

**RIMCapital Limited**

**ABN 72 064 874 620**

**Annual Report 2005**

**Corporate Directory**

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**Directors:** Robert Moyse Willcocks (Non-Executive Chairman)  
Chris Seow Ngee Lim (Executive Director)  
Chong Sok Un (Executive Director)

**Secretary:** Ian Douglas Haigh

**Principal & Registered Office :** Suite 505 Kindersley House  
Level 5, 33 Bligh Street  
Sydney NSW 2000  
Tel: (02) 9232 0211  
Fax: (02) 9232 0233  
e-mail: [info@rimcapital.com.au](mailto:info@rimcapital.com.au)

**Share Registrar:** ASX Perpetual Registrars Limited  
Level 8  
580 George Street  
Sydney NSW 2000

**Postal Address**  
Locked Bag A14  
Sydney South NSW 1235

**Auditors:** Nexia Court & Co  
Level 29, Australia Square  
264 George Street  
Sydney NSW 2000

**Bankers:** Westpac Banking Corporation  
60 Martin Place  
Sydney NSW 2000

**Solicitors:** Mallesons Stephen Jaques  
Level 60  
Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

Kemp Strang  
Level 14, 55 Hunter Street,  
Sydney NSW 2000

**Stock Exchange Listing:** RIMCapital Limited shares are listed on the  
Australian Stock Exchange Limited (Code "RMC")

**Company Number:** ACN: 064 874 620  
ABN: 72 064 874 620

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**CHAIRMAN'S REPORT FOR THE YEAR ENDED 30 JUNE 2005**

Dear Shareholder

For the last financial year the Group has produced an operating profit of AUD\$759,504 before taking into account a loss on deconsolidation of Infracorp Limited of \$3.9 million (with a loss net of tax of \$3,221,542).

The deconsolidation followed the Company's 49% shareholding in Infracorp Limited being offered to RIMCapital Limited shareholders on a prorata basis in the first half of the 2004/2005 financial year. This offer was oversubscribed, the offer price of 5.6cents being substantially less than the price at which the Infracorp Limited shares were trading on the stock market. Since the offer, the Infracorp Limited shares have traded mostly at more than 20cents with a high of 34.5 cents.

The Joint Venture Company, CRMSC (Australia) Pty Limited, has contributed a profit of \$341,671 to the Group for the last financial year, mainly by way of unrealised profits due to revaluation of investments in listed companies. The invested amount in this 50-50 Joint Venture is \$1Million. The Joint Venture Company will continue to seek business and investment opportunities, drawing on its expertise and business partners from China along with them.

The dormant controlled entities of the group have been put into liquidation. The Singapore subsidiary, RIMCapital Advisors Singapore Private Limited continues to provide administrative support to its head office in Sydney. The investment portfolio of the Group in equity markets has produced realised and unrealised profits of \$573,701.

The Group has reviewed numerous investment opportunities within both Australia and the region. However, we have not committed ourselves as we consider that such investments are not in line with our risk management profile. The Group will continue to maintain its low overheads and seek investment opportunities.

Yours sincerely

**RIMCapital Limited**

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Robert M Willcocks  
Chairman

**DIRECTORS' REPORT**

Your directors present their report on the RIMCapital Group, consisting of RIMCapital Limited ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2005.

**Directors**

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Robert Moyse Willcocks (Non-Executive Chairman)

Chong Sok Un (Executive Director)

Chris Seow Ngee Lim (Executive Director)

**Principal Activities**

The principal activities of the RIMCapital Group during the year end 30 June 2005 consisted of:

- Investment of cash on term deposit
- Investment in shares of companies listed on the ASX and other recognised Stock Exchanges
- Investment in a Joint Venture with China Railway Materials & Supplies Corporation from China with activities primarily in investments, trading, import and export of railways related resources and materials.
- Funds management, financial and management consulting and acting as an Exempt Investment Advisor through RIMCapital Advisors Singapore Pte Ltd.

**Review of Operations, Financial Position, Business Strategies & Prospects**

A summary of consolidated revenues and results by significant industry segments is set out below:

|                                                                   | Segment Revenues |           | Segment Results |          |
|-------------------------------------------------------------------|------------------|-----------|-----------------|----------|
|                                                                   | 2005             | 2004      | 2005            | 2004     |
|                                                                   | \$               | \$        | \$              | \$       |
| Other                                                             | -                | -         | (3,845,350)     | -        |
| Corporate advisory services                                       | 55,550           | 865,108   | 55,550          | (83,806) |
| Investments holding                                               | 3,532,033        | 1,637,590 | 792,358         | 51,456   |
| Total Revenue                                                     | 3,587,583        | 2,502,698 |                 |          |
| Loss from ordinary activities before income tax                   |                  |           | (3,100,370)     | (32,350) |
| Income tax expense                                                |                  |           | 121,172         | -        |
| Loss from ordinary activities after income tax                    |                  |           | (3,221,542)     | (32,350) |
| Add back : Profit/(loss) attributable to outside equity interests |                  |           | -               | 102,381  |
| Profit/(loss) attributable to members of RIMCapital Limited       |                  |           | (3,221,542)     | 70,031   |

Refer to the Chairman's report on pages 2 for further detail. Any other information on the entity's business strategies and its prospects for future years have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

**Earnings per Share**

|                                             | <b>2005</b> | <b>2004</b> |
|---------------------------------------------|-------------|-------------|
|                                             | <b>\$</b>   | <b>\$</b>   |
| Basic earnings per share (refer to Note 27) | (\$0.0364)  | \$0.0008    |

**Dividends**

The directors do not recommend the payment of a dividend at this time and no dividend has been paid or declared during the financial year.

**Events Subsequent to Balance Date**

There have been no transactions or events of a material and unusual nature likely, in the opinion of the directors of the company to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

The Australian Accounting Standards Board (AASB) has adopted IFRS for application to reporting periods beginning on or after 1 January 2005. The company is aware of this and the expected financial impact of adopting Australian equivalents to IFRS are outlined in Note 1(k) to the financial statements.

**Significant Changes in the State of Affairs**

1. As noted in the 2004 annual report, on 23 August 2004 the offer by the Company of its entire holdings in Infracorp Limited shares to the Company's existing shareholders closed. The offer was priced just to cover the expenses and tax of this issue. The issue was oversubscribed by shareholders as the price was well below Infracorp Limited's market price. All shares offered being taken up. As disclosed in the prospectus, this resulted in a major change to the Company's balance sheet with a reduction in the net assets of the Company by \$8.3 million when compared to 30 June 2004.
2. A 100% foreign controlled company, RIMCapital Advisors (Hong Kong) Limited was placed into voluntary liquidation on 22 December 2004. The following 100% controlled companies into voluntary liquidation on 2 March 2005: Barton Capital Securities Pty Ltd, Barton Capital Technologies Pty Ltd, ESX Pty Ltd and Barton Capital (HK) Pty Ltd. On 22 March 2005 RIMCapital Advisors Limited, a 100% controlled company, was converted to a proprietary company then placed into voluntary liquidation on 29 April 2005.

Other than for the matters dealt with above and elsewhere in this report, there were no other significant changes in the state of affairs.

**Likely Developments and Announcements**

Refer to the Chairman report on page 2 for further detail. Information not disclosed is on the basis that, in the opinion of the directors, the provision of such information would prejudice the interests of the consolidated entity.

## Directors' Interests

## Information on Directors

| Director                               | Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Special responsibilities | Particulars of directors' interests at the date of this report |           |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------------------------------------------|-----------|
|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                          | Ordinary shares                                                | Options   |
| Robert Moyse Willcocks<br>BA, LLB, LLM | A business lawyer, he is a former partner of Mallesons Stephen Jaques. He was elected a director on 14 June 1996 and subsequently appointed Chairman. During the past 3 years Mr Willcocks has also served as a director for the CBH Resources Limited (since 19 December 2000), Emperor Mines Limited (since 19 February 1999), Energy World Corporation (26 April 2001 until 24 September 2002) and Infracorp Limited, formerly eStar Online Trading Limited (1 July 2002 until November 2002). | Non-executive Chairman   | 1,893,042                                                      | 1,000,000 |
| Chong Sok Un<br>CA, MBA                | Director and CEO for 9 years of Shenyin Wanguo (HK) Ltd a company involved in financial services. Appointed a director on 24 June 2002. Currently Chairman of Dongguan Long Island Golf and Country Club, Chairman of China On-line (Bermuda) Limited, Director of Fujian Minnan (Zhangzhou) Economy Development Co Limited.                                                                                                                                                                      | Executive Director       | 16,420,000                                                     | -         |
| Chris Seow Ngee Lim                    | Formerly in the Investment Banking Department of Nikko Merchant Bank (Singapore) from 1990 – 1996. He was appointed a director on 1 December 2002. During the past 3 years Mr Lim has also served as a director for Infracorp Limited (since 16 October 2002).                                                                                                                                                                                                                                    | Executive Director       | 230,000                                                        | -         |

## Meetings of Directors

There were 4 (2004: 11) directors' meetings held during the year ended 30 June 2004. The number of directors' meetings held during the year and the number of meetings attended by each director whilst in office is:

|              | <u>No. held</u> | <u>No. attended</u> |
|--------------|-----------------|---------------------|
| RM Willcocks | 4               | 4                   |
| Chong SU     | 4               | 2                   |
| C S N Lim    | 4               | 4                   |

## Remuneration Report

The Board determines the remuneration of non-executive directors from time to time.

Executive remuneration and other terms of employment are reviewed annually having regard to performance, relevant comparative information and independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the RIMCapital Group's operations. Currently, no element of any directors' remuneration is dependent on the satisfaction of a performance condition, and no element consists of securities of the company.

