Annual Report and Financial Report

of the

Residual Business Management Corporation Group

For the Year Ended

30 June 2012

TABLE OF CONTENTS

RESIDUAL BUSINESS MANAGEMENT CORPORATION GROUP

THE 2012 FINANCIAL YEAR IN REVIEW

Financial Summary

At 30 June 2012 the Residual Business Management Corporation Group (the Group) consists only of Residual Business Management Corporation (RBMC). The Group controlled Pacific Solar Pty Ltd (Pacific Solar) until its deregistration on 9 May 2012.

RBMC is a NSW State-owned statutory corporation. Pacific Solar was a private sector incorporated solar research and commercialisation business that had developed and licensed a number of photovoltaic patents. Pacific Solar had other government and non-government shareholders until a minority shareholder buy-back was approved by all shareholders on 24 February 2012. On this date Pacific Solar became a fully owned subsidiary of RBMC. Pacific Solar was then deregistered as a solvent entity on 9 May 2012.

The Group consolidated result for the financial year ended 30 June 2012 was a loss of $10,366,115.25 (2011: a profit of $706,864.40).

The Group consolidated worth, at 30 June 2012 was a surplus of $312,406.02 (2011: $13,060,291.91 surplus).

The Group's financial position has deteriorated due to actuarial forecasts regarding the present value of the Group's future defined benefit superannuation fund liabilities. However, due to the high level of current cash reserves, accounting for the Group on a going concern basis is appropriate.

Reserves

RBMC continues to maintain high levels of cash and cash equivalent reserves because its residual business activities are both risky and complex. RBMC also holds large cash reserves to deal with its legacy business issues and to enable it to enforce its contractual rights in relation to the intellectual property it has acquired from its former subsidiary.

It is expected that future year cash reserves will be reduced through the payment of dividends to NSW Treasury (contingent upon changes in the value of superannuation liabilities).

Operational Strategy

The re-constitution of Pacific Power on 1 July 2003, represented an ongoing chapter in the energy reform process that commenced in 1994 with the demerger of Pacific Power's generation and transmission businesses into newly formed State-Owned Corporations.

RBMC will continue to deal with the residual assets and liabilities of the activities of Pacific Power in order to manage an orderly wind-up of residual matters and ensure that any obligations of a continuing nature are dealt with appropriately.

RESIDUAL BUSINESS MANAGEMENT CORPORATION GROUP

STATUTORY INFORMATION 2012

Background to the RBMC Group

The *Pacific Power (Dissolution) Act 2003* ('the Act') was passed by the NSW State Parliament with effect from 1 July 2003. The purpose of the Act was to dissolve Pacific Power corporation by re-constituting it and changing its name to Residual Business Management Corporation (RBMC). For the purposes of private international law, RBMC is the same entity as Pacific Power, except that it has a new name and new functions.

This 2012 Annual Report reflects RBMC's current function, that being the management of residual matters from Pacific Power's businesses and investments.

Responsibilities of Residual Business Management Corporation

RBMC is a statutory corporation managed by a general manager with accountability to the NSW State Treasurer. The objectives of the Corporation are to:

- Manage its assets, rights and liabilities effectively and responsibly;
- Operate at least as efficiently as any comparable business;
- Minimise the risk exposure of the State arising from its activities; and
- Achieve efficient and timely winding up of residual business activities.

Under the Act, employees of Pacific Power at the time of its re-structure became employees of RBMC, retaining their existing terms and conditions of employment and other entitlements, including superannuation and all leave entitlements.

Former Employees

Employees were offered a choice of seeking redeployment in the public sector or the opportunity of taking voluntary redundancy. To this end, RBMC worked constructively with employees and their unions, providing a range of support services to employees to assist their transition, including career counselling and skills development workshops.

RBMC provided a redeployment program for employees seeking placements in the public sector. This entailed concentrated coaching and development of all employees and a coordinated approach with the NSW Government's Redeployment & Relocation Support Unit to identify and match RBMC employees to public sector vacancies.

At 30 June 2012, and for the prior year, RBMC had only one direct employee, that being the General Manager. RBMC was formerly managed by a specialist team of consultants that had experience in operating the residual business activities of the Group. At the present time the management of RBMC has been moved back to NSW Treasury. Mr Dominic Schuster of NSW Treasury was appointed the General Manager on 1 September 2012.

STATUTORY INFORMATION 2012 (continued)

Residual Engineering Projects

On the demerger of Pacific Power Corporation, RBMC became the parent entity of a wholly owned subsidiary company, Pacific Power (Subsidiary No.1) Pty Ltd. This private company was involved in commercial engineering, procurement, and construction management projects pertaining to a number of power plants in Queensland. Pacific (Subsidiary No.1) Pty Limited was wound up and deregistered as a solvent entity on the 30th of September 2010.

Investment in Pacific Solar Pty Limited

On the demerger of Pacific Power Corporation, RBMC also became the parent entity of a majority controlled subsidiary company, Pacific Solar Pty Limited. During the year, the Board resolved to buy back all minority shareholders of the Company. The buy-back process was completed on 24 February 2012 and Pacific Solar became a fully owned subsidiary of RBMC. Pacific Solar was then deregistered as a solvent entity on 9 May 2012. During the year Pacific Solar declared and paid an unfranked dividend of $670,396.53 in favour of RBMC being the sum of all remaining cash and reserves in the Company.

CODE OF CONDUCT

Pacific Power's Code of Conduct is still in place and the Code is still considered to be appropriate in its current form.

CONSULTANT FEES

During the financial year ended 30 June 2012 the RBMC Group incurred consultant expenses of $31,380.06 (2011: $11,834.74) paid to three consultants (2011: two consultants).

Consultants assist in the operational running of RBMC and its subsidiary companies. The use of consultants best and most efficiently manages the residual business activities of the RBMC Group.

CONSUMER RESPONSE

Until 9 May 2012, subsidiary company in the RBMC Group interfaced with the community, mainly through general business dealings and warranty services. RBMC 'puts the customer first' and the Corporation insists on ethical behaviour when dealing with consumers, service providers and the community.

CORPORATE STRUCTURE

All RBMC governance power vests with its *General Manager* and under the Act he is responsible to the NSW State Treasurer and as applicable the nominated Minister. Mr Andrew d'Apice held this position until 31 August 2012. He was appointed in 2004.

The *General Manager's* role and duties are defined in the Act. Mr d'Apice had international private sector Managing Director experience. By resolution, Mr d'Apice had agreed to accept the supervision of delegates nominated by the Treasurer. Crown Asset Liability Management was the entity that provided this supervision, the supervision being primarily an interface between RBMC and NSW Treasury. NSW Treasury represented the Treasurer. Mr Dominic Schuster of NSW Treasury replaced Mr d'Apice on 1 September 2012 and he remains the current RBMC General Manager.

STATUTORY INFORMATION 2012 (continued)

CORPORATE STRUCTURE (continued)

The key operating subsidiary of the Group during the year was Pacific Solar Pty Limited which was wound up and deregistered as a solvent entity on 9 May 2012. The other former subsidiary, Pacific Power (Subsidiary No.1) Pty Ltd was wound up and deregistered as a solvent entity on 30 September 2010. Pacific Solar was a private sector company with an independent Board. Its former *non-executive chairman* was appointed and part funded by RBMC. The Pacific Solar former *non-executive chairman* reported to the General Manager and he was responsible for the supervision of the governance functions of Pacific Solar. Pacific Solar's governance power vested with its former Board of Directors until 24 February 2012 when the Board resigned and the RBMC General Manager then remained as the sole Director.

The *General Manager* was supported by Mr Mark Guest as the RBMC *Corporation Secretary & Comptroller.*

Mr Guest was also the former *Executive Officer & Company Secretary* of Pacific Solar. He was appointed to this role in 2004. Under the supervised delegation of the Pacific Solar Board, Mr Guest was responsible for the operational and financial activities of Pacific Solar.

COST OF ANNUAL REPORT AND PUBLICATIONS

The 2011 Annual Report for the Residual Business Management Group was published in 2012 and it is available to the public on request. It was not produced as a marketing document and accordingly any printing costs were negligible.

CREDIT CARD USAGE

RBMC has no corporate credit cards on issue. Pacific Solar's corporate credit card facility was used solely by its former chairman for business purposes and all expenditure was subject to independent analysis, review and authorisation. This credit card facility was cancelled immediately after the resignation of the former Chairman.

ENERGY MANAGEMENT PROGRAM

The RBMC Group has reduced its electricity consumption through the efficient conduct of its operations. The head office is a shared arrangement located in the energy sustainable suburb of Newington, near Sydney Olympic Park. The business is conducted in a manner that minimises negative environmental impact. Newington is a bike and pedestrian friendly environment.

STATUTORY INFORMATION 2012 (continued)

FRAUD AND CORRUPTION PREVENTION

Throughout the financial year the RBMC Group continued its strong commitment to fraud and corruption prevention through maintaining strong corporate governance and the segregation of key duties.

No reports of suspected corruption, maladministration and serious and substantial waste were received during the year and as is mentioned above, the results of the annual internal audit were favourable.

