

Rivkin
Financial
Services
Annual
Report
2004

RESULTS 2004

Rivkin Financial Services Limited

ACN 061 287 045
ABN 58 061 287 045

Directors

L J Chartres B Comm (Chairman)
A A Davis LLB (Managing Director)
A G Lister

Secretary

L J Chartres B Comm

Notice of Annual General Meeting

The Annual General Meeting of Rivkin Financial Services Limited will be held at the Grace Hotel, 77 York Street, Sydney at 10.00 am on Monday, 29 November 2004.

Bankers

Bank of Western Australia Limited
108 St George's Terrace
Perth WA 6000

Solicitors

Atanaskovic Hartnell
75-85 Elizabeth Street
Sydney NSW 2000

PriceWaterhouseCoopers Legal
Darling Park, Tower 2, 201 Sussex Street
Sydney NSW 2000

Auditor

Bob Miller & Co.
Level 7, 30 Clarence Street
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033
email: perth.services@computershare.com.au

Principal Registered Office

Level 33, 2 Park Street
Sydney NSW 2000
Telephone: (02) 8268 7503
Facsimile: (02) 8268 7582
Web site: www.avcol.com.au
email: enquiries@avcol.com.au

Stock Exchange Listing

Rivkin Financial Services Limited shares are listed on the Australian Stock Exchange, code 'RFS'.

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Chairman's Report

It is with pleasure that the Directors enclose the results for the year ended 30 June 2004.

Financial result

Net profit for the year increased to \$3,895,000 from \$1,329,000 last year, an increase of 193%. Turnover for the year at \$41,173,000 was 69% down from last year's figure of \$134,453,000 due to considerably reduced share trading.

Avcol Stockbroking

On 1 October 2004 the consolidated entity changed the name of its stockbroking subsidiary to Avcol Stockbroking Pty Ltd from Rivkin Discount Stockbroking Pty Ltd. The consolidated entity decided to do this after discussion with the Rivkin family. The change of name has been favourably received by its clients.

The stockbroking subsidiary continues to trade profitably and the consolidated entity anticipates that it will continue to grow in the ensuing year.

Investment activities

The consolidated entity has considerably reduced its share trading portfolio and has converted most of its holdings to cash. The consolidated entity will continue to trade securities for short term profit when the opportunity occurs.

Network Limited

The consolidated entity has acquired over 16% of the issued capital of Network Limited, a specialist outdoor advertising company which is listed on the Australian Stock Exchange and the Alternative Investment Market in London. Network Limited, according to its latest report, increased turnover and profit. It is a growing and profitable company which your Directors believe will contribute handsomely to the consolidated entity's future profits.

Drillsearch Energy Limited

As from 13 October 2004 the consolidated entity has acquired 28,198,016 shares or 9.45% of the issued capital of Drillsearch Energy Limited. Your Directors believe that Drillsearch has a number of promising areas and are confident the shareholding will prove to be a highly satisfactory investment.

Legal proceedings

Since the end of the year the consolidated entity has commenced court proceedings against Sofcom Limited, Altera Capital Limited and Fast Scout Limited who have cross-claimed against the consolidated entity and a number of other parties. The proceedings have been fixed for hearing on 25 October 2004.

Dividend

The Company paid a 1 cent a share dividend for the second half of the year and subsequently the Company decided to pay a special fully franked dividend of 1.5 cents to reflect the consolidated entity's considerable profits on the sale of the Rebel Sports shareholding. It is too early in the financial year to forecast the dividend policy of the Company for this financial year.



Lawrence Chartres
Chairman

Directors' Report

The Directors present their report on the consolidated entity consisting of Rivkin Financial Services Limited (the 'Company') and its controlled entities (the 'consolidated entity') for the financial year ended 30 June 2004.

Directors

Names, Qualifications and Experience

Lawrence Chartres (Chairman)

Mr Chartres, aged 51, qualified as a Chartered Accountant more than 25 years ago. He has considerable experience in stockbroking and public company administration and management. He is also experienced in property development and in the gaming and leisure industry.

Andrew Davis

Mr Davis, aged 63, graduated with the degree of Bachelor of Laws from the University of Sydney in 1963 and was admitted as a Barrister-at-Law in that year. He is not now practicing as a lawyer.

Mr Davis is Chairman of Gosford Quarries Limited. Gosford Quarries is the largest dimension stone business in Australia and Mr Davis has been involved with operating this business since 30 June 1974.

Mr Davis has extensive experience as a Barrister, in the media industry, the oil and gas industry, real estate investment, motor vehicle retailing, quarrying and mineral exploration.

Anthony Lister

Mr Lister, aged 69, was the founder and joint managing director of the City Automobile Holdings Group. He has been involved in the motor industry for over 45 years and in property development for a number of years. He is a director of Gosford Quarries Limited and Approved Securities Corporation Limited.

Changes to Directorships

Andrew Davis has served as a Director since his appointment on 21 June 2004.

Lawrence Chartres and Anthony Lister have served as Directors since their appointment on 2 July 2004.

Jordan Rivkin, Shannon Rivkin and David Croll served as Directors from the beginning of the financial year until their resignations on 2 July 2004. Spiros Dassakis served as a Director from the beginning of the financial year until his resignation on 16 June 2004.

Principal Activities

The principal activities of the consolidated entity during the financial year were the:

- provision of private client stockbroking services; and
- holding of listed equity investments.

No significant changes in the nature of these activities occurred during the year.

Consolidated Result

The consolidated profit after income tax for the financial year attributable to members of the Company was \$3,895,000 (2003: \$1,329,000).