Details of the nature and amount of each element of the remuneration of each director of the Company and each of the five highest paid officers of the Company and the consolidated entity are set out in the following tables:

## **RIMCapital Limited**

### **Directors' Report - year ended 30 June 2005**

#### **Directors of RIMCapital Limited**

| <b>Name</b>              | <b>Directors'<br/>Base Fee<br/>\$</b> | <b>Salary<br/>\$</b> | <b>Super-<br/>annuation<br/>\$</b> | <b>Consult-<br/>ing Fees<br/>\$</b> | <b>Options<br/>\$</b> | <b>Total<br/>\$</b> |
|--------------------------|---------------------------------------|----------------------|------------------------------------|-------------------------------------|-----------------------|---------------------|
| RM Willcocks (Chairman)* | -                                     | -                    | -                                  | 62,500                              | -                     | 62,500              |
| Chong SU                 | -                                     | -                    | -                                  | -                                   | -                     | -                   |
| CSN Lim                  | -                                     | 63,730               | 6,524                              | -                                   | -                     | 70,254              |

\* \$12,500 of the amount paid to RM Willcocks was in relation to consulting fees for the year ended 30 June 2004.

#### **Shares Under Option**

Unissued ordinary shares of RIMCapital Limited under option at the date of this report are as follows:

|                 | <b>Number</b> | <b>Issue Price</b> | <b>Expiry Date</b> |
|-----------------|---------------|--------------------|--------------------|
| General options | 3,250,000     | 25c                | 6/1/2007           |

The above options are exercisable at any time on or before the expiry date. No option holder has any right under these options to participate in any other share issue of the Company.

#### **Indemnification and Insurance of Officers and Auditors**

##### ***Indemnification***

Since the end of the previous financial year, the company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the company.

##### ***Insurance Premiums***

The Company has entered into Deeds of Access and Indemnity with each of the current directors as approved by shareholders. Insurance cover for Directors and Officers liability has not been available since 30 April 2003

#### **Corporate Governance**

Refer to pages 9 and 10 for the Corporate Governance Statement.

#### **Company Secretary**

Ian Douglas Haigh FCA

Ian Haigh has been the company secretary of RIMCapital Limited since November 2004. He is a partner of HLB Mann Judd and has been a Chartered Accountant for 32 years. He is also company secretary for another listed public company.

#### **Auditor**

Nexia Court & Co were appointed as auditors on 29 November 2004 replacing PricewaterhouseCoopers.

Details of amounts paid or payable to the auditors for audit and non-audit services are set out in Note 19 to the financial statements. The directors have considered the position and are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act 2001 given to the directors by the lead auditor for the audit undertaken by Nexia Court & Co is included on page 8.

**Directors' Report - year ended 30 June 2005**

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**Environmental Regulation**

The directors are of the opinion that sufficient procedures and reporting processes have been established to enable the consolidated entity to meet any environmental responsibilities and that the consolidated entity's other business segment operations are not subject to any significant environmental regulations under Australian Law.

Signed in accordance with a resolution of the directors.

Dated 28 September 2005



**Robert M Willcocks**  
**Chairman**



**Chris S N Lim**  
**Director**

**AUDITORS' INDEPENDENCE DECLARATION**

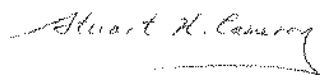
**To the Directors of RIMCapital Limited:**

As lead auditor for the audit of RIMCapital Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of RIMCapital Limited and the entities it controlled during the period.

**Nexia Court & Co**  
**Chartered Accountants**



**Stuart Cameron**  
**Partner**

28 September 2005

**Corporate Governance Statement  
for the year ended 30 June 2005**

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The directors are responsible to the shareholders for the performance of the Company. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company and its controlled entities are properly managed. The Board draws on relevant corporate governance best practice principles to assist it to contribute to the performance of the Company.

The functions of the Board include:

- review and approval of corporate strategies and financial plans
- overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors
- appointment and assessment of the performance of the senior management team
- ensuring there are effective management processes in place and approving major corporate initiatives
- enhancing and protecting the reputation of the organisation
- ensuring the significant risks facing the Company and its controlled entities have been identified, and that appropriate and adequate control, monitoring and reporting mechanisms are in place
- reporting to shareholders.

A description of the Company's main corporate governance practices are set out below. All these practices, unless otherwise stated, were in place for the entire year.

**The Board of directors**

The Board operates in accordance with the broad principles set out in its charter including that:

- the Board should be comprised of both executive and non-executive management.
- in recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chairman should be a non-executive director
- The Company's Constitution specifies that all directors (with the exception of the Managing Director) must retire from office no later than the third annual general meeting (AGM) following their last election. Where eligible, a director may stand for re-election.

In addition, the Board seeks to ensure that the membership at any point in time represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or fresh perspective.

The current Board consists of three directors whose details are shown in the Directors' Report. The Chairman is considered to be an independent director. The other two directors are executive directors involved in the management of the Company. As the Company and its subsidiaries only have six personnel, including the three directors, it is not practical to have additional independent directors.

Each year the Board reviews the effectiveness of its own operation and that of the company as a whole.

**Commitment**

The Board meets for monthly Board meetings during the year, or more or less frequently as required.

Non-executive directors are expected to spend appropriate time preparing for, and attending, Board meetings and associated activities.

**Conflict of interests**

In accordance with the Board Charter, directors declared their interests to the Company in any dealings where they considered there to be a conflict of interest and took no part in decisions or the preceding discussions.

**Independent professional advice**

The directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

### **Audit Committee**

It was determined that in line with Best Practice Guidelines and due to the composition of the Board of Directors and the current activities of the Company, the Board of Directors perform the function of the audit committee.

### **Nomination Committee**

It was determined that in line with Best Practice Guidelines and due to the composition of the Board of Directors and the current activities of the Company, the Board of Directors perform the function of the nomination committee.

### **Remuneration**

Detail of the remuneration paid to Directors is disclosed in the accounts of the Company.

Currently, only the Chairman, one executive director and the three employees receive remuneration, the quantum of which is decided by the Board after considering performance and market conditions.

### **Risk assessment and management**

The Company's focus on risk management recognises that risk management is, prima facie, an issue for line management. The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. In addition, the Board requires that each major proposal submitted to the Board for decision be accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies.

Insurance cover is taken where applicable and available to assist in the management of risk.

### **Ethical standards**

The Company requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of both the law and Company policies. Ethical standards are monitored at Board meetings.

Any trading in the Company's securities by the three directors or the other employee is discussed by the Board prior to the intended trade. Directors' shareholdings are detailed in the Annual Report.

Whilst not having a separate code of conduct to guide compliance with legal and other obligations, such as employees, customers and the community, the Company is aware of its obligations under the various employment laws, privacy laws, occupational health and safety and environmental and pollution controls.

### **Reporting to Shareholders**

In accordance with the principle of continuous disclosure, the Board is committed to keeping the shareholders informed on all material developments that affect the Company.

All announcements are reviewed by Board members prior to their release.

The Company uses its website to regularly keep shareholders up to date on the Company's activities.

The Company uses the forum of the Annual General Meeting to give shareholders a presentation on the Company's progress during the year and its goals in the future. The external auditor is also requested to attend the Annual General Meeting to answer any shareholder questions about the conduct of the audit and preparation and content of the auditor's report.

### **Continuous disclosure**

The Company Secretary has been appointed as the person responsible for communications with the Australian Stock Exchange (ASX). This person is also responsible for ensuring compliance with the continuous disclosure requirements of the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

**Statements of financial performance  
for the year ended 30 June 2005**

|                                                                                                   |       | Consolidated |             | Parent entity |           |
|---------------------------------------------------------------------------------------------------|-------|--------------|-------------|---------------|-----------|
|                                                                                                   | Note  | 2005         | 2004        | 2005          | 2004      |
|                                                                                                   |       | \$           | \$          | \$            | \$        |
| <b>Revenue from ordinary activities</b>                                                           | 2     | 3,587,583    | 2,502,698   | 2,662,644     | 1,637,839 |
| Service delivery                                                                                  |       | (5,436)      | (34,773)    | (70)          | (7,779)   |
| Administration                                                                                    |       | (264,240)    | (949,563)   | (299,285)     | (334,701) |
| Carrying amount of investments sold                                                               |       | (3,155,390)  | (1,290,642) | (2,398,865)   | (977,661) |
| Marketing                                                                                         |       | (36,764)     | (46,702)    | -             | -         |
| Occupancy                                                                                         |       | (55,445)     | (44,012)    | (15,930)      | (20,396)  |
| Salaries and employee costs                                                                       |       | (179,317)    | (674,759)   | (48,001)      | (245,374) |
| Depreciation and amortisation expenses                                                            | 3     | (18,734)     | (18,307)    | (1,765)       | (2,138)   |
| Provision for diminution in investments and loans                                                 |       | 391,202      | 611,354     | 391,200       | 125,620   |
| Realised/unrealised foreign exchange loss                                                         |       | 139,850      | (28,148)    | (3,074)       | -         |
| Joint Venture Partnership Profits                                                                 |       | 341,671      | -           | 341,671       | -         |
| Discount on acquisition of asset                                                                  |       | -            | 55,121      | -             | -         |
| Other expenses from ordinary activities                                                           |       | (3,845,350)  | (114,617)   | 439,094       | -         |
| <b>(Loss)/profit from ordinary activities before income tax expense</b>                           | 3     | (3,100,370)  | (32,350)    | 1,067,620     | 175,410   |
| Income tax expense                                                                                | 4     | 121,172      | -           | 121,172       | -         |
| <b>(Loss)/profit from ordinary activities after income tax expense</b>                            |       | (3,221,542)  | (32,350)    | 946,448       | 175,410   |
| <b>Net (loss)/profit</b>                                                                          |       | (3,221,542)  | (32,350)    | 946,448       | 175,410   |
| Net (loss)/profit attributable to outside equity interest                                         |       | -            | (102,381)   | -             | -         |
| <b>Net profit/(loss) attributable to members of RIMCapital Limited</b>                            |       | (3,221,542)  | 70,031      | 946,448       | 175,410   |
| <b>Total changes in equity other than those resulting from transactions with owners as owners</b> | 14(b) | (3,221,542)  | 70,031      | 946,448       | 175,410   |
| <b>Basic earnings per share</b>                                                                   | 27    | (\$0.0364)   | \$0.0008    | -             | -         |

The accompanying notes form part of these financial statements.

