

RKS CONSOLIDATED LIMITED
(formerly Rockstead Financial Services Limited and First Capital Group Limited)
ABN 20 009 264 699
AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

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RKS CONSOLIDATED LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT 2008

RKS Consolidated Limited (formerly Rockstead Financial Services Limited and First Capital Group Limited) is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 10, 77 King Street, Sydney NSW 2000. The previous registered office and place of business was Level 2 Spectrum, 100 Railway Road, Subiaco, WA, Australia, 6008.

CORPORATE GOVERNANCE STATEMENT

Background

The Board of Directors of RKS Consolidated Limited (formerly Rockstead Financial Services Limited and First Capital Group Limited) is responsible for the Corporate Governance of RKS Consolidated Limited and its controlled entities. The Board guides and monitors the business and affairs of the group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The RKS Consolidated Limited Corporate Governance Statement on the governance practices adopted by the Company is structured with reference to the ASX Corporate Governance Council's Principles and Recommendations. The practice are summarised below.

The Board is committed to improving its corporate governance practices and embracing the principles put out by the ASX Corporate Governance Council, however the Board is of a view that the adoption of the practices and principles should be in line with the growth in size, changes in the nature and increase in complexity of the Company's business.

The Board aims to achieve all of the Best Practice Recommendations in stages as the Company grows and its circumstances change over time. As reported in the current years' and previous years' annual report, the Company has been concentrating on its efforts to restore the financial position of the Company and does not have sufficient resources to adopt and improve its corporate governance practices at present.

A number of the principles previously adopted by the Company were not consistently adhered to during the period from February 2008 to June 2011. During this period, the Company was suspended from quotation from the ASX (21 July 2008), placed in voluntary administration (July 2008) and in liquidation (June 2009). The liquidation was subsequently terminated (23 August 2010) via a court order. It is the new Board's intention to apply all principals previously adopted on the resumption of quotation on the ASX and achieve all of the Best Practice Recommendations in stages as the Company grows and its circumstances change over time.

Principle 1: Lay solid foundations for management and oversight

For the reasons outlined above, this principle previously adopted by the Company was not consistently adhered to during the period from February 2008 to June 2011.

On resumption of quotation of RKS's securities on the ASX, it is Board's intention to ensure the Company is structured such that there are clearly defined roles, segregation of duties and responsibilities and approved levels of authority between the management and the governance of the Company. The Board will set the overall corporate governance policy for the Company including determining the strategic direction, establishing policies and goals for management and monitoring the achievement of them. The Board will delegate responsibility for the day to day management of the Company to the Chief Executive Officer and the senior executive team.

The key responsibilities of the Board will include:

- setting the long-term strategy and annual business plan including objectives and milestones to be achieved;
- evaluating capital, cash and operating risk budgets and making appropriate recommendations on an annual basis;
- reviewing and approving the Company's financial, strategic and operational goals and assessing key business developments as formulated by management in line with the objectives and goals set by the Board;
- monitoring the performance of the Company against the financial objectives and operational goals set by the Board and reviewing the implementation of Board approved strategies;
- assessing the appropriateness of the skill sets and the levels of experience of the members of the Board, individually and as a whole and selecting new members to join the Board when a vacancy exists;
- appointing, removing and determining the terms of engagement of the Directors, Chief Executive Officer and Company Secretary;
- overseeing the delegation of authority for the day to day management of the Company;
- ensuring that the risk management systems, financial reporting and information systems, personnel, policies and procedures are all operating efficiently and effectively by establishing a framework of internal controls and compliance;
- reviewing major contracts, goods or services on credit terms, acceptance of counter-party risks and issuing guarantees on behalf of the Company;
- approving the capital structure and major funding requirements of the Company;
- making recommendations as to the terms of engagement, independence and the appointment and removal of the external auditors;
- setting the Code of Conduct for the Company and ensuring that appropriate standards of corporate governance and ethics are effectively communicated throughout the Company and complied with;
- reviewing the adherence by each director to the Directors' Code of Ethics;
- establishing policies to ensure that the Company complies with the ASX Continuous Disclosure Policy;

CORPORATE GOVERNANCE STATEMENT (continued)

- approving the Company's half year and full year reports to the shareholders, ASX and ASIC; and
- ensuring that recruitment, retention, termination, remuneration, performance review and succession planning policies and procedures are in place and complied with.

Principle 2: Structure the Board to add value

For the reasons outlined above, this principle previously adopted by the Company was not consistently adhered to during the period from February 2008 to June 2011.

The Board is presently structured to maximise value to the Company and the shareholders. The Board is of a size and composition that is conducive to making decisions expediently, with the benefit of a variety of perspectives, experiences and skills.

Board composition

The Board is composed of three directors. The skills, experience and expertise relevant to the position of Director held of each Director in office at the date of the annual report are included in the Directors Report.

It is noted that the Company's board composition is not in keeping with the commentary and guidance to Best Practice Recommendations 2.1. The Board is of the opinion that the current stage of uncertainty in relation to the future operations of the Company requires the Company to have a board, which has more of a hands-on and technical experience in order to stabilise the Company. However, the board is committed to follow the guidance to Best Practice Recommendations 2.1 by appointing independent directors to the Board once the future direction of the Company is resolved.

The Board has determined that there are sufficient appropriate alternative governance measures in place to ensure that non compliance with the recommendations does not give rise to undue risk or other material concerns relating to the management and oversight of the Company.

Term of office

The members of the Board are elected by the shareholders to ensure that the Board has the appropriate mix of expertise and experience.

In accordance with the Corporations Act 2001, if a person is appointed as Director during the year, the Company must confirm appointment by resolution at the Company's next Annual General Meeting.

One-third of the Board retires and make themselves available for re-election at the following AGM, with the exception of the Chief Executive Officer. No Director, with the exception of the Chief Executive Officer, is allowed to retain office for more than 3 years without submitting himself or herself for re-election.

When a vacancy exists on the Board, the Board appoints the most suitable candidate from a panel of candidates, who then must stand for election at the next Annual General Meeting if he or she wishes to continue as a member of the Board in the following year.

Personal interests & conflicts

Directors must not take advantage of their position as Directors and must not allow their personal interests, or the interests of any associated person to interfere or exert undue influence on their conduct or decisions as a Director.

Directors also have a duty to avoid conflicts of interest between the best interests of the Company and their own personal or commercial interests. Conflicts of interest can be either actual or potential. If a conflict of interest arises, Directors must disclose their interests to the Board immediately. The Directors concerned must not be present at the meeting while the matter is being considered and must not be allowed to vote on the matter either.

Independent professional advice

There are procedures in place, agreed by the Board, to enable directors in furtherance of their duties to seek independent professional advice at the Company's expense.

Board Standing Committees

Due to the size of the Company and present uncertainties the Board has decided not to formally establish a Nomination Committee.

Although the board established an Audit and Risk Management Committee, at the date of this report, the Company has not appointed any member to the Committee and as such, the responsibilities and duties of this Committee were taken up by the Board during the year. The small size and the hands on approach of the Board enable it to handle particular issues relevant to verifying and safeguarding the integrity of the Company's financial reporting with the same efficiency as an Audit and Risk Management Committee.

Consequently, the Company does not comply with Best Practice Recommendations. However the Board will keep this position under review.

Summary

In summary, the Company does not meet the requirements of Principle 2 of the Corporate Governance Guidelines in that:

- (i) The Board does not comprise a majority of independent Directors;
- (ii) The Chairperson is not an independent Director;

As explained throughout this section, the Board feels that at the present time each of the recommendations is not cost effective for adoption in a small public company such as GRP Corporation Limited. However the Board will constantly monitor and review the situation.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 3 and 10: Promote ethical and responsible decision-making and recognise the legitimate interests of stakeholders

For the reasons outlined above, this principle previously adopted by the Company was not consistently adhered to during the period from February 2008 to June 2011.

Code of Conduct & Ethics

The Company had a Code of Conduct, which sets the standards in accordance with which each director, manager and employee of the Company is expected to act. The code is communicated to all levels of the Company and deals with areas such as professional conduct, customers/consumers, suppliers, advisers/regulators, competitors, the community and the employees.

In addition to the Code of Conduct, the Company also had a Directors' Code of Ethics, which sets out particular issues relevant to directors' obligations to the Company.

Share trading policy

The constitution permits directors, senior executives and other officers of the Company to trade in Company shares as long as they comply with the Company's Share Trading Policy. The Share Trading Policy is a code that is designed to minimise the potential for insider trading.

Directors must notify the Chairman of the Board, before they buy or sell shares in the Company. If the Chairman of the Board intends to trade in the Company shares, the Chairman of the Board must give prior notice to the Chairman of the Audit & Risk Management Committee. The details of the share trading must be given to the Company Secretary who must lodge such details of such changes in with the ASX.

Senior executives must give prior notice to the Chief Executive Officer, while other officers must notify the Company Secretary, before trading in the Company shares and details of all such transactions must be given, in writing, to the Company Secretary within 7 business days.

Any changes in substantial shareholding of the Directors, senior executives or other officers must be reported to the ASX within 2 business days of such trading. The policy also recommends that trading in the Company shares only occur in the following trading windows:

- 30 days after the announcement of the Company's half year results; and
- 30 days after the announcement of the Company's full year results.

Principle 4: Safeguard integrity in financial reporting

For the reasons outlined above, this principle previously adopted by the Company was not consistently adhered to during the period from February 2008 to June 2011.

It is the Board's responsibility to ensure an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non financial considerations such as benchmarking of operational key performance indicators.

Executive Certification

Historically the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are required to and have provided assurance to the Board stating that the financial statements and reports of the Company:

- Present a true and fair view, in all material respects, of the operating results and financial condition in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001;
- Are founded on a system of risk management and internal compliance and control, and these are operating efficiently and effectively in all material aspects.

However, as stated on page 3, the principles previously adopted by the Company were not adhered to during the period from February 2008 to June 2011 – including the requirement to obtain assurance from the CEO and the CFO that the financial statements present a true and fair view, in accordance with the Australian Accounting Standards and are founded on a system of risk management and internal compliance and control. It is the Board's intention to apply all principles previously adopted on the resumption of quotation on the ASX - including the requirement to obtain assurances from the CEO and the CFO in relation to the financial statements, systems of risk management and internal controls - in stages as the Company grows and its circumstances change over time.

Audit & Risk Management Committee – audit responsibilities

The Company currently does not have an audit committee. Historically the board believes a separate audit committee in a company of this size with the absence of independent Directors would be of little value. The small size of the company and the hands on approach of the Board enable it to handle particular issues relevant to verifying and safeguarding the integrity of the Company's financial reporting with the same efficiency as an audit committee.

The board is committed to following the Best Practice Recommendation 4.3, and will establish an independent Audit & Risk Management Committee once independent Directors are appointed and the Company increases in size.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 5: Make timely and balanced disclosure

Historically, the Company's market disclosure policy is to ensure that shareholders and the market are fully informed of the Company's strategy, performance and details of any information or events that could be material to the value of the Company's securities. The

Company is committed to ensuring that all information that may have a material impact on the Company's share value is disclosed to the market in a timely and balanced manner.

The Chief Executive Officer and the Company Secretary, in consultation with the Board, are responsible, for the review, authorisation and disclosure of information to the ASX and for overseeing and coordinating information disclosures to the ASX, shareholders, brokers, analysts, the media and the public.

The Company ensures that it also complies with the requirements of the Listing Rules of the Australian Stock Exchange ("ASX") and the Corporations Act in providing information to shareholders through:

- The half-yearly report to the ASX;
- The annual Report which is distributed to the ASX and to shareholders prior to the AGM;
- The AGM and other meetings called to obtain approval from shareholders where appropriate;
- Ad-hoc releases to the ASX as required under the ASX Listing Rules.

However, for the period February 2008 to June 2011, the Company did not comply with this principal in a timely manner. Half yearly reports of the periods December 2008, December 2009 and December 2010 are anticipated to be reported to the ASX in December 2011. The annual reports for the years ending June 2008, June 2009, June 2010 and June 2011 are anticipated to be distributed to the ASX in December 2011. The AGM for years June 2008, June 2009, June 2010 and June 2011 are anticipated to be held in December 2011.

It is the Boards intention to apply all principles previously adopted in a timely manner on the resumption of quotation on the ASX and achieve all of the Best Practice Recommendations in stages as the Company grows and its circumstances change over time.

Principle 6: Respect the rights of shareholders

Communication to shareholders

The Company recognises the rights of its shareholders and other interested stakeholders to have easy access to balanced, understandable and timely information concerning the operations of the Group. The Chief Executive Officer and the Company Secretary are primarily responsible of ensuring communications with shareholders are delivered in accordance with this strategy and with our policy of continuous disclosure.

The Company strives to communicate with shareholders and other stakeholders in a regular manner as outlined in Principle 5 of this statement. However as stated on page 3 above, in the period from February 2008 to June 2011 the Company did not communicate with shareholders and other stakeholders in a timely manner.

The Board encourages participation of shareholders at the Annual General Meeting or any other shareholder meetings to ensure a high level of accountability and identification with the Company's strategy and goals. Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, issue of shares and changes to the constitution.

Annual General Meeting

Historically, the Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

The Board has also requested representatives from Hall Chadwick, the Company's external auditor, to be present at the Annual General Meeting to answer questions that shareholders might have about the scope and conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

It is the Boards intention to apply all principles previously adopted on the resumption of quotation on the ASX and implement all of the Best Practice Recommendations in stages as the Company grows and its circumstances change.

Principle 7: Recognise and manage risk

Risk management responsibilities

The Company's risk management framework is designed to identify, assess, monitor and manage material business risks, both financial and non financial, to minimise their impact on the achievement of organisational goals.

As no member has been appointed to the Audit & Risk Management Committee, the Board is responsible for reviewing and ratifying the system of risk management, internal compliance and control, codes of conduct and legal compliance.

Historically, the Board delegates to the Chief Executive Officer and the Chief Financial Officer the responsibilities for the establishment, implementation and maintenance of the system of risk management including measures of its effectiveness.

In the period February 2008 to June 2011, the Board did not receive a report from management as required under section 295A of the Corporation Act that the Company's risk management framework is effective for the Company's purpose.

As disclosed on page 3, the principles previously adopted by the Company were not always adhered to during the period from February 2008 to June 2011. It is the Boards intention to apply all principles previously adopted on the resumption of quotation on the ASX and achieve all of the Best Practice Recommendations in stages as the Company grows and its circumstances change over time.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 8: Encourage enhanced performance

As stated above, principles previously adopted by the Company were not always adhered to during the period from February 2008 to June 2011.

Performance evaluation

The Board has responsibility with respect to the following functions:

- develop policies and procedures to identify, assess and enhance the skills, expertise and competencies of the Directors individually and the Board as a whole; and
- develop a process and establish the criteria for evaluating the performance of the Directors and the Board as a whole.

