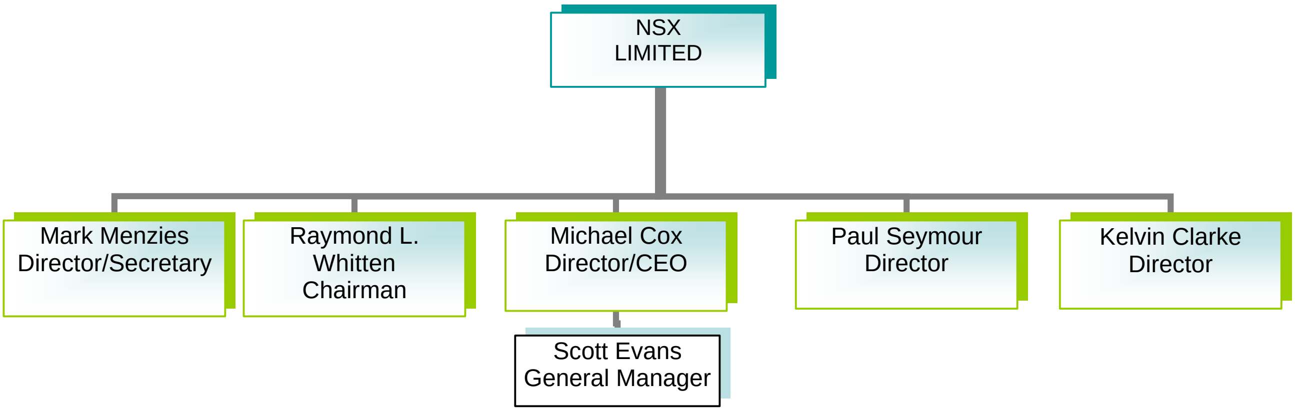
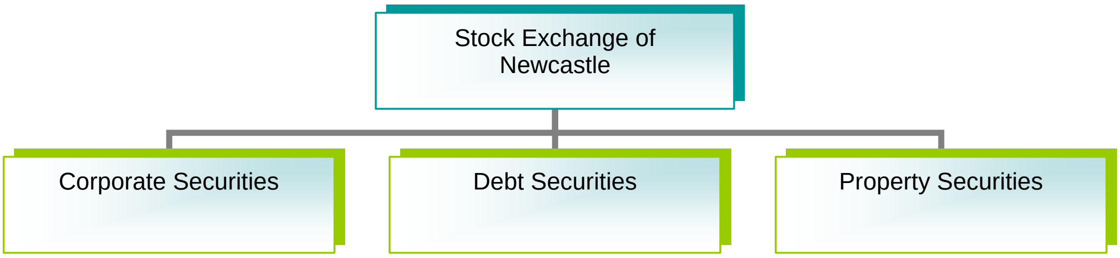


Figure 3: Market Structure



5.2 MISSION STATEMENT

To provide a vehicle to assist issuers to

- list, trade and settle their securities;
- access capital via the participant (broker) network;
- comply with the listing, business rules and Corporations Act; and
- transition to other capital markets if they so desire,

in an orderly, transparent and high integrity environment.

5.3 REVENUE & 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 FY04 Revenue (%)	Cost Drivers	Percentage of FY04 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	15.0	General Administration	24.0
		Marketing, Promotion, Business Development Activities	3.0

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.

<u>Examples of Fees Charged to Companies, Participants, Nominated Advisers and Facilitators</u>

The prices are effective as at the date of this Prospectus.

	Application Fee (1) $	Annual Fee (1) $	Other Applicable Fees (1)
Participants (Brokers)	5,000	6,000	Fidelity Fund $5,000 once off and $1,000 per annum. Trading fee of $5 per buy or sell, no limit on size of trade.
Nominated Advisers	2,500	1,000	Nil
Facilitators	2,500	1,000	Nil
Company ($2 million)(2)	5,000	5,000	CHESS Fees
Company ($10 million) (2)	13,000	7,500	CHESS Fees
Company ($50 million) (2)	25,000	9,900	CHESS Fees

Note: (1) Prices exclude GST. There is no GST on Fidelity Fund contributions
(2) Market capitalization of the listed entity. The application fee and annual fee depend on the market capitalization of the entity.

5.4 LISTING HISTORY OF SECURITIES

The table below sets out the number of listings and delistings on NSX for each historical financial year as shown.

sted Securities	As at June 2001	As at June 2002	As at June 2003	June 2004
Fully Paid Ordinary Shares	2	2	7	19
Partly Paid ordinary shares	-	-	1	1
Preference Shares	-	8	3	3
Company Issued Options	-	-	1	3
Property Unit Trusts	-	-	1	1
Total Listed Securities	**2**	**10**	**13**	**27**(1)
Delisted Securities (2)	0	0	8	7

Note:
(1) NSX has 28 listed securities as at the date of this prospectus,
(2) Delisted securities includes 15 AWX Wine Class Preference shares.

5.5 TRADING STATISTICS

The table below sets out various trading statistics for NSX for each historical financial year as shown.

	As at June 2001	As at June 2002	As at June 2003	As at June 2004
Listed Securities (No.)	2	10	13	27
Market Capitalisation ($m)	7.4	7.9	83.2	232.0
	FY01	**FY02**	**FY03**	**FY04**
Volume Traded (‘000 shares)	22.9	81.9	804.1	13,252
Value Traded ($’000)	21.2	20.9	366.3	3,893
Number of Trades (No.)	9	33	59	396
Average Volume Per Trade (‘000 shares)	2.5	2.5	13.6	33.5
Average Price Per Share ($)	$0.92	$0.25	$0.45	$0.29

5.6 PARTICIPANTS

NSX permits licensed organisations, such as stockbrokers, to apply to become Participants of SENL. Participants offer services such as raising capital, trade execution, underwriting, research, investment advice and corporate advisory services. The obligation of each Participant to NSX for each new listing is primarily as a sponsor, including assisting the listing applicant to obtain sufficient spread of shareholders and cash requirements.

The Participant, in their sponsor role, must also ensure that the issuer receives fair and impartial guidance and advice as to the application of NSX Listing Rules, that the company or group has sufficient working capital, that necessary disclosures have been made to NSX, and that directors of the applicant have had explained to them (by their Nominated Advisers) the nature of their responsibilities and obligations as directors of a listed issuer. The directors must understand what disclosure is required to provide existing holders of the issuer's listed securities and the public with sufficient information to analyse the position of the issuer and avoid the creation of a false market in the issuers' securities while they are listed.

As at the date of this Prospectus NSX has approved the following Participants:	
ABN Amro Morgans Limited	Martin Place Securities Pty Limited
Bell Potter Securities Limited	Pritchard & Partners Pty Limited
Cameron Stockbrokers Limited	Reynolds & Company Pty Limited
Citigroup Global Markets Australia Pty Limited	Tonkin Scorer Menzies
Findlay & Co Stockbrokers Limited	Westpac Broking
Macquarie Equities Limited	

5.7 NOMINATED ADVISERS

NSX permits organisations to apply to become Nominated Advisers to NSX. By becoming a Nominated Adviser these organisations facilitate the listing process onto NSX by ensuring and confirming to NSX:

1. that in relation to any application for admission to the official list of the NSX 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 NSX rules;
   (b) to the best of the knowledge and belief of the nominated adviser, all relevant requirements of NSX 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 NSX's rules.