**Statements of financial position  
as at 30 June 2005**

|                                                | Note | Consolidated     |                   | Parent entity    |                  |
|------------------------------------------------|------|------------------|-------------------|------------------|------------------|
|                                                |      | 2005             | 2004              | 2005             | 2004             |
|                                                |      | \$               | \$                | \$               | \$               |
| <b>Current assets</b>                          |      |                  |                   |                  |                  |
| Cash                                           | 5    | 4,273,970        | 13,219,963        | 2,621,197        | 1,230,822        |
| Loans and receivables                          | 6    | 259,716          | 71,317            | 160,510          | 39,033           |
| Investments                                    | 7    | 695,000          | 916,457           | 695,000          | 675,470          |
| <b>Total current assets</b>                    |      | <b>5,228,686</b> | <b>14,207,737</b> | <b>3,476,707</b> | <b>1,945,325</b> |
| <b>Non-current assets</b>                      |      |                  |                   |                  |                  |
| Loans and receivables                          | 6    | 500              | 9,516             | 500              | -                |
| Investments                                    | 7    | 1,341,671        | 1,000,000         | 3,332,028        | 3,805,101        |
| Property, plant & equipment                    | 9    | 19,139           | 35,264            | 10,516           | 11,200           |
| Other assets                                   | 8    | 4,031            | 72,631            | 4,031            | 24,031           |
| <b>Total non-current assets</b>                |      | <b>1,365,341</b> | <b>1,117,411</b>  | <b>3,347,075</b> | <b>3,840,332</b> |
| <b>TOTAL ASSETS</b>                            |      | <b>6,594,027</b> | <b>15,325,148</b> | <b>6,823,782</b> | <b>5,785,657</b> |
| <b>Current liabilities</b>                     |      |                  |                   |                  |                  |
| Accounts payable                               | 10   | 44,407           | 162,789           | 59,382           | 85,652           |
| Interest bearing liabilities                   | 11   | -                | 14,329            | -                | -                |
| Current tax liabilities                        | 12   | 117,535          | -                 | 117,535          | -                |
| Provisions                                     | 12   | 2,535            | 7,113             | 412              | -                |
| <b>Total current liabilities</b>               |      | <b>164,477</b>   | <b>184,231</b>    | <b>177,329</b>   | <b>85,652</b>    |
| <b>Non-current liabilities</b>                 |      |                  |                   |                  |                  |
| Interest bearing liabilities                   | 11   | -                | 375,125           | -                | -                |
| <b>Total non-current liabilities</b>           |      | <b>-</b>         | <b>375,125</b>    | <b>-</b>         | <b>-</b>         |
| <b>TOTAL LIABILITIES</b>                       |      | <b>164,477</b>   | <b>559,356</b>    | <b>177,329</b>   | <b>85,652</b>    |
| <b>NET ASSETS</b>                              |      | <b>6,429,550</b> | <b>14,765,792</b> | <b>6,646,453</b> | <b>5,700,005</b> |
| <b>Equity</b>                                  |      |                  |                   |                  |                  |
| <b>Parent entity interest</b>                  |      |                  |                   |                  |                  |
| Contributed equity                             | 13   | 14,461,788       | 14,461,788        | 14,461,788       | 14,461,788       |
| Reserves                                       | 14   | (156,169)        | 8,535,204         | -                | -                |
| Accumulated losses                             | 14   | (7,876,069)      | (13,127,709)      | (7,815,335)      | (8,761,783)      |
| <b>Total parent entity interest</b>            |      | <b>6,429,550</b> | <b>9,869,283</b>  | <b>6,646,453</b> | <b>5,700,005</b> |
| Outside equity interest in controlled entities | 16   | -                | 4,896,509         | -                | -                |
| <b>TOTAL EQUITY</b>                            |      | <b>6,429,550</b> | <b>14,765,792</b> | <b>6,646,453</b> | <b>5,700,005</b> |

The accompanying notes form part of these financial statements.

**Statements of cash flows  
for the year ended 30 June 2005**

|                                                                   | Note | Consolidated       |                    | Parent entity    |                    |
|-------------------------------------------------------------------|------|--------------------|--------------------|------------------|--------------------|
|                                                                   |      | 2005               | 2004               | 2005             | 2004               |
|                                                                   |      | \$                 | \$                 | \$               | \$                 |
| <b>Cash flows from operating activities</b>                       |      |                    |                    |                  |                    |
| Receipts from customers                                           |      | 162,486            | 373,748            | 81,015           | 290,423            |
| Payments to suppliers, employees and creditors (inclusive of GST) |      | (1,001,561)        | (1,920,642)        | (679,885)        | (818,348)          |
| Interest received                                                 |      | 116,993            | 595,741            | 80,795           | 115,870            |
| Dividends received                                                |      | 8,233              | 11,187             | 7,500            | 10,000             |
| Income taxes paid                                                 |      | (3,637)            | (9,775)            | (3,225)          | -                  |
| <b>Net cash (outflows) from operating activities</b>              | 24   | <b>(717,486)</b>   | <b>(949,741)</b>   | <b>(513,800)</b> | <b>(402,055)</b>   |
| <b>Cash flows from investing activities</b>                       |      |                    |                    |                  |                    |
| Payments for property, plant & equipment                          |      | (2,609)            | (6,124)            | (1,081)          | (1,201)            |
| Payments for investments                                          |      | (1,536,135)        | (2,422,837)        | (1,046,324)      | (2,554,948)        |
| Proceeds from sale of investments                                 |      | 2,639,835          | 1,508,913          | 1,899,488        | 1,211,830          |
| Proceeds from sale of controlled entity, net cash disposed        |      | (9,219,818)        | -                  | 657,092          | -                  |
| Distribution on liquidation controlled entity                     |      | 375,000            |                    | 375,000          |                    |
| Security deposits (lodged)/repaid                                 |      | 20,000             | (28,600)           | 20,000           | -                  |
| Loans to controlled entities                                      |      | -                  | -                  | -                | 210,196            |
| Loans to third parties                                            |      | 9,016              | (9,516)            | -                | -                  |
| <b>Net cash (outflows)/inflows from investing activities</b>      |      | <b>(7,714,711)</b> | <b>(958,164)</b>   | <b>1,904,175</b> | <b>(1,134,123)</b> |
| <b>Cash flows from financing activities</b>                       |      |                    |                    |                  |                    |
| Bank loans                                                        |      | (375,125)          | 375,125            | -                | -                  |
| Share buy back                                                    |      | -                  | (135,865)          | -                | (135,865)          |
| <b>Net cash (outflows)/inflows from financing activities</b>      |      | <b>(375,125)</b>   | <b>239,260</b>     | <b>-</b>         | <b>(135,865)</b>   |
| <b>Net (decrease)/increase in cash held</b>                       |      | <b>(8,807,322)</b> | <b>(1,668,645)</b> | <b>1,390,375</b> | <b>(1,672,043)</b> |
| Cash at the beginning of the financial year                       |      | 13,219,963         | 14,906,020         | 1,230,822        | 2,902,865          |
| Effect of exchange rates changes on cash                          |      | (138,671)          | (17,412)           |                  | -                  |
| <b>Cash at the end of the financial year</b>                      | 5    | <b>4,273,970</b>   | <b>13,219,963</b>  | <b>2,621,197</b> | <b>1,230,822</b>   |

The accompanying notes form part of these financial statements.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

### **(a) Principles of consolidation**

The consolidated accounts incorporate the assets and liabilities of all entities controlled by RIMCapital Limited (parent entity) as at 30 June 2005 and the results of all controlled entities for the year then ended. RIMCapital Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

### **(b) Income tax**

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The deferred tax assets relating to tax losses are not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax accounts at the rates which are expected to apply when those timing differences reverse.

### **(c) Investments**

Investments in securities listed on prescribed stock exchanges acquired solely for trading purposes are brought to account at market value. Realised gains and losses on disposal and unrealised market value adjustments are reflected in the statement of financial performance.

### **(d) Foreign currency translation**

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

### **(e) Depreciation and amortisation**

Depreciation is calculated on a basis to write off the net cost or revalued amount of each item of plant and equipment over its expected useful life. The expected useful lives are as follows:

|                     |              |
|---------------------|--------------|
| Plant and equipment | 2 – 10 years |
|---------------------|--------------|

Leased equipment is amortised at a rate, which will write off the capitalised amount over the period of the lease.

**(f) Receivables and revenue recognition**

Trade debtors are recognised for the major business activities as follows:

- all trade debtors are recognised at the amounts receivable, as they are due for settlement no more than 30 days from the date of recognition
- income receivable on financing and investment activities is accrued in accordance with the terms and conditions of the underlying financial instrument
- collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where there is some doubt over collection.

**(g) Recoverable amount of non-current assets**

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is revalued to its recoverable amount. Cash flows are currently not discounted in determining recoverable amount. To the extent that a revaluation decrement reverses a revaluation increment previously in the balance of the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise, the decrement is recognised as an expense in the statement of financial performance.

**(h) Trade and other creditors**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of the end of the month in which they are invoiced.

**(i) Earnings per share**

*i Basic earnings per share*

Basic earnings per share is determined by dividing the net result attributable to members of RIMCapital Limited by the weighted average number of ordinary shares outstanding during the financial year.

*ii Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year. Diluted earnings per share is not calculated when potential ordinary shares are not dilutive.

**(j) Employee entitlements**

*i Wages and salaries and annual leave*

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' service up to that date, including related on-costs.

*ii Superannuation*

Superannuation contributions are made to externally managed funds in respect of employees and are charged as an expense as incurred.

**(k) Australian Equivalents to International Financial Reporting Standards (IFRS)**

The Australian Accounting Standards Board (AASB) has adopted IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and Urgent Issues Group Abstracts corresponding to International Financial Reporting Interpretations adopted by the International Accounting Standards Board. These Australian pronouncements will be known as Australian equivalents to IFRS (AIFRS). The adoption of AIFRS will be first reflected in the financial statements of RIMCapital Limited for the half-year ending 31 December 2005 and the year ending 30 June 2006.

