

# RIMCapital Limited

## ASX Half-year information – 31 December 2005

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2005 Annual Report.

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Half-year report

RIMCapital Limited  
Half-year ended 31 December 2005  
(Previous corresponding period:  
Half-year ended 31 December 2004)

Results for Announcement to the Market

The amount and percentage change up or down from the previous period of

				\$
<b>Revenue</b> from ordinary activities	Down	80.34%	to	373,410
<b>Profit/(loss)</b> from ordinary activities after tax attributable to members	down	95.36%	to	(180,646)
<b>Net profit/(loss)</b> for the period attributable to members	down	95.36%	to	(180,646)

The directors do not propose to pay any dividends.

RIMCapital Limited  
Half-year ended 31 December 2005  
(Previous corresponding period:  
Half-year ended 31 December 2004)

Supplementary Appendix 4D information

	Dec 2005	Dec 2004
Net tangible asset backing per ordinary share	6.92	7.04¢

No controlled entities were acquired during the half year.

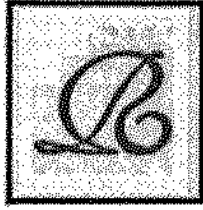
No controlled entities were disposed during the half year.

No dividends were paid during the half year.

There were no dividend reinvestment plans in operation during the half year.

Details of Associates and Joint Venture entities are as follows:

Joint Venture Entity Name	Ownership interest		Aggregate share of profits/(losses), Where material		Contribution to net profit, where material	
	2005 %	2004 %	2005 \$	2004 \$	2005 \$	2004 \$
CRMSC Pty Ltd	50	50	(1,594)	45,527	(1,594)	45,527



**RIMCapital Limited**

**ACN 064 874 620**

**Half-year Report**

Half year ended 31 December 2005

## DIRECTORS' REPORT

Your directors present their report on the RIMCapital Group, consisting of RIMCapital Limited ("the Company") and the entities it controlled at the end of, or during the half-year ended 31 December 2005.

### Directors

The following persons were Directors of RIMCapital Limited during the whole of the half-year and up to the date of this report:

Robert Moyse Willcocks (Chairman)  
Chong Sok Un (Executive Director)  
Jaime Che (Executive Director – appointed 9 January 2006)  
Chris Seow Ngee Lim (Executive Director – resigned 10 February 2006)

### Principal Activities

The principal activities of the RIMCapital Group during the half-year end 31 December 2005 consisted of:

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

### Review of Operations

A summary of consolidated revenues and results by significant industry segments is set out in the notes to the financial statements.

Comments on the operations and the results are set out below:

During the financial period the Company continued to invest its cash reserves in term deposits and in shares in entities listed on recognised Stock Exchanges.

The net amount of the loss of the economic entity for the half year after income tax was \$180,646 (2004: loss \$3,895,800). The company's 50% investment in the Joint Venture with China Railway Materials & Supplies Corporation continues to seek business investment opportunities in the mining and railway sectors in Australia and South East Asia region.

Further investment opportunities are continuing to be being reviewed by management.

### Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 3 and forms part of the directors' report for the half year ended 31 December 2005.

RIMCapital Limited  
ACN 064 874 620

Half year ended 31 December 2005

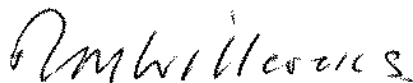
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**DIRECTORS' REPORT**  
(continued)

**Adoption of Australian equivalents to International Financial Reporting Standards ("AIFRS")**

The accompanying half year financial report has been prepared to comply with the new accounting standards, AIFRS, and in compliance with AIFRS, the accounting treatment of some items has changed as noted in the financial statements.

This report is made in accordance with a resolution of the Directors.