Monthly financial results

Historically, the Chief Financial Officer distributes the monthly financial results of the Company to members of the Board before each monthly Board meeting. This ensures the Board is kept up to date with all the necessary information to effectively discharge their duties in its discussions and deliberations. The Board is also free to meet and question individual members of management to clarify issues on any matter pertaining to the Company.

However, as previously stated the principles, previously adopted by the Company were not always adhered to during the period from February 2008 to June 2011 – including the provision of monthly reports. It is the Boards intention to apply all principles previously adopted – including distribution of monthly results before each board meeting - on the resumption of quotation on the ASX and implement all of the Best Practice Recommendations in stages as the Company grows and its circumstances change.

Director induction and training

New Directors will be provided with an induction program to introduce them to the Company structure, culture and business operations.

Directors are also encouraged to undertake continuous professional development, at the Company's expense, to keep their skills up to date.

Principle 9: Remunerate fairly and responsibly

Remuneration responsibilities

The Company's remuneration policy is disclosed in the Directors' Report. The policy has been set out to ensure that the performance of Directors, key executives and staff reflect each person's accountabilities, duties and their level of performance, and to ensure that remuneration is competitive in attracting, motivating and retaining staff of the highest quality. A program of regular performance appraisals and objective setting for key executives and staff is in place. These annual reviews take into account individual and company performance, market movements and expert advice.

The Board determines any changes to the remuneration of key executives on an annual basis.

The Board determines and reviews compensation arrangements for the Directors and the executive team.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of RKS Consolidated Limited (formerly Rockstead Financial Services Limited) and the entities it controlled. The following persons held office as Directors at any time during or since the end of the financial year.

Current directors:

The details of each of the current Directors' position, date of appointment, qualifications, experience and expertise and assessment of independence is listed in the table below.

Robert Whitton	Chairman (Non Executive) – appointed 28 September 2012
Qualifications:	Mr Whitton holds a Bachelor of Business (Accounting) and a Graduate Certificate in Forensic Studies (Accounting).
Special Responsibilities	Chairman
Interest in Shares & Options:	125,000 (0.53% of total share capital) Options - Nil
Experience:	Robert has a longstanding and successful career as a Chartered Accountant and Business Advisor. A specialist in business reconstruction services and Fellow of the Institute of Chartered Accountants and a Fellow of the Institute of Company Directors. Robert has more than 25 years experience gained across a range of accountancy firms, most recently as a Director of William Buck, Chartered Accountants & Advisors in Sydney, Australia. Robert is a Certified Fraud Examiner. He also is an Associate Fellow of the Australian Institute of Management and a member of the Insolvency Practitioners Association of Australia.
Directorships held in Other Listed Entities	Current: Tempo Australia Ltd (ASX: TPP) & AUV Enterprises Ltd (ASX:AUV) Former: Nexbis Ltd (ASX:NBS)
Peter Torney	Director (Non Executive) – appointed 28 September 2012
Special Responsibilities	Director
Interest in Shares & Options:	200,000 (0.85% of total share capital) Options - Nil
Experience:	Mr Torney is a stockbroker with over 10 year's experience in the Australian financial services industry. During that time he has been involved in a number of successful stockbroking and equity capital markets businesses including Findlay Stockbroking and ASX listed Aequus Securities, later to become InvestorFirst Pty Ltd. Prior to entering the Equity market, Mr Torney has been involved in the advertising, real estate, finance, publishing and beef cattle production industries. Mr Torney has experience in retail and institutional broking, capital raisings, share placements and Initial Public Offerings.
Directorships held in Other Listed Entities	Nil
Robert Spano	Director (Non Executive) – appointed 28 September 2012
Special Responsibilities	Director
Interest in Shares & Options:	Nil
Experience:	Mr Spano is a management specialist with over 30 years' experience in the finance industry. He began his involvement in the finance and banking industry in 1981. He established his first finance group in 1988 and founded Integrated Asset Management (IAM) in 1999. IAM became a leader in the Leasing industry and was recognised as dynamic and innovative. In 2008 Mr Spano, in a Joint Venture with CHAMP Private Equity, purchased the Alleasing Group and sold IAM into the same group. He is now a Non-Executive Director and Shareholder of Alleasing Group with CHAMP. Alleasing is the largest independent Operating lease company in Australia, with a portfolio of \$1 billion in receivables and 15,000 customers ranging from Government clients to small commercial enterprises. Mr Spano was Chairman at Aequus Capital Limited from 2004 up until its takeover by Investorfirst. He was appointed to the Board of Investorfirst in 2009 assisted management with a smooth transition, and continues to act as a director including chairing the Audit, Risk and Compliance Committee.
Directorships held in Other Listed Entities	Nil

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Company secretary

Mr Peter Torney is company secretary. He was appointed on 28 September 2012.

Ms Eryn Kestel was company secretary. She was appointed on 19 July 2011 and resigned on 29 February 2012.

Mr Steve Nicols was appointed company secretary on 9 June 2010 until his resignation on 19 July 2011.

Mr Mathew Fogarty was appointed company secretary on 10 March 2003 until his resignation on 23 July 2008.

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DIRECTORS' REPORT (continued)

Previous directors:

The following people have held the position of company directors any time during the current financial year up to the date of this report. Their details including qualifications, experience and expertise and assessment of independence is listed in the table below.

Troy Graham	Director (Non Executive) – appointed 7 July 2011 & Chairman appointed 2 August 2011 – resigned 28 September 2012
Delan Pagliaccio	Director (Non Executive) – appointed 2 August 2011 – resigned 28 September 2012
Jeffrey Triganza	Director (Non Executive) – appointed 2 August 2011 – resigned 28 September 2012
Tony Crimmins	Director (Non Executive) – appointed 9 June 2010 – resigned 2 August 2011
Greg Cornelsen	Director (Non Executive) – appointed 9 June 2010 – resigned 2 August 2011
Steve Nicols	Chairman (Non Executive) – appointed 9 June 2010 – resigned 19 July 2011
Steve Ploubidis	Director (Non Executive) – appointed 15 October 2010 – resigned 25 November 2010
Wilton Yao	Director (Non Executive) – appointed 14 September 2010 – resigned 15 December 2010
Lester Tay	Chairman (Non Executive) – appointed 8 October 2007- resigned 9 June 2010
Ang Poh Seng	Director - appointed 12 May 2008 – resigned 9 June 2010
Thomas Wallace	Managing Director – resigned 23 July 2008
Mark Phillips	Director (Non Executive) – appointed 30 July 2007 – resigned 23 July 2008
Ananda Kathiravelu	Chairman (Executive) – resigned 30 April 2008
Kenneth Major	Director (Non Executive) – appointed 8 October 2007 – resigned 9 June 2010
Leslie Freeman	Managing Director – resigned 30 July 2007

Troy Graham	Director (Non Executive) – elected 7 July 2011 & chairman from 2 August 2011 – resigned 28 September 2012
Qualifications:	Mr Graham holds a Bachelor of Commerce and a Graduate Diploma in Business and Technology.
Interest in Shares & Options:	444,444 (0.14% of total share capital) Nil Options
Experience:	Mr Graham is the Managing Director of boutique investment banking firm Autus Capital which focus on emerging and middle market company engagements, including mergers and acquisitions, capital raisings, and general strategic and corporate advice. He has significant experience in the Australasian financial services sector ranging from roles in Chartered Accounting, Management Consulting, Strategy & Development, and Investment Banking. He was the national head of corporate finance for a specialist institutional funds stockbroker Australian Stockbrokers.
Directorships held in Other Listed Entities	Mr Graham is not a director of any other ASX listed company.

Delan Pagliaccio	Director (Non Executive) – appointed 2 August 2011 – resigned 28 September 2012
Interest in Shares & Options:	Nil
Experience:	Mr Pagliaccio's experience in financial services is over 15 years. Continually building on his experience and expertise Mr Pagliaccio has held directorships and responsible Manager positions with the likes of ANZ, E*Trade, Asandas Limited, IC Markets and Blue Fin Capital. As the head of dealing and derivatives at E*Trade, Mr Pagliaccio managed one of the largest retail derivatives books in Australia for almost 10 years. It was in this role that Mr Pagliaccio gained invaluable experience in order execution, risk management, margin management and platform construction. Mr Pagliaccio is currently a member of the SAA and the Institute of Company Directors.
Directorships held in Other Listed Entities	Mr Pagliaccio is not a director of any other ASX listed company.

DIRECTORS' REPORT (continued)

Previous directors:

Jeffrey Triganza	Director (Non Executive) – appointed 2 August 2011 – resigned 28 September 2012
Qualifications:	Mr Triganza holds a Masters of Business Administration degree.
Interest in Shares & Options:	Nil
Experience:	Mr Triganza has worked in financial services for over 20 years working with companies such as the Commonwealth Bank and NAB. Mr Triganza has spent a significant amount of time researching financial markets and is currently the Managing Director of Hamilton Rhodes, a boutique broking business based in Sydney Australia.
Directorships held in Other Listed Entities	Mr Triganza is not a director of any other ASX listed company.

Tony Crimmins	Director (Non Executive) - appointed 9 June 2010 - resigned 2 August 2011
Qualifications:	Mr Crimmins has a Master of Chemical Engineering and a Master of Business Administration degree.
Interest in Shares & Options:	2,144,445 (0.65% of total share capital) and Nil Options
Experience:	Mr Crimmins is an experienced corporate executive, advisor and company director. He has a background in Chemical and Environmental Engineering. He brings a wealth of experience in management consulting has successfully assisted 12 businesses list onto the Australia Stock Exchange.
Directorships held in Other Listed Entities	Mr Crimmins is non executive director of ASX listed companies DVM international Limited, Reco Financial Services Limited and Xstate Resources Limited.

Greg Cornelsen	Director (Non Executive) - appointed 9 June 2010 - resigned 2 August 2011
Qualifications:	Mr Cornelsen has a Bachelor of Economics.
Interest in Shares & Options:	233,333 (0.07% of total share capital) and Nil Options
Experience:	Mr Cornelsen has an extensive network within the Australian business community. He has been involved in a number of small business and founded two companies which were sold an ASX listed company.
Directorships held in Other Listed Entities	Mr Cornelsen is currently a director of BluGlass Limited, Blackcrest Resources Limited and Welcome Stranger Mining Limited.

Steve Nicols	Chairman (Non Executive) and Company Secretary - appointed 9 June 2010 - resigned 19 July 2011
Qualifications:	Mr Nicols has a Bachelor of Commerce and is a Certified Public Accountant (CPA)
Interest in Shares & Options:	2,144,445 (0.65% of total share capital) Nil Options
Experience:	Mr Nicols is the principal of Nicols and Brien, a specialised accounting practice with offices in Sydney and Wollongong. He provides advice to businesses for the purposes of reconstruction or profit enhancement. He has recapitalised 7 ASX listed companies.
Directorships held in Other Listed Entities	Mr Nicols previous directorships of ASX Listed companies include DVM International Ltd aka Tangiers Petroleum Ltd, Resource Star Ltd, FTD Corporation limited and Blackrest Resources Ltd. He is a current director of Welcome Stronger Mining Limited and GRP Corporation Limited.

DIRECTORS' REPORT (continued)*Previous directors (continued):*

Steve Ploubidis	Director (Non Executive) – appointed 15 October 2010 - resigned 25 November 2010
Interest in Shares & Options	Nil
Experience:	Mr Ploubidis has a Bachelor of Laws Degree and a background in Management Consulting. He is a Director Palamedia Ltd – which provides business and financial content across all media. The company's publishing, electronic and broadcast platforms target a national audience of diversified business markets.
Directorships held in Other Listed Entities	Nil
Wilton Yao	Director (Non Executive) – appointed 14 September 2010 - resigned 15 December 2010
Interest in Shares & Options	Nil
Experience:	Mr Yao has a background in renewal energy and is currently a director at ASX list company Jatenergy Limited – a company that has a number of interests and projects in coal and bio fuels through out Australia and parts of Asia.
Directorships held in Other Listed Entities	Nil
Lester Tay	Chairman (Non Executive) – appointed 8 October 2007 and resigned – 9 June 2010
Interest in Shares & Options:	Nil
Experience:	Mr Tay is the Chief Executive of Rockstead, a boutique investment and advisory firm Headquartered in Singapore with a direct presence in Asia, Europe and North America. Mr Tay is a certified public accountant and a member of the institute of certified Public Accountants of Singapore.
Directorships held in Other Listed Entities	Nil
Ang Poh Seng	Director - appointed 12 May 2008 - resigned 9 June 2010
Interest in Shares & Options:	Nil
Experience:	Mr Ang is a certified public accountant and a member of the institute of certified Public Accountants of Singapore. Mr Ang graduated with a bachelor in Accounting from Nanyang Technology University in Singapore.
Directorships held in Other Listed Entities	Mr Ang is an executive of Rockstead's majority shareholders based in Singapore.
Thomas Wallace	Acting Managing Director (from 30 July 2007) – resigned 23 July 2008
Interest in Shares & Options:	6,633 shares (0.001% of total share capital) Nil Options
Experience:	Mr Wallace brings expertise in legal, regulatory compliance, property development, business development and corporate governance. Mr Wallace was appointed as a Director of the Company on 19 April 2006.
Directorships held in Other Listed Entities	Nil
Mark Phillips	Director (Non Executive) - appointed 30 July 2007 - resigned 23 July 2008
Interest in Shares & Options:	3,218 shares (0.001% of total share capital) Nil Options
Experience:	Mr Phillips is a member of the Mortgage Industry Association of Australia and Associate Fellow of the Australian Institute of Management. Mr Phillips has a strong background in finance and property funding through 20 years of experience.
Directorships held in Other Listed Entities	Mr Phillips was formerly Group Manager of the Asset Management and Structured Finance divisions of ASX listed, MFS Group Limited.

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DIRECTORS' REPORT (continued)

Ananda Kathiravelu	Chairman (Executive) – resigned 30 April 2008
Interest in Shares & Options:	33,511 shares (0.1% of total share capital) Nil Options
Experience:	Mr Kathiravelu has been in the financial services funds management and stockbroking industries for over 10 years. He holds a Bachelor of Business and a Graduate Diploma of Applied Finance and Investment and is an associate of the Securities Institute of Australia.
Directorships held in Other Listed Entities	Nil

Kenneth Major	Director (Non Executive) – appointed 8 October 2007 - resigned 9 June 2010
Interest in Shares & Options:	Nil
Experience:	Mr Major, a Partner of Rockstead, is an executive director of Rockstead Capital Pty Ltd who oversees the firm's investment activities in Australia and New Zealand. Mr Major (MBA) is a member of the Australian Institute of Company Directors (MAICD) and a member of the Australian Institute of Management.
Directorships held in Other Listed Entities	Nil

Leslie Freeman	Managing Director – resigned 30 July 2007
Interest in Shares & Options:	Nil
Experience:	Mr Freeman has 16 years experience in the investment industry, residential property acquisition and development. He also has a background in business management and marketing. Mr Freeman is a registered property developer.
Directorships held in Other Listed Entities	Nil

Directors Meetings

A number of Directors meetings were held during and since the end of the financial year. However details and formal records of such meetings were unable to be obtained.