**(k) Australian Equivalents to International Financial Reporting Standards (IFRS) (Cont'd)**

The known or reliably estimatable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below. No material impacts are expected in relation to the Statements of Cash Flows.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. Therefore, until the Company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

*Incomes Taxes*

Under AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to accounting policy, under which deferred tax balances are determined using the income statement method. If the policy required by AASB 112 had been applied during the year ended 30 June 2005 the following would have resulted:

- i. A consolidated entity deferred tax liability \$117,360 would have been recognised relating to the increase in value of investments in shares in companies listed on a prescribed stock exchange with \$8,250 recognised in opening retained losses and \$109,110 recognised as deferred income tax expense in the statement of financial performance for the year ended 30 June 2005.
- ii. A parent entity deferred tax liability of \$117,360 would have been recognised relating to the increase in value of investments in shares in companies listed on a prescribed stock exchange with \$21,246 recognised in opening retained losses and \$96,114 recognised as deferred income tax expense in the statement of financial performance for the year ended 30 June 2005.

**(l) Cash**

For the purposes of the Statement of Cash Flows, Cash includes Cash on hand and deposits held at call with banks.

**(m) Comparative Figures**

Where necessary, comparative figures have been deposited to conform with changes in presentation in the current financial year.

**2. REVENUE FROM ORDINARY ACTIVITIES**

|                                                      | <b>Consolidated</b> |                  | <b>Parent entity</b> |                  |
|------------------------------------------------------|---------------------|------------------|----------------------|------------------|
|                                                      | <b>2005</b>         | <b>2004</b>      | <b>2005</b>          | <b>2004</b>      |
|                                                      | <b>\$</b>           | <b>\$</b>        | <b>\$</b>            | <b>\$</b>        |
| <b>Revenue from operating activities</b>             |                     |                  |                      |                  |
| Corporate advisory and retainers                     | 55,550              | 278,620          | -                    | -                |
| Management fees and expense reimbursements           | -                   | -                | -                    | 124,420          |
| Proceeds from sale of investments                    | 3,296,927           | 1,508,913        | 2,556,580            | 1,211,830        |
| Interest                                             | 184,318             | 650,145          | 80,795               | 103,512          |
| Dividend                                             | 8,233               | 11,187           | 7,500                | 10,000           |
| Investment income                                    | 24,786              | -                | -                    | -                |
| Termination fee                                      | -                   | -                | -                    | 135,000          |
|                                                      | <u>3,569,814</u>    | <u>2,448,865</u> | <u>2,644,875</u>     | <u>1,584,762</u> |
| <b>Revenue from outside the operating activities</b> |                     |                  |                      |                  |
| Other                                                | 17,769              | 53,833           | 17,769               | 53,077           |
|                                                      | <u>17,769</u>       | <u>53,833</u>    | <u>17,769</u>        | <u>53,077</u>    |
| Total revenue from ordinary activities               | <u>3,587,583</u>    | <u>2,502,698</u> | <u>2,662,644</u>     | <u>1,637,839</u> |

**3. LOSS FROM ORDINARY ACTIVITIES**

|                                                                                                                             | <b>Consolidated</b> |             | <b>Parent entity</b> |             |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|----------------------|-------------|
|                                                                                                                             | <b>2005</b>         | <b>2004</b> | <b>2005</b>          | <b>2004</b> |
|                                                                                                                             | <b>\$</b>           | <b>\$</b>   | <b>\$</b>            | <b>\$</b>   |
| <b>(a) Loss from ordinary activities before income tax includes the following specific net gains/(losses) and expenses:</b> |                     |             |                      |             |
| <b>Net gains/(losses)</b>                                                                                                   |                     |             |                      |             |
| Net gain/(loss) on disposal of investments                                                                                  | 141,538             | 222,689     | 157,715              | 234,169     |
| Unrealised gains on shares                                                                                                  | 432,163             | 611,354     | 391,200              | 125,620     |
| Net foreign exchange gains/(losses)                                                                                         | 139,851             | -           | (3,074)              | -           |
| Loss on deconsolidation – Infracorp Limited                                                                                 | (3,859,874)         | -           | -                    | -           |
| Profit on liquidation of controlled entities                                                                                | -                   | -           | 439,094              | -           |
| <b>Expenses</b>                                                                                                             |                     |             |                      |             |
| Depreciation                                                                                                                |                     |             |                      |             |
| Plant and equipment – owned                                                                                                 | 18,734              | 18,307      | 1,765                | 2,138       |
| Employee provisions                                                                                                         | -                   | 4,036       | -                    | (2,897)     |
| Superannuation expenses                                                                                                     | 16,545              | 62,022      | 3,341                | 19,099      |
| Rental expense relating to operating leases                                                                                 |                     |             |                      |             |
| Minimum lease payments                                                                                                      | 49,289              | 59,105      | 11,315               | 15,431      |
| Management fees and termination fee – Infracorp Limited                                                                     | -                   | -           | -                    | 259,421     |

#### **4. INCOME TAX**

The amount of income tax attributable to the financial year differs from the amount calculated prima facie on the loss. The differences are reconciled as follows:

|                                                         | <b>Consolidated</b> |             | <b>Parent entity</b> |             |
|---------------------------------------------------------|---------------------|-------------|----------------------|-------------|
|                                                         | <b>2005</b>         | <b>2004</b> | <b>2005</b>          | <b>2004</b> |
|                                                         | <b>\$</b>           | <b>\$</b>   | <b>\$</b>            | <b>\$</b>   |
| Loss from ordinary activities before income tax expense | (3,100,370)         | (32,350)    | 1,067,620            | 175,410     |
| Income tax calculated at 30% (2004 – 30%)               | (930,111)           | (9,705)     | 320,286              | 52,623      |
| <b>Tax effect of permanent differences:</b>             |                     |             |                      |             |
| Other non-deductible expenses/(non-assessable income)   | 4,007,554           | (5,433)     | 2,757,157            | (26,741)    |
| Income tax adjusted for permanent differences           | 3,077,443           | (15,138)    | 3,077,443            |             |
| Deferred tax asset not brought to account               |                     | 15,138      |                      | -           |
| Tax losses utilised not previously brought to account   | (2,956,271)         | -           | (2,956,271)          | (25,882)    |
| Income tax expense                                      | 121,172             | -           | 121,172              | -           |

#### **5. CASH**

|                            |           |            |           |           |
|----------------------------|-----------|------------|-----------|-----------|
| Cash at bank and on hand   | 1,308,599 | 1,859,264  | 1,075,289 | 1,207,852 |
| Deposits at call           | 2,939,463 | 11,247,916 | 1,520,000 | -         |
| Stockbroking trust funds   | 2,834     | 89,813     | 2,834     | -         |
| Rights issue trust account | 23,074    | 22,970     | 23,074    | 22,970    |
|                            | 4,273,970 | 13,219,963 | 2,621,197 | 1,230,822 |

#### **6. LOANS AND RECEIVABLES**

##### **Current**

|                     |         |        |         |        |
|---------------------|---------|--------|---------|--------|
| Trade debtors       | -       | 30,274 | -       | 38,209 |
| Interest receivable | 83,931  | 16,606 | -       | -      |
| Other debtors       | 175,785 | 24,437 | 160,510 | 824    |
|                     | 259,716 | 71,317 | 160,510 | 39,033 |

##### **Non-current**

|                                        |     |           |     |             |
|----------------------------------------|-----|-----------|-----|-------------|
| Loans to controlled entities           | -   | -         | -   | 4,276,247   |
| Less provision for diminution in value | -   | -         | -   | (4,276,247) |
|                                        | -   | -         | -   | -           |
| Loan to associate                      | -   | 473,669   | -   | -           |
| Less provision for diminution in value | -   | (473,669) | -   | -           |
|                                        | -   | -         | -   | -           |
| Loans to third party                   | 500 | 9,516     | 500 | -           |
|                                        | 500 | 9,516     | 500 | -           |

|                                                                                               | <b>Consolidated</b> |                  | <b>Parent entity</b> |                  |
|-----------------------------------------------------------------------------------------------|---------------------|------------------|----------------------|------------------|
|                                                                                               | <b>2005</b>         | <b>2004</b>      | <b>2005</b>          | <b>2004</b>      |
|                                                                                               | <b>\$</b>           | <b>\$</b>        | <b>\$</b>            | <b>\$</b>        |
| <b>7. INVESTMENTS</b>                                                                         |                     |                  |                      |                  |
| <b>Current</b>                                                                                |                     |                  |                      |                  |
| <b>Investments traded on organised markets</b>                                                |                     |                  |                      |                  |
| Shares in companies listed on a prescribed stock exchange – at cost                           | 303,800             | 888,958          | 303,800              | 604,650          |
| Provision for increase in value                                                               | 391,200             | 27,499           | 391,200              | 70,820           |
|                                                                                               | <u>695,000</u>      | <u>916,457</u>   | <u>695,000</u>       | <u>675,470</u>   |
| <b>Other investments</b>                                                                      |                     |                  |                      |                  |
| Shares in other corporations – at cost                                                        | -                   | 632,463          | -                    | 35,000           |
| Less provision for diminution in value                                                        | -                   | (632,463)        | -                    | (35,000)         |
|                                                                                               | <u>-</u>            | <u>-</u>         | <u>-</u>             | <u>-</u>         |
|                                                                                               | <u>695,000</u>      | <u>916,457</u>   | <u>695,000</u>       | <u>675,470</u>   |
| <b>Non-current</b>                                                                            |                     |                  |                      |                  |
| Investment in companies                                                                       | -                   | 105,961          | -                    | -                |
| Less provision for diminution in value                                                        | -                   | (105,961)        | -                    | -                |
|                                                                                               | <u>-</u>            | <u>-</u>         | <u>-</u>             | <u>-</u>         |
| Shares in controlled entities (Note 15)                                                       | -                   | -                | 1,990,357            | 3,956,021        |
| Less provision for diminution in value                                                        | -                   | -                | -                    | (1,150,920)      |
|                                                                                               | <u>-</u>            | <u>-</u>         | <u>1,990,357</u>     | <u>2,805,101</u> |
| Joint Venture entity*                                                                         | 1,341,671           | 1,000,000        | 1,341,671            | 1,000,000        |
|                                                                                               | <u>1,341,671</u>    | <u>1,000,000</u> | <u>3,332,028</u>     | <u>3,805,101</u> |
| <i>*The interests in the joint venture entity is accounted by applying the equity method.</i> |                     |                  |                      |                  |
| <b>8. OTHER ASSETS</b>                                                                        |                     |                  |                      |                  |
| <b>Non-current</b>                                                                            |                     |                  |                      |                  |
| Security deposits – guarantees                                                                | 4,031               | 32,631           | 4,031                | 4,031            |
| Security deposits – ASIC                                                                      | -                   | 40,000           | -                    | 20,000           |
|                                                                                               | <u>4,031</u>        | <u>72,631</u>    | <u>4,031</u>         | <u>24,031</u>    |