FREEDOM OF INFORMATION

Residual Business Management Corporation processed no formal Freedom of Information applications during the period 1 July 2011 to 30 June 2012, but a number of former employees and contractors regularly seek clarification of past Pacific Power Corporation matters.

The organisation's compliance with the Government Information (Public Access) Act 2009 did not raise any major issues during the reporting period.

FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

There were no funds granted during the period 1 July 2011 to 30 June 2012 or during the prior year.

INTERNET DETAILS

RBMC's website is located at www.pacificpower.nsw.gov.au.

MINISTER

RBMC is a special purpose corporation that reports to and is ultimately controlled by the NSW Treasurer under the relevant minister's delegation.

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

For the twelve month rolling period ending 30 June 2012 there were no lost time injuries.

ENVIRONMENTAL REGULATION AND RECYCLING PERFORMANCE

The RBMC Group's corporate environmental policy, goals, objectives and targets, and the associated management program, are aligned with community expectations.

RBMC has not been the subject of prosecution in respect of its performance under any regulations during the reporting period and no prosecutions are known to be pending. RBMC is committed to responsible waste management and recycles the following:

- toner cartridges; and
- all waste paper-based materials.

STATUTORY INFORMATION 2012 (continued)

PERFORMANCE STATEMENTS

As at 30 June 2012 there were no CES and SES Level 5 personnel and accordingly the disclosure of performance statements is not applicable.

PRIVACY AND PERSONAL INFORMATION

RBMC's processes for managing staff information meet the principles of the Privacy and Personal Information *Act* 1998.

PROGRAM EVALUATION RESULTS

Business Plans and Performance Processes are in place and are used to measure results against overall strategic objectives.

RISK MANAGEMENT AND INSURANCE

Insurable risks are covered by a program of self-retained risk and external insurance. Risk management is the responsibility of all levels of management within the RBMC Group.

SENIOR EXECUTIVE SERVICE, STAFF NUMBERS AND SUPERANNUATION

The RBMC Group has one remaining direct employees being its *General Manager.* The former Pacific Solar *Executive Officer & Secretary* is a contract executive. He employs three full-time employees that are considered indirect part-time RBMC employees. At 30 June 2012 RBMC was responsible for the superannuation obligations of 46 (2011: 45) former employees. The gross calculated defined benefit superannuation liability, with respect of these former employees at 30 June 2012 was $32.5M (2011: $23.6M). Superannuation funds invested to cover this liability amounted to $20.9M at 30 June 2012 (2011: $22.4M).

TIME FOR PAYMENT OF ACCOUNTS

The RBMC Group seeks to pay all undisputed accounts on time. During the financial year ending 30 June 2012 and prior, all accounts properly received were paid in a timely manner.

THE COMMUNITY RELATIONS COMMISSION AND PRINCIPLES OF MULTICULTURALISM STATEMENTS

RBMC exists as a special purpose risk management entity whose operations are subject to legislative restrictions. Our primary purpose is to manage the residual assets, liabilities and risks arising as part of the NSW Government's energy reform processes that have not been transferred to other State Corporations.

Our Corporation understands and is strongly committed to supporting the NSW Government's legislated principles of multiculturalism.

We wish to never forget those who served and died at war to protect our Nation, our democracy, and our 'fair-go' culture.

End of the statutory report.

THE 2012 FINANCIAL REPORT

Start of audited financial statements – 2012

RESIDUAL BUSINESS MANAGEMENT CORPORATION GROUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Parent Entity 2012 $'000	Parent Entity 2011 $'000
Continuing operations					
Sale of goods		**15**	9	-	-
Rental income		-	7	-	-
Revenue		**15**	16	-	-
Cost of sales		**(29)**	(41)	-	-
Gross profit		**(14)**	(25)	-	-
Other revenue	3(a)	**628**	792	**1,259**	11,682
Other income	3(b)	**813**	629	**823**	629
Depreciation and amortisation	4(a)	**(9)**	(7)	-	-
Occupancy expenses	4(b)	**(23)**	(31)	-	-
Administrative expenses	4(c)	**(535)**	(579)	**(347)**	(366)
Other expenses	4(d)	**(31)**	(230)	**(760)**	(259)
Net (loss) / gain on sale of investments		**(159)**	36	**(159)**	(3)
Profit / (loss) from continuing operations before income tax		**670**	585	**816**	11,683
Income tax expense	5(a)	-	-	-	-
Profit / (loss) from continuing operations after income tax		**670**	585	**816**	11,683
Net profit / (loss) for the year		**670**	585	**816**	11,683
Other comprehensive income					
Actuarial (loss) / gain on defined benefit plans	27(b)	**(11,036)**	122	**(11,036)**	122
Other comprehensive (losses) / income for the year		**(11,036)**	122	**(11,036)**	122
Total comprehensive (loss) income for the year		**(10,366)**	707	**(10,220)**	11,805
Profit / (loss) for the year is attributed to:					
Non-controlling interest		**(146)**	(143)	-	-
Owners of the parent		**816**	728	**816**	11,683
		670	585	**816**	11,683
Total comprehensive (loss) / income for the year is attributed to:					
Non-controlling interest (until 9 May 2012)		**(146)**	(143)	-	-
Owners of the parent		**(10,220)**	850	**(10,220)**	11,805
		(10,366)	707	**(10,220)**	11,805

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

RESIDUAL BUSINESS MANAGEMENT CORPORATION GROUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Consolidated			Parent Entity		
		2012	2011 Restated*	2010 Restated*	**2012**	2011 Restated*	2010 Restated*
		$'000	$'000	$'000	**$'000**	$'000	$'000
Current assets							
Cash and cash equivalents	6	**1,041**	1,500	2,033	**1,041**	89	357
T Corp Hour-Glass cash facility	7	**10,240**	12,075	12,624	**10,240**	11,993	1,493
Trade and other receivables	8	**26**	49	1	**26**	268	-
Inventories	9	**-**	12	174	**-**	-	-
Other current assets		**-**	-	44	**-**	-	4
Total current assets		**11,307**	13,636	14,876	**11,307**	12,350	1,854
Non-current assets							
Trade and other receivables	10	**-**	7	7	**-**	-	-
Financial assets at fair value	11	**-**	-	10	**-**	760	1,232
Other intangibles assets	12	**-**	-	-	**-**	-	-
Property, plant and equipment	13	**623**	632	638	**623**	623	623
Total non–current assets		**623**	639	655	**623**	1,383	1,855
Total assets		**11,930**	14,275	15,531	**11,930**	13,733	3,709
Current liabilities							
Trade and other payables	14	**43**	14	10	**43**	-	34
Provisions		**-**	-	35	**-**	-	-
Total current liabilities		**43**	14	45	**□3**	-	34
Non-current liabilities							
Superannuation liability	15	**11,575**	1,201	1,948	**11,575**	1,201	1,948
Total non-current liabilities		**11,575**	1,201	1,948	**11,575**	1,201	1,948
Total liabilities		**11,618**	1,215	1,993	**11,618**	1,201	1,982
Net assets		**312**	13,060	13,538	**312**	12,532	1,727
Equity							
Parent equity interest							
Issued capital		**-**	-	-	**-**	-	-
Asset revaluation reserve	13b	**623**	623	623	**623**	623	623
Retained earnings	24	**(311)**	11,909	12,059	**(311)**	11,909	1,104
Total parent interest		**312**	12,532	12,682	**312**	12,532	1,727
Total non-controlling interest	25	**-**	856	856	**-**	-	-
Total equity		**312**	13,060	13,538	**312**	12,532	1,727

* See Notes 2 and 13

The statement of financial position is to be read in conjunction with the notes to the financial statements.

RESIDUAL BUSINESS MANAGEMENT CORPORATION GROUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

Consolidated 2012	Asset revaluation reserve $'000	Retained earnings $'000	Owners of the parent $'000	Non-controlling interest $'000	Total equity $'000
At 1 July 2011	**623**	**11,909**	**12,532**	**528**	**13,060**
Profit for the period	-	816	816	(146)	670
Other comprehensive income / (loss)	-	(11,036)	(11,036)	-	(11,036)
Total comprehensive income / (loss)	-	**(10,220)**	**(10,220)**	**(146)**	**(10,366)**
Transactions with owners in their capacity as owners:					
Dividend paid	-	(2,000)	(2,000)	-	(2,000)
Share buy-back	-	-	-	(382)	(382)
At 30 June 2012	**623**	**(311)**	**312**	-	**312**

Consolidated 2011	Asset revaluation reserve $'000	Retained earnings $'000	Owners of the parent $'000	Non-controlling interest $'000	Total equity $'000
At 1 July 2010	-	**12,059**	**12,059**	**856**	**12,915**
Net effect of a correction of an error	623	-	623	-	-
Restated balance as at 1 July 2010	**623**	**12,059**	**12,682**	**856**	**13,538**
Profit for the period	-	728	728	(143)	585
Other comprehensive income / (loss)	-	122	122	-	122
Total comprehensive income / (loss)	-	**850**	**850**	**(143)**	**707**
Transactions with owners in their capacity as owners:					
Dividend paid	-	(1,000)	(1,000)	-	(1,000)
Share buy-back	-	-	-	(185)	(185)
At 30 June 2011	**623**	**11,909**	**12,532**	**528**	**13,060**