Dividends

An interim dividend of \$919,721 (1.0 cents per share fully franked) was declared in respect of the year ended 30 June 2004. This dividend was paid on 5 January 2004. A final dividend of \$919,721 (1.0 cents per share fully franked) was declared in respect of the financial year ended 30 June 2004. This dividend was paid on 12 July 2004. A special dividend of \$1,504,682 (1.5 cents per share fully franked) was declared in respect of the financial year ended 30 June 2004 and is payable on 15 October 2004. No other dividends have been paid or declared since the end of the preceding financial year.

Review of Operations

During the financial year the Group continued to develop its non-advisory, execution-only discount stockbroking operation, and actively traded its investment portfolio. The business performed to Directors' expectations for the financial year.

Included in the consolidated profit for the year is a realised gain of \$4.434 million arising from the sale of the remaining part of the Rebel Sports Limited investment.

State of Affairs

Net assets increased from \$16,916,000 at 30 June 2003 to \$17,467,000 at 30 June 2004 as a result of the profit after tax, partially offset by the dividend paid/payable for the year of \$3,344,000.

In the opinion of the Directors there were no other significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review, not otherwise disclosed in this report or the consolidated financial statements.

Matters Subsequent to the end of the Financial Year

Since the conclusion of the financial year the consolidated entity on 2 July 2004 finalised the acquisition of 13,500,000 shares in Network Limited, an ASX Listed Company, for \$2,834,000 which was settled by the payment of \$1,000,000 in cash and by the issue of 5,000,000 shares in the Company to Network Limited and of 3,340,000 shares in the Company to Cole Kablow Pty Limited. The holding in Network Limited held by the consolidated entity is a shareholding of 16.36% of the capital of that Company. In addition the consolidated entity lent Network Limited the sum of \$1,000,000 for 3 years on commercial terms.

As a result of the issue of shares to Network Limited and Cole Kablow Pty Limited as detailed above, the total issued share capital of the Company and the consolidated entity stands at 100,312,134 shares.

On 5 July 2004 the consolidated entity received a requisition from Sofcom Limited, Fast Scout Limited and Altera Capital Limited requisitioning an Extraordinary General Meeting of the Company in order to remove Alan Andrew Davis and Shannon Rivkin from the Board of the Company. On 13 July 2004 the Company announced that the requisitionists did not hold the required 5% of the capital of the Company at 5 July 2004 and that the Extraordinary General Meeting of the Company would not be called.

On 15 July 2004, the consolidated entity commenced proceedings against Sofcom Limited, Fast Scout Limited and Altera Capital Limited (the 'Defendants') alleging that the Defendants had breached provisions of the Corporations Law relating to insider trading in acquiring their shares in the Company. The proceeding sought amongst other orders that the shares in the Company be vested in ASIC for disposal. The Defendants have cross-claimed against the consolidated entity and others alleging breach of the insider trading laws, oppression and improper purpose of the directors of the consolidated entity in issuing shares to Network Limited and Cole Kablow Pty Limited and in making the loan to Network Limited. The consolidated entity is pressing its allegations in the original proceedings and defending the cross claims. The proceedings are fixed for hearing on 25 October 2004 and are estimated to last for 2 weeks. At the date of this report the Company has spent \$404,000 on the cost of the proceedings.

Since the end of the financial year, the consolidated entity has substantially reduced its share trading activities and converted most of its holdings to cash. Although the consolidated entity is continuing to trade securities, the emphasis has been changed to a policy that encompasses shareholdings in companies where the consolidated entity will be able to hold the shares as 'core' holdings for long term capital appreciation. In addition, the consolidated entity will continue to trade other shares where it considers there is a reasonable opportunity for short term profit.

No other matter or circumstance has arisen since the end of the financial year that significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely Developments and Expected Results of Operations

The consolidated entity plans to continue to expand its stockbroking operations and to take advantage of strategic investment opportunities as they arise.

Apart from the foregoing, further information on likely developments in the operations of the consolidated entity and the expected results of those operations has not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the consolidated entity.

Directors' Meetings

During the financial year, 10 meetings of the Directors were held. Attendances were:

Name	Full Meetings		Audit Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended
J Rivkin (Chairman)	10	9	–	–
S Rivkin	10	10	–	–
S Dassakis	5	5	3	3
D Croll	10	10	3	2
A Davis	3	3	–	–

Directors' Interests

The relevant interests of each Director in the share capital of the Company, as notified by the Directors to the Australian Stock Exchange in accordance with Section 205G of the Corporations Act 2001, at the date of this report, are as follows:

Name	Direct	Indirect	Total	Options
A Davis	-	7,305,784	7,305,784	-
L Chartres	-	-	-	-
A Lister	-	-	-	-

Directors' And Senior Executives' Emoluments

The Directors are responsible for making recommendations on remuneration policies and packages applicable to the Directors and senior executives of the consolidated entity. The broad remuneration policy is to ensure that remuneration packages properly reflect a person's duties and responsibilities, and that the level of remuneration is competitive to enable the consolidated entity to attract, retain and motivate people of the highest quality.

Executive Directors and senior executives may receive bonuses or commissions, the objective of which is to both reinforce the short and long term goals of the consolidated entity and to provide a common interest between management and shareholders. In addition, Directors and executives may also be provided with longer term incentives through the Rivkin Financial Services Limited Share Option Plan (the 'Share Option Plan'), which acts to align the Directors' and executives' actions with the interests of shareholders.

The emoluments of each Director and executive officer of the consolidated entity are as follows:

Name	Salary \$	Directors' Fees \$	Superannuation Contributions \$	Other Benefits \$	Total \$
Directors					
J Rivkin	-	15,000	1,350	-	16,350
S Rivkin	-	15,000	1,350	-	16,350
S Dassakis	-	15,000	1,350	-	16,350
D Croll	-	15,000	1,350	-	16,350
A Davis	-	-	-	-	-
Executive Officers					
N Smith	120,578	-	8,616	-	129,194
D Cordingley	148,077	-	10,519	4,948	163,544
C Thorndike	147,155	-	9,710	-	156,825

The executive officers shown above were the only executives of the consolidated entity during the financial year. N. Smith resigned on 5 August 2003 and C. Thorndike was appointed on 5 August 2003.