Principal activity

The principal activity of the consolidated entity is to seek out business opportunities in the exploration and development of coal tenements as well as seeking other investments that will add shareholder value.

Historically, including the year to 30 June 2008, the principal activity of the consolidated entity was to act as an investor in a range of businesses including funds management, property development and lending sectors.

Consolidated Results

For the year ended 30 June 2008, the net result of the consolidated entity after applicable income tax for was a loss of \$22,279,000 (30 June 2007: loss of \$12,968,000).

Review of operations

The company has significant losses due to the competitive nature of the funds management industry and due to the deterioration in the property development and lending sectors as a result of significant tightening in the Australian and New Zealand credit markets.

Previously the Company advised that, in relation to its wholly owned subsidiary, First Capital Securities Limited (FCSL) has been 'running out' its lending book since May 2007 and has experienced difficulties in recovering four loans. The difficulties are due to delays in building projects, builders becoming insolvent and borrowers being unable to obtain refinance. These difficulties strained the liquidity of FCSL and the Company generally and resulted in delays of payments to the Company's unsecured note holders.

Specifically FCSL had managed its financial obligations with the financial support of its major shareholders and on 21 July 2008 the Company advised that two major shareholders had withdrawn financial support from FCSL and that Mr Greg Moloney and Mr Peter Geoff of Ferrier Hodgson have been appointed voluntary administrators of FCSL.

On 21 July 2008, The Public Trustee of Queensland pursuant to a charge over FCSL for the benefit of unsecured note holders, appointed John Grieg and Nicholas Harwood of Deloitte as receivers and managers.

In addition, on 21 July 2008 the Company advised that another of its wholly owned subsidiaries, First Capital Gulf Harbour Limited ("FCGH") has been unable to secure full refinance for a loan held by Strategic Finance Limited ("Strategic"). Prior to this date, a full funding proposal with a construction facility was obtained. However, with the deterioration of the Australian and New Zealand credit markets, coupled with the collapse of a number of finance companies in New Zealand, the financier was unable to refinance.

On 21 July 2008, the Company's securities were suspended from official quotation on the ASX.

The Company's securities remain suspended.

DIRECTORS' REPORT (continued)

Review of operations (continued)

On 29 July 2008, the Company advised that Mr Greg Moloney and Mr Peter Geroff of Ferrier Hodgson have been appointed voluntary administrators of the Company (Rockstead Financial Services Limited).

On 18 August 2008, Company's remaining 4.9% of Rockstead Funds Management Limited ("RFML") was sold by the Administrators. The principal remaining asset of the Company is its listed shell and a potential recapitalisation of the shell via a Deed of Company Arrangement (DOCA).

In the period August 2008 to June 2009, the Company and its creditors attempted to negotiate a DOCA but were unable to agree on the terms and on 30 June 2009 Gregory Moloney of Ferrier Hodgson Brisbane was appointed Liquidator (in accordance with the provisions of Part 5.3A of the Corporations Act 2001).

On 23 December 2009, the Liquidator appointed Michael Hird of Worrells Sydney as Administrator to enable fresh negotiations and a new DOCA to be considered.

On 8 March 2010, the Creditors voted that the Company enter a new Deed of Company Arrangement (DOCA) which included a proposal from an Investment Group for restructuring and recapitalising the Company and a settlement of creditors claims which extinguished all liabilities and removed the Company from Administration. The proposal was accepted by the creditors and the DOCA was executed on 10 March 2010.

The proposal from the Investment Group involves:

1. Consolidation of existing share capital on a 10 for 1 basis;
2. Allotment and issue of 100 million shares (after consolidation) to the Investment group at 0.02 cents to raise \$20,000;
3. Allotment and issue of 123 million shares (after consolidation) to the Investment group at 0.3 cents to raise \$369,000;
4. Allotment and issue of 100 million shares (after consolidation) to the public at 0.02 cents to raise a further \$2,000,000;
5. Allotment and issue of 5 million shares (after consolidation) to the DOCA administrators at no cost;
6. Removal of the previous Directors and Company Secretary;
7. Appointment of the following Directors from the Investment group:
 - Mr Steve Nicols;
 - Mr Tony Crimmins
 - Mr Gregory Cornelsen
8. Change of the company name to RKS Consolidated Limited.

The stated purpose of the Company on exit from administration is to recapitalise and to seek opportunities to enable the reinstatement of its securities to Official Quotation on the ASX. The Company is seeking business opportunities within the financial services and funds management industry with a focus on developing and managing investment trusts in a range of asset classes as well as seeking other investments that will add shareholder value.

On 9 June 2010, the shareholders approved the above resolutions.

On 17 June 2010, the shareholders of the Company in a General Meeting authorised the company to consolidate its existing shares on a 10 to 1 basis. The capital re-origination was effective 18 June 2010.

On 23 August 2010, the liquidation and winding up of Rockstead Financial Services (in Liquidation) was terminated via a Court order.

On 24 August 2010, the company's name change to RKS Consolidated Limited (from Rockstead Financial Services Limited) became effective.

On 7 July 2011, in a General Meeting, the shareholders voted to:

1. Consolidate the shares on a 9 to 1 basis;
2. Issue 300 million shares on a post consolidation basis to the parties set out in the Explanatory Statement, to raise a total amount of \$100,200;
3. Elect Mr Troy Graham as a non executive director;

and pursue opportunities in the acquisition, exploration and development of coal tenements.

On 30 August 2011, the Company announced (subject to shareholder approval) it has entered into an agreement to acquire 100% of Scott Creek Coal Pty Ltd. for a purchase price of \$5,784,375. The Company will issue 19,281,250 shares at \$0.30 per share as consideration. The proposed transaction also has a number of key steps which need to be completed in sequence before moving to the next step. The steps to complete this transaction are as follows:

1. The Company consolidates its share capital on a 16 to 1 basis;
2. The Company acquires 100% of the issued capital of SCC for \$5,784,375;
3. The Company changes its existing business to the acquisition, exploration and development of coal tenements in Queensland and elsewhere;
4. The Company will change its name to "Scott Creek Coal Limited";
5. The Company will raise up to \$4.5 million through the issue of 15,000,000 shares which will be applied towards the costs associated with this transaction, the Company's coal exploration programme, working capital requirements and general corporate purposes;
6. The company will issue a total of up to 13,605,858 shares at a minimum price of \$0.30 to a consortium of Queensland Coal Companies (QCC). This will take the holding of the QCC parties to 19.9%.

DIRECTORS' REPORT (continued)

Review of operations (continued)

7. The company satisfies the conditions imposed by the ASX for restatement to Quotations;
8. The company meets certain cash reserves and net asset thresholds

On 19 September 2011, the Company confirmed its share registry is Security Transfer Registrar.

On 27 September 2011, the Company confirmed that its shares would be consolidated on a basis of 16:1.

On 28 September 2011, the Company announced that shareholders unanimously approved all six resolutions in relation to the above transactions.

On 13 October 2011, 1,085,714 ordinary shares were issued at \$0.35 each to private and sophisticated investors to raise working capital.

On 1 August, 2012, the Company announced the proposed transaction to acquire Scott Creek Coal Pty Ltd will no longer proceed.

On 10 August 2012, the Company borrowed the sum of \$150,000 to settle creditor claims and provide working capital, the lenders were provided security over the company.

On 14 September 2012, 1,986,934 ordinary shares were issued at \$0.05 each to raise working capital.

Operations during the year ended 30 June 2008

In terms of the year to 30 June 2008, the principal activity of the Company is to act as an investor in a range of businesses including funds management, property development and lending sectors.

The company incurred significant losses primarily due to the deterioration in the property development and lending sectors as a result of significant tightening in the Australian and New Zealand credit markets.

In May 2007, the Company announced that its wholly owned subsidiary, First Capital Securities Limited (FCSL) has began 'running out' its lending book and was experiencing difficulties in recovering four loans. The difficulties are a result of delays in the building projects currently undertaken, solvency issues with a number of builders and borrowers being unable to obtain refinance.

These difficulties strained the liquidity of FCSL and the Company in general and has resulted in delays of payments to the Company's unsecured note holders.

In December 2007, the Company announced it had entered into a Deed of Settlement with Wentworth Mutual Limited (Wentworth) resolving a dispute relating to the sale of two property management companies to Wentworth in February 2005. As part of the settlement terms, the parties made no admission of liability, Wentworth agreed to remove its fixed and floating charge secured against the Company and the Company agreed to pay \$250,000 to Wentworth, inclusive of Supreme Court proceedings costs.

During the year the Company decided not to acquire the remaining 60% shareholding of Explorer Group Limit. The vendor of the 60% shares purported to terminate the agreement and retain the deposit of \$1 million. The Company disputed the purported termination and through litigation an agreement was reached whereby \$800,000 of the initial deposit was refunded, resulting in a loss of \$200,000.

During the year the Company finalised the disposal of its 40% shareholding of Explorer Group Limited. The impact on the financial statements was \$nil. As the Company was unable to view or receive details of Explorer Group Limited's financial performance during the period of ownership, the Company has assumed that its share of profit and loss was \$nil.

In 2011 the Company obtained shareholder approval to change its the business activity from its existing business (being financial services) to the business of the acquisition, exploration and development of coal tenements.

The Company's net profit of the consolidated entity after applicable income tax was a loss \$10,798,000 (30 June 2007: loss of \$12,968,000).

Dividends

No dividends were declared for the year ended 30 June 2008 (30 June 2007: \$NIL).

Likely developments

For the likely developments in the operations of the economic entity refer to the review of operations.

Significant Changes in the State of Affairs

During the financial year, the following significant changes in the state of affairs materially impacted on the Group's operations.

Explore Group Limited

On 31 August 2007, the Company sold its 40% shareholding in Explorer Group Limited ("EGL") to Ascalon Capital Management Limited for \$1,762,619. It had previously acquired 30% of EGL on 8 February 2007 and a further 10% of the shares of EGL on 24 May 2007.

Convertible Note

On 9 October 2007, the Company executed a convertible note agreement with RS Asset Management Private Limited, a fund managed by Singaporean company, Rockstead Capital Private Limited (Rockstead") to invest \$3 million to assist with the Company's restructuring. The \$3 million will be issued in two tranches in the form of redeemable convertible secured notes, whereby:

DIRECTORS' REPORT (continued)

Significant Changes in the State of Affairs (continued)

- \$2 million will be issued as Class A Notes, with a face value of \$1 per note that may convert to 35 ordinary shares in First Capital within 3 years from the date of issue, plus 1 free attaching option per 2 ordinary shares exercisable at 12 cents with a 3 year exercise period; and
- \$1 million will be issued as Class B Notes, with a face value of \$1 per note that may convert to 31 ordinary shares in First Capital within 3 years from the date of issue, plus 1 free attaching option per 2 ordinary shares exercisable at 10 cents with a 3 year exercise period.

The Company has immediate access to the \$3 million funding and will assist to refinancing the senior debt portion of First Capital's Gulf Harbour project in New Zealand. The Company will also apply the \$3 million to the repayment of the existing convertible noteholders and working capital needs as required. Funds contributed by Rockstead carry a zero per cent coupon rate over the 3 year exercise period and the exercise price attached to the options is set at a premium of 117% to 160% to the latest closing price of 4.6 cents per share.

Rockstead will have majority Board representation.

Subject to shareholder approval, the conversion of all notes and options will move Rockstead to a majority shareholding position of the Company.

On 24 December 2007, the Company announced that it was changing its name to Rockstead Financial Services Limited with a new ASX Code of RKS from First Capital Group Limited (ASX code FIC).

On 8 January 2008, the Company advised that RS Asset Management Private Limited ("RS Asset Management") and Rockstead Venture Limited ("Rockstead VL"), two funds managed by Rockstead Capital Private Limited ("Rockstead") have converted their \$3 million secured redeemable convertible notes (Notes) into fully paid ordinary shares in the Company with effect from 31 December 2007.

Following shareholder approval at the Company's Annual General Meeting on 14 December 2007:

- a) RS Asset Management converted 500,000 million Class A Notes into 17,500,000 million ordinary shares with 8,771,930 attaching options; and 250,000 million Class B Notes into 7,750,000 million ordinary shares with 3,846,154 attaching options.
- b) Rockstead VL converted 1,500,000 million Class A Notes into 52,500,000 million ordinary shares with 26,315,789 attaching options; and 750,000 million Class B Notes into 23,250,000 million ordinary shares with 11,538,461 attaching options.

The conversion of the Class A and Class B Notes, made Rockstead VL, the majority shareholder in the Company with 40.38% of the total shares on issue, and makes RS Asset Management, a substantial shareholder in the Company with 13.46% of the total shares on issue. As both of these substantial shareholders are deemed related parties, the combined shareholding of 53.84% represents the majority shareholder's interest in the Company.

First Capital Securities Limited (FCSL)

The Company's main trading entity is FCL. On the 21 July 2008, the Public Trustee of Queensland (PTQ) (acting on behalf of the note holders of FCS) appointed Deloitte as receivers in relation to the charge over FCSL assets. As a result, the assets of FCSL will be realised for the benefit of the PTQ and the note holders of FCSL. Any residual money will be returned to the Company – however this is considered extremely unlikely. As a consequence the assets of FCSL have been written down to nil.

First Capital Gulf Harbour (FCGH)

First Capital Gulf Harbour is the Company's wholly owned subsidiary in New Zealand. FCGH has a project for the development of prime residential land. FCSL advanced \$6.5m on a second ranking security basis and therefore it is unlikely the Company will recover any residual money. As a consequence the assets of FCGH have been written down to nil.

On 23 December 2009, the liquidator Greg Maloney, appointed Mr Christopher Darin and Mr Michael Hird of Worrells Sydney as Administrators to enable a fresh DOCA to be considered.

On 8 March 2010, the shareholders voted that the Company enter a DOCA. The summary of the terms of the deed were set out in the Explanatory Statement and included a proposal from an Investment Group for restructuring and recapitalising the company including a settlement of creditors claims extinguishing all liabilities and removing itself from Administration. The proposal was accepted by the creditors and the DOCA was executed on 10 March 2010.