As at the date of this Prospectus NSX has approved the following Nominated Advisors:	
Allens Arthur Robinson	Hall Chadwick - Sydney Partnership
Athans & Taylor Joondalup	Hopgood Ganim Lawyers
BKR Walker Wayland Services Pty Limited	Hunt & Hunt Lawyers
Clayton Utz	McCullough Robertson Lawyers
Cameron Stockbrokers Limited	PricewaterhouseCoopers Securities Limited
Gilshenan and Luton Lawyers	Pritchard & Partners Corporate Finance

Salmon Giles Pty Limited	Sparke Helmore Solicitors
Taylor Collison Limited	Venture Axess
Walker Herceg Lawyers	Westpac Institutional Bank
WHI Securities Pty Limited	Whittens Lawyers & Consultants

Advisers may have additional responsibilities to their clients in addition to those responsibilities stated above. NSX acknowledges the support of Nominated Advisers in increasing and improving the disclosure of listed entities.

5.8 FACILITATORS

In addition to Participants and Nominated Advisors, NSX has a register of Facilitators. Facilitators do not have a legal responsibility to NSX but consult to companies seeking to access our market in order to assist them in preparing to become a listed public company. As at the date of this Prospectus NSX has approved Sibco Australia Pty Limited as a Facilitator.

5.9 SUPERVISION & COMPLIANCE

SENL is supervised by ASIC and is subject to an annual review as required by section 794C of the Corporations Act.

Under its Australian Market Licence, SENL’s primary obligations are that SENL conducts a fair, orderly and transparent market. The directors of NSX and SENL must ensure that SENL has sufficient resources to meet its obligations.

As part of this role, SENL 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 SENL Business Rules, adherence to high standards in trading and settlement of transactions, monthly submission of Surplus Liquid Funds reports and annual reviews by the SENL of Participant operations.

5.9.1 ASIC and NSX Memorandum of Understanding

As part of the supervision responsibilities of SENL, ASIC and SENL have entered into a Memorandum of Understanding (MOU) which clarifies the regulatory roles and responsibilities of the two organisations in relation to the supervision of SENL’s market.

The MOU creates a framework in which SENL will operate as a regulatory organisation under the supervision of ASIC, and ASIC will oversee SENL's management of the regulatory risks relating to its market.

5.9.2 The MOU covers:

- the operational relationship between ASIC and SENL for the provision of company announcements;
- referral of matters from SENL to ASIC arising from SENL's surveillance of its market and its supervision of listed entities and participating organizations;
- SENL's arrangements for dealing with breaches of its operating rules and unlawful or undesirable conduct on its market; and
- SENL's performance of its reporting and ongoing obligations as a stock exchange under the Corporations Law.

The MOU is available on both the ASIC (www.asic.gov.au) and NSX (www.newsx.com.au) websites.

5.10 TECHNOLOGY

NSX licenses a trading platform from ASX and is also a Recognised Exchange Participant in relation to ASTC Settlement Rules (CHESS). ASX has informed NSX that ASX will transfer to a new trading platform, OM Click XT, within the next 24 months. NSX is in discussions with ASX regarding NSX's future technology requirement. NSX has provisioned for the integration of an ASX/OM Click system or direct supply of a system from an appropriate vendor.

5.11 COMPETITIVE THREATS

The Directors of NSX believe that the following organisations and areas represent material competitive threats to NSX.

5.11.1 ASX

ASX is the dominant provider of an equities securities market in Australia. NSX competes with ASX in the small cap sector of the market.

5.11.2 Bendigo Stock Exchange (BSX)

BSX operates an alternative market for the trading of the securities of small and medium-sized businesses. NSX competes with BSX in the small cap sector of the market. As at the date of this Prospectus, NSX is negotiating an offer to acquire BSX Group, the ultimate parent company of BSX. Refer to Section 5.13.

5.11.3 Australian Pacific Exchange (APX)

APX has obtained an Australian Market Licence and has announced that its operations are due to start in December 2004. NSX competes with the APX in the small cap sector of the market.

5.12 MANAGEMENT STRENGTH

Michael Cox, CEO. Michael has a background in stockbroking and has acted as a corporate consultant in mergers and acquisitions. Mr. Cox was formerly director of other public companies including Benitec Limited and Queensland Opals Limited. Mr. Cox is a Fellow of the Gemmological Association of Australia (FGAA) and a Member of the National Institute of Accountants. Michael has brought to NSX substantial market experience and knowledge in various professional areas and was instrumental in guiding NSX through its Financial Services Reform Act transition in 2004.

Scott Evans, General Manager. Scott has been employed with NSX since September 2001 and was previously a consultant to NSX from 1999. Scott has been instrumental in guiding NSX in its day to day activities encompassing trading, settlement, new listings, compliance, surveillance, strategy, technology and administration. Scott was previously employed with ASX as National Manager Information Products and with Reuters PLC as Historical Database Manager Asia/Pacific and has been involved in financial markets for more than 15 years.

5.13 BSX GROUP OFFER

NSX is negotiating an offer to acquire BSX Group, the ultimate parent company of BSX which holds an Australian Market License. BSX operates an approved stock exchange under this licence.

BSX has fourteen (14) listed securities and three (3) registered broker participants, as at the date of this Prospectus.

NSX believes that there are synergies between the two exchanges and that a merger of these two exchanges would create a stronger second stock exchange within Australia.

NSX and BSX are negotiating a heads of agreement which is conditional on the following terms and conditions being satisfied:

5.13.1 The proposed consideration

The consideration for the purchase of the entire issued share capital of BSX Group (including any partly paid shares, convertible shares, options, convertible note or any other security giving the holder thereof any interest in the capital of BSX Group) will be $5 million and will be satisfied by way of the issue of 10 million fully paid ordinary shares of $0.50 each in NSX.

5.13.2 Conditions to be met

The agreement is subject to the following conditions:

1. the approval of the board of directors of each of BSX Group and NSX;
2. acceptance by the holders of at least 90% of the total issued share capital of BSX Group;
3. NSX shareholder approval at an EGM;
4. completion of a due diligence investigation of BSX Group and each related body corporate, as that term is defined in the Corporations Act to NSX's reasonable satisfaction;
5. completion of a due diligence investigation of NSX and each related body corporate to BSX Group's reasonable satisfaction;
6. receiving all necessary regulatory approvals and other consents (including third party consents to change of control and/or assignment or transfer of contracts) in a form reasonably satisfactory to both NSX and BSX Group and compliance with regulatory requirements in connection with the offer and acquisition of shares;
7. the agreement of the appropriate legal documentation to reflect the terms of this memorandum on mutually acceptable terms;
8. the satisfaction by BSX Group of any and all liability for its net debt obligations and external liabilities (both actual and contingent) prior to the merger being effected;
9. receipt of formal confirmation from Bell Potter that an underwriting agreement for the IPO has been signed by both NSX and Bell Potter; and
10. the resolution of the BSX Managing Director's employment contract on terms acceptable to NSX, BSX Group and the BSX Managing Director.

5.13.3 Board representation

After completion of the proposed transaction, two BSX directors will be invited to join the Board of NSX as non-executive Directors.

SECTION 6 – INFORMATION ON DIRECTORS

6.1 INFORMATION ON DIRECTORS

RAYMOND L. WHITTEN
CHAIRMAN
Raymond is the principal of Whittens Solicitors. Mr. Whitten has over 30 years experience as a commercial solicitor and has been the chairman of ASX listed companies as well as a director of a number of private companies. Whittens Solicitors is a Nominated Adviser to NSX. Mr. Whitten is an Accredited Specialist in Business Law and is a Notary Public.

MICHAEL COX
CHIEF EXECUTIVE OFFICER
Michael has a background in stockbroking and has acted as a corporate consultant in mergers and acquisitions. Mr. Cox was formerly a director of other public companies including Benitec Limited and Queensland Opals Limited. Mr. Cox is a Fellow of the Gemmological Association of Australia (FGAA) and a Member of the National Institute of Accountants.