Options

Under the terms of the Share Option Plan, 2,850,000 options issued in previous years to former Directors and Officers were exercisable only on 1 July 2001, 1 July 2002 and 1 July 2003. On 1 July 2003 all of these options expired, with none having been exercised. No options have been granted to any Director since the end of the financial year.

On 23 July 2002, under the Share Option Plan, the Company granted 2,781,000 options over its unissued ordinary shares to 23 employees of Rivkin Discount Stockbroking Pty Ltd ('RDS'), including 651,000 granted to an executive officer, D Cordingley. The options are exercisable at a price of 40 cents per option and expire on 23 July 2007. During the year, 480,000 of these options lapsed as a result of the resignation of some employees.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

No shares have been issued by virtue of the exercise of an option during the year or to the date of this report and there are 2,301,000 unissued ordinary shares for which options are outstanding at the date of this report.

Environmental Regulation

The consolidated entity's financial services activities are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Directors believe that the consolidated entity has adequate systems in place for the management of environmental requirements as they apply to the consolidated entity.

Indemnification and Insurance of Directors and Officers

During the financial year the Company paid insurance premiums indemnifying each of the Directors and officers of the consolidated entity against all liabilities to another person that may arise from their position as Directors or officers of the Company and its controlled entities, except where the liability arises out of criminal or dishonest conduct or behaviour involving lack of good faith. The agreement stipulates that the Company will meet the full amount of such liabilities, including costs and expenses.

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.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



A A Davis
Managing Director

Sydney
29 September 2004

Statement of Corporate Governance for the Financial Year ended 30 June 2004

The Directors are responsible to the shareholders for the performance of the Company and to this end are committed to good corporate governance. The Directors aim to enhance the interests of shareholders and other key stakeholders and to ensure that the Company and its controlled entities are properly managed. The Board draws on corporate governance best practice principles to assist it to contribute to the performance of the Company. The Board is responsible for the overall corporate governance of the Company, including its strategic direction and financial objectives.

The functions of the Board include:

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

This statement outlines the main corporate governance practices that were in place during the financial year. Unless otherwise stated these practices were in place throughout the entire reporting period.

Composition of the Board

Currently, the Directors of the Board comprise two executive directors and one non-executive Director. The names and details of experience, qualifications, age and shareholdings of each Director of the Company are set out on pages 2 to 5 of the Annual Report.

The composition of the Board is determined in accordance with the Company's constitution, using the following principles:

- the Board should comprise at least three, and not more than twelve, Directors; and
- Directors should bring a mix of qualifications, relevant skills and experience to the Board.

Under the Company's constitution, approximately one-third of Directors retire by rotation each year and Directors appointed during the year are required to submit themselves for election by shareholders at the Company's next Annual General Meeting. Each Director must retire from office no later than the third Annual General Meeting following their last election. The retirement age for Directors is 72 years at the date of the Annual General Meeting. No Director is required to hold any shares in the Company.

The Board aims to convene at least 6 Board meetings per annum. At the Board meetings any Director who has a conflict of interest in any matter discussed is required to declare that interest. Any Director so affected may not participate in the discussions or any decision made by the Board in respect of such matters.

Remuneration of Non-Executive Directors

Non-executive Directors are remunerated for their services from the maximum aggregate amount approved by the shareholders in General Meeting. The amount paid to each Director will vary in accordance with their respective responsibilities and participation on Board committees.

In accordance with its constitution, the Company has agreed to enter into contracts of insurance, and pay the insurance premiums thereon, to indemnify the Directors against all liabilities to another person that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of criminal or dishonest conduct or behaviour involving lack of good faith.

Independent Professional Advice

The Board has a policy of enabling Directors to seek independent professional advice at the Company's expense. The Board will review in advance the qualifications and estimated costs for reasonableness of the fees of the relevant expert, but will not impede the seeking of advice.

Risk Assessment and Management

The Board has in place a number of arrangements and internal controls intended to identify and manage areas of significant business risk. These include the maintenance of the Audit Committee, detailed budgetary, management and financial reporting, established organisational structures, procedures and policies, audits, comprehensive insurance programs and the retention of specialised staff and external advisers.

The Board is responsible for the approval of the annual budget, significant acquisitions and disposals of assets, and expenditure decisions outside of the budget and financing arrangements.

Ethical Standards

The Company and its controlled entities require that all employees act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies. This requirement is reinforced with all new employees upon their induction to the Company.

The purchase and sale of the Company's securities by Directors and employees is not permitted during the six week period prior to the release of the half-yearly and annual financial results to the market. Any transactions undertaken during the permitted period must be notified to the Company Secretary in advance.

Statements of Financial Performance

for the year ended 30 June 2004

	Notes	Consolidated		Parent Entity	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Gross revenue from ordinary activities	2	41,173	134,453	8,696	4,380
Cost of disposal of investments		(27,950)	(126,474)	(4,145)	(2,489)
Net revenue from ordinary activities		13,223	7,979	4,551	1,891
Expenses:					
Employee benefits		(3,011)	(2,618)	(65)	(52)
Depreciation and amortisation		(171)	(129)	-	-
Amortisation of goodwill		(101)	(101)	-	-
Unrealised losses on investments		(1,172)	(876)	-	-
Selling expenses		(1,445)	(1,311)	-	-
Administration and other expenses		(2,363)	(1,615)	(308)	(410)
Borrowing costs		(1)	-	-	-
Total expenses	3	(8,264)	(6,650)	(373)	(462)
Profit from ordinary activities before income tax expense	3	4,959	1,329	4,178	1,429
Income tax expense	4	(1,064)	-	(793)	-
Net profit after income tax expense attributable to members of Rivkin Financial Services Limited	16	3,895	1,329	3,385	1,429
Total changes in equity other than those resulting from transactions with owners as owners	17	3,895	1,329	3,385	1,429
		Cents	Cents		
Basic earnings per share	5	4.2	1.3		
Diluted earnings per share	5	4.2	1.4		

These statements of financial performance are to be read in conjunction with the accompanying notes.