The proposal from the Investment Group is summarised as follows:

1. Consolidation of existing share capital on a 10 for 1 basis;
2. Allotment and issue of 100 million shares (after consolidation) to the Investment group at 0.02 cents to raise \$20,000;
3. Allotment and issue of 123 million shares (after consolidation) to the Investment group at 0.3 cents to raise \$369,000;
4. Allotment and issue of 100 million shares (after consolidation) to the public at 0.02 cents to raise a further \$2,000,000;
5. Allotment and issue of 5 million shares (after consolidation) to the DOCA administrators at no cost;
6. Removal of the previous Directors and Company Secretary;
7. Appointment of the following Directors from the Investment group:
 - Mr Steve Nicols;
 - Mr Tony Crimmins
 - Mr Gregory Cornelsen
8. Change of the company name to RKS Consolidated Limited.

DIRECTORS' REPORT (continued)

Significant Changes in the State of Affairs (continued)

On 9 June 2010, the shareholders approved the above resolutions.

On 17 June 2010, the shareholders of the Company authorised the company to consolidate its existing shares on a 10 to 1 basis. The capital re-origination was effective 18 June 2010.

On 23 August 2010, the liquidation and winding up of the Company (as Rockstead Financial Services (in Liquidation)) was terminated via a Court order.

On 24 August 2010, the Directors of the Company entered into a memorandum of understanding with Greenlink Solar for the proposed acquisition of Greenlink Energy Limited.

On 24 August 2010, the company's name change to RKS Consolidated from Rockstead Financial Services Limited became effective.

On 26 November 2010, the Company announced it had terminated the memorandum of understanding with Greenlink Solar for the proposed acquisition of Greenlink Energy Limited with immediate effect.

On 7 July 2011, in a General Meeting, the shareholders voted to:

1. Consolidate the shares on a 9 to 1 basis;
 2. Issue 300 million shares on a post consolidation basis to the parties set out in the Explanatory Statement, to raise a total amount of \$100,200;
 3. Elect Mr Troy Graham as a non executive director;
- and pursue opportunities in the acquisition, exploration and development of coal tenements.

On 30 August 2011, the Company announced (subject to shareholder approval) it has entered into an agreement to acquire 100% of Scott Creek Coal Pty Ltd. for a purchase price of \$5,784,375. The Company will issue 19,281,250 shares at \$0.30 per share as consideration.

The proposed transaction also has a number of key steps which need to be completed in sequence before moving to the next step. The steps to complete this transaction are as follows:

1. The Company consolidates its share capital on a 16 to 1 basis;
2. The Company acquires 100% of the issued capital of SCC for \$5,784,375;
3. The Company changes its existing business to the acquisition, exploration and development of coal tenements in Queensland and elsewhere;
4. The Company will change its name to "Scott Creek Coal Limited";
5. The Company will raise up to \$4.5 million through the issue of 15,000,000 shares which will be applied towards the costs associated with this transaction, the Company's coal exploration programme, working capital requirements and general corporate purposes;
6. The company will issue a total of up to 13,605,858 shares at a minimum price of \$0.30 to a consortium of Queensland Coal Companies (QCC). This will take the holding of the QCC parties to 19.9%.
7. The company satisfies the conditions imposed by the ASX for restatement to Quotations;
8. The company meets certain cash reserves and net asset thresholds.

On 19 September 2011, the Company confirmed its share registry is Security Transfer Registrar.

On 27 September 2011, the Company confirmed that its shares would be consolidated on a basis of 16:1.

On 28 September 2011, the Company announced that shareholders unanimously approved all six resolutions in relation to the above transactions.

On 13 October 2011, 1,085,714 ordinary shares were issued at \$0.35 each to private and sophisticated investors to raise working capital.

On 1 August, 2012, the company announced the proposed transaction to acquire Scott Creek Coal Pty Ltd will no longer proceed.

On 10 August 2012, the Company borrowed the sum of \$150,000 to settle creditor claims and provide working capital, the lenders were provided security over the company.

On 14 September 2012, 1,986,934 ordinary shares were issued at \$0.05 each to raise working capital.

Events Subsequent to Balance Date

On 21 July 2008, the Company advised that the major shareholders had withdrawn financial support from its wholly owned subsidiary First Capital Securities Limited (FCSL) and that Mr Greg Moloney and Mr Peter Geroff of Ferrier Hodgson have been appointed voluntary administrators of FCSL.

On 21 July 2008, the Public Trustee of Queensland pursuant to a charge over FCSL for the benefit of unsecured note holders, appointed John Grieg and Nicholas Harwood of Deloitte as receivers and managers.

DIRECTORS' REPORT (continued)

Events Subsequent to Balance Date (continued)

On 21 July 2008, the Company advised that another of its wholly owned subsidiaries, First Capital Gulf Harbour Limited has been unable to secure full refinance for a loan held by Strategic Finance Limited.

On 21 July 2008, the Company's securities were suspended from Official Quotation by the ASX in accordance with listing rule 17.3 pending the Company's compliance with ASX listing rule 12.1. The Company's securities remain suspended.

On 29 July 2008, the Company under section 436A of the *Corporations Act 2001*, appointed Greg Moloney of Ferrier Hodgson Brisbane as Voluntary Administrator.

On 18 August 2008, Company's remaining 4.9% of Rockstead Funds Management Limited ("RFML") was sold by the Administrators. The principal remaining asset of the Company is its listed shell and a potential recapitalisation of the shell via a Deed of Company Arrangement.

On 30 September 2008, a Deed of Company Arrangement between the Company and its Creditors was signed, however it subsequently failed.

On 30 June 2009, Greg Moloney of Ferrier Hodgson Brisbane was appointed as liquidator in accordance with the provisions of Part 5.3A of the *Corporations Act 2001*.

On 23 December 2009, the liquidator Greg Maloney, appointed Mr Christopher Darin and Mr Michael Hird of Worrells Sydney as Administrators to enable a fresh DOCA to be considered.

On 8 March 2010, the shareholders voted that the Company enter a DOCA. The summary of the terms of the deed were set out in the Explanatory Statement and included a proposal from an Investment Group for restructuring and recapitalising the company including a settlement of creditors claims extinguishing all liabilities and removing itself from Administration. The proposal was accepted by the creditors and the DOCA was executed on 10 March 2010.

The proposal from the Investment Group is summarised as follows:

1. Consolidation of existing share capital on a 10 for 1 basis;
2. Allotment and issue of 100 million shares (after consolidation) to the Investment group at 0.02 cents to raise \$20,000;
3. Allotment and issue of 123 million shares (after consolidation) to the Investment group at 0.3 cents to raise \$369,000;;
4. Allotment and issue of 100 million shares (after consolidation) to the public at 0.02 cents to raise a further \$2,000,000;
5. Allotment and issue of 5 million shares (after consolidation) to the DOCA administrators at no cost;
6. Removal of the previous Directors and Company Secretary;
7. Appointment of the following Directors from the Investment group:
 - Mr Steve Nicols;
 - Mr Tony Crimmins
 - Mr Gregory Cornelsen
8. Change of the company name to RKS Consolidated Limited.

On 9 June 2010, the shareholders approved the above resolutions.

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On 24 August 2010, the company's name change to RKS Consolidated from Rockstead Financial Services Limited became effective.

On 26 November 2010, the Company announced it had terminated the memorandum of understanding with Greenlink Solar for the proposed acquisition of Greenlink Energy Limited with immediate effect.

On 7 July 2011, in a General Meeting, the shareholders voted to:

1. Consolidate the shares on a 9 to 1 basis;
 2. Issue 300 million shares on a post consolidation basis to the parties set out in the Explanatory Statement, to raise a total amount of \$100,200;
 3. Elect Mr Troy Graham as a non executive director;
- and pursue opportunities in the acquisition, exploration and development of coal tenements.

On 30 August 2011, the Company announced (subject to shareholder approval) it has entered into an agreement to acquire 100% of Scott Creek Coal Pty Ltd. for a purchase price of \$5,784,375. The Company will issue 19,281,250 shares at \$0.30 per share as consideration. The proposed transaction also has a number of key steps which need to be completed in sequence to give effect to this transaction.

RKS CONSOLIDATED LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT 2008

DIRECTORS' REPORT (continued)

Events Subsequent to Balance Date (continued)

The steps to complete this transaction are as follows:

1. The Company consolidates its share capital on a 16 to 1 basis;
2. The Company acquires 100% of the issued capital of SCC for \$5,784,375;
3. The Company changes its existing business to the acquisition, exploration and development of coal tenements in Queensland and elsewhere;
4. The Company will change its name to "Scott Creek Coal Limited";
5. The Company will raise up to \$4.5 million through the issue of 15,000,000 shares which will be applied towards the costs associated with this transaction, the Company's coal exploration programme, working capital requirements and general corporate purposes;
6. The company will issue a total of up to 13,605,858 shares at a price \$0.30 to a consortium of Queensland Coal Companies (QCC). This will take the holding of the QCC parties to 19.9%;
7. The company satisfies the conditions imposed by the ASX for restatement to Quotations;
8. The company meets certain cash reserves and net asset thresholds.

On 19 September 2011, the Company confirmed its share registry is Security Transfer Registrar.

On 27 September 2011, the Company confirmed that its shares would be consolidated on a basis of 16:1.

On 28 September 2011, the Company announced that shareholders unanimously approved all six resolutions in relation to the above transactions.

On 13 October 2011, 1,085,714 ordinary shares were issued at \$0.35 each to private and sophisticated investors to raise working capital.

On 1 August, 2012, the Company announced the proposed transaction to acquire Scott Creek Coal Pty Ltd will no longer proceed.

On 10 August 2012, the Company borrowed the sum of \$150,000 to settle creditor claims and provide working capital, the lenders were provided security over the company.

On 14 September 2012, 1,986,934 ordinary shares were issued at \$0.05 each to raise working capital.

On 30 October 2012 the company called a general meeting for 30 November 2012 wherein a resolution to convert the aforementioned debt to equity will be put as well as resolutions approving prior placement of 3,072,647 shares issued under the 15% threshold.

Other than those disclosed above, there are no other matters or circumstances that have arisen since 30 June 2008 that have significantly affect, or may significantly affect:

- the consolidated entity's operations in the future financial years, or
- the results of those operations in future financial years, or
- the consolidated entity's state of affairs in the future financial years.

Insurance of Directors and officers

During the financial year, the Company paid a premium in respect of an insurance policy to insure the Directors and officers of the Company and its controlled entities against all liabilities to other persons that may arise from their position, except were liabilities arise out of conduct lacking good faith. Further details are not disclosed due to the confidentiality provisions in the contract.

The Company no longer holds this policy of insurance.

Options

There were no options outstanding at the date of this report.

Options granted which expired during or since the end of the financial year are as follows:

	Grant Date	Date of Expiry	Exercise Price \$	Number of Options
Ordinary Options	20/07/2007	30/11/2009	0.2500	347,222
Class A Options	31/12/2007	14/12/2010	0.1200	35,087,719
Class B Options	31/12/2007	14/12/2010	0.1000	15,384,615
				50,819,556.00

DIRECTORS' REPORT (continued)

Remuneration Report

This report details the nature and amount of remuneration for each director of RKS Consolidated Limited and for the executive receiving the highest remuneration. As detailed above all the directors as at 30 June 2008 have resigned or been removed by the shareholders and new Directors and a new Board have been appointed.

A. Principles used to determine the nature and amount of remuneration

Non executive Directors

Under the previous Board, the total non-executive directors' remuneration pool was approved by the shareholders. The remuneration pool currently stands at a maximum of \$200,000 per annum and shall remain the same until amended and approved by the shareholders.

In recommending the remuneration pool, the board takes into account current market and industry specific practice to ensure non-executive directors' fee and payments are appropriate and in line with market situation.

No remuneration has been paid to the non-executive (previous) directors.

Executive Directors and executives

Executive directors and executives are remunerated in accordance with their executive service contracts as approved by the Board. In approving the reward for executives, the Board will ensure it rewards competency and experience while remain competitive and reasonable as compared to current market and industry specific practice and are in line with the shareholders' interests.

Executive pay

The total remuneration package of executives consists of the followings:

- (a) Base pay;
- (b) Benefits;
- (c) Superannuation contribution.

(a) Base pay

Base pay is the fixed cash salary set by the service contract. The base pay is set to be in line with the market rate for a comparable role in an organisation similar to the size of the Company. Base pay is reviewed annually to ensure it remains competitive in the market but there is no guarantee of annual increases in the service contract.

The base pay will also be reviewed if the executive is promoted or takes on additional roles within the Company.

(b) Benefits

Benefits are prescribed benefits, to be provided at the executives' discretion. Prescribed benefits include the use of motor vehicle, reimbursement of the running cost and the use of car park in the office building.

(c) Superannuation contribution

The Company contributes to the executives' superannuation fund at the statutory prescribed rate which is currently at 9%. The contribution rate applies to the cash salary only.

B. Share options

The Company had set up a Directors, executives and staff share option plan under which share options can be issued in lieu of payment for services or as rewards for performance.

During the year, no share options have been issued to any directors, executives or staff.

C. Key Management Remuneration

Current Directors

The following currently hold office as Director of the Company.

Robert Whitton	Chairman (Non Executive) – appointed 28 September 2012
Peter Torney	Director (Non Executive) – appointed 28 September 2012
Robert Spano	Director (Non Executive) – appointed 28 September 2012

The current Directors and key management personnel detailed above have not receive any remuneration in respect of their duties in relation to RKS Consolidated Limited.

Previous Directors – subsequent to year end

The following persons held office as Director since the end of the financial year.

Troy Graham	Director (Non Executive) – elected 7 July 2011 and chairman from 2 August 2011 – resigned 28 September 2012
Delan Pagliaccio	Director (Non Executive) – appointed 2 August 2011 – resigned 28 September 2012
Jeffrey Triganza	Director (Non Executive) – appointed 2 August 2011 – resigned 28 September 2012

RKS CONSOLIDATED LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT 2008

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

C. Key Management Remuneration (continued)

Tony Crimmins	Director (Non Executive) – appointed 9 June 2010 – resigned 2 August 2011
Greg Cornelsen	Director (Non Executive) – appointed 9 June 2010 – resigned 2 August 2011
Steve Nicols	Chairman (Non Executive) – appointed 9 June 2010 – resigned 19 July 2011
Steve Ploubidis	Director (Non Executive) – appointed 15 October 2010 – resigned 25 November 2010
Wilton Yao	Director (Non Executive) – appointed 14 September 2010 – resigned 15 December 2010

The previous Directors and key management personnel detailed above did not receive any remuneration in respect of their duties in relation to RKS Consolidated Limited.

Previous Directors – during the financial year

The following persons held office as Director for some time during the financial year.