MARK MENZIES
NON EXECUTIVE DIRECTOR & COMPANY SECRETARY
Mark is company secretary and a member of the Fidelity Fund Committee of the company. Mr. Menzies is a senior partner of the stockbroking firm, Tonkin Scorer Menzies, a Participant of NSX and is a director of a number of private companies.

PAUL SEYMOUR
NON EXECUTIVE DIRECTOR
Paul has held a number of senior positions in the securities industry over the past 30 years including Director of Operations at Salomon Smith Barney Australia Limited. Mr. Seymour was formerly a member of the Australian Stock Exchange Limited's National Adjudicatory Tribunal and the National Settlements Advisory Committee.

KELVIN CLARKE
NON EXECUTIVE DIRECTOR
Kelvin has had a long career within heavy industry in Australia and overseas attaining positions of CEO/MD of major Australian companies. Mr. Clarke founded a company providing consulting services to a wide cross section of business and Government for 15 years. Mr. Clarke's board experience includes participation on boards of public and private companies generally in the manufacturing and service sectors. Mr. Clarke is also a director of Uniserve Corporation Limited and on the Trustee Board of NSF Superannuation Fund.

6.2 CORPORATE GOVERNANCE

6.2.1 Policy

The Company's Board of Directors is responsible for protecting the rights and interests of all Shareholders in NSX through a process of policy settings and performance monitoring. The Board's functions include:

(a) guiding and approving strategic direction and business planning for NSX;
(b) monitoring business performance against agreed benchmarks;
(c) ensuring the effectiveness of internal controls and business risk management;
(d) appointing and monitoring the performance of NSX's Managing Director and Chief Operating Officer; and
(e) ensuring NSX complies with its responsibilities under the Corporations Act, the ASX Listing Rules, NSX's Constitution and other relevant laws.

The composition of the Board, its performance and the appointment of new Directors will be reviewed periodically by the Board.

In order to better manage its responsibilities, the Board has established a Compliance and Audit Committee.

6.2.2 Compliance & Audit Committee

The Compliance and Audit Committee's primary objective is to assist and advise the Board in fulfilling its responsibilities in relation to compliance with the Corporations Act and accounting and reporting practices of the consolidated entity, including:

- making recommendations on waivers;
- reporting to the Board on compliance of issuers;
- reporting to the Board on compliance of participants;
- reporting to the Board on compliance and obligations with the Corporations Act as required;
- making recommendations in relation to the nomination and remuneration of external auditors;
- reviewing NSX's financial control practices and evaluating the effectiveness of those practices; and
- monitoring the integrity of NSX's financial statements.

The Committee is not responsible for the review of related party transactions, as all such matters must be referred to the Board.

The current members of the Committee are an independent chairperson and nominated external advisers.

The independent auditors have a direct line of reporting to the Committee and have clear and open access to members of this Committee when required and to the Board when required.

The Committee also has the function of reviewing management practices in relation to the identification and management of significant regulatory and financial risk areas and regulatory compliance. Formal systems have been introduced for regular reporting to the Board on financial risks and compliance matters.

6.2.3 Remuneration Committee

NSX expects to establish a Remuneration Committee on listing. This Committee's principal function is reviewing and making recommendations to the Board on remuneration packages and policies applicable to Directors, senior executives and Company employees generally. The Committee will comprise of a minimum of 2 non-executive Directors and will meet at least twice each year.

6.2.4 Nomination Committee

NSX expects to establish a Nomination Committee on listing. This Committee's principal function is in determining criteria for the appointment of individuals to the Board, identifying suitable individuals for Board membership and evaluating performance. The Committee will comprise of a minimum of 2 Directors and will meet at least twice each year.

6.2.5 Shareholder communication

The Board aims to ensure that all Shareholders of NSX are kept informed of all material developments affecting NSX's business in accordance with all applicable disclosure requirements. Information is communicated to Shareholders through the Annual General Meeting, Annual Report, half year and full year results announcements, formal disclosures to ASX and NSX's website at www.newsx.com.au. The Annual General Meeting provides a particularly important forum for Shareholder participation in NSX's activities.

The Company Secretary has been appointed as the person primarily responsible for managing external communications with ASX and is supported by the General Manager.

6.2.6 Securities trading

The Company has a securities trading policy for Directors and senior executives. The policy requires Directors and senior executives to advise the chairperson or the CEO if they intend to trade in securities in NSX and provides safeguards for both NSX and the individual with respect to securities trading. NSX has a formal documented trading policy for Directors in place and the policy is embedded within NSX's employee manual and also in employment contracts with all employees and contractors.

SECTION 7 – FINANCIAL STATEMENTS

7.1 INTRODUCTION

This Section provides historical financial information of NSX. No forecast financial information has been provided.

The financial information that is presented and explained in this Section has been derived from the audited financial statements that have been prepared in accordance with the accounting policies of NSX as set out in Section 7.6.

All information presented in this Section should be read in conjunction with the risk factors in Section 8.

7.2 BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The historical financial performance information has been prepared from NSX's and SENL's audited financial statements for FY03 and FY04 and does not include any costs associated with operating as a publicly listed company. NSX's pro forma statement of financial position as at 30 June 2004 has been prepared as if the Offer had occurred as at 30 June 2004.

7.3 SUMMARY OF STATEMENT OF HISTORICAL FINANCIAL PERFORMANCE

	SENL (Consolidated)(1) $		NSX (Consolidated)(2) $	
	FY04	**FY03**	**FY04**	**FY03**
Revenue from ordinary activities (1)	**332,546**	**138,894**	**332,546**	**138,894**
Operating Expenses (2)	(545,210)	(658,456)	(553,210)	(668,709)
EBITDA	(212,664)	(519,562)	(220,664)	(529,815)
Depreciation and amortisation expenses	(16,456)	(22,346)	(42,673)	(75,349)
EBIT	**(229,120)**	**(541,908)**	**(263,337)**	**(605,164)**
Borrowing costs expense	(7,357)	(1,329)	(7,357)	(1,329)
NPBT	(236,477)	(543,237)	(270,694)	(606,493)
Tax	-	-	-	-
NPAT	**(236,477)**	**(543,237)**	**(270,694)**	**(606,493)**

Note: (1) SENL Consolidated reports refer to the consolidated accounts of SENL, NSX Services Pty Limited and NSX Clearing Nominees Pty Limited.
(2) NSX Consolidated reports refer to the consolidated accounts of NSX, SENL, NSX Services Pty Limited and NSX Clearing Nominees Pty Limited.

Notes to Section 7.3

(1) Revenue Components

Revenue	SENL (Consolidated) $		NSX (Consolidated) $	
	FY04	**FY03**	**FY04**	**FY03**
Application & Listing fees from issuers, Participant & Nominated Adviser Fees	279,462	106,512	279,462	106,512
Interest – other parties	42,625	27,129	42,625	27,129
Other Income	10,459	5,253	10,459	5,253
Total Revenue	**332,546**	**138,894**	**332,546**	**138,894**

(2) Operating Expense Components

Operating Expenses	SENL (Consolidated) $		NSX (Consolidated) $	
	FY04	**FY03**	**FY04**	**FY03**
Amortisation & Depreciation	16,456	22,346	42,673	75,349
Borrowing Costs	7,357	1,329	7,357	1,329
Consulting Fees	3,857	79,184	3,857	79,184
Compliance Costs	110,906	67,927	110,782	67,927
Market Trading Costs	135,050	126,005	135,050	126,005
Employee Costs	154,498	152,958	154,498	152,958
Marketing Costs	17,905	87,399	17,905	87,399
Other Administration Costs	99,181	121,308	81,088	78,558
Total Expenses	**545,210**	**658,456**	**553,210**	**668,709**

7.4 HISTORICAL OPERATING PERFORMANCE

NSX incurred a consolidated operating loss after tax for the year ended 30th June 2004 of $270,694 (2003: loss $606,493). The improvement in terms of the reduction in losses of the group is due to increased numbers of listings and continued efforts in reducing operating expenses. The highlights for the year are an increase in securities listed from 13 at 30 June 2003 to 27 as at 30 June 2004. Also, the numbers of brokers who are Participants have continued to increase as have the number of Nominated Advisers. These are the main groups which sponsor listings onto NSX.