Parent 2012	Asset revaluation reserve $'000	Retained earnings $'000	Owners of the parent $'000		Total equity $'000
At 1 July 2011	**623**	**11,909**	**12,532**	-	**12,532**
Profit for the period	-	816	816	-	816
Other comprehensive income / (loss)	-	(11,036)	(11,036)	-	(11,036)
Total comprehensive income / (loss)	-	**(10,220)**	**(10,220)**	-	**(10,220)**
Dividend paid	-	(2,000)	(2,000)	-	(2,000)
At 30 June 2012	**623**	**(311)**	**312**	-	**312**

Parent 2011	Asset revaluation reserve $'000	Retained earnings $'000	Owners of the parent $'000		Total equity $'000
At 1 July 2010	-	**1,104**	**1,104**	-	**1,104**
Net effect of a correction of an error	623	-	-	-	623
Restated balance as at 1 July 2010	**623**	**1,104**	**1,104**		**1,727**
Profit for the period	-	11,683	11,683	-	11,683
Other comprehensive income / (loss)	-	122	122	-	122
Total comprehensive income / (loss)	-	**11,805**	**11,805**	-	**11,805**
Dividend paid	-	(1,000)	(1,000)	-	(1,000)
At 30 June 2011	**623**	**11,909**	**12,532**	-	**12,532**

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

RESIDUAL BUSINESS MANAGEMENT CORPORATION GROUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated		Parent Entity	
		2012	2011	**2012**	2011
		$'000	$'000	**$'000**	$'000
		Inflows (Outflows)	Inflows (Outflows)	**Inflows (Outflows)**	Inflows (Outflows)
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**69**	70	**24**	30
Payments to suppliers and employees (inclusive of goods and services tax)		**(626)**	(742)	**(325)**	(368)
Payments for inventory and related costs		**-**	-	**-**	-
Rent received		**-**	7	**-**	-
Interest received		**653**	786	**573**	689
Increase (decrease) in operating liabilities:					
Net intra-group loans and advances		**-**	-	**-**	(57)
Net cash inflow/(outflow) from operating activities	16(a)	**96**	121	**272**	294
Cash flows from investing activities					
Proceeds from the sale of non-current assets		**-**	-	**-**	-
Dividends received		**-**	-	**670**	10,993
Investments acquired		**(773)**	(11,682)	**(805)**	(11,675)
Investments redeemed		**2,600**	12,213	**2,550**	1,120
Proceeds from disposal of investments		**-**	-	**265**	-
Purchase of property, plant & equipment		**-**	-	**-**	-
Net cash inflow/(outflow) from investing activities		**1,827**	531	**2,680**	438
Cash flows from financing activities					
Dividends paid		**(2,000)**	(1,000)	**(2,000)**	(1,000)
Share buy-back (paid to minorities)		**(382)**	(185)	**-**	-
Net cash inflow/(outflow) from financing activities		**(2,382)**	(1,185)	**(2,000)**	(1,000)
Net increase/(decrease) in cash & cash equivalents held		**(459)**	(533)	**952**	(268)
Cash and cash equivalents at the beginning of the financial year		**1,500**	2,033	**89**	357
Cash and cash equivalents at the end of the year	16(b)	**1,041**	1,500	**1,041**	89

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

Note 1 – Summary of significant accounting policies

The Residual Business Management Corporation Group (the Group) is a special purpose for-profit entity incorporated and domiciled in Australia. The financial statements of the Group for the year ended 30 June 2012 were authorised for issue by the General Manager on the sixth day of May 2014.

(a) Statement of compliance

The financial statements have been prepared to comply in all material respects with the directives of the NSW Treasurer, Australian Accounting Standards, and interpretations issued by Australian Accounting Standard Board.

(b) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the Public Finance and Audit Act 1983 (as amended) and
- the requirements of the Public Finance and Audit Regulation 2010.

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities that are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments classified as available-for-sale and investment property. Any non-current assets which are held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The report of the subsidiary Pacific Solar has been prepared on a liquidation basis and its assets and liabilities are measured and recorded at their recoverable amount.

The financial statements are presented in Australian dollars. Amounts in the financial statements have been rounded off to the nearest thousand dollars unless otherwise stated.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Residual Business Management Corporation (RBMC) as at, and for the year ended 30 June 2012. Interests in associates are equity accounted and are not part of the consolidated Group. Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

Except for Pacific Solar Pty Ltd, the financial statements of the group are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries and special purpose entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Note 1 – Summary of significant accounting policies (continued)

(c) Basis of consolidation (continued)

Investments in subsidiaries held by RBMC are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised as a net fair value loss on an available-for-sale financial asset in the comprehensive income section of the statement of comprehensive income.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

(d) Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with the Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(e) Revenue and expense recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Where amounts do not meet these recognition criteria, they are deferred and recognised in the period in which the recognition criteria are met. Revenues are recognised at the fair value of the consideration received for the sale of goods and services, net of the amount of Goods and Services Tax and rebates. Revenue and expenses are recognised for the major business activities as follows:

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Unrealised gains / losses

Unrealised gains or losses on the Hour-Glass investment Facilities are recognised to reflect the current fair value of the investment. Those unrealised gains will be deducted from other comprehensive income in the period in which the realised gains / losses are recognised in the statement of comprehensive income.

Note 1 – Summary of significant accounting policies (continued)

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(g) Income tax

Income tax on the statement of comprehensive income for the periods represented comprises current and deferred tax. Income tax is recognised except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the date of the balance sheet, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the date of the balance sheet.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

RBMC and its previously controlled subsidiary Pacific Solar Pty Limited formed an tax consolidated group for OSR purposes on 24 February 2012 when Pacific Solar Pty Limited became a wholly-owned subsidiary of RBMC as a result of the buy-back of all minority shares. Upon consolidation all of Pacific Solar Pty Limited's tax losses were acquired by RBMC at the available statutory fraction. The resulting deferred tax asset is not recognised in the RBMC Group because recovery is not certain.

(h) Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost less any identified impairment losses. Impairment charges are brought to account as described in Note 1(m).

(i) Cash and cash equivalents

For purposes of the Statement of Cash Flows, cash includes cash balances, deposits at call with financial institutions and other highly liquid investments, with short periods to maturity, which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Cash management trust holdings are disclosed as a current financial asset. Movements in Group intercompany balances backed by available cash reserves are treated as cash flows. Such cash movements are eliminated on consolidation.

Note 1 – Summary of significant accounting policies (continued)

(j) Acquisitions of assets

Items of plant and equipment are initially recorded at cost, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition and, where relevant, the initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value. Any individual items, that have a fair value of less than $500 are expensed during the year in which the expenditure is incurred. Items of property, plant and equipment are depreciated and amortised as described in Note 1(k). All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

(k) Depreciation of plant and equipment

Depreciation is charged to the statement of comprehensive income on a 'straight-line' basis over the estimated useful life of each part of an item of property, plant and equipment, taking into account estimated residual values. Assets are depreciated or amortised from the date of acquisition.

The residual values and useful lives of the assets are reviewed, and the depreciation and amortisation rates and methods adjusted if appropriate, on an annual basis. When these changes are made the adjustments are reflected prospectively in current and future periods only.

The depreciation rates used for each class of asset (in both the current and prior year) are as follows:

Asset class	Rate	Method
Plant and equipment	20%	Straight-line

(l) Sale of non-current assets

Non-current assets sold during the year

In the course of its continuing activities, other transactions (including the sale of non-current assets such as investments and operating assets) may be undertaken that are incidental to the main revenue generating activities of the Group. The results of such transactions are presented by netting the sale proceeds on disposal less selling cost and the carrying value of the asset at the date control of the asset passes to the buyer.

(m) Impairment

The Group assesses asset impairment at each reporting date by evaluating conditions specific to the Group that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No additional impairment with respect of the Group's intangible and contract receivable assets has been recognised in the financial year ending 30 June 2012 (2011: $Nil).

Note 1 – Summary of significant accounting policies (continued)

(m) Impairment (continued)

Calculation of recoverable amount

The recoverable amount of receivables is calculated as the present value of the estimated future cash flows, discounted at the original effective interest rate (being the pre-tax rate that reflects the current market assessment of the time value of money). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that an impairment event has occurred. Significant receivables are individually assessed for impairment. The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of Impairment

An impairment loss in respect of a receivable carried at recoverable amount is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

(n) Trade and other payables

Payables are stated at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Intangibles

Prior to the current year, the Group had assessed its acquired non –'thin film' intellectual property to be impaired so a full impairment provision had been recognised. The Group has reviewed the recoverability of its royalty receivable right from CSG Solar AG. The continued insolvency of this German company, that acquired the Group's 'thin film' intellectual property, has meant the termination of the Group's rights in relation to this intellectual property. The Group is awaiting the liquidation distribution but the Group is expecting no material return.

(p) Inventories

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost or "first in first out" method. The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the

Note 1 – Summary of significant accounting policies (continued)

(p) Inventories (continued)

cost the Group would incur to acquire the asset. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. However, on the basis that it was more likely than not that the Group would dispose of the inventories of Pacific Solar on a wind-up basis, rather than as part of business operations conducted by the Group, the net realisable value of inventory at 30 June 2011 had been reduced by $155,308.14 to $11,791.55, the 'fire-sale' value established by an independent valuation at 30 November 2011. During the current financial year the now wound-up subsidiary sold all remaining inventory at the best achievable price and warranty outcome.