Lester Tay	Chairman (Non Executive) – appointed 8 October 2007 – resigned 9 June 2010
Ang Poh Seng	Director – appointed 12 May 2008- resigned 9 June 2010
Thomas Wallace	Managing Director – resigned 23 July 2008
Mark Phillips	Director (Non Executive) – appointed 30 July 2007 – resigned 23 July 2008
Ananda Kathiravelu	Chairman (Executive) – resigned 30 April 2008
Kenneth Major	Director (Non Executive) – appointed 8 October 2007 – resigned 9 June 2010
Leslie Freeman	Managing Director – resigned 30 July 2007

In relation to the above directors, the details of the nature and amount of the remuneration of each key management personnel of RKS Consolidated Limited is detailed below:

Previous Directors – during the financial year (continued)

In relation to the above directors, the details of the nature and amount of the remuneration of each key management personnel of RKS Consolidated Limited for the financial year are as follows:

	Primary	Non cash	Post employment	Equity	Total	Performance
	Cash, Salary & Commission \$ 000	Benefits \$ 000	Superannuation \$ 000	Options \$ 000	\$ 000	Related %
Consolidated entity Key Management						
Period 1 July 2007 to 30 June 2008						
Leslie Freeman (resigned 30 July 2007)	122	6	3	-	131	100%
Tom Wallace (resigned 23 July 2008)	306	9	29	-	344	100%
Ananda Kathiravelu (resigned 30 April 2008)	48	6	4	-	58	100%
Mark Phillips (resigned 23 July 2008)	271	-	24	-	295	100%
David Grey (resigned 23 July 2008)	244	-	22	-	266	100%
David Kelly (resigned 23 July 2008)	119	11	13	-	143	100%
Mark Sanders (resigned 23 July 2008)	-	3	-	-	3	100%
Shivana Satyanand (resigned 16 August 2007)	25	-	1	-	26	100%
Lester Tay (resigned 9 June 2010)	-	-	-	-	-	-
Ang Poh Seng (resigned 9 June 2010)	-	-	-	-	-	-
Kenneth Major (resigned 17 July 2008)	-	-	-	-	-	-
Total remuneration 2008	1,135	35	96	-	1,266	

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

C. Key Management Remuneration (continued)

	Primary	Non cash	Post employment	Equity	Total	Performance
	Cash, Salary & Commission \$ 000	Benefits \$ 000	Superannuation \$ 000	Options \$ 000	\$ 000	Related %
Consolidated entity Key Management						
Period 1 July 2006 to 30 June 2007						
Leslie Freeman (resigned 30 July 2007)	222	6	-	-	228	100%
Tom Wallace (resigned 23 July 2008)	249	9	-	-	258	100%
Ananda Kathiravelu (resigned 30 April 2008)	70	7	-	-	77	100%
Mark Phillips (resigned 23 July 2008)	207	18	-	-	225	100%
David Grey (resigned 23 July 2008)	162	-	-	-	162	100%
David Kelly (resigned 23 July 2008)	85	11	-	-	96	100%
Mark Sanders (resigned 23 July 2008)	138	19	-	34	191	100%
Shivana Satyanand (resigned 16 August 2007)	115	2	-	-	117	100%
Total remuneration 2007	1,248	72	-	34	1,354	

Shareholdings

Number of shares held by Key Management personnel

Balance as at
1 July 2007

Received as remuneration

Options exercised

Net purchases or sales

Balance as at 30 June 2008

Consolidated entity Directors

Leslie Freeman (resigned 30 July 2007)	52,114,528	-	-	-	52,114,528
Tom Wallace (resigned 23 July 2008)	597,000	-	-	-	597,000
Ananda Kathiravelu (resigned 30 April 2008)	3,016,000	-	-	-	3,016,000
Mark Phillips (resigned 23 July 2008)	289,590	-	-	-	289,590
David Grey (resigned 23 July 2008)	-	-	-	-	-
David Kelly (resigned 23 July 2008)	55,000	-	-	-	55,000
Mark Sanders (resigned 23 July 2008)	400,000	-	-	-	400,000
Steven Morris	1,500,000	-	-	-	1,500,000
Lester Tay (resigned 9 June 2010)	-	-	-	-	-
Ang Poh Seng (resigned 9 June 2010)	-	-	-	-	-
Kenneth Major (resigned 17 July 2008)	-	-	-	-	-
	57,972,118	-	-	-	57,972,118

Shareholdings

Number of shares held by Key Management personnel

Balance as at
1 July 2006

Received as remuneration

Options exercised

Net purchases or sales

Balance as at 30 June 2007

Leslie Freeman (resigned 30 July 2007)	53,120,000	-	-	(1,005,472)	52,114,528
Tom Wallace (resigned 23 July 2008)	-	-	-	597,000	597,000
Ananda Kathiravelu (resigned 30 April 2008)	3,016,000	-	-	-	3,016,000
Mark Phillips (resigned 23 July 2008)	-	-	-	289,590	289,590
David Grey (resigned 23 July 2008)	-	-	-	-	-
David Kelly (resigned 23 July 2008)	-	-	-	55,000	55,000
Mark Sanders (resigned 23 July 2008)	-	34,000	-	366,666	400,000
Steven Morris	1,500,000	-	-	-	1,500,000
Lester Tay (resigned 9 June 2010)	-	-	-	-	-
Ang Poh Seng (resigned 9 June 2010)	-	-	-	-	-
Kenneth Major (resigned 17 July 2008)	-	-	-	-	-
	57,636,000	34,000	-	302,784	57,972,118

DIRECTORS' REPORT (continued)

Environmental regulations

The consolidated entity's operations are not subject to environmental regulations under either Commonwealth or State legislation.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditors; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Details of any fees for non-audit services paid or payable to the previous external auditors during the year ended 30 June 2008 are not available.

Rounding of Amounts

While the group and parent entity do not comply with ASIC Class Order 98/100, the financial report and directors' report have been rounded off to the nearest \$000 as comparatives details are not available.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 22 of this Annual Report.

Signed this 22nd of November 2012 in accordance with a resolution of the Directors.



Mr Robert Whitton (Chairman)



Mr Robert Spano (Non Exec. Director)

**RKS CONSOLIDATED LIMITED
(FORMERLY AS ROCKSTEAD FINANCIAL SERVICES LIMITED
AND FIRST CAPITAL GROUP LIMITED)
ABN 20 009 264 699 AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
RKS CONSOLIDATED LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

- (a) no contraventions of the auditor independence requirements as set out in 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.

Hall Chadwick
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DREW TOWNSEND

Partner

Date: 22 November 2012

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independent
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and consulting firms

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Revenue	2	4,405	8,308	471	205
Bad and doubtful debt provision	3a	(1,342)	(1,211)	(737)	(286)
Depreciation and amortisation expense		(138)	(311)	(86)	(6)
Employee benefits expense		(2,466)	(2,953)	(698)	(832)
Foreign currency losses		(1,078)	-	-	-
Finance costs	3c	(3,212)	(3,893)	(299)	(881)
Legal fees and settlement costs	3d	(900)	-	(692)	-
Losses on disposal of assets		(286)	(44)	(27)	(4)
Losses on listed shares	3e	(687)	-	(687)	-
Provision for impairment	3b	-	(1,058)	(2,565)	-
Provision for impairment of fixed assets	3b	(237)	-	(183)	-
Provision for impairment of intangible assets	3b	(241)	-	(172)	-
Provision for impairment of shares	3b	(659)	(3,103)	(659)	(3,103)
Provision for impairment of investment	3b	(2,168)	-	-	-
Provision for impairment of work in progress	3b	(11,552)	-	-	-
Rent	3f	(427)	(336)	(179)	(126)
Write down of investment in subsidiary	3b	-	-	(1,508)	(5,041)
Write off goodwill on consolidation		-	(3,207)	-	-
Other expenses		(1,291)	(5,071)	(2,537)	(1,646)
(Loss) before income tax		(22,279)	(12,879)	(10,558)	(11,720)
Income tax expense	4	-	(89)	-	-
(Loss) from after income tax		(22,279)	(12,968)	(10,558)	(11,720)
Loss attributable to members of the parent entity		(22,279)	(12,968)	(10,558)	(11,720)
Overall Operations					
Basic earnings per share (cents per share)	7	(13.53)	(11.32)		
Diluted earnings per share (cents per share)	7	(13.53)	(11.32)		
Continuing Operations					
Basic earnings per share (cents per share)	7	(13.53)	(11.32)		
Diluted earnings per share (cents per share)	7	(13.53)	(11.32)		

The above income statement is to be read in conjunction with the notes to the financial statements.

RKS CONSOLIDATED LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT 2008

BALANCE SHEET AS AT 30 JUNE 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	402	2,313	173	105
Trade and other receivables	9	32	29,088	-	350
Inventories	10	-	778	-	-
Financial assets	13	-	54	-	54
Other assets	14	-	1,583	-	1,570
TOTAL CURRENT ASSETS		434	33,816	173	2,079
NON-CURRENT ASSETS					
Cash and cash equivalents	8	-	293	-	169
Trade and other receivables	9	-	19	-	2,040
Inventories	10	-	16,980	-	-
Investments accounted for using the equity method	11	-	3,219	-	3,219
Financial assets	13	-	716	-	2,345
Property, plant and equipment	16	-	376	-	269
Intangible assets	17	-	-	-	-
Other assets	14	-	59	-	-
TOTAL NON-CURRENT ASSETS		-	21,662	-	8,042
TOTAL ASSETS		434	55,478	173	10,121
CURRENT LIABILITIES					
Trade and other payables	18	925	1,538	241	473
Financial liabilities	19	17,083	37,506	4,715	6,656
Current tax liabilities	20	-	-	-	-
Short-term provisions	21	43	111	40	46
TOTAL CURRENT LIABILITIES		18,051	39,155	4,996	7,175
NON-CURRENT LIABILITIES					
Financial liabilities	19	-	14,483	-	-
Deferred tax liabilities	20	-	-	-	-
TOTAL NON-CURRENT LIABILITIES		-	14,483	-	-
TOTAL LIABILITIES		18,051	53,638	4,996	7,175
NET ASSETS		(17,617)	1,840	(4,823)	2,946
EQUITY					
Issued capital	22	31,975	30,006	31,975	30,006
Reserves	23	234	1,650	-	1,449
Accumulated losses		(49,826)	(29,816)	(36,798)	(28,509)
TOTAL EQUITY		(17,617)	1,840	(4,823)	2,946

The above balance sheet is to be read in conjunction with the notes to the financial statements.

RKS CONSOLIDATED LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT 2008

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

	Ordinary Shares	Option Reserve	Foreign Exchange Reserve	Retained Earnings	Total
Consolidated Group	\$000	\$000	\$000		\$000
Balance at 1 July 2006	23,892	-	-	(16,848)	7,044
Loss attributable to members of parent entity	-	-	-	(12,968)	(12,968)
Shares issued during the year	6,962	-	-	-	6,962
Transaction costs	(848)	-	-	-	(848)
Revaluation increment	-	1,449	201	-	1,650
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2007	30,006	1,449	201	(29,816)	1,840
Balance at 1 July 2007	30,006	1,449	201	(29,816)	1,840
Loss attributable to members of parent entity	-	-	-	(22,279)	(22,279)
Shares issued during the year	3,078	-	-	-	3,078
Transaction costs	(929)	-	-	-	(929)
Revaluation increment	-	820	33	-	853
Transfer from option reserve to retained earnings	-	(2,269)	-	2,269	-
Shares bought back	(180)	-	-	-	(180)
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2008	31,975	-	234	(49,826)	(17,617)

	Ordinary Shares	Option Reserve	Reserves	Retained Earnings	Total
Parent Entity	\$000	\$000	\$000		\$000
Balance at 1 July 2006	23,892	-	-	(16,789)	7,103
Profit attributable to members of parent entity	-	-	-	(11,720)	(11,720)
Shares issued during the year	6,962	-	-	-	6,962
Transaction costs	(848)	-	-	-	(848)
Revaluation increment	-	1,449	-	-	1,449
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2007	30,006	1,449	-	(28,509)	2,946
Balance at 1 July 2007	30,006	1,449	-	(28,509)	2,946
Loss attributable to members of parent entity	-	-	-	(10,558)	(10,558)
Shares issued during the year	3,078	-	-	-	3,078
Transaction costs	(929)	-	-	-	(929)
Revaluation increment	-	820	-	-	820
Transfer from option reserve to retained earnings	-	(2,269)	-	2,269	-
Shares bought back	(180)	-	-	-	(180)
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2008	31,975	-	-	(36,798)	(4,823)

The above statement of changes in equity is to be read in conjunction with the notes to the financial statements.

RKS CONSOLIDATED LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT 2008

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers/property development loan repayments		35,682	19,022	436	123
Payments to suppliers and employees/property development loan advances		(5,545)	(29,775)	(3,837)	(2,706)
Deposits & prepayments		-	(2,640)	-	(2,640)
Deposits returned		-	1,462	-	1,462
Interest received		2,643	4,118	385	14
Finance costs		(3,212)	(3,192)	(299)	(678)
Net cash provided by (used in) operating activities	27	29,568	(11,005)	(3,315)	(4,425)
CASH FLOWS FROM INVESTING ACTIVITIES					
Loans repaid by director related parties		19	225	-	-
Purchase of investments		-	(19,766)	-	(3,673)
Purchase of property, plant and equipment		-	(251)	-	(115)
Proceeds from release of security deposits		1,146	-	1,146	-
Advance from subsidiary		-	-	-	2,453
Advance to subsidiaries		-	-	-	(1,200)
Net cash provided by (used in) investing activities		1,165	(19,792)	1,146	(2,535)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		76	3,379	76	3,379
Proceeds/(repayment) from (of) borrowings		(32,833)	26,320	2,172	4,060
Capital raising costs		-	(411)	-	(411)
Payments for Shares bought back		(180)	-	(180)	-
Net cash provided by (used in) financing activities		(32,937)	29,288	2,068	7,028
CASH					
Net (decrease)/increase in cash held		(2,204)	(1,509)	(101)	68
Cash at beginning of financial year		2,606	4,115	274	206
Cash at end of financial year	8	402	2,606	173	274

The above cash flow statement is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

This financial report includes the consolidated financial statements and notes of RKS Consolidated Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of RKS Consolidated Limited as an individual parent entity ('Parent Entity').

1: Statement of Significant Accounting Policies

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Going Concern

The financial statements have been prepared on a going-concern basis notwithstanding that the consolidated entity incurred an operating loss after income tax of \$22,279,000 and has a deficiency in net assets of \$17,617,000 as at 30 June 2008.

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal trading activities and realisation of assets and settlement of liabilities in the normal course of business.

The Company executed a deed of arrangement and creditors trust with its creditors which extinguished all liabilities and removed itself from Administration.

The stated purpose of the Company was until 1 August 2012 to seek opportunities with a focus in the exploration and development of coal tenements, since that time it has been examining alternative opportunities.