Statements of Financial Position

as at 30 June 2004

	Notes	Consolidated		Parent Entity	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Current Assets					
Cash	6	10,853	5,125	1,045	162
Receivables	7	15,483	20,004	13,425	8,708
Investments	8	8,204	4,302	–	–
Other	9	195	158	76	85
Total Current Assets		34,735	29,589	14,546	8,955
Non-current Assets					
Property, plant and equipment	10	357	449	–	–
Investments	8	–	4,145	8,408	12,553
Intangibles	11	1,732	1,833	–	–
Total Non-current Assets		2,089	6,427	8,408	12,553
Total Assets		36,824	36,016	22,954	21,508
Current Liabilities					
Payables	12	16,142	17,586	64	100
Tax liabilities	13	615	–	395	–
Provisions	14	2,600	1,514	2,425	1,379
Total Current Liabilities		19,357	19,100	2,884	1,479
Total Non-current Liabilities		–	–	–	–
Total Liabilities		19,357	19,100	2,884	1,479
Net Assets		17,467	16,916	20,070	20,029
Equity					
Parent entity interest:					
Contributed equity	15	20,292	20,292	20,292	20,292
Accumulated losses	16	(2,825)	(3,376)	(222)	(263)
Total Equity	17	17,467	16,916	20,070	20,029

These statements of financial position are to be read in conjunction with the accompanying notes.

Statements of Cash Flows

for the year ended 30 June 2004

	Notes	Consolidated		Parent Entity	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Cash Flows from Operating Activities					
Receipts from customers		7,384	5,820	11	42
Net working capital provided as agent for clients		2,258	(1,220)	-	-
		9,642	4,600	11	42
Payments to suppliers and employees		(6,321)	(5,912)	(402)	(486)
		3,321	(1,312)	(391)	(444)
Proceeds from disposal of investments		33,260	128,014	8,579	4,211
Payments for investments		(28,879)	(121,864)	-	(1,241)
Interest received		463	188	116	24
Dividends received		379	377	-	94
Borrowing costs paid		(1)	-	-	-
Income tax paid		(437)	-	(397)	-
Net cash inflow from operating activities	24(b)	8,106	5,403	7,907	2,644
Cash flows from investing activities					
Payments for property, plant and equipment		(79)	(7)	-	-
Payments for investments in controlled entities		-	-	-	(400)
Net proceeds from repayments of loans to controlled entities		-	-	-	646
Payments for loans to controlled entities		-	-	(4,725)	-
Net cash inflow(outflow) from investing activities		(79)	(7)	(4,725)	246
Cash flows from financing activities					
Dividends paid		(2,299)	-	(2,299)	-
Payments for on-market buy-back of issued ordinary shares	15(d)	-	(2,749)	-	(2,749)
Net cash outflow from financing activities		(2,299)	(2,749)	(2,299)	(2,749)
Net increase in cash held		5,728	2,647	883	141
Cash at the beginning of the financial year		5,125	2,478	162	21
Cash at the end of the financial year	24(a)	10,853	5,125	1,045	162

These statements of cash flows are to be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 30 June 2004

Note 1

Statement of Significant Accounting Policies

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

The financial report covers the consolidated entity of Rivkin Financial Services Limited and controlled entities, and Rivkin Financial Services Limited as an individual parent entity. Rivkin Financial Services Limited is a listed public company, limited by shares, and incorporated and domiciled in Australia.

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

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Rivkin Financial Services Limited (the 'Company' or 'parent entity') as at 30 June 2004 and the results of all controlled entities for the year then ended. Rivkin Financial Services Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of financial performance from the date on which control commences.

Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

(b) 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 the date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over a period of 20 years.

The balances are reviewed at least annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

(c) Revenue Recognition

Brokerage revenue earned from share and option trading activities is recognised on execution of the transaction.

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

Dividend income is brought to account when the right to receive a dividend has been established.

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

(d) Income Tax

The consolidated entity adopts the liability method of tax effect accounting, whereby the income tax expense is based on the profit (or loss) from ordinary activities adjusted for any permanent differences.

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

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

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

(e) Investments

Shares in listed entities, exchange traded options and futures contracts held as current assets are valued by the Directors at market value at each balance date. The gains or losses, whether realised or unrealised, are included in the profit or loss from ordinary activities before income tax. Other securities are carried at the lower of cost or recoverable amount.

Non-current investments are measured on the cost basis. The carrying amount of Non-current investments is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other Non-current assets.

The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

(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 or amortisation.

Leasehold Improvements and Furniture, Fittings and Equipment

Leasehold improvements and furniture, fittings and equipment are measured on the cost basis.

The carrying amount of leasehold improvements and furniture, fittings and equipment is reviewed annually by the Directors to ensure that it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from employment of the assets and their subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation and Amortisation

All fixed assets are depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time that the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation/amortisation rates used for each class of depreciable asset are:

Class of Asset	Depreciation/Amortisation Rate
Leasehold Improvements	50% per annum
Furniture, Fittings and Equipment	5% to 40% per annum

(g) Provision for Doubtful Debts

The collectibility of debts is assessed on a regular basis, at least annually, and a provision is made for any specific doubtful accounts. In addition, a general provision is maintained.

(h) Employee Entitlements**Wages, Salaries, Annual Leave and Long Service Leave**

Provision is made for the consolidated entity's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave, which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements. The employee entitlement provision also includes costs that are a consequence of employment but which are not employee benefits, such as payroll tax and other similar on-costs. These costs are recognised as liabilities and expenses when the employee benefits to which they relate are recognised as liabilities and expenses.