(q) Investments

Investments in unlisted companies are reviewed annually and are carried at their cost of acquisition. Shares in subsidiary companies are included at their cost of acquisition and are eliminated on consolidation.

The Hour-Glass Investment Facilities are recognised at fair value through profit or loss using the second leg of the fair value option. The unrealised movement in the fair value of the Hour-Glass Investment Facilities is reported in the line item 'Other income'.

(r) Dividend calculation

Dividends are calculated with reference to the TPP 02-3 Financial Distribution Policy for Government Businesses. In 2012 a dividend of $2,000,000.00 was paid to NSW Treasury (2011: $1,000,000.00).

(s) Dividend policy

The Corporation pays dividends out of surplus funds in a manner that is considered prudent and in a quantum that will not prejudice the interests of the Corporation or its creditors.

(t) Superannuation defined benefits

The Corporation recognises the net deficiency in its defined benefit superannuation funds as is calculated by the NSW Treasury appointed actuary.

Actuarial gains or losses are recognised in other comprehensive income (directly through retained earnings) in the reporting period in which they occur.

(v) Property

RBMC's property accounting policy is to recognise the fair value of the property it controls. The value of RBMC's property is established at the end of each financial year based on the best information then available. Revaluation increments are credited directly to asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that asset previously recognised as an expense in the profit or loss, the increment is recognised immediately as revenue in the profit or loss. Revaluation decrements are recognised immediately as expenses in the profit or loss, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the asset, they are debited directly to the asset revaluation reserve.

Note 2 –Correction of Prior Period Errors

(a) Superannuation

The Group had previously recognised all gains and losses, including actuarial gains and losses for the year in its defined benefit superannuation funds, as an item of other comprehensive gains / (losses) in its statement of other comprehensive income. AASB 119 Sections 93A and 93B allow only defined benefit actuarial superannuation gains and losses to be recognised in other comprehensive income.

To correct this error the Statement of Comprehensive Income as at 30 June 2011 for the comparative year were restated as follows:

- Other income was increased by $625,000; and
- Actuarial gain on defined benefit plans was decreased by $625,000.

Restatement of Financial Statements as a Result of Change in Accounting Policy

30 June 2011 Comparative year	**Original**		**Change in Accounting Policy Adj.**		**Restated**	
Financial Report Line Item / Balance Affected	**2011 $'000 Consolidated**	**2011 $'000 Parent Entity**	**2011 $'000 Consolidated**	**2011 $'000 Parent Entity**	**2011 $'000 Consolidated**	**2011 $'000 Parent Entity**
Statement of Comprehensive Income Extract						
Other income	4	4	625	625	629	629
Profit / (loss) from continuing operations before income tax	**(40)**	**11,058**	**625**	**625**	**585**	**11,683**
Profit / (loss) from continuing operations after income tax	**(40)**	**11,058**	**625**	**625**	**585**	**11,683**
Other comprehensive income						
Actuarial (loss) / gain on defined benefit plans	747	747	(625)	(625)	122	122
Total comprehensive income for the year	**747**	**747**	**(625)**	**(625)**	**122**	**122**
Profit / (loss) for the year is attributed to:						
Owners of the parent	103	11,058	625	625	728	11,683
Note 3 – Other revenue and income Extract						
(b) Other income						
Superannuation gain on defined benefit schemes	-	-	625	625	625	625
Total other income	**4**	**4**	**625**	**625**	**629**	**629**

Note 2 –Correction of Prior Period Errors (continued)

(b) Correction of a Prior Period Error

In October 2012 RBMC determined it still retained some land parcels in the past former names of RBMC. The total land parcel value at 30 June 2012 was determined by Management, based on independent valuation to be $2,123,000. However, RBMC has established that $1,500,000 worth of its land is controlled by a Local Government entity and has not recognised it in the statement of financial position in either the current or prior years. Due to the aforementioned land parcels, RBMC has booked a prior period error correction to its statement of financial position. It has recognised the value of the land parcels that it presently controls.

As this error was made in a financial year prior to the comparative year, the Statement of Financial Position opening balances as at 30 June 2010 were restated as follows:

- Property, plant and equipment was increased by $623,000 to recognise the land that were not previously recognised in RBMC's financial statement. This increase to property, plant and equipment was made up as follows:
    - Land by $623,000.
- Asset revaluation reserve was increased by $623,000, which was made up as follows:
    - An increase of $623,000 for the land asset revaluation reserve; and
- Total parent interest was increased by $623,000.

The same correction was made to the statement of financial position at 30 June 2011. Namely:

- Land increased by $623,000.
- The asset revaluation reserve was increased by $623,000, which was made up as follows:
    - An increase of $623,000 for the land asset revaluation reserve; and
- Total parent interest was increased by $623,000.

Note (b) continues on the following page.

Note 2 –Correction of Prior Period Errors (continued)

(b) Correction of a Prior Period Error (continued)

Restatement of Financial Statements as a Result of Correction of an Error

30 June 2011 Comparative year	Original		Correction of Error Adj.		Restated	
Financial Report Line Item / Balance Affected	**2011 $'000 Consolidated**	**2011 $'000 Parent Entity**	**2011 $'000 Consolidated**	**2011 $'000 Parent Entity**	**2011 $'000 Consolidated**	**2011 $'000 Parent Entity**
Statement of Financial Position Extract						
Non-current assets						
Property, plant and equipment	9	-	623	623	632	623
Total non–current assets	**16**	**760**	**623**	**623**	**639**	**1,383**
Total assets	**13,652**	**13,110**	**623**	**623**	**14,275**	**13,733**
Net assets	**12,437**	**11,909**	**623**	**623**	**13,060**	**12,532**
Equity						
Parent equity interest						
Asset revaluation reserve	-	-	623	623	623	623
Total parent interest	**11,909**	**11,909**	**623**	**623**	**12,532**	**12,532**
Total equity	**12,437**	**11,909**	**623**	**623**	**13,060**	**12,532**
Statement of Changes in Equity Extract						
Opening Balance						
Asset revaluation reserve	-	-	623	623	623	623
Note 13. Property, Plant and Equipment Extract						
Total depreciated value property & equip.	9	-	**623**	**623**	**632**	**623**
a) Reconciliation of written down value of asset classes						
Non-current						
Land at fair value	-	-	623	623	623	623
Plant and equipment – at fair value	34	-	-	-	34	-
Accumulated depreciation	(25)	-	-	-	(25)	-
Total depreciated value of plant and equipment	**9**	**-**	**623**	**623**	**632**	**623**
b) Movement in the property asset revaluation reserve						
Asset revaluation reserve carried forward	-	-	623	623	623	623
Asset Revaluation Reserve balance 30 June	-	-	623	623	623	623

Note 2 – Correction of Prior Period Errors (continued)

Restatement of Financial Statements as a Result of Correction of an Error (continued)

1 July 2010 (Comparative year opening balances)	**Original**		**Correction of Error Adj.**		**Restated**	
Financial Report Line Item / Balance Affected	**2010**	**2010**	**2010**	**2010**	**2010**	**2010**
	$'000 Consolidated	**$'000 Parent Entity**	**$'000 Consolidated**	**$'000 Parent Entity**	**$'000 Consolidated**	**$'000 Parent Entity**
Statement of Financial Position Extract						
Non-current assets						
Property, plant and equipment	15	-	623	623	638	623
Total non–current assets	**32**	**1,232**	**623**	**623**	**655**	**1,855**
Total assets	**14,908**	**3,086**	**623**	**623**	**15,531**	**3,709**
Net assets	**12,915**	**1,104**	**623**	**623**	**13,538**	**1,727**
Equity						
Parent equity interest						
Asset revaluation reserve	-	-	623	623	623	623
Total parent interest	**12,059**	**1,104**	**623**	**623**	**12,682**	**1,727**
Total equity	**12,915**	**1,104**	**623**	**623**	**13,538**	**1,727**
Note 13. Property, Plant and Equipment Extract						
Total depreciated value property & equip.	**15**	**-**	**623**	**623**	**638**	**623**
a) Reconciliation of written down value of asset classes						
Non-current						
Land at fair value	-	-	623	623	623	623
Plant and equipment – at fair value	34	-	-	-	34	-
Accumulated depreciation	(19)	-	-	-	(19)	-
Total depreciated value of plant and equipment	**15**	**-**	**623**	**623**	**638**	**623**
b) Movement in the property asset revaluation reserve						
Asset revaluation reserve carried forward	-	-	623	623	623	623
Asset Revaluation Reserve balance 30 June	-	-	623	623	623	623

NOTES TO THE FINANCIAL STATEMENTS
for Year Ended 30 June 2012

	Consolidated		Parent Entity	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Note 3 – Other revenue and income				
(a) Other revenue				
Interest received or receivable	**628**	792	**589**	689
Dividend from controlled entity	**-**	-	**670**	10,993
Total other revenue	**628**	792	**1,259**	11,682
(b) Other income				
Revaluation gain on T Corp units	**151**	-	**151**	-
Reimbursements	**-**	-	**10**	-
Insurance premium refunds	**-**	4	**-**	4
Superannuation gain on defined benefit schemes*	**662**	625	**662**	625
Total other income	**813**	629	**823**	629

*Excludes superannuation actuarial losses of $11,035,456 (2010: gains of $122,125) included in other comprehensive income. (Refer notes 27(b) and 24).