In the event that RKS Consolidated Limited is unable to realise its object of obtaining profitable opportunities or complete any further capital raisings it will be required to realise its assets and extinguish its liabilities in a manner other than in the normal course of business such as voluntarily administration. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts or classification of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

b. Principles of Consolidation

A controlled entity is any entity over which RKS Consolidated Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 15 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the consolidated Balance Sheet and in the consolidated Income Statement.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1: Statement of Significant Accounting Policies (continued)

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

c. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually and tangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1: Statement of Significant Accounting Policies (continued)

e. Inventories, land for sale and construction work in progress

Land for Sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, foreign currency movements, borrowing costs and holding costs until completion of development. Finance costs, foreign currency movements and holding charges incurred after development are expensed. Profits are brought to account on the signing of an unconditional contract of sale.

Construction Work in Progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis. Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full. Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

f. Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. Statement of significant accounting policies (continued)

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	8% - 25%
Plant and equipment, computer hardware and software	5% - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

g. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

h. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

i. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. Statement of significant accounting policies (continued)

j. Financial Instruments (continued)

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

k. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

m. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. Statement of significant accounting policies (continued)

n. Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of post-acquisition reserves of its associates.

o. Interests in Joint Ventures

The consolidated group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

p. Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Patents, licences and trademarks

Patents, licences and trademarks are recognised at cost of acquisition. Patents, licences and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life.

q. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
 - income and expenses are translated at average exchange rates for the period; and
 - retained earnings are translated at the exchange rates prevailing at the date of the transaction.
- Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. Statement of significant accounting policies (continued)

r. **Debt Defeasance**

Where assets are given up to extinguish the principal repayments and all future interest payments of a debt any differences in the carrying values of assets foregone and the liability extinguished are brought to account in the profit. Costs incurred in establishing the defeasance are expensed in the period that the defeasance occurs. Where only part of a debt is extinguished the interest payments and principal repayments are decreased proportionately and a liability recognised for the net present value of the remaining future interest and principal repayments. The discount factor applied is the implicit rate in the original debt. In all cases where defeasance occurs, it is highly unlikely that the company will again be required to pay any part of the debt or meet any guarantees or indemnities associated with the debt.

s. **Revenue**

Revenue from rendering of financial and other services is recognised in the periods in which the services are provided and it is probable that the compensation will flow to the entity, the amount to be received can be reliably measured and the state of completion can be reliably measured.

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

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

t. **Financial Guarantees**

Financial guarantee contracts are measured at their fair values initially and subsequently measured at the higher of:

- the amount of obligation under the contract, as determined in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets; or
- the amount recognised initially less cumulative amortisation recognised in accordance with revenue recognition policies.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

u. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

v. **Rounding of Amounts**

While the group and parent entity do not comply with ASIC Class Order 98/100, the financial report and directors' report have been rounded off to the nearest \$000 as comparatives details are not available.

w. **Critical Accounting Estimates and Judgments**

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates — Impairment

At each reporting date, the group reviews the carrying value of tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amounts of the asset, being the higher of the asset's fair value costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. Statement of significant accounting policies (continued)

x. Adoption of New and Revised Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected		Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007–3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report	1.1.2009	1.7.2009
	AASB 6	Exploration for and Evaluation of Mineral			
	AASB 102	Inventories			
	AASB 107	Cash Flow Statements			
	AASB 119	Employee Benefits			
	AASB 127	Consolidated and Separate Financial Statements			
	AASB 134	Interim Financial Reporting			
	AASB 136	Impairment of Assets			
	AASB 1023	General Insurance Contracts			
AASB 8 Operating Segments	AASB 1038	Life Insurance Contracts	As above	1.1.2009	1.7.2009
	AASB 114	Segment Reporting			
	AASB 1	First time adoption of AIFRS			
	AASB 101	Presentation of Financial Statements			
AASB 2007–6 Amendments to Australian Accounting Standards	AASB 107	Cash Flow Statements	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	1.1.2009	1.7.2009
	AASB 111	Construction Contracts			

RKS CONSOLIDATED LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT 2008

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. Statement of significant accounting policies (continued)

x. Adoption of New and Revised Accounting Standards (continued)

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
	AASB 116 Property, Plant and Equipment			
	AASB 138 Intangible Assets			
AASB 123 Borrowing Costs	AASB 123 Borrowing Costs	As above	1.1.2009	1.7.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101 Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009	1.7.2009
AASB 101	AASB 101 Presentation of Financial Statements	As above	1.1.2009	1.7.2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
NOTE 2: REVENUE					
a. Operating activities					
— Services income		68	-	68	-
— Interest received	2b	2,643	4,186	385	84
— Other revenue		348	144	18	121
— Loan Fees		1,346	3,978	-	-
Total Revenue		4,405	8,308	471	205
b. Interest revenue from:					
— Wholly-owned controlled entities		-	-	217	-
— External		2,643	4,101	168	84
— Director related entities		-	85	-	-
Total interest revenue		2,643	4,186	385	84

NOTE 3: LOSS FOR THE YEAR

a. Bad and Doubtful Debts:					
— Trade Receivables		612	1,211	7	286
— Loan - Yatala property	(i)	730	-	730	-
Total Debt Write Off		1,342	1,211	737	286
b. Provision for Impairment / Write Down					
— Amount owing Director Related Parties	(ii)	-	1,058	2,565	-
— Carrying Amount of Fixed Assets	(ii)	237	-	183	-
— Carrying Amount of Intangible Assets	(ii)	241	-	172	-
— Carrying Amount of Shares	(ii)	659	3,103	659	3,103
— Carrying Amount of Subsidiaries	(ii)	-	-	1,508	5,041
— Carrying Amount of Investment	(ii)	2,168	-	-	-
— Carrying Amount of Work In Progress	(ii)	11,552	-	-	-
Total Provision for Impairment		14,857	4,161	5,087	8,144

- (i) The amounts are in relation to Trade Receivables, Other Receivables, Loans, Related Parties deemed not recoverable by the Administrator as detailed in the Report by the Administrator dated 22 August 2008 and further updated on 15 July 2009.
- (ii) The amounts are in relation to carrying amounts of Fixed Assets, Intangible Assets, Shares, Subsidiaries and Work in Progress deemed not recoverable / payable by the Administrator as detailed in the Report by Administrator dated 22 August 2008 further updated on 15 July 2009.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 3: LOSS FOR THE YEAR (continued)

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
c. Finance Costs:					
— External		181	881	181	881
— Unsecured Notes		3,031	3,012	118	-
Total Finance Costs		3,212	3,893	299	881
d. Legal Fees and Settlement Costs:					
— Legal Fees		650	-	442	-
— Settlement Costs - Wentworth Judgment		250	-	250	-
Total Legal Fees and Settlement Costs		900	-	692	-
e. Losses on Listed Shares:					
— Revaluation of ENI Shares		473	-	473	-
— Payment of Non-Refunded for EGL shares		200	-	200	-
— Loss on Sale of Shares		14	-	14	-
Total Losses on Listed Shares		687	-	687	-
f. Rental expense on operating leases:					
— Lease payments		427	336	179	126
Total rental expense on operating lease		427	336	179	126

NOTE 4: INCOME TAX

The components of tax expense comprises:

— Current Tax	-	-	-	-
— Deferred Tax	-	89	-	-
	-	89	-	-

The prima facie tax on loss from ordinary activities:

	(6,684)	(3,917)	(3,167)	(3,516)
— Other non-allowable items	-	2,969	-	2,768
— Effect of current year tax losses derecognised	6,684	948	3,167	748
— Effect of derecognition of operating deferred tax assets	-	89	-	-
Income tax attributable to entity	-	89	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 5: DIVIDENDS

No dividend (2007: \$NIL) was declared in respect of the year ending 30 June 2008.

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
NOTE 6: AUDITORS' REMUNERATION				
Remuneration of the auditor of the parent entity for: Auditors: Hall Chadwick				
— auditing or reviewing the financial report	8	-	8	-
Auditors: Moore Stephens				
— auditing or reviewing the financial report	65	113	8	113
— taxation services	-	48	-	48
Total remuneration of the auditor of the parent entity:	73	161	16	161
Remuneration of other auditors of subsidiaries for:				
— auditing or reviewing the financial report of subsidiaries	-	72	-	-
— Taxation services provided to the subsidiaries	-	40	-	-
Total remuneration of other auditors of subsidiaries	-	112	-	-

	Consolidated Group	
	2008	2007
	\$000	\$000
NOTE 7: EARNINGS PER SHARE		
a. Reconciliation of earnings to profit or loss		
Loss	(22,279)	(12,968)
Earnings used to calculate basic EPS	(22,279)	(12,968)
Earnings used in the calculation of dilutive EPS	(22,279)	(12,968)
b. Reconciliation of earnings to profit or loss from continuing operations		
Loss from continuing operations	(22,279)	(12,968)
Earnings used to calculate basic EPS from continuing operations	(22,279)	(12,968)
Earnings used in the calculation of dilutive EPS from continuing operations	(22,279)	(12,968)
	No.	No.
	'000	'000
c. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	164,659	114,571
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	164,659	114,571
Overall Operations		
Basic earnings per share (cents per share)	(13.53)	(11.32)
Diluted earnings per share (cents per share)	(13.53)	(11.32)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 7: EARNINGS PER SHARE (continued)

	Consolidated Group 2008	Consolidated Group 2008
Continuing Operations		
Basic earnings per share (cents per share)	(13.53)	(11.32)
Diluted earnings per share (cents per share)	(13.53)	(11.32)

Options have not been included in the calculation of diluted EPS as they are not dilutive.

Convertible notes have not been included in the calculation of diluted EPS as they are not dilutive.

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
CURRENT				
Cash at bank and in hand	402	2,313	173	105
NON-CURRENT				
Short-term deposits	-	293	-	169
	402	2,606	173	274

The effective interest rate on cash at bank was 2.65% - 3.05% in 2007.

The effective interest rates on short term deposits which secured bank guarantees in 2007 was 5.75% - 6.2%.

NOTE 9: TRADE AND OTHER RECEIVABLES

CURRENT				
Term receivables	32	30,299	-	636
Provision for impairment of receivables	-	(1,211)	-	(286)
TOTAL CURRENT	32	29,088	-	350
NON-CURRENT				
Owing by subsidiaries	-	-	-	2,040
Term receivables	-	-	-	1,000
Provision for impairment of receivables	-	-	-	(1,000)
Amounts receivable from:				
— Director related parties	-	1,071	-	-
— Provision for impairment	-	(1,052)	-	-
TOTAL NON-CURRENT	-	19	-	2,040

During the year trade and other receivables were valued at nil in line with the opinions detailed in the Report to Creditors by the Administrator dated 22 August 2008 and further updated in the Report to Creditors dated 15 July 2009

Loans to Director Related Parties

The above loans impaired to a net value of \$19,000 in 2007 were in respect of a former First Capital Group Limited Director, Mr L. Freeman. The loans were secured by charges over company's related to Mr Freeman, together with guarantees issued by shareholders and Directors of a number of these companies. The loans were repayable in October / December 2011 and July 2012, bearing interest of 7.55% per annum in 2007. A provision for impairment was raised in the amount of \$1.052 million against these loans at 30 June 2007 due to the inability to directly secure a charge over those company's assets, being escrowed shares in listed corporations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
NOTE 10: INVENTORIES				
CURRENT				
Work in progress	-	778	-	-
NON-CURRENT				
Work in Progress	-	16,980	-	-
TOTAL CURRENT & NON CURRENT	-	17,758	-	-

During the year, inventories were valued at nil in line with the general conclusions expressed in the Report to Creditors by the Administrator dated 22 August 2008 and further updated in the Report to Creditors dated 15 July 2009

NOTE 11: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Associated companies	-	3,219	-	3,219
	-	3,219	-	3,219

During the year the Company decided not to acquire the remaining 60% shareholding of Explorer Group Limit. The vendor of the 60% shares purported to terminate the agreement and retain the deposit of \$1 million. The Company disputed the purported termination and through litigation an agreement was reached whereby \$800,000 of the initial deposit was refunded, resulting in a loss of \$200,000.

During the year the Company finalised the disposal of it's 40% shareholding of Explorer Group Limited. The impact on the financial statements was \$nil. As the Company was unable to view or receive details of Explorer Group Limited's financial performance during the period of ownership, the Company has assumed that it's share of profit and loss was \$nil.

NOTE 12: ASSOCIATED COMPANIES

Interests are held in the following associated companies

Name	Country of Incorporation	Shares	Ownership Interest		Carry amount of Investment	
			2008	2007	2008	2007
			%	%	\$000	\$000
Unlisted:						
Explorer Group Limited	Australia	Ord	-	30	-	3,219
			-	30	-	3,219

Refer detail in note 11 above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
NOTE 13: FINANCIAL ASSETS					
Available-for-sale financial assets		-	770	-	2,399
Total financial assets		-	770	-	2,399
Current portion		-	54	-	54
Non-Current portion		-	716	-	2,345
		-	770	-	2,399

In 2007, the non-current available for sale financial asset includes an amount of \$0.7 million represented by shares held in a public listed entity. These shares are held in escrow and not able to be transacted with until June 2009. The fair value of this investment was independently calculated. The calculation utilized a discounted cash flow methodology. At 30 June 2007 these shares were impaired to a write down of \$3.1 million. In 2008, the non-current available for sale financial is nil reflecting the available-for-sale financial assets were valued at nil per Report to Creditors by the Administrator dated 22 August 2008 and further updated in the Report to Creditors dated 15 July 2009.