|                                           | <b>Consolidated</b> |               | <b>Parent entity</b> |               |
|-------------------------------------------|---------------------|---------------|----------------------|---------------|
|                                           | <b>2005</b>         | <b>2004</b>   | <b>2005</b>          | <b>2004</b>   |
|                                           | <b>\$</b>           | <b>\$</b>     | <b>\$</b>            | <b>\$</b>     |
| <b>9. PROPERTY, PLANT &amp; EQUIPMENT</b> |                     |               |                      |               |
| Plant and equipment & furniture – at cost | 344,614             | 719,074       | 304,349              | 303,267       |
| Less accumulated depreciation             | (325,475)           | (683,810)     | (293,832)            | (292,067)     |
|                                           | <u>19,139</u>       | <u>35,264</u> | <u>10,516</u>        | <u>11,200</u> |

|                                | <b>Plant and equipment &amp; furniture</b> | <b>Total</b>  |
|--------------------------------|--------------------------------------------|---------------|
|                                | <b>\$</b>                                  | <b>\$</b>     |
| <b>Consolidated</b>            |                                            |               |
| Carrying value at 1 July 2004  | 35,264                                     | 35,264        |
| Additions                      | 2,609                                      | 2,609         |
| Depreciation                   | (18,734)                                   | (18,734)      |
| Carrying value at 30 June 2005 | <u>19,139</u>                              | <u>19,139</u> |

**Parent Entity**

|                                |               |               |
|--------------------------------|---------------|---------------|
| Carrying value at 1 July 2004  | 11,200        | 11,200        |
| Additions                      | 1,081         | 1,081         |
| Depreciation                   | (1,765)       | (1,765)       |
| Carrying value at 30 June 2005 | <u>10,516</u> | <u>10,516</u> |

|                              | <b>Consolidated</b> |                | <b>Parent entity</b> |               |
|------------------------------|---------------------|----------------|----------------------|---------------|
|                              | <b>2005</b>         | <b>2004</b>    | <b>2005</b>          | <b>2004</b>   |
|                              | <b>\$</b>           | <b>\$</b>      | <b>\$</b>            | <b>\$</b>     |
| <b>10. ACCOUNTS PAYABLE</b>  |                     |                |                      |               |
| <b>Current</b>               |                     |                |                      |               |
| Trade creditors              | 1,673               | 40,758         | 1,673                | 15,891        |
| Other creditors              | 42,734              | 122,031        | 41,982               | 62,067        |
| Loan to wholly owned company | -                   | -              | 15,727               | 7,694         |
|                              | <u>44,407</u>       | <u>162,789</u> | <u>59,382</u>        | <u>85,652</u> |

**11. INTEREST BEARING LIABILITIES**

**Current (secured)**

|                   |          |               |          |          |
|-------------------|----------|---------------|----------|----------|
| Lease liabilities | -        | 14,329        | -        | -        |
|                   | <u>-</u> | <u>14,329</u> | <u>-</u> | <u>-</u> |

**Non-Current**

|            |          |                |          |          |
|------------|----------|----------------|----------|----------|
| Bank Loans | -        | 375,125        | -        | -        |
|            | <u>-</u> | <u>375,125</u> | <u>-</u> | <u>-</u> |

Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default.

|                         | <b>Consolidated</b> |              | <b>Parent entity</b> |             |
|-------------------------|---------------------|--------------|----------------------|-------------|
|                         | <b>2005</b>         | <b>2004</b>  | <b>2005</b>          | <b>2004</b> |
|                         | <b>\$</b>           | <b>\$</b>    | <b>\$</b>            | <b>\$</b>   |
| <b>12. PROVISIONS</b>   |                     |              |                      |             |
| <b>Current</b>          |                     |              |                      |             |
| Employee entitlements   | 412                 | 6,933        | 412                  | -           |
| Occupancy and utilities | -                   | 180          | -                    | -           |
| Professional Fees       | 2,123               | -            | -                    | -           |
| Income Tax              | 117,535             | -            | 117,535              | -           |
|                         | <u>120,070</u>      | <u>7,113</u> | <u>117,947</u>       | <u>-</u>    |
| Number of employees     | <u>3</u>            | <u>10</u>    | <u>1</u>             | <u>2</u>    |

|                               | <b>2005</b>       | <b>2004</b>       | <b>2005</b>       | <b>2004</b>       |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
|                               | <b>Number</b>     | <b>Number</b>     | <b>\$</b>         | <b>\$</b>         |
| <b>13. CONTRIBUTED EQUITY</b> |                   |                   |                   |                   |
| <b>Share Capital</b>          |                   |                   |                   |                   |
| Ordinary shares               | <u>87,967,815</u> | <u>87,967,815</u> | <u>14,461,788</u> | <u>14,461,788</u> |

There was no movement in issued shares.

#### **Options**

At balance date, there were 3,250,000 options over unissued shares on issue.

Details of the options issued are set out in the Directors' Report and the Information for the Australian Stock Exchange section of this Annual Report.

|                                                                 | <b>Consolidated</b> |                     | <b>Parent entity</b> |                    |
|-----------------------------------------------------------------|---------------------|---------------------|----------------------|--------------------|
|                                                                 | <b>2005</b>         | <b>2004</b>         | <b>2005</b>          | <b>2004</b>        |
|                                                                 | <b>\$</b>           | <b>\$</b>           | <b>\$</b>            | <b>\$</b>          |
| <b>14. RESERVES AND ACCUMULATED LOSSES</b>                      |                     |                     |                      |                    |
| <b>(a) Reserves</b>                                             |                     |                     |                      |                    |
| Non – distributable profits reserve                             | -                   | 8,850,273           | -                    | -                  |
| Foreign currency reserve                                        | (156,169)           | (315,069)           | -                    | -                  |
|                                                                 | <u>(156,169)</u>    | <u>8,535,204</u>    | <u>-</u>             | <u>-</u>           |
| <b>(b) Accumulated losses</b>                                   |                     |                     |                      |                    |
| Accumulated losses at the beginning of the year                 | (13,127,709)        | (13,197,740)        | (8,761,783)          | (8,937,193)        |
| Net (loss)/profit attributable to members of RIMCapital Limited | (3,221,542)         | 70,031              | 946,448              | 175,410            |
| Transfer from Non-distributable profits reserve                 | 8,850,273           | -                   | -                    | -                  |
| Reduction in opening retained earnings due to deconsolidation   | (377,091)           | -                   | -                    | -                  |
| Accumulated losses at the end of the year                       | <u>(7,876,069)</u>  | <u>(13,127,709)</u> | <u>(7,815,335)</u>   | <u>(8,761,783)</u> |



# **17. REMUNERATION OF SPECIFIED DIRECTORS BY THE CONSOLIDATED ENTITY**

Remuneration levels are set and determined by the board of directors. Independent advice on the appropriateness of remuneration packages is obtained should the board of directors consider it necessary. Remuneration packages are based on fixed remuneration and currently there is no performance based remuneration or equity based remuneration.

The following table provides the details of all directors of the company ("specified directors") and the nature and amount of the elements of their remuneration.

|                            | <b>Primary</b>           |               | <b>Post Employment</b>         |                |
|----------------------------|--------------------------|---------------|--------------------------------|----------------|
|                            | <b>Salary &amp; Fees</b> | <b>Bonus</b>  | <b>Superannuation Benefits</b> | <b>Total</b>   |
|                            | <b>\$</b>                | <b>\$</b>     | <b>\$</b>                      | <b>\$</b>      |
| <b>30 June 2005</b>        |                          |               |                                |                |
| Chris Lim                  | 63,730                   | -             | 6,524                          | 70,254         |
| Chong Sok Un               | -                        | -             | -                              | -              |
| Robert Willcocks (Note 22) | 62,500                   | -             | -                              | 62,500         |
|                            | <b>126,230</b>           | <b>-</b>      | <b>6,524</b>                   | <b>132,754</b> |
| <b>30 June 2004</b>        |                          |               |                                |                |
| Ong Tee Jin                | 1                        | -             | -                              | 1              |
| Chris Lim                  | 117,538                  | -             | 600                            | 118,138        |
| Albert Wong                | 250,000                  | -             | 2,077                          | 252,127        |
| Ian Bangs                  | 44,461                   | -             | 3,776                          | 48,237         |
| Chong Chin Siong           | 61,865                   | 14,676        | 10,073                         | 86,614         |
| Robert Willcocks           | 39,167                   | -             | -                              | 39,167         |
|                            | <b>513,032</b>           | <b>14,676</b> | <b>16,526</b>                  | <b>544,234</b> |

Mr Albert Wong was paid \$145,000 in connection with his resignation in April 2004.