	Consolidated		Parent Entity	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Note 4 – Expenses				
(a) Depreciation & amortisation	**9**	7	**-**	-
(b) Occupancy expenses				
Operating lease rental expense	**23**	31	**-**	-
(c) Administrative expenses				
Auditors' remuneration	**88**	66	**65**	44
Directors' remuneration	**123**	135	**82**	67
Document storage	**1**	50	**1**	50
Insurance premiums	**77**	120	**58**	97
Business Manager	**170**	155	**101**	72
Travel	**1**	16	**1**	-
Other sundry costs	**75**	37	**39**	36
Total administrative expenses	**535**	579	**347**	366
(d) Other expenses				
Revaluation loss on financial assets	**-**	53	**-**	53
Impairment loss of subsidiary	**-**	-	**760**	206
Revaluation of inventory	**-**	155	**-**	-
Revaluation loss of non-current investment	**-**	10	**-**	-
Consultant fees	**31**	12	**-**	-
Total other expense	**31**	230	**760**	259

	Consolidated		Parent Entity	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Note 5 - Income tax expense				
(a) The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:				
Operating profit before income tax	**670**	585	**816**	11,683
Prima facie tax benefit on losses from ordinary activities before income tax at 30% (2011: 30%)				
Economic entity	**201**	176	-	-
Parent entity			**245**	3,505
Add:				
Tax effect of non-deductible items:				
Sundry items	**1**	2	-	-
Less:				
Tax effect of:				
Tax losses (utilised) not brought to account	**(202)**	(178)	**(245)**	(3,505)
Income tax expense equivalent	-	-	-	-

Deferred tax assets not brought to account

(b) The deferred tax asset arising from the following tax losses and timing differences has not been recognised as an asset because recovery is not probable.

Unused tax losses for which no deferred tax asset has been recognised	**23,170**	29,414	**23,170**	19,029
Unused capital losses for which no deferred tax asset has been recognised	**1,058**	-	**1,058**	-
	24,228	29,414	**24,228**	19,029
Potential deferred tax assets at 30% not brought to account	**7,268**	8,824	**7,268**	5,709

Note 6 - Current assets – cash and cash equivalents

Cash at bank	**1,041**	1,500	**1,041**	89
Total cash & cash equivalents	**1,041**	1,500	**1,041**	89

For reconciliation of cash and cash equivalents to the Statement of Cash Flows, refer to Note 16 (b)

Note 7 - Current assets – T Corp Hour-Glass cash facility

T Corp Hour-Glass cash facility	**10,240**	12,075	**10,240**	11,993
Total T Corp Hour-Glass cash facility	**10,240**	12,075	**10,240**	11,993

	Consolidated		Parent Entity	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Note 8 - Current assets – trade and other receivables				
Trade debtors	-	1	-	1
Other debtors	**10**	6	**10**	1
Interest receivable	**16**	42	**16**	1
Other	-	-	-	265
Total trade and other receivables	**26**	49	**26**	268
Note 9 - Current assets – inventories				
Finished goods – at lower of cost or realisable value	-	12	-	-
Total current assets – inventories	-	12	-	-
Note 10 - Non-current - trade and other receivables				
Deposits	-	7	-	-
Total trade and other receivables	-	7	-	-
Note 11 - Non-current - financial assets				
Shares in controlled entities (cost) - refer 11 (i)	-	-	-	56,954
Less impairment adjustment	-	-	-	(56,194)
Carrying value controlled entities	-	-	-	760
Shares in unlisted companies	-	10	-	-
Less impairment	-	(10)	-	-
Total financial assets	-	-	-	760

Controlled entities

Residual Business Management Corporation acquired 100% (2011: 59%*) of the shares in Pacific Solar Pty Limited on 24 February 2012. On 9 May 2012 Pacific Solar Pty Ltd was wound up and deregistered as a solvent entity.

(i) The Group included the following controlled entity.

Entity name	**Country of Incorporation**	**Percentage of equity interest held by the consolidated entity**		**Investment**	
		2012	2011	**2012**	2011
				$'000	$'000
Pacific Solar Pty Limited	Australia	**Nil**	59% *	-	760

* Rounded to whole percent.

NOTES TO THE FINANCIAL STATEMENTS
for Year Ended 30 June 2012

	Consolidated		Parent Entity	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Note 12 – Other non-current assets				
Contract receivable	**3,324**	8,172	**3,324**	-
Cost of goodwill re-acquired	**-**	235	**-**	-
Less impairment	**(3,324)**	(8,407)	**(3,324)**	-
Total other non-current assets	**-**	-	**-**	-
Movement in the allowance for impairment				
Accumulated impairment carried forward	**(8,407)**	(8,407)	**-**	-
Acc. impairment written-back / (booked)	**5,083**	-	**(3,324)**	-
Impairment balance 30 June	**(3,324)**	(8,407)	**(3,324)**	-

	Consolidated			Parent Entity		
	2012	2011	2010	**2012**	2011	2010
	$'000	$'000	$'000	**$'000**	$'000	$'000
Note 13 – Non-current asserts – property, plant and equipment						
Total depreciated value property & equip.	**623**	632	638	**623**	623	623
a) Reconciliation of written down value of asset classes						
Non-current						
Land at fair value*	**623**	623	623	**623**	623	623
Plant and equipment – at cost	**-**	34	34	**-**	-	-
Accumulated depreciation	**-**	(25)	(19)	**-**	-	-
Total depreciated value property & equip.	**623**	632	638	**623**	623	623

* The prior period balance sheet has been adjusted for land parcels that were determined in 2012 to be owned and controlled by RBMC well prior to 30 June 2011. The land parcels are stated at the NSW Lands Department's commissioned valuations. Refer note 2(b) for more information.

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Parent Entity 2012 $'000	Parent Entity 2011 $'000
Note 14 - Payables					
Current					
Trade creditors		**25**	10	**25**	-
Other creditors and accruals		**18**	4	**18**	-
Total current payables		**43**	14	**43**	-

Terms and conditions relating to the above payables:

(i) Trade creditors are non-interest bearing and are settled on 30 day terms.
(ii) Other creditors and accruals are non-interest bearing and normally settled on 30 day terms.

Note 15 - Provisions

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Parent Entity 2012 $'000	Parent Entity 2011 $'000
Non-current					
Superannuation net liability	27(b)	**11,575**	1,201	**11,575**	1,201
Total non-current provisions		**11,575**	1,201	**11,575**	1,201
Total provisions		**11,575**	1,201	**11,575**	1,201

Note 16 - Cash flow information

(a) Reconciliation of profit/(loss) for the year after tax to net cash flows from operating activities

	Consolidated 2012 $'000	Consolidated 2011 $'000	Parent Entity 2012 $'000	Parent Entity 2011 $'000
Profit / (loss) after income tax	**670**	585	**816**	11,683
Non-cash items				
(Gain) / loss on investments	**8**	18	**8**	56
Depreciation of non - current assets	**9**	7	-	-
Superannuation (gain) on defined benefit schemes	**(662)**	(625)	**(662)**	(625)
Investment activity transactions				
Dividends from investments	-	-	**(670)**	(10,993)
Changes in assets and liabilities				
(Decrease) / increase in trade and other debtors	**(3)**	2	**(7)**	-
(Decrease) / increase in other creditors	**14**	3	**18**	(26)
(Decrease) / increase in provisions	-	(35)	-	-
Decrease / (increase) in other assets	**33**	(6)	**(16)**	1
(Increase) / decrease in financial assets	-	10	**760**	206
(Increase) / decrease in inventory	**12**	162	-	-
Increase / (decrease) in creditors and borrowings	**15**	-	**25**	(8)
Net cash flows from operating activities	**96**	121	**272**	294

(b) Reconciliation of cash and cash equivalents

	Consolidated 2012 $'000	Consolidated 2011 $'000	Parent Entity 2012 $'000	Parent Entity 2011 $'000
Cash and cash equivalents	**1,041**	1,500	**1,041**	89
Balance as per Statement of Cash Flows	**1,041**	1,500	**1,041**	89

Note 16 - Cash flow information (continued)

(c) Acquisitions and disposal of entities

On 24 February 2012 RBMC became the wholly owned parent of Pacific Solar Pty Limited. On the 9 May 2012 the Group effectively disposed of Pacific Solar Pty Limited due to it being wound-up and deregistered as a solvent entity on that date. RBMC acquired the remaining assets of Pacific Solar, they being intellectual property. There were no other acquisitions of entities during the year ended 30 June 2012.

(d) Financing Arrangements

Neither Residual Business Management Corporation nor any of its controlled entities have any external financing arrangements in place at year end or during the financial year.

Note 17 - Commitments for expenditure

(i) Expenditure commitments

No entity in the Group had any expenditure commitments at year end or the prior year end.