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
NOTE 14: OTHER ASSETS				
CURRENT				
Deposits and prepayments	-	1,583	-	1,570
Total Current	-	1,583	-	1,570
NON-CURRENT				
Other assets	-	59	-	-
Total Non-Current	-	59	-	-

In 2007, deposits and prepayments totaling \$1.583 million includes a deposit of \$1 million paid to a shareholder and director of Explorer Group Limited. This deposit formed part of the acquisition process of 60% of this entity. Subsequent to 30 June 2007 the entities interest in Explorer Group Limited have been realised with the exception of the 60% shareholder interest. On 21 June 2007, the company received a notice from the 60% shareholder purporting to terminate it's agreement to sell it's shares to FIC and to retain the deposit. FIC has rejected this purported termination, including the retention of the deposit, and will proceed to settle the transaction in accordance with the agreement or accept the pudiation by the 60% shareholder and seek damages, including recovery of the deposit. During the year the Group resolved this issue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 15: CONTROLLED ENTITIES

a. Controlled Entities Consolidated

Parent Entity:	Country of Incorporation	Percentage Owned	
		2008	2007
		(%)*	(%)*
RKS Consolidated Limited	Australia		
Subsidiaries of RKS:			
First Capital Securities Limited	Australia	(i) 100%	100%
Rockstead Asset Management Pty Limited	Australia	(ii) 100%	100%
First Capital Wealth Pty Limited	Australia	(iii) -	100%
First Capital Investments Pty Limited	Australia	(iv) 100%	100%
Millennium Capital Managers Limited	Australia	(v) 100%	100%
First Capital Property Group Pty Limited	Australia	(vi) 0%	100%
First Capital Properties No.1 Pty Limited	Australia	(vii) 100%	100%
First Capital Gulf Harbour Limited	New Zealand	100%	100%
First Capital New Zealand Limited	New Zealand	(viii) 100%	100%
Rockstead Services Pty Limited	Australia	(ix) 100%	100%
First Capital Property Services Pty Ltd	Australia	(x) -	100%

* Percentage of voting power is in proportion to ownership

(i) Under administration since 21 July 2008

(ii) Formerly known as First Capital Services Pty Limited and de-registered on 15 February 2010

(iii) De-registered on 19 December 2007

(iv) De-registered on 6 December 2009

(v) Formerly known as Explorer Investment Limited

(vi) De-registered on 30 January 2008

(vii) De-registered on 13 December 2009

(viii) Struck off on 29 September 2009

(ix) Formerly known as Tax Break Calculators Pty Limited and de-registered on 13 September 2010

(x) De-registered on 19 December 2007

RKS CONSOLIDATED LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT 2008

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
NOTE 16: PROPERTY, PLANT AND EQUIPMENT				
PLANT AND EQUIPMENT				
Plant and equipment:				
At cost	1,067	1,067	220	220
Accumulated depreciation	(645)	(530)	(79)	(7)
Accumulated impairment losses	(422)	(233)	(141)	-
	-	304	-	213
Leasehold improvements:				
At cost	84	84	57	57
Accumulated amortisation	(36)	(12)	(15)	(1)
Accumulated impairment losses	(48)	-	(42)	-
Total Leasehold Improvements	-	72	-	56
Total Property, Plant and Equipment	-	376	-	269

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leasehold Improve- ments	Plant and Equipment	Total
	\$000	\$000	\$000
Consolidated Group:			
Balance at 1 July 2007	72	304	376
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	(24)	(115)	(139)
Impairment losses	(48)	(189)	(237)
Carrying amount at the end of year	-	-	-
Parent Entity:			
Balance at 1 July 2007	56	213	269
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	(14)	(73)	(87)
Impairment losses	(42)	(140)	(182)
Carrying amount at the end of year	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 17: INTANGIBLE ASSETS

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Goodwill					
Cost		3,207	3,207	-	-
Accumulated impaired losses		(3,207)	(3,207)	-	-
Net carrying value		-	-	-	-
Trademarks and licenses					
Cost		8	8	-	-
Accumulated amortisation		(2)	(2)	-	-
Impairment		(6)	(6)	-	-
Net carrying value		-	-	-	-
Total intangibles		-	-	-	-

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
NOTE 18: TRADE AND OTHER PAYABLES					
CURRENT					
Trade payables		819	975	237	473
Sundry payables and accrued expenses		106	178	4	-
Unearned Income		-	385	-	-
		925	1,538	241	473

NOTE 19: FINANCIAL LIABILITIES

CURRENT

Unsecured Notes	(a), (c)	113	20,853	-	-
Loans and Overdrafts	(a)	16,970	13,593	4,715	4,419
Accrued Interest		-	967	-	144
Convertible Notes	(b)	-	2,093	-	2,093
		17,083	37,506	4,715	6,656

NON-CURRENT

Unsecured notes		-	14,268	-	-
Accrued interest		-	215	-	-
		-	14,483	-	-
TOTAL		17,083	51,989	4,715	6,656

- (a) In 2008 the Group restructured with the assistance of its new majority shareholders, RS Asset Management Private Limited and Rockstead Capital Private Limited, and paid down its unsecured note holders and other loans.

In 2007, the Company executed a convertible note agreement with RS Asset Management Private Limited and Rockstead Capital Private Limited (Rockstead"). The funding took the form of redeemable convertible secured notes.

- (b) In 2008, RS Asset Management Private Limited and Rockstead Venture Limited converted their convertible notes into fully paid ordinary shares with effect from 31 December 2007.

- (c) In 2007 the majority of unsecured notes were secured by a floating charge over the assets of the subsidiary, First Capital Securities Limited ("FCSL"). The interest rates payable on unsecured notes ranges from 6.755% to 14%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated Group			Parent Entity		
	2008	2007		2008	2007	
NOTE 20: TAX LIABILITIES	\$000	\$000		\$000	\$000	
CURRENT						
Income Tax	-	-		-	-	
	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rate	Exchange Differences	Closing Balance
Consolidated Group						
Deferred Tax Liability						
Property Plant and Equipment						-
— tax allowance	5	(5)	-	-	-	-
Balance at 30 June 2007	5	(5)	-	-	-	-
Property Plant and Equipment						-
— tax allowance	-	-	-	-	-	-
Balance at 30 June 2008	-	-	-	-	-	-
Deferred Tax Assets						
Provisions & Accruals	94	(94)	-	-	-	-
Balance at 30 June 2007	94	(94)	-	-	-	-
Provisions & Accruals	-	-				-
Balance at 30 June 2008	-	-		-	-	-
	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rate	Exchange Differences	Closing Balance
Parent Entity						
Deferred Tax Liability						
Property Plant and Equipment						-
— tax allowance	-	-	-	-	-	-
Balance at 30 June 2007	-	-	-	-	-	-
Property Plant and Equipment						-
— tax allowance	-	-	-	-	-	-
Balance at 30 June 2008	-	-	-	-	-	-
Deferred Tax Assets						
Provisions & Accruals	-	-	-	-	-	-
Balance at 30 June 2007	-	-	-	-	-	-
Provisions & Accruals	-	-	-	-	-	-
Balance at 30 June 2008	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 21: PROVISIONS

	Inter-company loans \$000	Employee Benefits \$000	Total \$000
Consolidated Group			
Opening balance at 1 July 2006	1,000	28	1,028
Additional provisions	-	92	92
Amounts used	(1,000)	(9)	(1,009)
Balance at 30 June 2007	-	111	111
Opening balance at 1 July 2007	-	111	111
Additional provisions	-	43	43
Amounts used	-	(111)	(111)
Balance at 30 June 2008	-	43	43

	Inter-company loans \$000	Employee Benefits \$000	Total \$000
Parent			
Opening balance at 1 July 2006	1,000	9	1,009
Additional provisions	-	46	46
Amounts used	(1,000)	(9)	(1,009)
Balance at 30 June 2007	-	46	46
Opening balance at 1 July 2007	-	46	46
Additional provisions	-	40	40
Amounts used	-	(46)	(46)
Balance at 30 June 2008	-	40	40

	Consolidated Group		Parent Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
b. Analysis of Total				
Current	43	111	40	46
Non-current	-	1,000	-	1,000
	43	1,111	40	1,046

Provision for employee benefits

A provision has been recognised for employee entitlements relating to annual leave and superannuation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 22: ISSUED CAPITAL	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		No.	No.	No.	No.
a. Ordinary shares					
At the beginning of reporting period		114,570,666	90,613,109	114,570,666	90,613,109
Shares issued during the previous year			23,957,557		23,957,557
Shares issued during the year					
— 20 July 2007		1,041,667	-	1,041,667	-
— 27 July 2007		403,266	-	403,266	-
— 31 December 2007		101,000,000	-	101,000,000	-
Shares bought back during the year			-		-
— 14 December 2007		(3,000,000)		(3,000,000)	
At reporting date 30 June 2008		214,015,599	114,570,666	214,015,599	114,570,666

30 million performance shares were issued in May 2006 in respect of the acquisition of the subsidiary Rockstead Asset Management Pty Limited (formerly known as First Capital Securities Limited). The performance shares are in tranches of 10 million shares and are subject to performance criteria (based on net profit before tax milestones) in the years ended 30 June 2007, 31 December 2007 and 30 June 2008. The agreement provides for an extension in respect of each financial year of a six month furtherance period. Until the performance criteria are met, the shares issued carry no dividend, voting or winding up rights, (If the performance criteria are not met in each instance, the shares revert to ordinary voting shares on the basis of 1 share per 1 million shares held). The performance criteria was not met and the performance shares were not converted to ordinary shares.

On 21 July 2008, the major shareholders of RKS Consolidated Limited had withdrawn financial support from its wholly owned subsidiary First Capital Securities Limited (FCSL) and that Greg Moloney and Peter Geroff of Ferrier Hodgson have been appointed voluntary administrators of FCSL. On this basis, the company does not meet the criteria of the performance shares. There is no value has been ascribed to the worth of the shares. No conversion was carried out during the year.

b.Value of share capital issued	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Balance at beginning of reporting period		30,005,941	23,891,963	30,005,941	23,891,963
Shares issued during the year			6,961,957		6,961,957
Shares issued during the year					
- 20 July 2007		50,000		50,000	
- 27 July 2007		25,002		25,002	
- 31 December 2007 Conversion of convertible notes		3,002,500		3,002,500	
Shares bought back during the year					
- 14 December 2007		(180,000)		(180,000)	
Transaction Costs		(929,096)	(847,979)	(929,096)	(847,979)
At reporting date		31,974,347	30,005,941	31,974,347	30,005,941

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 22: ISSUED CAPITAL (continued)

On 31 December 2007 (and following shareholder approval at the Company's Annual General Meeting on 14 December 2007) Rockstead Singapore converted the notes into 101 million shares.

NOTE 23: RESERVES

a. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

b. Option Reserve

The share option reserve records items as expenses on valuation of shareholder, consultant and purchase of financial asset available for sale options.

NOTE 24: CAPITAL AND LEASING COMMITMENTS

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
Note	\$000	\$000	\$000	\$000
a. Operating lease commitments				
Non-cancellable operating leases contracted for but capitalised in the financial statements				
Payable – minimum lease payments				
— not later than 12 months	149	255	-	-
— between 1 year and 2 years	-	149	-	-
	<u>149</u>	<u>404</u>	<u>-</u>	<u>-</u>

The property lease is a non-cancellable lease with a 4 year 1 month term, which commenced in December 2004, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments to be increased by the CPI per annum. The lease allows for subletting of all lease areas.

NOTE 25: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities accounted for as at 30 June 2008 and there has been no change in contingent liabilities since the last annual reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 26: SEGMENT REPORTING

Primary Reporting — Business Segments

For year ended 30 June 2008

The Company was placed in administration soon after year end and all the key management and employees left the Company in July 2008. Only limited information is available and it is not possible to accurately report results, assets and liabilities by Business Segment for the year ended 30 June 2008.

For year ended 30 June 2007	Funds Management \$000	Property Development \$000	Economic Entity (Continuing Operations) \$000
REVENUE			
External sales	8,308	-	8,308
Total sales revenue	8,308	-	8,308
RESULT			
Segment result	(12,918)	(50)	(12,968)
Loss before income tax	(12,918)	(50)	(12,968)
Income tax expense	-	-	-
Loss after income tax	(12,918)	(50)	(12,968)
ASSETS			
Segment assets	37,714	17,764	55,478
Total assets	37,714	17,764	55,478
LIABILITIES			
Segment liabilities	41,862	11,776	53,638
Total liabilities	41,862	11,776	53,638

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the consolidated group at an arm's length. These transfers are eliminated on consolidation.

Geographical segments

The consolidated group's geographical segments are located in Australia and New Zealand. The carrying amounts of total assets in Australia are \$431,000 (2007: \$37.7 million) and in New Zealand are \$3,000 (2007: \$17.8 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
NOTE 27: CASH FLOW INFORMATION	\$000	\$000	\$000	\$000
a. Reconciliation of cash flow from operations with loss after income tax				
(Loss) after income tax	(22,279)	(12,968)	(10,558)	(11,720)
Non-cash flows in loss				
Bad debt and loan write offs	1,342	-	737	-
Impairment of assets	4,259	-	4,293	-
Amortisation and depreciation	139	311	86	4
Share based payments	820	-	820	2
Impairment of work in progress	11,552	-	-	-
Write off of goodwill	-	3,207	-	-
Write-off off capitalised expenditure	-	186	-	-
Write-downs of investment in subsidiary	-	-	1,508	5,040
Write-downs to recoverable amount	-	3,150	-	3,107
Employee share cost	-	34	-	34
Shares issued – borrowing costs	-	60	-	60
Changes in assets and liabilities				
Decrease/(increase) in trade and term receivables	33,920	(8,175)	(387)	(676)
Decrease/(increase) in prepayments	496	(1,034)	424	(1,070)
(Decrease)/increase in trade payables and accruals	(613)	1,583	(232)	342
Increase in deferred taxes payable	-	89	-	-
(Decrease)/increase in employee entitlements	(68)	2,552	(6)	452
Cashflow from operations	29,568	(11,005)	(3,315)	(4,425)

NOTE 28: SHARE-BASED PAYMENTS

On 29 June 2007, 200,000 shares were issued to an employee in respect of a bonus agreement with FIC. This bonus cost, based on market sell price at the grant date, has been expensed as employee benefits. These shares hold the same voting and dividend rights as other ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 29: EVENTS AFTER THE BALANCE SHEET DATE

On 21 July 2008, the Company advised that the major shareholders had withdrawn financial support from its wholly owned subsidiary First Capital Securities Limited (FCSL) and that Mr Greg Moloney and Mr Peter Geroff of Ferrier Hodgson have been appointed voluntary administrators of FCSL.

On 21 July 2008, the Public Trustee of Queensland pursuant to a charge over FCSL for the benefit of unsecured note holders, appointed John Grieg and Nicholas Harwood of Deloitte as receivers and managers.

On 21 July 2008, the Company advised that another of its wholly owned subsidiaries, First Capital Gulf Harbour Limited has been unable to secure full refinance for a loan held by Strategic Finance Limited.

On 21 July 2008, the Company's securities were suspended from Official Quotation by the ASX in accordance with listing rule 17.3 pending the Company's compliance with ASX listing rule 12.1. The Company's securities remain suspended.

On 29 July 2008, the Company under section 436A of the *Corporations Act 2001*, appointed Greg Moloney of Ferrier Hodgson Brisbane as Voluntary Administrator.

On 18 August 2008, Company's remaining 4.9% of Rockstead Funds Management Limited ("RFML") was sold by the Administrators. The principal remaining asset of the Company is its listed shell and a potential recapitalisation of the shell via a Deed of Company Arrangement.

On 30 September 2008, a Deed of Company Arrangement (DOCA) between the Company and its Creditors was signed, however it subsequently failed.

On 30 June 2009, Greg Moloney of Ferrier Hodgson Brisbane was appointed as liquidator in accordance with the provisions of Part 5.3A of the *Corporations Act 2001*.

On 23 December 2009, the liquidator Greg Maloney, appointed Mr Christopher Darin and Mr Michael Hird of Worrells Sydney as Administrators to enable a fresh DOCA to be considered.

On 8 March 2010, the shareholders voted that the Company enter a DOCA. The summary of the terms of the deed were set out in the Explanatory Statement and included a proposal from an Investment Group for restructuring and recapitalising the company including a settlement of creditors claims extinguishing all liabilities and removing itself from Administration. The proposal was accepted by the creditors and the DOCA was executed on 10 March 2010.