7.5 STATEMENT OF FINANCIAL POSITION AND PRO FORMA FINANCIAL POSITION AS AT 30 JUNE 2004

The Pro Forma Statement of Financial Position has been based on the audited financial accounts for NSX for the year ended 30 June 2004. The Pro Forma Statement of Financial Position following the Offer shows the position as at 30 June 2004 as if the offer had completed as at 30 June 2004.

	(all figures AUD$)		
	SENL (Consolidated) 30 June 2004 $	NSX (Consolidated) 30 June 2004 $	NSX Proforma Statement of Financial Position $
CURRENT ASSETS			
Cash	296,259	296,259	11,226,259
Receivables	29,384	15,634	15,634
Other Financial Assets (1)	709,214	709,214	709,214
Total Current Assets	**1,034,857**	**1,021,107**	**11,951,107**
NON-CURRENT ASSETS			
Property, Plant & Equipment	54,617	54,617	54,617
Intangibles	-	480,546	480,546
Total Non-Current Assets	**54,617**	**535,163**	**535,163**
TOTAL ASSETS	**1,089,474**	**1,556,270**	**12,486,270**
CURRENT LIABILITIES			
Payables	40,826	48,826	48,826
Interest Bearing Liabilities	220,000	220,000	Nil
Provisions	11,680	11,680	11,680
Total Current Liabilities	**272,506**	**280,506**	**60,506**
NON-CURRENT LIABILITIES			
Payables	Nil	Nil	Nil
Interest Bearing Liabilities	Nil	Nil	Nil
Total Non-Current Liabilities	**Nil**	**Nil**	**Nil**
TOTAL LIABILITIES	**272,506**	**280,506**	**60,506**
NET ASSETS	**816,968**	**1,275,764**	**12,425,764**
EQUITY			
Contributed Equity	3,118,485	4,038,332	15,188,332
Retained Losses	(2,303,117)	(2,762,568)	(2,762,568)
Reserves	1,600	Nil	Nil
Total Equity	**816,968**	**1,275,764**	**12,425,764**

Notes: (1) Other financial assets refers to cash on deposit held as a letter of credit for SENL's compensation arrangements.

7.6 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2004

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

The financial report covers NSX as an individual parent entity and NSX, SENL, NSX Services Pty Limited and NSX Clearing Nominees Pty Limited as an economic entity. NSX is a company limited by shares incorporated and domiciled in Australia.

The financial report has also been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Going Concern

The ability of the Company to continue on a going concern basis is dependant upon it generating future operating profits and cash surpluses, and its ability to obtain finance from banks and others as required to meet its future cash flow needs. The directors are confident that the Company can obtain sufficient cash to meet its future needs. Accordingly the financial statements have been prepared on a going concern basis.

(b) Principles of Consolidation

A controlled entity is any entity controlled by NSX. Control exists where NSX has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with NSX to achieve the objectives of NSX.

All inter-company transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

(c) Income Tax

The economic entity adopts the liability method of tax effect accounting whereby the income tax expense is based on the profit for ordinary activities adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NSX and its subsidiary companies have been consolidated for tax purposes under the Tax Consolidation System. NSX is responsible for recognising the current and deferred tax assets and liabilities for the consolidated group. The group has notified the ATO on 26 September 2003 that it had formed an income tax consolidated group to apply from 1 July 2002. Currently no tax sharing agreement exists between the group companies.

NSX Limited economic entity has tax losses not brought to account, the benefit will only be realized if the conditions for deductibility set out above occur. Tax losses of the NSX Limited economic entity as at 30 June 2004 were $533,471 the benefit of which at an income tax rate of 30% is $160,041.

(d) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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 not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amounts of all fixed assets are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rate
Plant and equipment	20 – 40%

(e) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(f) Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. Expected net cash flows are discounted to their present value to determine the investments' recoverable amount.

(g) 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 tangible assets at the date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 20 years. The balances are reviewed annually and any balance representing future benefits, the realisation of which is considered to be no longer probable, are written off. This has occurred and accordingly, the carrying value at year end represents cost less accumulated amortisation in excess of 20 year basis.

(h) Employee Benefits

Provision is made for the economic entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

(i) Cash

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

(j) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

All revenue is stated net of the amount of goods and services tax (GST).

(k) Goods and Services Tax

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 Tax 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.

(l) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The entity's management are assessing the significance of these changes and preparing for their implementation.

The directors are of the opinion that the key difference in the economic entity's accounting policies which will arise from the adoption of IFRS is:

Impairment of Assets

The entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of the pending AASB 136 Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

Goodwill on Consolidation

Under the pending AASB 3 Business Combinations, goodwill is to be capitalised to the statement of financial position and subjected to an annual impairment test. Amortisation of goodwill is to be prohibited. Current accounting policy of the entity is to amortise goodwill on a straight line basis over a period of 20 years plus additional write downs where considered appropriate having regard to recoverable value.

Income Tax

Currently, NSX adopts the liability method of tax-effect accounting whereby the income tax expenses is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

7.7 DIVIDEND POLICY

The Directors expect to be able to pay fully franked dividends when NSX achieves sufficient profitability and when the Directors have sufficient confidence that the level of profitability is at a sustainable level for the reasonable foreseeable future. At such time the Directors will develop an appropriate dividend policy.

SECTION 8 – RISK FACTORS

Investment in the Shares offered under this Prospectus must be considered speculative. An investment in NSX has a degree of risk. In addition to the other information contained in this Prospectus, the following general risks, industry risks and risks specific to NSX may affect the future operating and financial performance of NSX and the value of an investment in it. There can be no guarantee that NSX will achieve its stated objectives. You should carefully consider the following risk factors, as well as the other information contained in this Prospectus, before you make an investment decision.

8.1 GENERAL RISKS

8.1.1 Share price variations

The Shares are to be quoted on ASX, where their price may rise or fall in relation to the Application price. The Shares offered under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. The value of the Shares will be determined by the share market and will be subject to a range of factors beyond the control of NSX and the Directors. Share market fluctuations in Australia and other stock markets around the world may negatively affect the value of the Shares. Factors that may influence the investment climate in stocks, which may not relate to actual performance of NSX, include general economic outlook, changes in government fiscal, monetary and regulatory policies, movements in commodity prices, exchange rate movements, interest rates, inflation and political developments.

8.1.2 Economic factors

Both Australian and world economic conditions may negatively affect NSX's performance. Any protracted slow down in economic conditions or factors such as the level of production in the relevant economy, inflation, currency fluctuation, interest rates, supply and demand and industrial disruption may have a negative impact on NSX's costs and revenue. These changes could adversely affect NSX's operating and financial performance.

8.2 SPECIFIC RISKS

In addition to the general market and economic risks noted in Section 8.1, investors should be aware of the risks specified with respect to investment in NSX. The major risks are described below.

8.2.1 Competition

Increased competition could result in reduced number of new listings. Despite NSX's demonstrated ability to compete effectively in the markets in which it operates the approval of new Australian market licensees that attract significant listings could adversely affect NSX's financial performance.