Superannuation

Contributions made by the consolidated entity to employee superannuation funds are charged as expenses when incurred.

(i) Employee Share Option Plan

Certain employees are entitled to participate in the Rivkin Financial Services Limited Share Option Plan (the 'Share Option Plan'). The details of the scheme are described in Note 15(e). No remuneration expense is recognised in respect of employee options issued.

(j) Cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank, and deposits at call that are readily convertible to cash on hand, and which are used in the cash management function on a day to day basis, net of any bank overdrafts.

(k) Comparative Figures

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

(l) Rounding of Amounts

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(m) Adoption of Australian Equivalents to International Financial Reporting Standards ('IFRS') from 2005/2006

The Company will be required in future to prepare financial statements using Australian Standards that comply with IFRS and their related pronouncements. This will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005.

Accounting Standard AASB 1047 'Disclosing the Impact of Adopting Australian Equivalents to IFRS' requires that the financial statements for the year ended 30 June 2004 disclose:

- an explanation of how the transition to the Australian Equivalents is being managed; and
- a narrative explanation of the key differences in accounting policies arising from the transition.

Management of the Transition to AASB Equivalents to IFRS

The consolidated entity's Audit Committee will be responsible for the transition to and implementation of the Australian Equivalents to IFRS. The consolidated entity's Financial Controller is formally responsible for the project and will report regularly to the Audit Committee on its progress. At this stage the Company is unable to reliably quantify the impact that the changes to accounting policies would have on the Financial Performance and Financial Position as disclosed in this report. However, identified below are the key differences in accounting policies that are expected to arise for the consolidated entity upon adoption of IFRS.

Major Changes in Accounting Policy

(i) Goodwill

Under AASB 3 Business Combinations, goodwill will no longer be able to be amortised but instead will be subject to annual impairment testing. This will result in a change to the consolidated entity's current accounting policy which amortises goodwill over a period of 20 years. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it has been impaired.

(ii) Impairment of Assets

Under AASB 136 Impairment of Assets, Non-current assets will be subject to assessment for impairment and, if there are indications of impairment, measurement of any such impairment is required. The impairment test is that the carrying amount of an asset must not exceed the greater of (a) its fair value less any costs of disposal and (b) its value in use. 'Value in use' is the net present value of net cash inflows for assets of the consolidated entity and the depreciated replacement cost for other assets which would be replaced if the consolidated entity were deprived of them.

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Note 2 Revenue				
Revenue from ordinary activities:				
Brokerage and related revenue	7,310	5,635	1	51
Proceeds from disposal of investments	33,260	128,014	8,579	4,211
Dividends	140	616	-	94
Interest	463	188	116	24
	41,173	134,453	8,696	4,380

Note 3 Operating Profit

(i) Operating profit before income tax has been determined after crediting the following items:

Interest received – other persons	463	188	116	24
Dividends received – non-related entities	140	616	-	94
Net realised gains on disposal of investments	5,310	1,541	4,434	1,724

(ii) Operating profit before income tax has been determined after charging the following items:

Borrowing costs – other parties	1	-	-	-
Depreciation of property, plant and equipment	171	129	-	-
Amortisation of goodwill on consolidation	101	101	-	-
Provision for employee entitlements	40	20	-	-
Provision for doubtful debts	438	-	-	-
Bad debts written off	96	-	-	-
Lease rental expenses – operating leases	330	344	-	-
Net unrealised losses on investments	1,172	876	-	-

(iii) Auditors' Remuneration

Amounts received, or due and receivable by the auditors for:

Auditing the accounts	56	51	7	5
Other services	21	14	15	10
	77	65	22	15

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Note 4 Income Tax				
The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the profit. The difference is reconciled as follows:				
Profit from ordinary activities before income tax expense	4,959	1,329	4,178	1,429
Income tax calculated at 30% (2003: 30%)	1,488	399	1,253	429
Tax effect of permanent differences:				
Non-deductible amortisation of goodwill	30	30	-	-
Other non-deductible expenses	2	1	-	-
Rebateable dividend income/franking credits	12	(28)	-	(28)
	1,532	402	1,253	401
Tax effect of timing differences not brought to account:				
Interest income receivable	-	8	-	-
Unrealised losses/(gains) on investments	(336)	174	-	-
Provision for doubtful debts	56	-	-	-
Provision for employee entitlements	12	6	-	-
Provision for write-down of investments	15	-	-	-
Accrued expenses	(18)	8	(12)	28
Capital expenditure items	(46)	(34)	-	-
	(317)	162	(12)	28
Tax effect on profit for the year	1,215	564	1,241	429
Tax losses transferred to a related entity	-	-	(448)	(363)
Recoupment of prior years' tax losses where future income tax benefit not previously booked	(151)	(564)	-	(66)
Income Tax Expense	1,064	-	793	-
Future income tax benefits not brought to account, at the income tax rate of 30%, the benefits of which will only be realised if the conditions imposed for deductibility set out in Note 1(d) occur:				
Timing differences	274	590	36	48
Tax losses	-	18	-	-
	274	608	36	48
Balance of franking accounts at year end	-	296	-	43

	Consolidated			
	2004 Cents	2003 Cents		
Note 5 Earnings Per Share				
Basic earnings per share	4.2	1.3		
Diluted earnings per share	4.2	1.4		
			Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	91,972,134	101,015,360		
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	94,453,954	106,318,160		
			Consolidated	Parent Entity
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000

Note 6 Cash				
Cash at bank and on hand	3,542	1,700	20	14
Deposits at call	7,311	3,425	1,025	148
	10,853	5,125	1,045	162

Cash at bank is bearing floating interest rates between nil and 3.55% (2003: between nil and 4.55%).
The deposits are bearing floating interest rates between nil and 5.05% (2003: between nil and 4.55%).