(ii) Lease expenditure commitments

The Group has a monthly rental agreement with Kennard's Self Storage at a cost including GST of \$372.00. At 30 June 2012 the total rent lease commitments for warehousing facilities is \$2,232.00 (2011: \$23,359.68).

Note 18 - Contingent liabilities

There are a number of legal actions that have been taken against RBMC and they have been defended. The actions appear to have ceased without recent cost or exposure to RBMC. However, it is prudent to advise that future legal costs, and if applicable settlement, will be less than \$50,000 in the unlikely event that the actions are re-instigated and lost.

Note 19 - Related party disclosures

Directors

The names of persons that were Directors or the equivalent of Directors or officers of Residual Business Management Corporation or its controlled entities at any time during the financial year were as follows:

Residual Business Management Corporation

Dominic Schuster – General Manger – Appointed 1 September 2012
Andrew d'Apice – Former General Manger – Ceased 31 August 2012
Mark Guest – Secretary & Comptroller (equivalent to a Company Secretary & Finance officer)

Pacific Solar Pty Limited (Deregistered on 9 May 2012)

Andrew d'Apice – Former Executive Director (Chair) – Appointed 20 January 2012 and Ceased 9 May 2012
Mark Guest – Former Executive Officer & Company Secretary – Ceased 9 May 2012

Note 19 - Related party disclosures (continued)

Pacific Solar Pty Limited (Deregistered on 9 May 2012) (continued)

Alan Cox – Former Non-Executive Director (Chair) – Resigned 20 January 2012
Edward Slack – Former Non-Executive Director – Resigned 20 January 2012
James Henderson – Former Non-Executive Director – Resigned 24 February 2012
Alfredo Palestini – Former Non-Executive Director – Resigned 24 February 2012

Ultimate parent entity

The ultimate parent entity of the RBMC Group is the New South Wales Government. Residual Business Management Corporation (RBMC) is the parent entity within the RBMC Group and it owned 59 percent of Pacific Solar Pty Limited for the period from 1 July 2011 to 23 February 2012. RBMC then owned 100 percent of the former subsidiary Pacific Solar Pty Limited from 24 February 2012 until its deregistration on 9 May 2012.

Transactions with related parties

All related party transactions were unsecured and based on normal terms and conditions. By resolution on 6 March 2012 RBMC approved the wind-up of Pacific Solar Pty Limited and agreed to assume it's known legal obligations and the expenses of the subsidiary during the wind-up process. At the signing date of this report the Group believes that the deregistered Pacific Solar Pty Limited has no remaining financial obligations.

There were no other cross guarantees between any entities in the RBMC Group.

During the prior year the parent entity part funded the cost of Pacific Solar's chairman, details of which are set out below in this note.

Pacific Solar Pty Limited

During the year RBMC provided funding to its former subsidiary Pacific Solar Pty Limited of Nil (2011: $29,108.57) for part of the cost of its Director representative appointed to the Pacific Solar Board.

During the year Pacific Solar provided funding to its parent of $9,834 (2011: Nil) for part of the cost of the sole Director of the RBMC Group between February and March 2012.

NewSouth Innovations Pty Limited, a former minority shareholder of Pacific Solar, provided Pacific Solar with information services in the 2012 year in the amount of Nil (2011: $5,000). This was a normal commercial arrangement.

During the year Pacific Solar completed a shareholder and ASIC approved share buy-back of all minority shareholdings. RBMC's share of the buy-back payment was Nil (2011: $265,486.08).

This year Pacific Solar declared and paid dividends of $670,396.53 to RBMC (2011: Nil) being the sum of the all remaining cash and reserves of the former subsidiary company.

RBMC received (paid) the following amounts from (to) or on behalf of its former subsidiary Pacific Solar:

- Creditor payments made $Nil (2011: $16,661.32).
- Cash returned to Pacific Solar $Nil (2011: $10,373.68).

At 30 June 2012, RBMC had an intercompany receivable of Nil (2011:$265,486.08) with its former subsidiary Pacific Solar. The 2011 receivable was paid by Pacific Solar to RBMC this financial year.

Note 19 - Related party disclosures (continued)

Other Entities

During the year the RBMC Group paid remuneration to a registered Chartered Accountancy company directed and ultimately owned by Mark Guest of $184,987.61 (2011: $194,353.50). This fee represents market rate remuneration for the services of Mark Guest, three part-time tertiary qualified staff and the supply of the Group's registered office. The parent's share of this total Group remuneration was $100,524.72 (2011: $72,057.84). As part of the Pacific Solar wind-up, RBMC agreed by resolution that it would assume responsibility for the contract entitlements of Mark Guest's Firm. The Pacific Solar contract entitlements expired on 6 September 2012. Mr Guest's Firm continued to work on specific Pacific Solar related matters until mid-August 2012 and incidental matters until the date of the signing of this report.

Note 20 - Key management personnel compensation

Consolidated	**2012 $'(not rounded)**	2011 $'(not rounded)
Short-term benefits – RBMC	**182,222**	139,027
Short-term benefits – Pacific Solar Pty Limited	**119,843**	151,141
Termination benefits	-	-
Total key management personnel compensation	**302,065**	290,168

Parent entity	**2012 $'(not rounded)**	2011 $'(not rounded)
Short-term benefits	**182,222**	139,027
Other long term benefits	-	-
Post-employment benefits	-	-
Termination benefits	-	-
	182,222	139,027

In addition a benefit less than $150 (2011: $250) in credit card reward points was derived via the use of personal credit cards to make corporate payments on a normal executive use basis.

Note 21 - Remuneration of Directors

	Consolidated		Parent Entity	
	2012	2011	**2012**	2011
	$'(not rounded)	$'(not rounded)	**$'(not rounded)**	$'(not rounded)
Income paid or payable, or otherwise made available, to Directors by members of the Group and related parties in connection with the management of the Group	**122,636**	134,682	**81,698**	66,970

The number of Directors whose income from members of the Group and related parties was within the following bands.	**Number**	Number	**Number**	Number
$0 - $9,999	**3**	3	**-**	-
$10,000 - $19,999	**-**	-	**-**	-
$40,000 - $49,999	**-**	-	**-**	-
$50,000 – $59,999	**-**	-	**-**	-
$60,000 – $69,999	**2**	2	**-**	1
$80,000 - $89,999	**-**	-	**1**	-

In addition, at the consolidated level, benefits less than $250 (2011: $100) in credit card reward points was derived via the use of a personal credit card to make corporate payments on a normal executive use basis.

No share options were or are held directly or indirectly by the Directors during the period or at balance date or during the prior year.

Note 22 - Auditor's remuneration

	Consolidated		Parent Entity	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Amounts paid to, or due and payable to, the Auditor General of NSW for:				
- audit of the financial report of the entity and all other entities in the Group	**88**	66	**65**	44
- other services in relation to the entity and all other entities in the Group	**-**	-	**-**	-

Note 23 - Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, cash and term deposits. These financial instruments arise directly from the Group's operations or are required to finance the Group's activities. The Group does not enter into, or trade, financial instruments, including derivative financial instruments, for speculative purposes.

(a) Risk exposures and responses

The Group's main risks arising from financial instruments are outlined below, together with the Group's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Group's General Manager has overall responsibility for the establishment and oversight of risk management, and he reviews and agrees policies for the management of risk. Risk management policies are established to identify and analyse the risks faced by the Group and to set risk limits and controls to monitor the risks. Compliance with policies is reviewed by the General Manager on a continuous basis.

(b) Financial instrument risk defined

The main financial instrument risks that the Group could be exposed to through its financial instruments are as follows:

Interest Rate Risk

The Group is exposed to fluctuations in interest rates to the extent of the level of its invested cash.

Credit Risk

The exposure to credit risk, excluding the value of any collateral or other security held, is the carrying amount of any provisions for impairment of the Group's recognised financial assets, as disclosed in the Statement of Financial Position and notes to these financial statements.

Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained to fund creditor obligations.

Foreign Currency Risk

The Group may be exposed to fluctuations in foreign currencies with respect of future royalty income.

Price Risk

The Group is not currently exposed to any material commodity price risk.

Sections (e) to (i) of this note considers in detail those risk areas relevant to the Group.

Note 23 - Financial risk management objectives and policies (continued)

(c) Financial instrument categories

Financial Instrument Class	**Table A**		**Total**	
Consolidated / Parent	**Note**	**Category**	**2012 $'000**	2011 $'000
(a) Financial assets				
Cash and deposits	6	Cash	**1,041**	1,500
T Corp Hour-Glass cash facility	7	Cash trust	**10,240**	12,075
Receivables – non-current	10	Trade receivables (at amortised cost)	**-**	7
Receivables – current	8	Other receivables (at amortised cost)	**26**	49
Total financial assets			**11,307**	13,631
(b) Financial liabilities				
Payables	14	Trade and accruals measured at amortised cost	**43**	14
Total financial liabilities			**43**	14
Net financial assets			**11,264**	13,617

(d) Financial instruments recognition policy

All Group financial assets and liabilities have been recognised at the reporting date at their net fair values. The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Cash, cash equivalents and short-term investments – the carrying amount approximates fair value because of their short time maturity.

Cash trusts – the carrying amount approximates fair value because the underlying trust assets are liquid investments and the financial instrument is redeemable at call.