8.2.2 Dependence on Key Personnel

NSX is reliant on a number of key personnel, including the CEO and the General Manager. While there can be no assurance given as to the continued availability of such key personnel, NSX has put in place appropriate employment contracts with the General Manager with a 3 month notification period. Additional key staff that NSX hires will also be placed under similar terms and conditions. Executive Directors have also signed employment agreements, refer to Section 9.4.4.

8.2.3 Concentration of revenue

NSX's revenue is primarily derived from listing fees. Revenue is concentrated, as revenue is currently derived from 27 listed companies. A small number of entities have played a significant role in directing those listed companies to NSX. There is a risk of decreased revenue if one or more of these entities ceases to refer listing applicants.

8.2.4 Equity Markets Downturn

NSX’s financial performance is sensitive to the level of activity within the equity markets. The level of activity in the equity markets can be cyclical and sensitive to a number of factors beyond the control of NSX. When market conditions experience a downturn the applications for listings on any stock exchange, including NSX, are likely to fall. .

8.2.5 Investment returns

The Shares offered pursuant to this Prospectus carry no guarantee with respect to return of capital or the price at which the Shares will trade on ASX. If you are in any doubt whether you should invest in NSX you should seek advice from your stockbroker, accountant, financial planner or other professional adviser.

8.2.6 Changes in regulation and government policy

NSX may be affected by changes in government policy or legislation applying to companies in the financial products trading, clearing and settlement services industry. NSX’s activities as an operator of trading, clearing and settlement facilities are covered by the licensing and regulatory regime imposed under the Corporations Act. At worst, some of NSX’s activities would need to cease if it were to have its licence terminated.

8.2.7 Credit Risk and Market Risk

NSX is exposed to the risk that a participant may default on its obligations, particularly in the circumstances of extreme movements in market prices. NSX’s risk management procedures are directed towards maintaining this risk at acceptably low levels.

8.2.8 Claims by NSX participants

While NSX makes all reasonable efforts to operate the markets and its clearing business in an appropriate manner there is always the risk that NSX will be subject to claims by NSX participants that NSX is liable for their losses. NSX is afforded considerable protection against this risk by its rules.

8.2.9 Claims by customers of NSX participants

While NSX makes all reasonable efforts to operate the markets and its clearing business in an appropriate manner there is always the risk that NSX will be subject to claims by customers of NSX participants that NSX is liable for their losses. As a requirement of its Australian Market Licence, NSX maintains compensation arrangements of sufficient cover to pay foreseeable claims. Also NSX is afforded considerable protection against this risk by its rules. Nevertheless NSX is required to stand behind its compensation arrangements and financially top up those arrangements as required.

8.2.10 Information Technology and Trading Platform

Information technology is integral to NSX's operations. In common with many other technology based businesses, NSX is at risk of operational failure of the ASX SEATS system and ASTC CHESS settlement facilities. NSX's license for the SEATS trading platform expires in October 2006. NSX is at risk of operational failure if it does not implement a new trading platform by this time. NSX has a business continuity plan to ensure operational risks are minimised.

NSX's ability to compete effectively in the future will, in part, be driven by its ability to maintain an appropriate technology platform for the efficient delivery of its product and services. With rapid technology advances, NSX is exposed to the risk that its systems may become technologically obsolete while other exchanges develop systems which may be superior from functionality and cost perspectives.

8.2.11 Reliance on key service providers

NSX is reliant upon the continued supply of services by certain services providers. For example ASX, NSX participants and also Nominated Advisers. Discontinuance of the provision of these services for any reason could significantly impact NSX's profitability.

8.2.12 Shareholder approval of Constitution

In order to obtain ASX approval to the admission to the Official List, NSX must alter its constitution to an ASX compliant form, as discussed in Section 4.6.

SECTION 9 - ADDITIONAL INFORMATION

9.1 INCORPORATION

NSX was incorporated in NSW on 8 September 1999 as the holding company of SENL. SENL was incorporated on 7 February 1972 and the original Newcastle Stock Exchange began operations in 1937.

9.2 RIGHTS ATTACHING TO SHARES

The rights attaching to Shares are detailed in the Constitution of NSX which may be inspected during normal business hours at the registered office of NSX. The following is a summary of the material provisions of the Constitution (as proposed to be amended at the EGM on 20^{th} December 2004) and the privileges and restrictions attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

9.2.1 Voting

Subject to any restriction on voting imposed by the ASX Listing Rules or any escrow agreement entered into between NSX and a Shareholder, every Shareholder present in person or by proxy, attorney or representative at a meeting of Shareholders has 1 vote on a show of hands and 1 vote on a poll for every Share held. A poll may be demanded by the chairperson of the meeting, any 5 Shareholders (or their proxy, attorney or representative) entitled to vote on the resolution, a Shareholder or Shareholders who together hold at least 5% of the votes that may be cast on the resolution on a poll, or who together hold voting shares paid up to a value of not less than 5% of the total sum paid up on all voting shares.

9.2.2 General meetings

Each Shareholder is entitled to receive at least 28 days notice of and to attend general meetings of NSX and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules.

9.2.3 Dividends

Dividends are payable out of NSX's profits and are declared by the Directors or by NSX in general meeting but only if the Directors have recommended a dividend. Dividends declared will (subject to any special rights or restrictions attaching to a class of shares created under any arrangement as to dividend) be payable on Shares in accordance with the Corporations Act.

9.2.4 Transfer of shares

A Shareholder may transfer shares by a proper transfer effected in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors. The Directors may refuse to register a transfer of Shares where the refusal to register the transfer is permitted under the Constitution, the ASX Listing Rules and the ASTC Business Rules.

9.2.5 No unacceptable control or involvement situation

NSX's constitution currently has an ownership restriction of 15% in order to meet obligations imposed on SENL, an Australian Market Licensee. Article 9 of the proposed NSX constitution provides for an ownership restriction of 15% for so long as NSX is the holding company of the Australian Market Licensee..

9.2.6 Obligations in respect of operating a Financial Market via the Australian Market Licensee

NSX is the ultimate holding company of SENL, the Australian Market Licensee. The Australian Market Licensee must satisfy its obligations under the Corporations Act with respect to operating a Financial Market. By virtue of its control of the Australian Market Licensee NSX must comply with the Corporations Act. Article 13 of NSX's Constitution provides for these obligations.

9.2.7 Issue of Shares

The Directors may (subject to the restrictions on the Issue of Shares imposed by the Constitution of NSX, the ASX Listing Rules and the Corporations Act) Issue or grant Options in respect of, or otherwise dispose of further Shares as the Directors see fit.

9.2.8 Winding up

Subject to any special or preferential rights attaching to any class or classes of Shares, on a winding up of NSX a liquidator may, with the authority of a special resolution of the Shareholders, divide among the Shareholders in kind the whole or any part of the property of NSX in proportion to the Shares held by them respectively. The liquidator may for that purpose set the value he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders. The liquidator may, with the sanction of a special resolution of the Shareholders, vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

9.2.9 Shareholder liability

Shares are not subject to any call for money by the Directors and will therefore not become liable for forfeiture.

9.2.10 Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of the Shareholders present and voting at a general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

9.2.11 ASX Listing Rules

On admission to the Official List, notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done, and if a provision is required in the Constitution by the ASX Listing Rules the Constitution will be treated as containing that provision. If any provision of the Constitution becomes inconsistent with the ASX Listing Rules, the Constitution will be treated as not containing that provision to the extent of the inconsistency.