**Robert M Willcocks**  
Chairman

Sydney  
15 March 2006

RIMCapital Limited  
ACN 064 874 620

Half year ended 31 December 2005

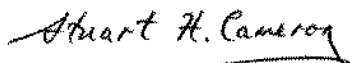
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### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of RIMCapital Limited for the half-year ended 31 December 2005, I declare that there have been, to the best of my knowledge and belief:

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

Nexia Court & Co  
Chartered Accountants



Stuart Cameron  
Partner

15 March 2006

Half year ended 31 December 2005

**CONSOLIDATED INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	Note	Dec 2005 \$	Dec 2004 \$
<b>Revenue from continuing operations</b>	2	373,410	1,899,279
Service delivery		(3,134)	(3,247)
Administration		(103,616)	(168,439)
Marketing		(18,827)	(15,668)
Occupancy		(38,315)	(24,285)
Salaries and employee costs		(81,181)	(91,496)
Depreciation and amortisation expenses		(6,255)	(8,973)
Provision for diminution in investments and loans		55,000	(136,368)
Realised/unrealised foreign exchange gain/(loss)		(77,805)	112,452
Cost of investments sold		(332,661)	(1,398,592)
Loss on disposal of controlled entities		-	(3,874,086)
Joint venture partnership profits		(1,594)	45,527
Other expenses from ordinary activities		45,843	(1,677)
<b>Loss before income tax</b>		(189,135)	(3,665,573)
Income tax benefit (expense)		8,489	(230,227)
<b>Loss from continuing operations</b>		(180,646)	(3,895,800)
<b>Loss attributable to members of RIMCapital Limited</b>		(180,646)	(3,895,800)
<b>Basic earnings per share</b>	5	(0.21) ¢	(4.43) ¢
<b>Diluted earnings per share</b>	5	(0.21) ¢	(4.43) ¢

*The accompanying notes form part of these financial statements.*

Half year ended 31 December 2005

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2005**

	Dec 2005 \$	Jun 2005 \$
<b>Current assets</b>		
Cash & cash equivalents	4,093,121	4,273,970
Receivables	159,349	259,716
Other financial assets at fair value	832,000	695,000
<b>Total current assets</b>	<b>5,084,470</b>	<b>5,228,686</b>
<b>Non-current assets</b>		
Receivables	4,531	4,531
Investments accounted for using the equity method	1,221,577	1,223,171
Property, plant & equipment	13,135	19,139
<b>Total non-current assets</b>	<b>1,239,243</b>	<b>1,246,841</b>
<b>TOTAL ASSETS</b>	<b>6,323,713</b>	<b>6,475,527</b>
<b>Current liabilities</b>		
Payables	3,631	44,407
Current tax liabilities	92,149	117,535
Provisions	4,196	2,535
<b>Total current liabilities</b>	<b>99,976</b>	<b>164,477</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	133,500	117,360
<b>Total non-current liabilities</b>	<b>133,500</b>	<b>117,360</b>
<b>TOTAL LIABILITIES</b>	<b>233,476</b>	<b>281,837</b>
<b>NET ASSETS</b>	<b>6,090,237</b>	<b>6,193,690</b>
<b>Equity</b>		
Contributed equity	14,461,788	14,461,788
Reserves	(78,976)	(156,169)
Accumulated losses	(8,292,575)	(8,111,929)
<b>TOTAL EQUITY</b>	<b>6,090,237</b>	<b>6,193,690</b>

*The accompanying notes form part of these financial statements.*

Half year ended 31 December 2005

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	Dec 2005 \$	Dec 2004 \$
<b>Total equity at the beginning of the half year</b>	6,192,690	14,757,542
Exchange differences on translation of foreign operations	77,193	(49,074)
<b>Net income recognised directly in equity</b>	6,270,883	14,708,468
<b>Loss for the half-year</b>	(180,646)	(3,893,800)
Total recognised income and expense	6,090,237	10,812,668
Minority interest on deconsolidation	-	(5,034,366)
<b>TOTAL EQUITY</b>	<b>6,090,237</b>	<b>5,778,302</b>