Note 7 Receivables				
Current				
Trade debtors	15,879	19,965	-	-
Provision for doubtful debts	(436)	(250)	-	-
Trade debtors (net)	15,443	19,715	-	-
Amounts receivable from wholly-owned subsidiaries	-	-	13,422	8,698
Other debtors	40	289	3	10
	15,483	20,004	13,425	8,708

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Note 8 Investments				
Current				
Securities – listed, at market value	8,204	4,302	–	–
Non-current				
Shares in controlled entities, at cost	–	–	8,408	8,408
Securities – listed, at cost	–	4,145	–	4,145
	–	4,145	8,408	12,553
Market value of securities listed on a prescribed stock exchange	8,204	12,814	–	8,512
Controlled Entities				
	Country of Incorporation	Percentage Owned		
		2004 %	2003 %	
(a) Details of controlled entities:				
Parent Entity				
Rivkin Financial Services Limited	Australia	100	100	
Subsidiaries of Rivkin Financial Services Limited:				
Rivkin Discount Stockbroking Pty Ltd	Australia	100	100	
Rivkin Investments Pty Limited	Australia	100	100	
Rivkin Funds Management Limited	Australia	100	100	
Rivkin Mortgage & Leasing Pty Limited	Australia	60	60	
Subsidiaries of Rivkin Investments Pty Limited:				
HTH Trading Pty Limited	Australia	100	–	
Subsidiaries of Rivkin Discount Stockbroking Pty Ltd:				
RDS Nominees No. 1 Pty Limited	Australia	100	100	
RDS Nominees No. 2 Pty Limited	Australia	100	100	
(b) Controlled Entities Acquired				
On 13 October 2003 Rivkin Investments Pty Limited subscribed for one (1) ordinary fully paid \$1.00 share in HTH Trading Pty Limited.				

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Note 9 Other Current Assets				
Prepayments	180	143	76	85
Security deposits	15	15	-	-
	195	158	76	85

Note 10 Property, Plant and Equipment**Leasehold Improvements**

At cost	119	119	-	-
Accumulated amortisation	(119)	(119)	-	-
	-	-	-	-

Furniture, Fittings and Equipment

At cost	832	753	-	-
Accumulated depreciation	(475)	(304)	-	-
	357	449	-	-
	357	449	-	-

	Leasehold Improvements 2004 \$'000	Furniture, Fittings and Equipment 2004 \$'000	Total 2004 \$'000
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Movements in Carrying Amounts:

Consolidated

Balance at the beginning of the year	-	449	449
Additions	-	79	79
Disposals	-	-	-
Depreciation/amortisation expense	-	(171)	(171)
Carrying amount at the end of the year	-	357	357

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Note 11 Intangibles				
Goodwill on consolidation, at cost	2,019	2,019	-	-
Accumulated amortisation	(337)	(236)	-	-
	1,682	1,783	-	-
Cost of membership of the Australian Stock Exchange Limited	50	50	-	-
	1,732	1,833	-	-
Note 12 Payables				
Current				
Trade creditors	15,998	17,412	63	83
Other creditors	144	162	1	5
Amounts payable to Directors or Director-related entities	-	12	-	12
	16,142	17,586	64	100
Note 13 Tax Liabilities				
Current				
Income tax payable	615	-	395	-
Note 14 Provisions				
Current				
Dividends	2,425	1,379	2,425	1,379
Employee benefits	175	135	-	-
	2,600	1,514	2,425	1,379
	Number	Number	Number	Number
Number of employees at the reporting date	29	28	-	-

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Note 16 Accumulated Losses				
Accumulated losses at the beginning of the financial year	(3,376)	(3,326)	(263)	(313)
Net profit attributable to the members of Rivkin Financial Services Limited	3,895	1,329	3,385	1,429
Dividends paid/payable	519 (3,344)	(1,997) (1,379)	3,122 (3,344)	1,116 (1,379)
Accumulated losses at the end of the financial year	(2,825)	(3,376)	(222)	(263)

Note 17 Equity

Total equity at the beginning of the financial year	16,916	19,715	20,029	22,728
Total changes in equity recognised in the Statements of Financial Performance	3,895	1,329	3,385	1,429
Transactions with owners as owners:				
Dividends declared and payable	(3,344)	(1,379)	(3,344)	(1,379)
On-market buy-back of issued ordinary shares	-	(2,749)	-	(2,749)
Total equity at the end of the financial year	17,467	16,916	20,070	20,029
	2004 Cents	2003 Cents		

Note 18 Net Tangible Asset Backing

Net tangible asset backing per share	17.1	16.4
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Note 19 Remuneration and Retirement Benefits

(a) Directors

The following persons held the position of Director of the Company during the whole of the financial year, except where otherwise noted:

AA Davis (appointed on 21 June 2004)

L Chartres (appointed on 2 July 2004)

A Lister (appointed on 2 July 2004)

S Dassakis (resigned on 16 June 2004)

J Rivkin (resigned on 2 July 2004)

S Rivkin (resigned on 2 July 2004)

D Croll (resigned on 2 July 2004)

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$

Note 19 Remuneration and Retirement Benefits (continued)**(b) Directors' Remuneration**

Income paid or payable to all Directors of each entity in the consolidated entity by the entities of which they are directors and any related parties

65,400 48,901

Income paid or payable to all Directors of the parent entity by the parent entity and any related parties

65,400 48,901

The number of Directors whose income was within the following bands:

From (\$)	To (\$)	Number	Number
0	9,999	1	3
10,000	19,999	4	3

(c) Remuneration of Executives

Remuneration received or due and receivable by executive officers of the consolidated entity, from entities in the consolidated entity and any related entities for management of the affairs of the consolidated entity, whose income is \$100,000 or more

449,563 310,089

Remuneration received or due and receivable by executive officers of the parent entity, from the parent entity and any related parties for management of the affairs of the parent entity and its subsidiaries, whose income is \$100,000 or more

– –

The number of executives whose income was within the following bands:

From (\$)	To (\$)	Number	Number	Number	Number
120,000	129,999	1	–	–	–
150,000	159,999	1	2	–	–
160,000	169,999	1	–	–	–

No prescribed benefits were paid in connection with the retirement of a person from the prescribed office in relation to a corporation in the consolidated entity during the financial year.