9.2.12 Directors

The number of Directors of NSX is to be not less than three (3) but no more than eleven (11). NSX in general meeting, may by resolution, increase or reduce the number of Directors but the number must not be reduced below three (3).

The Directors are entitled to be remunerated for their services as Directors and the total amount or value of the remuneration must not exceed the amount per annum determined by NSX at general meeting from time to time (which amount is currently fixed at $200,000 per annum). This amount does not include the remuneration payable to the Managing Director or any Executive Director.

The Company may remunerate a Director in addition to the above amount (as determined by the Directors) if the Director performs additional or special duties for NSX at the request of the Directors. Any amounts so agreed to are included in a written agreement with the Director and documented in the Board minutes.

A share qualification for Directors may be fixed by NSX in general meeting. Unless and until so fixed a Director is not required to hold any Share in NSX.

9.2.13 Directors' indemnity

To the extent permitted by law, each Director and officer of NSX is entitled to be indemnified out of the property of NSX for every liability incurred by the person in that capacity and all legal costs incurred in connection with proceedings in which the person becomes involved because of that capacity.

9.3 OPTIONS ON ISSUE

The following table summarises the current options on issue

Number of holders	Number of Options	Expiry Date	Exercise Price
10	1,205,000	30 June 2006	$1.00
2	220,000	25 August 2008	$0.35
2	105,000	20 December 2009	$0.50
Total	**1,530,000**		

The following table summarises the options NSX intends to issue at the EGM to be held before admission to the Official List:

Number of holders	Number of Options	Expiry Date	Exercise Price
5 – Directors of NSX	1,395,000	20 December 2009	$0.50
Total	**1,395,000**		

9.4 SUMMARY OF MATERIAL CONTRACTS

Various contracts entered into by NSX may be material to the Offer or the operation of the business of NSX. The Directors of NSX consider the material contracts summarised below are significant or material to NSX. Each Material Contract appears in summary form only and is not fully described. Some items may be defined in the Material Contracts but not defined in this Prospectus.

9.4.1 Underwriting Agreement

NSX has entered into an Underwriting Agreement with Bell Potter dated 6th December 2004.

Under this agreement, Bell Potter agrees to underwrite the subscription of 24,000,000 ordinary shares to be offered at $0.50 per share under the Prospectus by subscribing or procuring the subscription of any shortfall. The amount underwritten is $12.0 million.

Under this agreement, NSX agrees to pay Bell Potter the following amounts:

- an underwriting commission equivalent to 5.0% of the $12.0 million underwritten;
- all reasonable costs, professional fees and expenses of and incidental to the Offer incurred by Bell Potter in connection with the underwriting by Bell Potter; and
- if the Offer does not occur by the allotment date, though no material default of Bell Potter, and NSX raises funds through an offer of securities before 31 March 2005, NSX must pay Bell Potter a fee of $250,000 for loss of opportunity of Bell Potter (reduced proportionately if the funds raised are less than $12.0 million).

The agreement contains a number of termination events. The Underwriter may terminate the agreement prior to allotment of shares if any of the following occurs:

(a) **lodgement of Prospectus** - the Prospectus is not lodged with ASIC on the date agreed between NSX and Bell Potter;

(b) **withdrawal of consent to Prospectus** - any person other than the Underwriter whose consent is necessary for the issue of the Prospectus withdraws that consent;

(c) **supplementary or replacement Prospectus** - NSX fails to lodge any necessary supplementary or replacement Prospectus with ASIC;

(d) **ASIC -** issues a stop order or notice of intention to hold a hearing in relation to the Prospectus, or any supplementary or replacement prospectus relating to the Prospectus, which is not dismissed or withdrawn by the Closing Date;

(e) **default** - NSX is in material default of any of the obligations under this agreement or breaches any warranty, representation or undertaking given under this agreement which is incapable of remedy or is not remedied by the date Valid Applications are required to be lodged, and in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect on the Offer;

(f) **material change** - a material and adverse change occurs after the date of this agreement in the financial position of NSX or a subsidiary, or the industry in which NSX or a subsidiary operates;

(g) **contravention** - NSX materially contravenes any of the following, which in the reasonable opinion of the Underwriter has a material adverse effect on the Offer:

(1) any law, regulation, authorisation, ruling, consent, judgment, order or decree of any governmental agency;

(2) its constitution or another constituent document;

(3) the Listing Rules; or

(4) an encumbrance or document which is binding on NSX or a subsidiary of NSX, or an asset of NSX or a subsidiary of NSX;

(h) **issue of Prospectus** - the Prospectus is not issued on or by the opening date or by a later date agreed by the Underwriter;

(i) **ASX** – ASX has not given approval by the closing date of the Offer or within 3 months after the date of the Prospectus (whichever is earlier) or ASX refuses or withdraws approval;

(j) **solvency** – NSX or a subsidiary of NSX is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act;

(k) **market movement** - at any time after the date of this agreement, the All Ordinaries Index is 10% or more below its level as at the close of trading immediately preceding the date of this agreement, or the S&P/ASX Small Ordinaries Index is 10% or more below its level as at the close of trading immediately preceding the date of this agreement;

(l) **war** - an outbreak of new hostilities or a state of war, whether or not was has been declared), arises after the date of this agreement, or an escalation of hostilities already in existence occurs, involving Australia, Japan, any member country of the European Community, the United States of America, Indonesia, Peoples' Republic of China, New Zealand, Hong Kong, Taiwan, Singapore or Malaysia, which in the reasonable opinion of the Underwriter has or is likely to have a material and adverse effect on the Offer; or

(m) **dishonest director** – after the date of this agreement a director of NSX or a Subsidiary is convicted of an indictable offence which in the reasonable opinion of the Underwriter has or is likely to have a material and adverse effect on the Offer.

9.4.2 ASX Technological Contract

As part of the operation of NSX's Markets, NSX leases the SEATS trading engine from ASX. The NETS trading terminal is identical to the SEATS trader Workstation located in each NSX Participant offices for the purpose of executing trades in real time. NSX pays ASX a commercial fee for this service. The exact fee is not declared in this Prospectus because of its commercially sensitive nature. The current agreement will expire in October 2006.

9.4.3 Management Agreement – Hindal

NSX has signed a management agreement with Hindal Securities Pty Limited to provide corporate advisory services as part of the offer. The fee payable to Hindal is $50,000 (exclusive of GST). The agreement is conditional upon the successful completion of the Offer.

9.4.4 Contracts with Directors

Working Capital

Related Parties of two directors have provided loan facilities to NSX to be utilised as additional working capital. The terms, conditions and status of each loan is summarised below:

	Loan Facility 1	Loan Facility 2
Entity	Accounting PC Training Pty Ltd	Barbary Coast Investments Pty Ltd
Director	Michael Cox	Raymond L. Whitten
Amount of loan facility	$350,000	$250,000
Amount drawn down	$220,000	Nil
Interest Rate	10% pa	12% pa
Accrued Interest	$17,959	Nil
Repayment date	30 June 2005	31 December 2004
Effect on the Issue	Loan will be repaid on conclusion of issue - see section 4.3	Nil

Future Service Agreements

Two Directors have agreed to service contracts in order to maintain their services and continuity of management for the next twelve months upon the listing of NSX. Terms and conditions of these contracts are summarised as follows:

Terms and Conditions	Michael Cox	Raymond L. Whitten
Fee	$104,000 pa	$104,000 pa
Start Date	1 January 2005	1 January 2005
End Date	31 December 2005	31 December 2005
Termination (either party)	1 month	1 month
Termination Payment	None other than notice period	None other than notice period

Michael Cox and Raymond L. Whitten have not received payment for their services up to the date of this Prospectus.