The proposal from the Investment Group is summarised as follows:

1. Consolidate existing share capital on a 10 to 1 basis;
2. Allotment and issue of 100 million shares (after consolidation) to the Investment group at 0.02 cents to raise \$20,000;
3. Allotment and issue of 123 million shares (after consolidation) to the Investment group at 0.3 cents to raise \$369,000;
4. Total amount raised from the Investment group is \$389,000;
5. Allotment and issue of 100 million shares (after consolidation) to the public at 0.02 cents to raise a further \$2,000,000;
6. Allotment and issue of 5 million shares (after consolidation) to the DOCA administrators at no cost;
7. Removal of the previous Directors and Company Secretary;
8. Appointment of the following Directors from the Investment group:
 - Mr Steve Nicols;
 - Mr Anthony Crimmins
 - Mr Gregory Cornelsen
9. Change of the company name to RKS Consolidated Limited.

On 9 June 2010, the shareholders approved the above resolutions.

On 17 June 2010, the shareholders of the Company authorised the company to consolidate its existing shares on a 10 to 1 basis. The capital re-origination was effective 18 June 2010.

On 23 August 2010, the liquidation and winding up of the Company (as Rockstead Financial Services (in Liquidation)) was terminated via a Court order.

On 24 August 2010, the Directors of the Company entered into a memorandum of understanding with Greenlink Solar for the proposed acquisition of Greenlink Energy Limited.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 29: EVENTS AFTER THE BALANCE SHEET DATE (continued)

On 24 August 2010, the company's name change to RKS Consolidated from Rockstead Financial Services Limited became effective.

On 26 November 2010, the Company announced it had terminated the memorandum of understanding with Greenlink Solar for the proposed acquisition of Greenlink Energy Limited with immediate effect.

On 7 July 2011, in a General Meeting, the shareholders voted to:

1. Consolidate the shares on a 9 to 1 basis;
2. Issue 300 million shares on a post consolidation basis to the parties set out in the Explanatory Statement, to raise a total amount of \$100,200;
3. Elect Mr Troy Graham as a non executive director;

and pursue opportunities in the acquisition, exploration and development of coal tenements.

On 30 August 2011, the Company announced (subject to shareholder approval) it has entered into an agreement to acquire 100% of Scott Creek Coal Pty Ltd. for a purchase price of \$5,784,375. The Company will issue 19,281,250 shares at \$0.30 per share as consideration. The proposed transaction also has a number of key steps which need to be completed in sequence before moving to the next step.

The steps to complete this transaction are as follows:

1. The Company consolidates its share capital on a 16 to 1 basis;
2. The Company acquires 100% of the issued capital of SCC for \$5,784,375;
3. The Company changes its existing business to the acquisition, exploration and development of coal tenements in Queensland and elsewhere;
4. The Company will change its name to "Scott Creek Coal Limited";
5. The Company will raise up to \$4.5 million through the issue of 15,000,000 shares which will be applied towards the costs associated with this transaction, the Company's coal exploration programme, working capital requirements and general corporate purposes;
6. The company will issue a total of up to 13,605,858 shares at a minimum price \$0.30 to a consortium of Queensland Coal Companies (QCC). This will take the holding of the QCC parties to 19.9%.
7. The company satisfies the conditions imposed by the ASX for restatement to Quotations;
8. The company meets certain cash reserves and net asset thresholds.

On 19 September 2011, the Company confirmed its share registry is Security Transfer Registrar.

On 27 September 2011, the Company confirmed that its shares would be consolidated on a basis of 16:1.

On 28 September 2011, the Company announced that shareholders unanimously approved all six resolutions in relation to the above transactions.

On 13 October 2011, 1,085,714 ordinary shares were issued at \$0.35 each to private and sophisticated investors to raise working capital.

On 1 August, 2012, the Company announced the proposed transaction to acquire Scott Creek Coal Pty Ltd will no longer proceed.

On 10 August 2012, the Company borrowed the sum of \$150,000 to settle creditor claims and provide working capital, the lenders were provided security over the company.

On 14 September 2012, 1,986,934 ordinary shares were issued at \$0.05 each to raise working capital.

On 30 October 2012, the company called a general meeting for 30 November 2012 wherein a resolution to convert the aforementioned debt to equity will be put as well as resolutions approving prior placement of 3,072,647 shares issued under the 15% threshold.

Other than those disclosed above, there are no other matters or circumstances that have arisen since 30 June 2008 that have significantly affect, or may significantly affect:

- The consolidated entity's operations in the future financial years, or
- The results of those operations in future financial years, or
- The consolidated entity's state of affairs in the future financial years.

NOTE 30: RELATED PARTY TRANSACTIONS

Other than those loans to Directors related parties as disclosed in note 9 and remunerations by Directors as disclosed in the remuneration report in the Directors report, there are no other Director related transactions that the current directors are aware of during the financial year ended 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 31: FINANCIAL INSTRUMENTS

a. Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares. The main purpose of non-derivative financial instruments is to raise finance for group operations.

Treasury Risk Management

A team consisting of senior executives of the group meet to discuss currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. Interest rate risk is managed with a mixture of fixed and floating rate debt.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Credit risk for derivative financial instruments arises from the potential failure by counter-parties to the contract to meet their obligations. The consolidated group has material credit risk exposure to term receivables as disclosed in the notes.

*b. Financial Instruments Risk**Interest Rate Risk*

The consolidated group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Note	Effective Interest Rate	
		2008 %	2007 %
Financial Assets:			
Cash and cash equivalents	(i)	3.1	3.1
Term Receivables – loans and advances	(i)	14.5	14.5
Financial Liabilities:			
Unsecured Notes	(i)	9.8	9.8
Bank loans and overdrafts	(i)	11.0	11.0
Convertible notes	(i)	20.0	20.0

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	Within 1 Year		1 to 5 Years	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Within 1 Year 1 to 5 years				
Financial Assets:				
Cash and cash equivalents	402	2,313	-	293
Receivables – Loans and Advances	32	30,299	-	-
Provision for impairment term receivables	-	(1,211)	-	-
loans and advances				
Investments	-	54	-	716
Total Financial Assets	434	31,455	-	1,009
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Within 1 Year 1 to 5 years				
Financial Liabilities:				
Loans and overdrafts	16,970	13,593	-	-
Accrued Interest	-	967	-	215
Unsecured notes	113	20,853	-	14,268
Convertible Notes	-	2,093	-	-
Total Financial Liabilities	17,083	37,506	-	14,483

(i) Current directors have no current information.

	2008	2007	2008	2007
	Carrying Amount		Net Fair Value	
	\$000	\$000	\$000	\$000
NOTE 31: FINANCIAL INSTRUMENTS				
Financial Assets				
Available-for-sale financial assets at fair value	-	770	-	770
Loans and receivables	32	29,088	-	29,088
	32	29,858	-	29,858
Financial Liabilities				
Loans	16,970	13,593	16,970	13,594
Unsecured notes	113	35,121	113	33,645
Accrued Interest	-	1,182	-	1,162
Convertible Notes	-	2,093	-	2,093
	17,083	51,989	17,083	50,494

NOTE 32: COMPANY DETAILS

The registered office of the company is:

RKS Consolidated Limited

Level 10,

77 King Street,

Sydney NSW 2000

The principal places of business are:

RKS Consolidated Limited

Level 10,

77 King Street,

Sydney NSW 2000

RKS CONSOLIDATED LIMITED AND CONTROLLED ENTITIES ANNUAL REPORT 2008

DIRECTORS' DECLARATION

In the opinion of the Directors of RKS Consolidated Limited:

1. the financial statements and notes, set out on pages 23 to 54 are in accordance with the *Corporations Act 2001* and:
 - (a) give a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2008 and of the performance for the year ended on that date; and
 - (b) comply with Accounting Standards and the Corporation Regulations 2001.
2. as previously disclosed, the previous Chief Executive Officer and Chief Finance Officer have resigned from their positions and are unable to declare that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (b) The financial statements and notes for the financial year comply with the Accounting Standards, and
 - (c) The financial statements and notes for the financial year give a true and fair view.
3. in relation to statement that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, attention is drawn to note 1(a) to the financial statements.

The Group's mid to long term future is dependent upon the successful identification and acquisition of profitable business which the Company is currently seeking.

Signed this 22nd November 2012 in accordance with a resolution of the Board of Directors.



Mr Robert Whitton (Chairman)



Mr Robert Spano (Non Exec. Director)

**RKS CONSOLIDATED LIMITED
(FORMERLY ROCKSTEAD FINANCIAL SERVICES LIMITED
AND FIRST CAPITAL GROUP LIMITED)**

ABN 20 009 264 699 AND CONTROLLED ENTITIES

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RKS CONSOLIDATED LIMITED**

Report on the Financial Report

We were engaged to audit the accompanying financial report of RKS Consolidated Limited (the consolidated entity), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Because of the matters discussed in the Basis for Disclaimer of Auditor's Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independence

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

Basis for Disclaimer of Auditor's Opinion

Incomplete Accounting and Statutory Records

As disclosed in Directors' Report, on 21 July 2008 the company's securities were suspended from official quotation by the ASX. On 29 July 2008, the company under section 436A of the Corporations Act 2001, appointed Greg Moloney of Ferrier Hodgson Brisbane as Voluntary Administrator. On 30 June 2009, Greg Moloney of Ferrier Hodgson Brisbane was appointed as liquidator in accordance with the provision of Part 5.3A of the Corporations Act 2001. On 10 March 2010, the company executed a deed of arrangement with its creditors. The accounting and statutory records prior to 10 March 2010 were not adequate to permit the application of necessary audit procedures. As such, we are unable to obtain all the information and explanations we require in order to form an opinion on the financial report.

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**RKS CONSOLIDATED LIMITED
(FORMERLY ROCKSTEAD FINANCIAL SERVICES LIMITED
AND FIRST CAPITAL GROUP LIMITED)
ABN 20 009 264 699 AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RKS CONSOLIDATED LIMITED**

Going Concern

Based on the statement made by the directors, we have not been able to obtain reliable conclusive audit evidence during the course of the audit. Therefore in our opinion it is highly improbable that the company will be able to continue as a going concern.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

Report on Other Legal and Regulatory Requirements

Due to the matters described in the Basis for Disclaimer of Auditor's Opinion paragraph, we have not been given all information, explanation and assistance necessary for the conduct of the audit; and we are unable to determine whether the company has kept:

- a) financial records sufficient to enable the financial report to be prepared and audited; and
- b) other records and registers as required by the Corporations Act 2001.

Report on Remuneration Report

We were engaged to audit the Remuneration Report included in pages 18 to 20 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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AND FIRST CAPITAL GROUP LIMITED)
ABN 20 009 264 699 AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RKS CONSOLIDATED LIMITED**

Disclaimer of Auditor's Opinion

In our opinion, because of the existence of the limitation on the scope of our work as described in the Basis for Disclaimer Auditor's Opinion paragraph and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express an opinion as to whether the Remuneration Report is in accordance with section 300A of the Corporations Act 2001.

Hall Chadwick
Level 29, St Martins Tower
31 Market Street, Sydney, NSW 2000



DREW TOWNSEND

Partner

Date: 22 November 2012

Shareholder Information

Major Shareholders

As at 4 August 2011 the 20 largest holders of Ordinary Shares held 26,998,922 Shares equal to 97.31 percent of the total number of shares on issue.

Major shareholders	Number of shares	%
Suburban Holdings Pty Ltd	5,333,334	19.22%
Brown & Biggings Pty Ltd	2,666,667	9.61%
Sinbad Pty Ltd <Rock City Unit A/c>	2,144,445	7.73%
George Calder and Susan Elizabeth Sim<Elm Superannuation Fund>	2,144,445	7.73%
Anthony Stephen Crimmins <The Crimmins A/C>	2,144,445	7.73%
WA Halpin Investments Pty Ltd <Halpin Investment Unit A/c>	1,777,778	6.41%
Anthony and Rosemarie Camuglia <Anthony Camuglia S/F A/c>	1,777,778	6.41%
John and Natasha Camuglia <John Camuglia S/F A/c>	1,777,778	6.41%
Nubey Trading Pty Ltd	1,777,778	6.41%
Joseph and Kirsten Camuglia <Jospeh Camuglia S/F A/c>	1,777,778	6.41%
Rockstead Venture Pty Ltd	841,667	3.03%
George Karantzias	444,445	1.60%
Ryan Graham	444,445	1.60%
Strategic Nominees Limited	337,386	1.22%
Harry Fung <Meng Seng Unit A/c>	333,334	1.20%
Adelaide Street Investments	307,902	1.11%
RS Asset Management Private	280,556	1.01%
Ferguson Road Pty Ltd	250,000	0.90%
Cornelsen Investments Pty Ltd	233,334	0.84%
First Capital Securities Ltd	203,627	0.73%
	26,998,922	97.31%

Substantial Shareholders

As at 4 August 2011 the following shareholders were regarded as substantial shareholders:

	Number of Shares
Suburban Holdings Pty Ltd	5,333,334
Brown & Biggings Pty Ltd	2,666,667
Sinbad Pty Ltd <Rock City Unit A/c>	2,144,445
George Calder and Susan Elizabeth Sim<Elm Superannuation Fund>	2,144,445
Anthony Stephen Crimmins <The Crimmins A/C>	2,144,445
WA Halpin Investments Pty Ltd <Halpin Investment Unit A/c>	1,777,778
Anthony and Rosemarie Camuglia <Anthony Camuglia S/F A/c>	1,777,778
John and Natasha Camuglia <John Camuglia S/F A/c>	1,777,778
Nubey Trading Pty Ltd	1,777,778
Joseph and Kirsten Camuglia <Jospeh Camuglia S/F A/c>	1,777,778

Shareholder Information (continued)

Distribution of Shareholdings

At 4 August 2011 the distribution of shareholdings was as follows:

Range	Number of holders	% of holders	Number of shares	% of shares
1 – 1,000 shares	527	79.97	106,635	0.38
1,001 – 5,000 shares	84	12.75	170,632	0.62
5,001 – 10,000 shares	17	2.58	121,239	0.44
10,001 – 100,000 shares	10	1.52	242,618	0.87
100,001 shares and over	21	3.19	27,103,872	97.69
	659	100.00	27,744,996	100.00

As at 4 August 2011, there were 379 shareholders with less than a marketable parcel of ordinary shares totaling 341,739 shares.

Registered Office

Level 10,
77 King Street,
Sydney NSW 2000
Telephone 02 9186 6100
Facsimile 02 9186 6110

Company Secretary

Mr Peter Torney

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway,
Applecross
WA 6953

Mailing Address

PO box Box 535,
Applecross
WA 6953
Telephone (08) 9315 2333
Facsimile (08) 9315 2233
Website www.securitytransfer.com.au

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited under Security Code RKS.