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Note 20 Commitments				
Lease Rental Commitments				
Non-cancellable operating leases for the rental of premises, not capitalised in the financial statements and payable:				
- Not later than one year	305	319	-	-
- Later than one year but not later than five years	390	397	-	-
	695	716	-	-

Note 21 Contingent Liabilities

The consolidated entity had no contingent liabilities at 30 June 2004 (2003: Nil).

	Consolidated		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$

Note 22 Related Party Disclosures

Transactions between related parties are conducted on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

(a) Transactions with Related Parties

Brokerage paid to Rivkin Discount Stockbroking Pty Ltd, a wholly-owned controlled entity	-	-	-	3,421
Brokerage received by Rivkin Discount Stockbroking Pty Ltd from Directors and Director-related entities	1,667	2,340	-	-
Fees paid for legal advice to a firm of solicitors, of which a former Director was a principal	-	31,061	-	14,171
Amounts receivable from Directors and Director-related entities by the consolidated entity	-	-	-	-
Amounts payable to Directors and Director-related entities by the consolidated entity	16,350	12,500	16,350	12,500
Aggregate amounts payable to the parent entity by wholly-owned controlled entities	-	-	13,422,788	8,698,144

	Number of Ordinary Shares 2004	Number of Ordinary Shares 2003
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(b) Directors' Shareholdings

Directors and Director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the parent entity:

Ordinary fully paid shares	7,305,784	500,000
Options over unissued ordinary shares	-	-

	Total Revenue		Profit from Ordinary Activities after Tax		Total Assets	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000

Note 23 Segment Information**(a) Industry Segments**

Financial Services

- External customers	41,173	134,453	3,895	1,329	36,824	36,016
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(b) Geographic Segments

Australia

- External customers	41,173	134,453	3,895	1,329	36,824	36,016
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No transactions occurred between segments during the year.

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000

Note 24 Cash Flow Information**(a) Reconciliation of Cash**

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:

Cash on hand	1	1	-	-
Cash at bank (interest bearing – note(i))	3,085	1,319	20	14
Cash at bank – clients' trust account (non-interest bearing)	456	380	-	-
	3,542	1,700	20	14
Short term deposits at call (non-interest bearing – note(ii))	-	403	-	-
Short term deposits at call (interest bearing)	7,311	3,022	1,025	148
	10,853	5,125	1,045	162

(i) Cash amounts are held with banks in interest bearing accounts. At the reporting date the average interest rate was 4.58% (2003: 3.84%).

(ii) At 30 June 2003, the short term deposit was held by a financial institution on behalf of the Australian Stock Exchange, on trust for clients. The consolidated entity did not receive interest on this deposit.

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Note 24 Cash Flow Information (continued)				
(b) Reconciliation of Operating Profit after Income Tax to Net Cash Inflow from Operating Activities				
Operating profit after income tax	3,895	1,329	3,385	1,429
Non-Cash Items				
Amounts set aside to provisions:				
- Depreciation	171	129	-	-
- Amortisation of goodwill	101	101	-	-
- Employee benefits	40	20	-	-
- Doubtful debts	438	-	-	-
Bad debts written off	96	-	-	-
Movements in Provisions				
Income tax	626	-	396	-
Changes in Assets and Liabilities				
(Increase)/decrease in assets:				
- Trade debtors	3,738	2,698	-	-
- Investments	243	5,247	4,145	1,246
- Other debtors	237	36	7	(7)
- Prepayments	(37)	(7)	10	(15)
- Security deposits	1	(11)	-	-
Increase/(decrease) in liabilities:				
- Trade creditors	(1,424)	(4,192)	(32)	(3)
- Other creditors	(19)	53	(4)	(6)
Net Cash Inflow from Operating Activities	8,106	5,403	7,907	2,644

Note 25 Financial Instruments**(a) Interest Rate Risk Exposures**

The consolidated entity'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, are as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rates		Non-Interest Bearing		Total	
	2004 %	2003 %	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Financial Assets:								
Cash	4.58	4.11	10,396	4,341	457	784	10,853	5,125
Receivables	-	-	-	-	15,483	20,004	15,483	20,004
Investments	-	-	-	-	8,204	8,447	8,204	8,447
Total Financial Assets			10,396	4,341	24,144	29,235	34,540	33,576
Financial Liabilities:								
Trade and other creditors	-	-	-	-	16,142	17,586	16,142	17,586
Total Financial Liabilities			-	-	16,142	17,586	16,142	17,586

(b) Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the Statements of Financial Position and Notes to the Financial Statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

(c) Net Fair Value of Financial Assets and Liabilities

The net fair values of listed investments have been valued at the quoted market price at balance date adjusted for transaction costs expected to be incurred. For unlisted investments, where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows expected to result from holding the investment. For other financial assets and liabilities the net fair value approximates their carrying value.

No financial assets or financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets, where the carrying amount may exceed net fair values, have not been written down as the consolidated entity intends to hold these assets to maturity.