Trade receivables and trade creditors – the carrying amount approximates fair value because of their short term maturity. There were no trade receivables that were past due or impaired at the year end.

Contract and royalty receivables – the carrying amounts reflect impairment and discount to present value adjustments that derive an approximate fair value.

Non-current investments/securities – for financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment/security. The carrying amount reflects an impairment that derives the approximate fair value.

Unrecognised financial instruments – There are no unrecognised financial instruments.

Note 23 - Financial risk management objectives and policies (continued)

(d) Financial instruments recognition policy (continued)

The entity uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Derived from quoted prices in active markets for identical assets / liabilities.
- Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 – Derived from valuation techniques that include inputs for the asset / liability not based on observable market data (unobservable inputs) .

	Level 1 $'000	Level 2 $'000	Level 3 $'000	2012 Total $'000
Financial assets at fair value				
TCorp Hour-Glass Inv. Facility	-	10,240	-	**10,240**
	-	**10,240**	**-**	**10,240**

The table above includes only financial assets, as no financial liabilities were measured at fair value in the statement of financial position.

The aggregate net fair values and carrying amounts of financial instruments are disclosed in the statement of financial position and the supporting notes to these financial statements.

(e) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument or its revenue or costs will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk and the effective interest rates of its financial assets and liabilities at the reporting date, are set out on the following pages.

In respect of income-earning financial assets and interest-bearing financial liabilities the table on the following page sets out the carrying amount, by maturity date of the financial instruments exposed to interest rate risk at reporting date.

Note 23 - Financial risk management objectives and policies (continued)

(e) Interest rate risk (continued)

Table B
Consolidated

Financial Instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the Statement of Financial Position	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
(i) Financial assets												
Cash at bank	**41**	92	**1,000**	1,408	-	-	-	-	-	-	**1,041**	1,500
Cash trust	**10,240**	12,075	-	-	-	-	-	-	-	-	**10,240**	12,075
Trade and other receivables	-	-	-	-	-	-	-	-	**26**	49	**26**	49
Total financial assets	**10,281**	12,167	**1,000**	1,408	-	-	-	-	**26**	49	**11,307**	13,624
Weighted average interest rate %	**4.89**	4.75	**5.85**	5.78	-	-	-	-	-	-		
(ii) Financial liabilities												
Trade creditors, accruals and other creditors	-	-	-	-	-	-	-	-	**43**	14	**43**	14
Total financial liabilities	-	-	-	-	-	-	-	-	**43**	14	**43**	14
Weighted average interest rate %	-	-	-	-	-	-	-	-	-	-		
Net financial assets (liabilities)	**10,281**	12,167	**1,000**	1,408	-	-	-	-	**(17)**	35	**11,264**	13,610

Note 23 - Financial risk management objectives and policies (continued)

(e) Interest rate risk (continued)

Interest rate risk scenario and sensitivity analysis

The Group invests in secure bank term deposits and with the NSW Government's Treasury Corporation (T Corp). The Group holds large cash reserves to deal with its legacy business issues and to enable it to enforce its contractual rights in relation to the intellectual property it has developed. Interest rate movements have a large impact on the results of the Group. The risk profile set by the General Manager results in the Group receiving only a small margin above or below the official Australian interest rate set by the Australian Reserve Bank Board. The duration of each cash investment essentially drives the interest rate the Group receives.

TCorp Hour-Glass facilities

Exposure to interest rate risk primarily arises through the investment in the TCorp Hour Glass Investment Facilities, which are held for strategic rather than trading purposes. The Group holds units in the following Hour-Glass investment trusts.

			Consolidated		Parent	
Facility	**Investment Sectors**	**Investment Horizon**	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Cash facility	Cash and money market securities	At call	**10,240**	12,075	**10,240**	11,993

The unit price of the facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily. NSW TCorp is trustee for the above facility and is required to act in the best interest of the unit holders and to administer the trust in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risk of the facility in accordance with a mandate agreed by the parties. Significant portions of administration are also outsourced to an external custodian. Investment in the Hour-Glass facilities limits the Group's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

The impact on profit / loss 2012 is as follows:

		Consolidated		Parent	
Facility	**Change in Unit Price**	**Impact on Profit / Loss 2012 $'000**	**Impact on Profit / Loss 2011 $'000**	**Impact on Profit / Loss 2012 $'000**	**Impact on Profit / Loss 2011 $'000**
Cash facility	+/-1%	102	121	102	120

NSW TCorp provides sensitivity analysis information for the cash facility using historical based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability).

The TCorp Hour-Glass investment facilities are designated at fair value through the Statement of Comprehensive Income and therefore any changes in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price multiplied by the redemption value as at 30 June each year for each facility.

Note 23 - Financial risk management objectives and policies (continued)

(e) Interest rate risk (continued)

TCorp Hour-Glass facilities (continued)

The Group's term deposit cash investment sensitivity rates are similar. As follows is the Group's judgement of reasonable possible movements in profits due to foreseeable changes in interest rates.

(f) Credit risk

Credit Risk is the risk of financial loss arising to the Group from the default of another party with a contract or financial position with the Group. The Group has material credit risk exposure to the CSG Solar AG Group, in that at reporting date, the Group has gross royalty rights receivable over time from CSG Solar AG Group of a least $3,324,383.95 (2011: $8,171,979.28). The table below states these gross receipts at their recoverable amount discounted to present value, which is Nil (2011: $Nil), these written down values, being the balances reflected in these financial statements. These royalty rights are not past due but they are considered fully impaired. Group policy is that all customers that wish to trade on credit terms are subject to a credit worthiness review.

The Group's maximum exposure to credit risk and the applicable counter party is represented by the carrying amounts of its financial assets at reporting date as is set out in the following table: (There was no past due balances at 30 June 2012.)

Table C Financial Instrument	Government Institutions		Australian Banks		CSG Solar AG Group		Other Commercial entities		**Total**	
Consolidated	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
(a) Financial assets										
Cash and deposits	-	-	**1,041**	1,500	-	-	-	-	**1,041**	1,500
Cash trust	**10,240**	12,075	-	-	-	-	-	-	**10,240**	12,075
Trade receivables & other	-	-	-	-	-	-	**26**	49	**26**	49
Royalty rights					**3,324**	8,172	-	-	**3,324**	8,172
Impairment	-	-	-	-	**(3,324)**	(8,172)	-	-	**(3,324)**	(8,172)
Net Royalty	-	-	-	-	-	-	-	-	-	-
Unlisted shares	-	-	-	-	-	10	-	-	-	10
Impairment	-	-	-	-	-	(10)	-	-	-	(10)
Net unlisted shares	-	-	-	-	-	-	-	-	-	-
Total	**10,240**	12,075	**1,041**	1,500	-	-	**26**	49	**11,307**	13,624

Note 23 - Financial risk management objectives and policies (continued)

(g) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet the obligations to repay the liabilities as and when they fall due. As is disclosed above the Group maintains a high level of cash reserves to cover its material credit and warranty risks. The Group has ongoing administrative costs require ongoing funding. The following table provides the maturity dates of the Group's financial liabilities by bands.

Table D **Maturity Bands**	**2012 less than one year $'000**	2011 less than one year $'000	**2012 more than 1 less than 2 years $'000**	2011 more than 1 less than 2 years $'000	**2012 more than 2 less than 5 years $'000**	2011 more than 2 less than 5 years $'000	**2012 More than 5 years $'000**	2011 More than 5 years $'000	**2012 Total $'000**	2011 Total $'000
Financial liabilities										
Trade creditors	**25**	12	-	-	-	-	-	-	**25**	12
Other creditors	**18**	2	-	-	-	-	-	-	**18**	2
Total financial liabilities	**43**	14	-	-	-	-	-	-	**43**	14

(h) Foreign currency risk

At the present time, the Group has no material exposure to foreign currency risk. The Group's above mentioned royalty rights are payable in Australian dollars.

(i) Derivative financial instruments

During the financial year ending 30 June 2012, neither Residual Business Management Corporation nor any of its controlled entities had any known exposure to derivatives.

Note 24 –Retained earnings	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Parent Entity 2012 $'000	Parent Entity 2011 $'000
Balance at beginning of the financial year		**11,909**	12,059	**11,909**	1,104
Owners of the parent comprehensive income (loss)		**816**	728	**816**	11,683
Superannuation actuarial (losses) / gains	3(b), 27(c)	**(11,036)**	122	**(11,036)**	122
Dividend paid or declared		**(2,000)**	(1,000)	**(2,000)**	(1,000)
Balance at the end of the year		**(311)**	11,909	**(311)**	11,909

Note 25 – Non-controlling interests

As at 30 June 2011, the parent entity held an equity interest of 59 % in Pacific Solar Pty Limited. On 24 February 2012, a share buyback was approved by all minority shareholders for all of their Pacific Solar Pty Limited shares. Thus on this date Pacific Solar became a fully owned subsidiary of RBMC. Pacific Solar was then deregistered as a solvent entity on 9 May 2012. The buyback was based on a mid-point minority interest discount of 20% for the shares held by the following shareholders:

Enipower S.p.A,
University of NSW,
New South Innovations Pty Limited,
Thi An Dinh,
Morgan Michael Green,
Briana Keagan Green, and
Michelle Gaye Wenham.