# **18. REMUNERATION OF SPECIFIED EXECUTIVES BY THE CONSOLIDATED ENTITY**

The following table provides the details of all the executives of the consolidated entity ("specified executives") and the nature and amount of the elements of their remuneration. The directors have determined that there were no specified executives of the consolidated entity for which disclosure is required for the year ended 30 June 2005.

|                     | <b>Primary</b>           |              | <b>Post Employment</b>         |                |
|---------------------|--------------------------|--------------|--------------------------------|----------------|
|                     | <b>Salary &amp; Fees</b> | <b>Bonus</b> | <b>Superannuation Benefits</b> | <b>Total</b>   |
|                     | <b>\$</b>                | <b>\$</b>    | <b>\$</b>                      | <b>\$</b>      |
| <b>30 June 2004</b> |                          |              |                                |                |
| Paul Watson         | 161,677                  | -            | 14,541                         | 176,218        |
| Ian Bangs           | 110,416                  | -            | 9,937                          | 120,353        |
| John M Langley      | 30,000                   | -            | 2,700                          | 32,700         |
| David Hobart        | 34,580                   | -            | 3,112                          | 37,692         |
| Peggy Yeoh          | 8,468                    | -            | 762                            | 9,230          |
| Graham Binet        | -                        | 5,202        | -                              | 5,202          |
|                     | <b>345,141</b>           | <b>5,202</b> | <b>31,052</b>                  | <b>381,395</b> |

|                                                                                                           | <b>Consolidated</b> |               | <b>Parent</b> |               |
|-----------------------------------------------------------------------------------------------------------|---------------------|---------------|---------------|---------------|
|                                                                                                           | <b>2005</b>         | <b>2004</b>   | <b>2005</b>   | <b>2004</b>   |
|                                                                                                           | <b>\$</b>           | <b>\$</b>     | <b>\$</b>     | <b>\$</b>     |
| <b>19. REMUNERATION OF AUDITORS</b>                                                                       |                     |               |               |               |
| <b>Amounts received, or due and receivable by:</b>                                                        |                     |               |               |               |
| The current auditor of the parent entity<br>(Nexia Court & Co – Australian Firm)                          |                     |               |               |               |
| - for auditing and reviewing the financial reports of the entity or any entity in the consolidated entity | 9,500               | -             | 9,500         | -             |
| - for tax services                                                                                        | 1,910               | -             | 1,910         | -             |
|                                                                                                           | <u>11,410</u>       | <u>-</u>      | <u>11,410</u> | <u>-</u>      |
| The former auditor of the parent entity<br>(PricewaterhouseCoopers – Australian Firm)                     |                     |               |               |               |
| - for auditing and reviewing the financial reports of the entity or any entity in the consolidated entity | 25,000              | 46,915        | 25,000        | 45,000        |
| - for tax services                                                                                        | 5,250               | 34,392        | 5,250         | -             |
|                                                                                                           | <u>30,250</u>       | <u>81,307</u> | <u>30,250</u> | <u>45,000</u> |
| Auditors of controlled entities (other than the auditor of the parent entity)                             |                     |               |               |               |
| - for auditing or reviewing the financial reports of any entity in the consolidated entity                | 2,500               | 2,854         | -             | -             |
| - for tax services                                                                                        | -                   | 815           | -             | -             |
|                                                                                                           | <u>2,500</u>        | <u>3,669</u>  | <u>-</u>      | <u>-</u>      |
|                                                                                                           | <u>44,160</u>       | <u>84,976</u> | <u>41,660</u> | <u>45,000</u> |

## **20. CONTINGENT LIABILITIES**

- a) The Company has lodged a \$4,031 deposit (2004 – \$4,031) as security for performance guarantees in relation to a lease of premises.
- b) As noted in the June 2004 accounts, a claim has been made against Barton Capital Securities Pty Ltd (in Liquidation) by Mr. T Hale & Balthorne Pty Ltd. The claim relates to brokerage services provided by the Barton Capital Securities Pty Ltd to the plaintiff. The amount claimed by the plaintiff is \$119,000. The Directors believe that the claim is without merit and intend to vigorously defend the proceedings. To date no legal proceedings have commenced and the Directors do not consider a provision is required in the financial statements.

## **21. COMMITMENTS FOR EXPENDITURE**

|                                                                                                                    | <b>Consolidated</b> |               | <b>Parent</b> |             |
|--------------------------------------------------------------------------------------------------------------------|---------------------|---------------|---------------|-------------|
|                                                                                                                    | <b>2005</b>         | <b>2004</b>   | <b>2005</b>   | <b>2004</b> |
|                                                                                                                    | <b>\$</b>           | <b>\$</b>     | <b>\$</b>     | <b>\$</b>   |
| <b>Operating lease Commitments</b>                                                                                 |                     |               |               |             |
| Future operating lease commitments contracted for at balance date but not provided for in the financial statements |                     |               |               |             |
| - Payable within one year                                                                                          | 49,972              | 15,239        | -             | -           |
| - Payable later than one year but not later than 2 years                                                           | 49,972              | -             | -             | -           |
|                                                                                                                    | <u>99,944</u>       | <u>15,239</u> | <u>-</u>      | <u>-</u>    |
| Total operating lease liability                                                                                    | <u>99,944</u>       | <u>15,239</u> | <u>-</u>      | <u>-</u>    |
| Representing non-cancellable operating leases                                                                      | <u>99,944</u>       | <u>15,239</u> | <u>-</u>      | <u>-</u>    |

## **22. RELATED PARTY INFORMATION**

### **A) DIRECTORS**

The names of persons who were directors of RIMCapital Limited at any time during the year ended 30 June 2005 are:

- RM Willcocks – appointed 14 June 1996 and continuing
- Chong SU – appointed 24 June 2002 and continuing
- CSN Lim – appointed 01 December 2002 and continuing

### **Remuneration And Retirement Benefits**

Details of directors' remuneration are set out in the Directors' Report and Note 17 – Remuneration of Directors.

### **Directors' Holdings Of Shares And Options**

The aggregate number of shares and convertible notes held by directors of the Company or the consolidated entity or their director related entities at balance date were:

|                                           | <b>2005</b>   | <b>2004</b>   |
|-------------------------------------------|---------------|---------------|
|                                           | <b>Number</b> | <b>Number</b> |
| Shares held by directors at balance date  | 18,543,042    | 18,067,500    |
| Options held by directors at balance date | 1,000,000     | 1,000,000     |

### **B) OTHER DIRECTOR TRANSACTIONS WITH THE COMPANY OR ITS CONTROLLED ENTITIES**

A number of specified directors and specified executives, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

These entities may transact with the company or its controlled entities in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the year relating to specified directors, specified executives and their personally-related entities, were total expense of \$62,500. Details of the transactions are as follows:

| <b>Specified director</b> | <b>Transaction</b>                                | <b>2005</b> |
|---------------------------|---------------------------------------------------|-------------|
|                           |                                                   | <b>\$</b>   |
| RM Willcocks*             | Consulting Fees paid to Dunraven Holdings Pty Ltd | 62,500      |

\* \$12,500 of the amount paid to RM Willcocks was in relation to consulting fees for the year ended 30 June 2004.

### **Equity instruments**

The movement during the reporting period in the number of ordinary shares and options of RIM Capital Limited held directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities is as follows : -

|                    | <b>Held at</b>     |                  |                  |  | <b>Held at</b>   |
|--------------------|--------------------|------------------|------------------|--|------------------|
|                    | <b>1 July 2004</b> | <b>Purchases</b> | <b>Disposals</b> |  | <b>June 2005</b> |
| <b>Shares</b>      |                    |                  |                  |  |                  |
| Robert M Willcocks | 1,575,000          | 318,042          | -                |  | 1,893,042        |
| Chong Sok Un       | 16,420,000         | -                | -                |  | 16,420,000       |
| Chris S. Lim       | 230,000            | -                | -                |  | 230,000          |
| <b>Options</b>     |                    |                  |                  |  |                  |
| Robert M Willcocks | 1,000,000          | -                | -                |  | 1,000,000        |

**RIMCapital Limited**  
**Notes to the financial statements**  
**for the year ended 30 June 2005**

**C) TRANSACTIONS WITH CONTROLLED ENTITIES**

Details of controlled entities are set out in Note 15.

- the Company had loan transactions with and provided accounting and administrative assistance to controlled entities in the consolidated entity during the year ended 30 June 2005.
- transactions by the Company with controlled entities consist of the transfer of funds amongst the entities for day-to-day operations, financing, loan advances and repayments. All dealings with controlled entities are on commercial terms and conditions, except loans, which are made to those entities free of interest

Transactions by the Company with controlled entities were:

|                                                          | <b>2005</b> | <b>2004</b> |
|----------------------------------------------------------|-------------|-------------|
|                                                          | <b>\$</b>   | <b>\$</b>   |
| Net movement in amount due to/(from) controlled entities | 7,694       | (6,472)     |
| Management fees received by the Company                  | -           | 259,421     |
| Management fees paid by the Company                      | 66,832      | 65,000      |

**23. SEGMENT INFORMATION – CONSOLIDATED**

**(a) Year ended 30 June 2005**

|                          | <b>Other</b> | <b>Corporate</b> | <b>Investments</b> | <b>Total</b>       |
|--------------------------|--------------|------------------|--------------------|--------------------|
|                          | <b>\$</b>    | <b>Advisory</b>  | <b>\$</b>          | <b>\$</b>          |
|                          |              | <b>\$</b>        |                    |                    |
| Segment revenue          | -            | 55,550           | 3,532,033          | <b>3,587,583</b>   |
| Segment result (pre tax) | (3,845,350)  | 55,550           | 689,430            | <b>(3,100,370)</b> |
| Segment total assets     | -            | -                | 6,594,027          | <b>6,594,027</b>   |
| Segment liabilities      | -            | -                | 164,477            | <b>164,477</b>     |