	2004		Consolidated		2003	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
Note 25 Financial Instruments (continued)						
(c) Net Fair Value of Financial Assets and Liabilities (continued)						
Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date:						
Financial Assets:						
- Cash	10,853	10,853	5,125	5,125	20,004	20,004
- Receivables	15,483	15,483	8,447	8,447		
- Investments	8,204	8,204				
	34,540	34,540	33,576	33,576		
Financial Liabilities:						
- Trade and other creditors	16,142	16,142	17,586	17,586		

Note 26 Contributions to Superannuation Funds

The Company and the consolidated entity contribute to various superannuation funds on behalf of Directors and employees for the provision of retirement benefits in accordance with the provisions of the Superannuation Guarantee Act.

Note 27 Events Occurring after Reporting Date

Since the conclusion of the financial year the consolidated entity, on 2 July 2004, finalised the acquisition of 13,500,000 shares in Network Limited, an ASX Listed Company, for \$2,834,000 which was settled by the payment of \$1,000,000 in cash and the issuing of 5,000,000 shares in the Company to Network Limited and of 3,340,000 shares in the Company to Cole Kablow Pty Limited. The holding in Network Limited held by the consolidated entity is a shareholding of 16.36% of the capital of that company. In addition the consolidated entity loaned Network Limited the sum of \$1,000,000 for 3 years on commercial terms.

As a result of the issue of shares to Network Limited and Cole Kablow Pty Limited as detailed above, the total issued share capital of the Company and the consolidated entity stands at 100,312,134 shares.

On 5 July 2004 the consolidated entity received a requisition from Sofcom Limited, Fast Scout Limited and Altera Capital Limited requisitioning an Extraordinary General Meeting of the Company in order to remove Alan Davis and Shannon Rivkin from the Board of the Company. On 13 July 2004 the Company announced that the requisitionists did not hold the required 5% of the capital of the Company at 5 July 2004 and that the Extraordinary General Meeting of the Company would not be called.

On 15 July 2004, the consolidated entity commenced proceedings against Sofcom Limited, Fast Scout Limited and Altera Capital Limited (the 'Defendants') alleging that the Defendants had breached provisions of the Corporations Law relating to insider trading in acquiring their shares in the Company. The proceeding sought amongst other orders that the shares in the Company be vested in ASIC for disposal. The Defendants have cross-claimed against the consolidated entity and others alleging breach of the insider trading laws, oppression and improper purpose of the Directors of the Company in issuing shares to Network Limited and Cole Kablow Pty Limited and in making the loan to Network Limited. The consolidated entity is pressing its allegations in the original proceedings and defending the cross claims. The proceedings are fixed for hearing on 25 October 2004 and are estimated to last for two weeks. At the date of this report the consolidated entity has spent \$404,000 on the cost of the proceedings.

Since the end of the financial year, the consolidated entity has substantially reduced its share trading activities and turned most of its positions to cash. Although the consolidated entity is continuing to trade securities, the emphasis has been changed to a policy that encompasses shareholdings in companies where the consolidated entity will be able to hold the shares as 'core' holdings for long term capital appreciation. In addition, the consolidated entity will continue to trade other shares where it considers there is a reasonable opportunity for short term profit.

No other matter or circumstance has arisen since the end of the financial year that significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Note 28 Company Details

The registered office, and the principal place of business, of the Company is:
Rivkin Financial Services Limited
Level 33, 2 Park Street
Sydney NSW 2000

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 8 to 28:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2004 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors:

A handwritten signature in black ink that reads "A A Davis". The signature is written in a cursive, flowing style.

A A Davis
Managing Director

Sydney, 29 September 2004

Independent Audit Report

Scope

We have audited the financial report of Rivkin Financial Services Limited (the 'Company') for the financial year ended 30 June 2004 as set out on pages 8 to 29. The Company's Directors are responsible for the financial report which includes the financial statements of the Company and the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of, or during, the financial year. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the Company is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.



Bob Miller & Co
Chartered Accountants



Robert Miller
Partner

Sydney, 29 September 2004

Shareholder Information

Substantial Shareholders at 19 October 2004

Substantial shareholders in the Company are set out below:

Name	Ordinary Shares	
	Number	%
Central Exchange Limited	8,104,787	8.08
Sofcom Limited	3,400,000	3.39
Fast Scout Ltd	908,471	0.91
Altera Capital Limited	750,000	0.75
	13,163,258	13.13
Alan Davis Group Pty Limited	7,305,784	7.28

Distribution of Equity Securities as at 19 October 2004

Analysis of numbers of equity security holders by size of holding:

Size of Holding	Ordinary	Ordinary
	Shareholders	Option Holders
1 to 1,000	54	–
1,001 to 5,000	405	–
5,001 to 10,000	864	–
10,001 to 100,000	1,378	7
100,001 and over	84	10
Total Shareholders	2,785	17

There were 165 holders of less than a marketable parcel of ordinary shares.

Twenty Largest Shareholders at 19 October 2004

Name	Ordinary Shares	
	Number	%
Network Limited	9,000,000	8.97
Central Exchange Limited	8,104,787	8.08
Alan Davis Group Pty Limited	7,305,784	7.28
Sofcom Limited	3,400,000	3.39
Cole Kablow		
Superannuation Pty Ltd	3,340,000	3.33
Mandarin Pty Ltd	1,500,000	1.50
Fast Scout Ltd	908,471	0.91
National Nominees Limited	800,000	0.80
Altera Capital Limited	750,000	0.75
Mr MD Barnett	700,000	0.70
Mr MD Barnett (Barnett Super Fund)	600,000	0.60
Finorb Pty Ltd	600,000	0.60
Luton Pty Limited	500,000	0.50
Satellite Enterprises Pty Ltd	454,000	0.45
Mr AS Fischel	400,000	0.40
Mr RK & Mrs BM Pfeiffer (Pfeiffer Family Super Fund)	397,900	0.40
Mr C & Mrs M Harrex	375,000	0.37
Tim Investments Pty Ltd	358,000	0.36
IPS Property Holdings Pty Ltd	350,000	0.35
Wavejoy Pty Limited	350,000	0.35
	40,193,942	40.09

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.

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