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	Dec 2005 \$	Dec 2004 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	22,752	334,203
Payments to suppliers, employees and creditors (inclusive of goods and services tax)	(216,304)	(1,027,055)
Interest received	166,797	114,091
Income tax paid	(49,446)	2,086
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(76,201)</b>	<b>(576,675)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant & equipment	(252)	(2,211)
Proceeds from sale of controlled entity, net of cash disposed	-	(8,689,147)
Payments for investments	(492,408)	(820,824)
Proceeds from sale of investments	306,794	1,065,887
Security deposits (lodged)/repaid	-	20,000
Loans to third parties	-	(9,516)
<b>Net cash outflow from investing activities</b>	<b>(185,866)</b>	<b>(8,455,811)</b>
<b>NET (DECREASE)/INCREASE IN CASH HELD</b>		
	<b>(262,067)</b>	<b>(9,032,486)</b>
Cash and cash equivalents at the beginning of the half-year	4,273,970	13,219,963
Effects of exchange rates changes on cash and cash equivalents	81,218	(127,805)
<b>Cash and cash equivalents at the end of the half-year</b>	<b>4,093,121</b>	<b>4,079,672</b>

*The accompanying notes form part of these financial statements.*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

**Note 1 Summary of significant accounting policies**

This general purpose financial report for the interim half year reporting period ended 31 December 2005 has been prepared in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by RIMCapital Limited during the interim reporting period with the continuous disclosure requirements of the *Corporations Act 2001*.

**(a) Basis of preparation**

The principal accounting policies adopted in the preparation of this financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

This interim financial report is the first RIMCapital Limited interim financial report to be prepared in accordance with AIFRSs. AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of RIMCapital Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the RIMCapital Limited interim financial report for the half year ended 31 December 2005 management has considered the differences and comparative figures have been restated to reflect any required adjustments.

An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the consolidated entity is provided in Note 6.

**(b) Basis of consolidation**

**(i) Subsidiaries**

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the interim report from the date that control commences until the date that control ceases.

**(ii) Joint venture entities**

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

**(c) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is RIMCapital Limited's functional and presentation currency.

Half year ended 31 December 2005

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

(ii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

Intragroup balances are eliminated in preparing the consolidated interim financial statements.

(d) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

(e) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or 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. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

Financial assets at fair value through profit or loss are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

Receivables are stated at their cost less impairment losses.

(iii) Held-to-maturity investments

Held-to-maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Half year ended 31 December 2005

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

(iv) Available-for-sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in fair value are recognised in equity. When sold the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

(f) **Income taxes**

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

**Note 2 Segment information**

**Primary reporting – business segments**

	Segment Revenues		Segment Results	
	Dec 2005	Dec 2004	Dec 2005	Dec 2004
	\$	\$	\$	\$
Share trading	311,988	1,696,838	308,854	199,240
Management fees	6,787	-	-	-
Stockbroking	-	-	-	-
Corporate advisory services	-	-	-	-
Online Broking	-	-	-	-
Investments holding	82,866	202,441	(497,989)	9,289
Other	(28,231)	-	-	(3,874,102)
	<u>373,410</u>	<u>1,899,279</u>	<u>(189,135)</u>	<u>(3,665,573)</u>
Loss before income tax			(189,135)	(3,665,573)
Income tax benefit (expense)			8,489	(230,227)
Loss after income tax			<u>(180,646)</u>	<u>(3,895,800)</u>

Half year ended 31 December 2005

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

**Note 3           Contingent liabilities**

- a)    The Company has lodged a \$4,031 deposit (2004: \$4,031) with its bank as security for performance guarantees issued by the bank in relation to a lease of premises.
- b)    As noted in the June 2005 accounts, a claim has been made against Barton Capital Securities Pty Ltd (in Liquidation) by Mr. T Hale & Balthorne Pty Ltd. The claim relates to brokerage services provided by Barton Capital Securities Pty Ltd to the plaintiff. The amount claimed by the plaintiff is \$119,000. The Directors believe that the claim is without merit and intend to vigorously defend the proceedings. To date no legal proceedings have commenced and the Directors do not consider a provision is required in the financial statements.