**(b) Year ended 30 June 2004**

|                          | <b>Other</b> | <b>Corporate</b> | <b>Investments</b> | <b>Total</b>      |
|--------------------------|--------------|------------------|--------------------|-------------------|
|                          | <b>\$</b>    | <b>Advisory</b>  | <b>\$</b>          | <b>\$</b>         |
|                          |              | <b>\$</b>        |                    |                   |
| Segment revenue          | -            | 865,108          | 1,637,590          | <b>2,502,698</b>  |
| Segment result (pre tax) | -            | (83,806)         | 51,456             | <b>(32,350)</b>   |
| Segment total assets     | -            | 12,407,773       | 2,917,375          | <b>15,325,148</b> |
| Segment liabilities      | -            | 532,532          | 26,824             | <b>559,356</b>    |

**24. RECONCILIATION OF LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

|                                                       | <b>Consolidated</b> |                  | <b>Parent Entity</b> |                  |
|-------------------------------------------------------|---------------------|------------------|----------------------|------------------|
|                                                       | <b>2005</b>         | <b>2004</b>      | <b>2005</b>          | <b>2004</b>      |
|                                                       | <b>\$</b>           | <b>\$</b>        | <b>\$</b>            | <b>\$</b>        |
| Profit/(loss) from ordinary entities after income tax | (3,221,542)         | (32,350)         | 946,448              | 175,410          |
| Depreciation and amortisation                         | 18,734              | 18,307           | 1,765                | 2,138            |
| (Profit) on Joint Venture                             | (341,671)           | -                | (341,671)            | -                |
| Net (profit)/loss on disposal of investments          | (141,538)           | (218,271)        | (157,715)            | (234,169)        |
| Net (profit)/loss on disposal controlled entities     | 3,845,350           | -                | (439,094)            | -                |
| Unrealised gains on shares                            | (432,163)           | (611,353)        | (391,220)            | (125,620)        |
| Unrealised foreign currency loss (gain)               | (133,854)           | (7,258)          | -                    | -                |
| <b>Changes in Assets and Liabilities</b>              |                     |                  |                      |                  |
| (Increase)/Decrease in receivables                    | (37,051)            | (13,109)         | 38,209               | (9,716)          |
| Decrease/(Increase) in other assets                   | -                   | 4,786            | -                    | 2,312            |
| (Decrease)/Increase in trade and other creditors      | (130,356)           | (46,141)         | (26,270)             | (65,346)         |
| (Decrease)/Increase in other provisions               | (254,930)           | (34,577)         | (262,199)            | (147,064)        |
| Increase/(Decrease) in provision for tax              | 117,535             | (9,775)          | 117,947              | -                |
| <b>Net cash outflows from operating activities</b>    | <b>(717,486)</b>    | <b>(949,741)</b> | <b>(513,800)</b>     | <b>(402,055)</b> |

**25. EVENTS SUBSEQUENT TO BALANCE DATE**

There have been no transactions or events of a material and unusual nature likely, in the opinion of the directors of the company to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of- the consolidated entity in future financial years.

The Australian Accounting Standards Board (AASB) has adopted IFRS for application to reporting periods beginning on or after 1 January 2005. The company is aware of this and the expected financial impact of adopting Australian equivalents to IFRS are outlined in Note 1(k) to the financial statements.

## 26. FINANCIAL INSTRUMENTS

### (a) Interest rate risk exposures

|                                           | Weighted<br>average<br>effective<br>interest rate<br>% | Floating<br>interest<br>rate<br>\$ | Fixed interest maturing in: |                       |                       | Non-<br>interest<br>bearing<br>\$ | Total<br>\$ |
|-------------------------------------------|--------------------------------------------------------|------------------------------------|-----------------------------|-----------------------|-----------------------|-----------------------------------|-------------|
|                                           |                                                        |                                    | Within 1<br>year<br>\$      | 1 to 5<br>years<br>\$ | Over 5<br>years<br>\$ |                                   |             |
| <b>Consolidated</b>                       |                                                        |                                    |                             |                       |                       |                                   |             |
| <b>2005</b>                               |                                                        |                                    |                             |                       |                       |                                   |             |
| <b>Financial assets</b>                   |                                                        |                                    |                             |                       |                       |                                   |             |
| Cash                                      | 5.17%                                                  | 4,273,970                          | -                           | -                     | -                     | -                                 | 4,273,970   |
| Investments                               |                                                        | -                                  | -                           | -                     | -                     | 2,036,671                         | 2,036,671   |
| Security and other deposits               |                                                        | -                                  | -                           | -                     | -                     | 4,031                             | 4,031       |
| Receivables                               |                                                        | -                                  | -                           | -                     | -                     | 176,285                           | 176,285     |
| <b>Total financial assets</b>             |                                                        | 4,273,970                          | -                           | -                     | -                     | 2,216,987                         | 6,490,957   |
| <b>2005</b>                               |                                                        |                                    |                             |                       |                       |                                   |             |
| <b>Financial liabilities</b>              |                                                        |                                    |                             |                       |                       |                                   |             |
| Trade and sundry creditors                |                                                        | -                                  | -                           | -                     | -                     | 44,407                            | 44,407      |
| Interest bearing liabilities              |                                                        | -                                  | -                           | -                     | -                     | -                                 | -           |
| Lease liabilities                         |                                                        | -                                  | -                           | -                     | -                     | -                                 | -           |
| <b>Total financial liabilities</b>        |                                                        | -                                  | -                           | -                     | -                     | 44,407                            | 44,407      |
| <b>Net financial assets/(liabilities)</b> |                                                        | 4,273,970                          | -                           | -                     | -                     | 2,172,580                         | 6,446,550   |
| <b>Consolidated</b>                       |                                                        |                                    |                             |                       |                       |                                   |             |
| <b>2004</b>                               |                                                        |                                    |                             |                       |                       |                                   |             |
| <b>Financial assets</b>                   |                                                        |                                    |                             |                       |                       |                                   |             |
| Cash                                      | 4.61%                                                  | 13,219,963                         | -                           | -                     | -                     | -                                 | 13,219,963  |
| Investments                               |                                                        | -                                  | -                           | -                     | -                     | 1,916,457                         | 1,916,457   |
| Security and other deposits               | 4.06%                                                  | -                                  | 72,631                      | -                     | -                     | -                                 | 72,631      |
| Receivables                               |                                                        | -                                  | -                           | -                     | -                     | 80,833                            | 80,833      |
| <b>Total financial assets</b>             |                                                        | 13,219,963                         | 72,631                      | -                     | -                     | 1,997,290                         | 15,289,884  |
| <b>2004</b>                               |                                                        |                                    |                             |                       |                       |                                   |             |
| <b>Financial liabilities</b>              |                                                        |                                    |                             |                       |                       |                                   |             |
| Trade and sundry creditors                |                                                        | -                                  | -                           | -                     | -                     | 162,789                           | 162,789     |
| Interest bearing liabilities              | 1.3%                                                   | 375,125                            | -                           | -                     | -                     | -                                 | 375,125     |
| Lease liabilities                         |                                                        | -                                  | 14,329                      | -                     | -                     | -                                 | 14,329      |
| <b>Total financial liabilities</b>        |                                                        | 375,125                            | 14,329                      | -                     | -                     | 162,789                           | 552,243     |
| <b>Net financial assets/(liabilities)</b> |                                                        | 12,844,838                         | 58,302                      | -                     | -                     | 1,834,501                         | 14,737,641  |

**(b) Net fair value of financial assets and liabilities**

**On-balance sheet**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts.

**(c) Credit risk exposure**

The credit risk on financial assets of the consolidated entity which have been recognised on the Statement of Financial Position, other than investments in shares, is generally the carrying amount, net of any provision for doubtful debts.

**27. EARNINGS PER SHARE**

|                                                                                                             | <b>Consolidated</b> |               |
|-------------------------------------------------------------------------------------------------------------|---------------------|---------------|
|                                                                                                             | <b>2005</b>         | <b>2004</b>   |
|                                                                                                             | <b>Cents</b>        | <b>Cents</b>  |
| Basic earnings per share                                                                                    | (\$0.0364)          | \$0.0008      |
|                                                                                                             |                     |               |
|                                                                                                             | <b>Consolidated</b> |               |
|                                                                                                             | <b>2005</b>         | <b>2004</b>   |
|                                                                                                             | <b>Number</b>       | <b>Number</b> |
| <b>Weighted average number of shares used as the denominator</b>                                            |                     |               |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share. | 88,400,963          | 88,400,963    |

The credit risk on financial assets of the consolidated entity which have been recognised on the Statement of Financial Position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

**28. JOINT VENTURE**

The company has a \$1 million investment in a joint venture company, CRMSC (Australia) Pty Ltd, 50:50 with Union Park Company Ltd. Commencing in June 2004, CRMSC (Australia) Pty Ltd is in the business of investment, trading, and import and export of railways related resources and materials.

The joint venture company contributed \$341,671 in profits to the company's result for the year ended 30 June 2005.

The carrying amount of the investment in the joint venture company is set out in Note 7.

The following is a summary of the company's share in the joint venture:

|                                            | <b>Consolidated</b> |             | <b>Parent entity</b> |             |
|--------------------------------------------|---------------------|-------------|----------------------|-------------|
|                                            | <b>2005</b>         | <b>2004</b> | <b>2005</b>          | <b>2004</b> |
|                                            | <b>\$</b>           | <b>\$</b>   | <b>\$</b>            | <b>\$</b>   |
| Current assets                             | 1,343,497           | 1,000,000   | 1,343,497            | 1,000,000   |
| Non-current assets                         | 1,514               | -           | 1,514                | -           |
| Total Assets                               | 1,345,011           | 1,000,000   | 1,345,011            | 1,000,000   |
| Current Liabilities                        | 6,135               | -           | 6,135                | -           |
| Total Liabilities                          | 6,135               | -           | 6,135                | -           |
| Net Assets                                 | 1,338,876           | 1,000,000   | 1,338,876            | 1,000,000   |
|                                            |                     |             |                      |             |
| Revenue                                    | 437,471             | -           | 437,471              | -           |
| Expenses                                   | 95,800              | -           | 95,800               | -           |
| Profit from ordinary activities before tax | 341,671             | -           | 341,671              | -           |

## **Directors' Declaration**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 29 are in accordance with the Corporations Act 2001; including
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance as represented by the results of their operations and their cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

Dated this 28th day of September 2005



**Robert M Willcocks**  
**Chairman**



**Chris S N Lim**  
**Director**

## INDEPENDENT AUDIT REPORT TO MEMBERS OF RIM CAPITAL LIMITED

### Scope

*The financial report, remuneration disclosures and directors' responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for RIMCapital Limited (the Company), for the year ended 30 June 2005. The financial report includes the consolidated financial statements of the consolidated entity, comprising the company and the entities controls.