9.5 EMPLOYEE AND EXECUTIVE SHARE PLANS

There are currently no employee or executive share and option plans.

9.6 DEEDS OF ACCESS AND INDEMNITY

NSX has executed Deeds of Access and Indemnity in favour of each Director. The indemnity is subject to the restrictions prescribed in the Corporations Act. The deeds also give each Director a right of access to Board papers and requires NSX to maintain insurance cover for the Directors, Officers and Committee members. Such insurance is in place.

9.7 LEGAL MATTERS - MATERIAL PROCEEDINGS

To the knowledge of the Directors, neither NSX nor any of its subsidiaries is involved in any litigation. The Directors are not aware of any circumstances that might reasonably be expected to give rise to such litigation.

9.8 DIRECTORS' INTERESTS

At the date of this Prospectus, the relevant interests held (including the options to be issued) by each of the current Directors (including companies and trusts associated with the Directors) in NSX are as follows:

Directors	Fully Paid Ordinary Shares	Partly Paid Shares - $0.01	Options (1) (2)	Loans to NSX
Raymond L. Whitten (3)	1,000,000	-	375,000	-
Michael Cox (3)	1,000,000	-	375,000	$237,959
Mark Menzies	997,000	-	300,000	-
Kelvin Clarke	-	-	150,000	
Paul Seymour	1,100,001	700,000	195,000	-
Total	**4,097,001**	**700,000**	**1,395,000**	**$237,959**

Note
(1) Exerciseable at $0.50, expiry date 20th December 2009.
(2) Issued subject to approval at an EGM to be held prior to admission to the Official List.
(3) Refer to Section 9.4.4.

Nothing in this Prospectus will be taken to preclude Directors, officers or employees of NSX, from applying for Shares on the same terms and conditions as offered pursuant to this Prospectus.

9.9 DIRECTORS' REMUNERATION

The Constitution provides that the non-executive Directors' remuneration must not exceed the maximum aggregate sum determined by NSX in general meeting. At present that sum is fixed at a maximum of $200,000, in aggregate, per annum. This maximum sum cannot be increased without members' approval by ordinary resolution at a general meeting.

9.9.1 Payment of expenses

In addition to remuneration, Directors are entitled to receive travelling and other expenses reimbursement that they properly incur in attending Directors' meetings, attending any general meetings of NSX or in connection with NSX's business.

9.9.2 Payment for extra services

Any Director called upon to perform extra services or undertake any executive or other work for NSX beyond his or her general duties, may be remunerated either by a fixed sum or a salary as determined by the Directors. This may be in addition to or in substitution for the Director's share in the usual remuneration provided.

9.9.3 Effect of cessation of office

With the approval of NSX in general meeting the Directors may, upon a Director ceasing to hold office or at any time after a Director ceases to hold office whether by retirement or otherwise, pay to the former Director or any of the legal personal representatives or dependents of the former Director in the case of death a lump sum in respect of past services of the Director of an amount not exceeding the amount either permitted by the Corporations Act or ASX Listing Rules.

The Company may contract with any Director to secure payment of the lump sum to the Director, his or her legal personal representatives or dependants or any of them, unless prohibited by the Corporations Act or the ASX Listing Rules.

9.9.4 Payment of superannuation contributions

The Company may also pay the Directors' superannuation contributions of an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation to avoid any penalty, charge, tax or impost.

9.9.5 Financial benefit

A Director must ensure that the requirements of the Corporations Act are complied with in relation to any financial benefit given by NSX to the Director or to any other related party of the Director.

The Company must not make loans to Directors or provide guarantees or security for obligations undertaken by Directors except as may be permitted by the Corporations Act.

Director's fees to be paid by NSX upon admission to the Official List are as follows.

Director	Value
Raymond L. Whitten (1) (2)	$104,000
Michael Cox (1) (2)	$104,000
Mark Menzies	$15,000
Paul Seymour	$15,000
Kelvin Clarke	$15,000

Notes
(1) Refer to Section 9.4.4 Summary of Material Contracts.
(2) Executive Directors.

9.10 INTERESTS OF DIRECTORS

Other than as set out above, or elsewhere in this Prospectus, no Director has, or had within 2 years before lodgment of this Prospectus with the ASIC, any interest in:

- the promotion or formation of NSX; or
- property acquired or proposed to be acquired in connection with its promotion or formation or the Offer under this Prospectus; or
- the Offer of Shares under this Prospectus.

Except as set out in this Prospectus, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director:

- to induce him or her to become, or to qualify him or her as, a Director; or
- for services rendered by him or her in connection with the formation or promotion of NSX of the Offer of Shares under this Prospectus.

9.11 INTERESTS OF ADVISERS

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- has any interest, or has had any interest during the last 2 years, in the formation or promotion of NSX, or in property acquired or proposed to be acquired by NSX in connection with its formation or promotion, or the Offer; and
- no amount has been paid, or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of NSX or the Offer.

a. **Baker and McKenzie** has acted as Australian legal advisers to NSX in connection with the Offer and is entitled to receive approximately $60,000 (exclusive of GST) for these services.

b. **Bell Potter** is the Underwriter of the Offer. Bell Potter is entitled to an underwriting fee of $600,000 (no GST).

c. **Lawler Partners** is the auditor of NSX Limited and is entitled to receive approximately $5,000 (exclusive of GST) in respect of services provided in relation to this Offer.

d. **Hindal** is the Manager of the Offer. Hindal is entitled to a management fee of $50,000 (exclusive of GST), conditional upon the successful completion of the Offer.

9.12 NO OTHER PROMOTERS

No person, except the persons referred to in sections 9.4.1 and 9.11, has any interest in the promotion or formation of NSX.

9.13 DIRECTORS' CONSENTS

Each Director of NSX has given, and not withdrawn as at the date of this Prospectus, their consent to the lodgment of this Prospectus.

9.14 CONSENTS TO BE NAMED

The following persons or firms have consented to being named in this Prospectus in the manner detailed below and have not withdrawn their consent as at the date of this Prospectus:

- **Baker & McKenzie** has given its consent (which has not been withdrawn as at the date of this Prospectus) to the issue of this Prospectus with the inclusions to references to Baker & McKenzie included in this Prospectus, in the form and context in which these are included.
- **Registries Limited** has given its consent (which has not been withdrawn as at the date of this Prospectus) to the issue of this Prospectus with the inclusions to references to Registries Limited included in this Prospectus, in the form and context in which these are included.
- **Bell Potter Securities Limited** has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Underwriter to the Offer, in the form and context in which it is named.
- **Lawler Partners** has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Auditor of NSX, in the form and context in which it is named.
- **Hindal Securities Pty Limited** has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Manager of the Offer of NSX, in the form and context in which it is named.

9.15 DISCLAIMER OF RESPONSIBILITY

Each of the persons named in section 9.14:

- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement in this Prospectus other than, in the case of a person referred to under the heading “Consents to be named”, a statement or a report included in this Prospectus with the consent of the party; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than reference to its name and, in the case of a person referred to under the heading “Consents to be named”, any statement or a report which has been included in this Prospectus with the consent of that party.

9.16 EXPENSES OF THE OFFER

The estimated amount of the expenses of the Issue, including advisors’ fees, printing and distribution costs and other miscellaneous expenses, is $850,000, which has been paid or is payable by NSX. These fees include underwriting fees and fees payable to professional advisors, including lawyers and accountants advising NSX in relation to this Prospectus. The estimate includes printing and distribution costs as well as statutory fees.

9.17 ASX ADMISSION AND QUOTATION

NSX will apply to ASX for admission to the Official List and quotation of the Shares on ASX within 7 days of the date of this Prospectus.