**Note 4           Tax Consolidation Legislation**

RIMCapital Limited and its wholly-owned Australian subsidiaries have implemented the tax consolidation legislation. While a tax sharing agreement has not been entered into, the implications of doing so are currently being investigated. A tax sharing agreement would not be expected to have a material impact on the consolidated results, assets and liabilities.

**Note 5.           Earnings per share**

	Note	Dec 2005	Dec 2004
Basic earnings per share		(0.21) ¢	(4.43) ¢
Diluted earnings per share		<u>(0.21) ¢</u>	<u>(4.43) ¢</u>

Potential ordinary shares are not dilutive for the current half-year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

**Note 6. Explanation of transition to AIFRS**

**a) Reconciliation of cash flow statement**

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement

**b) Reconciliation of Equity**

**i) As at 1 July 2004**

A non-current deferred tax liability of \$8,250 not recognised under AGAAP would have been recognised under AIFRS. This would have resulted in a decrease to equity from \$14,765,792 to \$14,757,542 by way of an increase in accumulated losses.

**ii) As at 31 December 2004**

A non-current deferred tax liability of \$25,274 not recognised under AGAAP would have been recognised under AIFRS. In addition, the non-current investment of \$1,069,527 being an investment accounted for using the equity method under AIFRS would have reduced by \$24,000. These adjustments would have resulted in a total decrease in equity from \$5,827,576 to \$5,778,302 by way of an increase to accumulated losses of \$49,274.

**iii) As at 30 June 2005**

A non-current deferred tax liability of \$117,360 not recognised under AGAAP would have been recognised under AIFRS. In addition, the non-current investment of \$1,341,671 being an investment accounted for using the equity method under AIFRS would have reduced by \$118,500. These adjustments would have resulted in a total decrease in equity from \$6,429,550 to \$6,193,690 by way of an increase to accumulated losses of \$235,860.

**c) Reconciliation of Profit**

**i) For the half year to 31 December 2004**

Joint venture partnership profits of \$69,527 under AGAAP would have been reduced to \$45,527. Income tax expense would have increased from \$204,953 to \$230,227. These adjustments would have resulted in a total increase in net losses of \$49,274 from \$3,846,526 to \$3,895,800.

**ii) For the year ended 30 June 2005**

Joint venture partnership profits of \$341,671 under AGAAP would have been reduced to \$223,171. Income tax expense would have increased from \$121,172 to \$230,282. These adjustments would have resulted in a total increase in net losses of \$227,610 from \$3,221,542 to \$3,449,152.

All the adjustments referred to in b) and c) above are a result of the application of AASB 112 Income taxes to both the parent entity and the joint venture partnership where deferred tax balances are determined using the balance sheet method (Note 1(f)).

## DIRECTORS' DECLARATION

The directors declare that, in the opinion of the directors,

- (a) the financial statements and notes set out on pages 4 to 11 are in accordance with the Corporations Act 2001, including:
- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Group's financial position as at 31 December 2005 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.
- (a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Robert M Willcocks  
Chairman

Sydney  
15 March 2006

## INDEPENDENT REVIEW REPORT

To the members of RIMCapital Limited:

### Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of RIMCapital Limited:

- does not give a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of RIMCapital Group (defined below) as at 31 December 2005 and of its performance for the half year ended on that date; and
- is not presented in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting.

This statement must be read in conjunction with the rest of our review report.

### Scope

#### The financial report and directors' responsibility

The financial report comprises the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the RIMCapital Group (the Group), for the half year ended 31 December 2005. The Group comprises RIMCapital Limited and the entities it controlled during the half year.

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

#### Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting, a view which is consistent with our understanding of the Group's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel/the responsible entity's personnel; and
- analytical procedures applied to financial data.

**INDEPENDENT REVIEW REPORT**  
**(continued)**

When this review report is included in a document containing information in addition to the financial report, our procedures included reading the other information to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

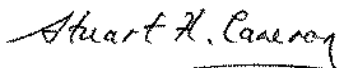
While we consider the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

**Independence**

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Nexia Court & Co  
Chartered Accountants



**Stuart Cameron**  
**Partner**

Sydney  
15 March 2006