The Company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard AASB 1046 Director and Executive Disclosures by Disclosing Entities, under the heading "Remuneration Report" on pages 5 to 6 of the directors' report, as permitted by the Corporations Regulations 2001.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

### Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures, and

**INDEPENDENT AUDIT REPORT  
TO MEMBERS OF RIM CAPITAL LIMITED  
(Continued)**

- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

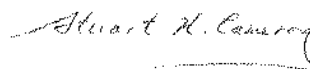
**Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

**Audit opinion**

In our opinion:

- (1) the financial report of RIMCapital Limited is in accordance with:
  - (a) the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
    - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
  - (b) other mandatory financial reporting requirements in Australia; and
- (2) the remuneration disclosures that are contained on pages 5 to 6 of the directors' report comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.



**Nexia Court & Co**  
*Chartered Accountants*

**Stuart H Cameron**  
*Partner*

**Sydney, 28 September 2005**

**1. AUDIT COMMITTEE**

For details concerning the Audit Committee refer to the Corporate Governance Statement on pages 9 to 10.

**2. CORPORATE GOVERNANCE**

Refer to statements on pages 9 to 10.

**3. SUBSTANTIAL SHAREHOLDERS**

The following substantial shareholders have been noted from relevant disclosures lodged with the Company.

| <i>Name of Shareholder</i>                                | <b>Number of<br/>shares held</b> | <b>Percentage<br/>of issued<br/>shares</b> |
|-----------------------------------------------------------|----------------------------------|--------------------------------------------|
| Citicorp Nominees Pty Ltd                                 | 29,207,805                       | 33.20%                                     |
| Shenyin Wanguo Securities (HK) Limited                    | 16,520,000                       | 18.78%                                     |
| Sun Hung Kai Investment Services Limited <client account> | 6,238,270                        | 7.09%                                      |
| Sun Hung Kai Investment Services Limited <client account> | 5,358,272                        | 6.09%                                      |
|                                                           | <b>57,324,347</b>                | <b>65.16%</b>                              |

**4. NUMBER OF SHAREHOLDERS AND OPTION HOLDERS**

**Shares:**

There were 850 shareholders holding a total of 87,967,815 fully paid ordinary shares.

**Options:**

|                                             | <b>Number of<br/>option<br/>holders</b> | <b>Number of<br/>options held</b> |
|---------------------------------------------|-----------------------------------------|-----------------------------------|
| Expiring 6 January 2007, exercisable at 25¢ | 3                                       | 3,250,000                         |

**5. VOTING RIGHTS**

The relevant conditions about voting rights attaching to each share are set out in Article 9.22 of the Constitution as follows:

*“Subject to any rights or restrictions for the time being attached to any class or classes of shares and to this constitution:*

*a) on a show of hands, each Member present in person and each other person present as a proxy, attorney or Representative of a Member has one vote; and*

*b) on a poll, each Member present in person has one vote for each fully paid share held by the Member and each person present as proxy, attorney or Representative of a Member has one vote for each fully paid share held by the Member that the person represents,*

*but a Member is not entitled to vote at a general meeting in respect of shares which are the subject of a current Restriction Agreement for so long as any breach of that agreement subsists”.*

## **6. DISTRIBUTION OF EQUITY SECURITIES**

### a) Analysis of number of shareholders by size of holding:

| <i>Fully paid shares</i> |   |          | <b>Number of</b> | <b>Number of</b>  |
|--------------------------|---|----------|------------------|-------------------|
| <b>Range</b>             |   |          | <b>holders</b>   | <b>shares</b>     |
| 1                        | - | 1,000    | 25               | 20,629            |
| 1,001                    | - | 5,000    | 196              | 737,887           |
| 5,001                    | - | 10,000   | 330              | 2,916,296         |
| 10,001                   | - | 100,000  | 256              | 8,060,025         |
| 100,001                  |   | and over | 43               | 76,232,978        |
|                          |   |          | <b>850</b>       | <b>87,967,815</b> |

### b) Analysis of number of option holders by size of holding:

| <i>Options expiring 6 January 2007 exercisable @ 25¢</i> |   |          | <b>Number of</b> | <b>Number of</b> |
|----------------------------------------------------------|---|----------|------------------|------------------|
| <b>Range</b>                                             |   |          | <b>holders</b>   | <b>options</b>   |
| 1                                                        | - | 1,000    | -                | -                |
| 1,001                                                    | - | 5,000    | -                | -                |
| 5,001                                                    | - | 10,000   | -                | -                |
| 10,001                                                   | - | 100,000  | -                | -                |
| 100,001                                                  |   | and over | 3                | 3,250,000        |
|                                                          |   |          | <b>3</b>         | <b>3,250,000</b> |

## **7. NON-MARKETABLE PARCELS**

There were 582 holders (each holding less than 12,500 shares) of less than a marketable parcel of ordinary shares.

## **8. TWENTY LARGEST SHAREHOLDERS**

The names of the twenty largest holders of ordinary fully paid shares are set out below:

| <b>Name</b>                                  | <b>Number of<br/>ordinary shares<br/>held</b> | <b>Percentage<br/>of issued<br/>shares</b> |
|----------------------------------------------|-----------------------------------------------|--------------------------------------------|
| Citicorp Nominees Pty Ltd                    | 29,207,805                                    | 33.20                                      |
| Shenyin Wanguo Securities (HK) Limited       | 16,520,000                                    | 18.78                                      |
| Sun Hung Kai Investment Services Ltd         | 6,238,270                                     | 7.09                                       |
| Sun Hung Kai Investment Services Ltd         | 5,358,272                                     | 6.09                                       |
| Sun Hung Kai Securities (Overseas) Limited   | 4,000,000                                     | 4.55                                       |
| Mr Albert Wong                               | 2,309,999                                     | 2.63                                       |
| Tonda Pty Ltd                                | 1,275,000                                     | 1.45                                       |
| Newmek Investments Pty Limited               | 1,200,000                                     | 1.36                                       |
| Mr Terushi Fujiki & Mrs Tetsuko Fujiki       | 1,150,000                                     | 1.31                                       |
| Mrs Violet Dempsey                           | 970,000                                       | 1.10                                       |
| Allied Prospectors Pty Ltd                   | 500,000                                       | 0.57                                       |
| Mr Kum Chuen Raymond NG & Ms Kwai Foon Keung | 483,000                                       | 0.55                                       |
| C & R Thurecht Pty Limited                   | 400,000                                       | 0.45                                       |
| Mr Christopher Brycki                        | 399,200                                       | 0.45                                       |
| Catimarlou Pty Ltd                           | 375,000                                       | 0.43                                       |
| Ms Yoke Yin Chan                             | 370,000                                       | 0.42                                       |
| Bulluna Pty Ltd                              | 300,000                                       | 0.34                                       |
| Congregation Lubavitch                       | 300,000                                       | 0.34                                       |
| Minton Ltd                                   | 300,000                                       | 0.34                                       |
| Tonda Pty Ltd (super fund a/c)               | 300,000                                       | 0.34                                       |
|                                              | <b>71,956,546</b>                             | <b>81.80</b>                               |

The top 20 shareholders held 81.80% of the issued fully paid ordinary shares.

## **9. TWENTY LARGEST OPTIONHOLDERS**

The names of the 20 largest option holders, or all holders where the total number of holders is less than 20, of each class of the Company's options are set out below:

### **Options expiring 6 January 2007, exercisable @ 25¢**

|                                                    |                  |
|----------------------------------------------------|------------------|
| BCL Limited (beneficial for AYL Wong)              | 1,500,000        |
| Jemaross Pty Limited (beneficial for RM Willcocks) | 1,000,000        |
| Catimarlou Pty Limited (beneficial for RGK Binet)  | 750,000          |
|                                                    | <b>3,250,000</b> |

### **Options**

The Company, pursuant to approvals given by shareholders on 27 November 2001, issued the options over unissued shares in the Company referred to above. To the date of this report none of the options have been exercised.

The options are not quoted on the ASX. There is no intention to apply for quotation.

The options referred to above are subject to certain restrictions as set out in the relevant option agreements.

## **10. RESTRICTED SECURITIES**

The Company has no restricted securities on issue.

**11. COMPANY SECRETARY**

Ian Douglas Haigh  
REGISTERED OFFICE  
Suite 505 Kindersley House  
Level 5, 33 Bligh Street  
Sydney NSW 2000  
Telephone: (02) 9232 0211

**12. ADMINISTRATION OFFICE**

Suite 505 Kindersley House  
Level 5, 33 Bligh Street  
Sydney NSW 2000

Telephone: (02) 9232 0211  
Facsimile: (02) 9232 0233  
E-mail: [info@rimcapital.com.au](mailto:info@rimcapital.com.au)  
Website : [www.rimcapital.com.au](http://www.rimcapital.com.au)

**13. SHARE REGISTRAR**

ASX Perpetual Registrars Limited  
Level 8  
580 George Street  
Sydney NSW 2000

**Postal Address**  
Locked Bag A14  
Sydney South NSW 1235

Telephone: (02) 8280 7111  
Facsimile: (02) 9287 0303  
DX: 1120 Sydney  
Website: [www.asxperpetual.com.au](http://www.asxperpetual.com.au)  
email address: [registrars@asxperpetual.com.au](mailto:registrars@asxperpetual.com.au)

**14. STOCK EXCHANGE QUOTATION**

The Company's shares are quoted only on the Australian Stock Exchange (code "RMC"). The home exchange is Sydney.