9.18 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours, free of charge at the registered office of NSX at Ground Floor, 384 Hunter Street, Newcastle, NSW 2300 for a period of not less than 12 months from the date of this Prospectus:

- Directors consents for the lodgement of this Prospectus; and
- the Constitution of NSX; and
- the Employee Share and Option Plans set out in Section 9.3; and
- the consents referred to in Section 9.14.

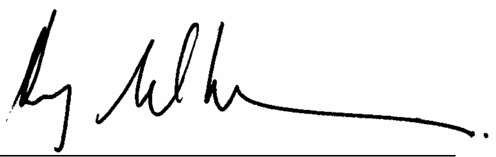
9.19 DIRECTORS' STATEMENT

The Directors' report that, in their opinion, after having made the inquiry:

- except as disclosed in this Prospectus, they are not aware of any circumstances that have materially affected or will materially affect the assets and liabilities, the financial position, the profits and losses, or prospects of NSX or any of the businesses to be acquired by NSX on completion of the Offer; and

- they have reasonable grounds to and do believe that this Prospectus contains no statements that are false or misleading and that there are no material omissions from the Prospectus.

This Prospectus was signed on behalf of the Directors of NSX by Raymond L. Whitten, Chairman**.**



Raymond L. Whitten
Chairman
NSX Limited

SECTION 10 - GLOSSARY OF TERMS

This glossary of terms is provided to assist persons in understanding some of the expressions used in the Prospectus.

$ means Australian dollars.

Applicant means a person who applies for Shares in accordance with this Prospectus.

Application means a valid application for Shares offered under this Prospectus.

Application Form means an application form attached to this Prospectus.

ASX means Australian Stock Exchange Limited (ACN 008 129 164).

ASIC means Australian Securities & Investments Commission.

Australian Market License means an Australian market licence issued by ASIC allowing the operation of a financial securities market in Australia.

Australian Market Licensee means a holder of an Australian Market Licence.

ATO means the Australian Taxation Office.

Board means the board of Directors of NSX duly appointed in accordance with the Constitution of NSX.

BSX means, the Bendigo Stock Exchange Limited that is a holder of an Australian Market Licence.

BSX Group means BSX Group Holdings Limited, the parent company of BSX.

Business Day means a day on which trading banks are open for Business in Sydney, New South Wales.

Closing Date means 31st December 2004 unless otherwise varied by NSX and the Underwriter.

Company or **NSX** means NSX Limited (ABN 33 089 447 058).

Constitution means the constitution (formerly articles of association) of NSX.

Corporations Act means Corporations Act 2001 (Cth).

Directors mean directors of NSX.

EBIT means earnings before interest and taxation.

EBITDA means earnings before interest, taxation, depreciation and amortisation.

EGM means extraordinary general meeting.

ESDT means Eastern Standard Daylight Time, Sydney, Australia.

Exposure Period means the period during which NSX cannot accept Applications as described in section 727(3) of the Corporations Act.

FY means the financial year to 30 June in any year.

Issue or **Offer** means the Issue of 24,000,000 Shares under this Prospectus.

Listing Rules means the Official Listing rules of ASX.

Manager means Hindal Securities Pty Limited.

New Shares means Shares to be issued pursuant to this Prospectus.

NPAT means net profit after tax.

NPBT means net profit before tax.

NSX means NSX Limited (ABN 33 089 447 058).

NSX market means the financial securities market operated by SENL.

Offer Price means $0.50 per share.

Official List means the official list of ASX.

Opening Date means 14th December 2004 unless otherwise varied by NSX and the Underwriter.

Participants means an organisation holding an Australian Financial Services Licence allowing the holder to trade in securities listed on NSX. More commonly referred to by the public as Stockbrokers.

Prospectus means this Prospectus dated 6th December 2004.

SENL means the Stock Exchange of Newcastle Limited (ABN 11 000 902 063).

Share means an ordinary fully paid share in the capital of NSX.

Share Registry means NSX's share registry held at Registries Limited, Level 2, 28 Margaret Street, Sydney NSW 2000.

Underwriter or Bell Potter means Bell Potter Securities Limited (ABN 25 006 390 772).

Underwriting Agreement means the agreement dated 6th December 2004 between NSX and the Underwriter.

PIN CHEQUE(S) HERE

Application form

NSX Limited

ABN 33 089 447 058

Broker Reference – Stamp Only

Broker Code

Adviser Code

Fill out this Application form if you want to apply for shares in NSX Limited

- Please read the Prospectus dated 6th **December 2004**.
- Follow the instructions to complete this Application form (see reverse).
- Print clearly in capital letters using black or blue pen.

A **Number of shares you are applying for**

x $0.50 per share =

B **Total amount payable**

Minimum of **4,000** shares to be applied for, and thereafter in multiples of **200** shares.

C **Write the name(s) you wish to register the shares in *(see reverse for instructions)***

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

D **Write your postal address here**

Number / Street

Suburb/Town

State

Postcode

E **CHESS participant – Holder Identification Number (HIN)**

X

F **Enter your Tax File Number(s), ABN, ACN or exemption category**

Applicant #1

Applicant #2

Applicant #3

G **Cheque payment details**

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Cheque Amount A$

H **Contact telephone number (daytime/work/mobile)**

I **Email address**

By submitting this Application form, I/We declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are compete and accurate. I/We agree to be bound by the constitution of NSX Limited. I/We was/were given access to the Electronic Prospectus together with the application form. I/We represent, warrant and undertake to the Company that our subscription for the above securities will not cause the Company or me/us to violate the securities or other laws of Australia or any other jurisdiction which may be applicable to this subscription for securities in the Company.

GUIDE TO THE APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THE APPLICATION FORM

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.
These instructions are cross-referenced to each section of the Application Form.

Instructions

A. If applying for Shares insert the ***number*** of Shares for which you wish to subscribe at Item **A** (not less than **4000** and then in multiples of **200**). Multiply by $ **0.50** AUD to calculate the total for Shares and enter the ***$amount*** at B.

C. Write your ***full name***. Initials are not acceptable for first names.

D. Enter your ***postal address*** for all correspondence. All communications to you from **NSX Limited** will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.
NB: your registration details provided must match your CHESS account exactly.

F. Enter your Australian ***tax file number*** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.

G. Complete ***cheque details*** as requested. Make your cheque payable to **NSX Limited Share Offer Account** in Australian currency, cross it and mark it **"Not Negotiable"**. Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.

H. Enter your ***contact details*** so we may contact you regarding your Application Form or Application Monies.

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<u>CORRECT FORMS OF REGISTRABLE TITLE</u>

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to NSX Limited. At least one full name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgement

Mail your completed Application Form with cheque(s) attached to the following address:

Delivery address (by hand):	Mailing address:
Bell Potter Securities Limited – NSX IPO Level 28 80 Collins Street Melbourne VIC 3000	Bell Potter Securities Limited – NSX IPO GPO BOX 4718TT Melbourne VIC 3001 **Telephone: 1300 137 278**

It is not necessary to sign or otherwise execute the Application Form. If you have any questions as to how to complete the Application Form, please contact **NSX Limited** on: Tel: +61 2 4929 6377

PIN CHEQUE(S) HERE

Application form

NSX Limited

ABN 33 089 447 058

Broker Reference – Stamp Only

Broker Code | Adviser Code

Fill out this Application form if you want to apply for shares in NSX Limited

- Please read the Prospectus dated **6th December 2004**.
- Follow the instructions to complete this Application form (see reverse).
- Print clearly in capital letters using black or blue pen.

A **Number of shares you are applying for**

x $0.50 per share =

B **Total amount payable**

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Melbourne VIC 3000

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Melbourne VIC 3001

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