Reconciliation of non-controlling interest in RBMC's consolidated equity:

	Non-controlling interest 2012 $'000	Non-controlling interest 2011 $'000
Non-controlling interest in Pacific Solar share capital	-	36,364
Non-controlling interest's share of retained (losses) at the end of the year	-	(35,836)
Non-controlling interest in RBMC's consolidated equity	-	528

Note 26 - New Australian Accountings Standards issued but not effective

In the current year the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial statements. Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period. The Group did not early adopt any new accounting standards that are not yet effective. The Group has assessed the impact of the new standards and interpretations on issue but not effective and considers the impact to be insignificant.

Note 27 - Superannuation information

(a) Superannuation income recognition policy

In 2012 the Group recognises the net total of the following amounts in profit or loss:

- Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period;
- Interest cost is the increase in the present value of the defined benefit obligation which arises because the benefits are one period closer to settlement;
- Expected return on plan assets is based on market expectations at the beginning of the period, for returns over the life of the related obligation; and on any reimbursement rights;
- Past service cost (to the extent required to be recognised) is the increase in the defined benefit obligation from changes to post-employment benefits relating to employee service in prior periods; and
- Curtailments or settlements are amendments to the terms of the plan and/or number of employees covered by the plan.

The Group recognises defined benefit actuarial superannuation gains and losses in other comprehensive income.

(b) Superannuation obligations

All former employees were entitled to varying levels of benefits on retirement, disability or death. The superannuation plans (State Superannuation Scheme (SSS), State Authorities Superannuation Scheme (SASS) and State Authorities Non-Contributory Superannuation Scheme (SANCS) provide defined benefits based on years of service and final average salary. Employees contributed to the plans and the contribution of the parent entity was and remains legally enforceable. All Schemes are closed to new members.

Note (b) continues on the following page

Note 27 - Superannuation information (continued)

(b) Superannuation obligations (continued)

The following is the superannuation position of the Group as at 30 June 2012. The superannuation assets and liabilities recognised in the statement of financial position are listed at the bottom of the table.

Consolidated (Being The Parent Entity)	SASS		SANCS		SSS		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Member numbers								
Contributors	-	-	-	-	-	-	-	-
Deferred benefits	-	-	-	-	**3**	3	**3**	3
Pensioners	**2**	2	-	-	**39**	38	**41**	40
Pensions fully commuted	-	-	-	-	**2**	2	**2**	2
Totals	**2**	2	-	-	**44**	43	**46**	45
Superannuation position for AASB119 purposes	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Accrued liability	**(437)**	(339)	-	-	**(32,024)**	(23,303)	**(32,461)**	(23,642)
Estimate reserve account balance	**193**	269	**282**	279	**20,411**	21,893	**20,886**	22,441
Sub-total	**(244)**	(70)	**282**	279	**(11,613)**	(1,410)	**(11,575)**	(1,201)
Future Service Liability (Note 1)	-	-	-	-	-	-	-	-
Surplus in excess of recovery available from Schemes	-	-	-	-	-	-	-	-
Net asset / (liability) to be recognised in statement of financial position	**(244)**	(70)	**282**	279	**(11,613)**	(1,410)	**(11,575)**	(1,201)

Note 1: The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119, para 58). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

As is set out above, at 30 June 2012 Residual Business Management Corporation had a gross calculated defined benefit superannuation liability, with respect of former employees of $32,461,163 (2011: 23,641,751). Superannuation funds invested to cover this liability amounted to $20,886,294 (2011: $22,440,728). The aforementioned superannuation liability and surplus position has been calculated by an independent and qualified actuary. The calculated deficiency of invested funds versus the anticipated superannuation liabilities at 30 June 2012 was a balance of $11,574,869 (2011: $1,201,023). The parent entity, with the support of NSW Treasury, believes that it has sufficient funds to cover this deficiency.

Note 27 - Superannuation information (continued)

(b) Superannuation obligations (continued)

The reconciliation of the present value of the defined benefit obligations is as follows:

	For the year ended 30 June 2012			**Total**	Total
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS	**2012**	2011
	$'000	$'000	$'000	**$'000**	$'000
Present value of partly funded defined benefit obligation at beginning of the year	(339)	-	(23,303)	**(23,642)**	(23,686)
Current service cost	-	-	-	-	-
Interest cost	(17)	-	(1,199)	**(1,216)**	(1,194)
Contributions by fund participants	-	-	-	-	-
Actuarial gains/ (losses)	(157)	3	(8,995)	**(9,149)**	141
Benefits paid	76	(3)	1,473	**1,546**	1,097
Past service cost	-	-	-	-	-
Curtailments	-	-	-	-	-
Settlements	-	-	-	-	-
Business Combinations	-	-	-	-	-
Exchange rate changes	-	-	-	-	-
Present value of partly funded defined benefit obligations at end of the year	**(437)**	-	**(32,024)**	(32,461)	(23,642)

The reconciliation of the fair value of fund assets is as follows:

	For the year ended 30 June 2012			**Total**	Total
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS	**2012**	2011
	$'000	$'000	$'000	**$'000**	$'000
Fair value of fund assets at beginning of the year	269	279	21,893	**22,441**	21,738
Expected (loss) / return on fund assets	22	24	1,832	**1,878**	1,819
Actuarial (losses) / gains	(22)	(24)	(1,841)	**(1,887)**	(19)
Employer contributions	-	-	-	-	-
Contributions by fund participants	-	-	-	-	-
Benefits paid	(76)	3	(1,473)	**(1,546)**	(1,097)
Settlements	-	-	-	-	-
Business combinations	-	-	-	-	-
Exchange rate changes	-	-	-	-	-
Fair value of fund assets at end of the year	**193**	**282**	**20,411**	**20,886**	22,441

The reconciliation of the assets and liabilities recognised in the statement of financial position is follows:

	For the year ended 30 June 2012			**Total**	Total
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS	**2012**	2011
	$'000	$'000	$'000	**$'000**	$'000
Present value of partly funded defined benefit obligations at end of the year	(437)	-	(32,024)	**(32,461)**	(23,642)
Fair value of fund assets at end of year	193	282	20,411	**20,886**	22,441
Subtotal	(244)	282	(11,613)	**(11,575)**	(1,201)
Unrecognised past service cost	-	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-	-
Adjustment for limitation on net assets	-	-	-	-	-
Net asset / (liability) recognised in the statement of financial position at end of year	**(244)**	**282**	**(11,613)**	**(11,575)**	(1,201)

Note 27 - Superannuation information (continued)

(b) Superannuation obligations (continued)

	For the year ended 30 June 2012				
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS	**2012 Total**	2011 Total
Components recognised in profit or loss by component	$'000	$'000	$'000	**$'000**	$'000
Current service cost	-	-	-	-	-
Interest cost	(17)	-	(1,199)	**(1,216)**	(1,194)
Expected return on fund assets (net of expenses)	22	24	1,832	**1,878**	1,819
Past service cost	-	-	-	-	-
Movement in adjustment for limitation on net asset	-	-	-	-	-
Curtailment or settlement gain/(loss)	-	-	-	-	-
Total included in 'Other income' in the statement of comprehensive income (refer also note 2(b))	**5**	**24**	**633**	**662**	625

	For the year ended 30 June 2012				
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS	**2012 Total**	2011 Total
Components recognised in other comprehensive income	$'000	$'000	$'000	**$'000**	$'000
Actuarial (losses) / gains recognised in year	(179)	(21)	(10,836)	**(11,036)**	122

Cumulative amount recognised in other comprehensive income

The cumulative amount of actuarial gains and losses since 1 July 2005 recognised in other comprehensive income is an accumulated loss of $14,221,000 (2011: accumulated loss of $3,185,000). Before 1 July 2005 RBMC treated the defined benefit superannuation funds as separate entities and so recognised no superannuation balances in other comprehensive income.

(c) Superannuation obligations - actuarial loses outside the statement of comprehensive income

Amounts not recognised in the statement of comprehensive income and expenses are as follows:

	For the year ended 30 June 2012				
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS	**2012 Total**	2011 Total
	$'000	$'000	$'000	**$'000**	$'000
Actuarial (losses)	-	-	-	-	-
Adjustment for limit on net asset	-	-	-	-	-
Total loss not recognised in the income statement	-	-	-	-	-

Note 27 - Superannuation information (continued)

(d) Superannuation asset classes

The percentage invested in each asset class at the balance sheet date:

Consolidated (Being the Parent Entity)	**30 June 2012**	30 June 2011
Australian equities	**28.0%**	33.4%
Overseas equities	**23.7%**	29.5%
Australian fixed interest securities	**4.9%**	5.7%
Overseas fixed interest securities	**2.4%**	3.1%
Property	**8.6%**	9.9%
Cash	**19.5%**	5.1%
Other	**12.9%**	13.3%

All Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers.

Other superannuation provision information related to AASB 119 is disclosed at Note 28.

AASB 119 requires organisations to provide detailed narrative information regarding the key economic and demographic assumptions underlying the reported defined benefits superannuation account balances. The assumptions and calculations are generic to all NSW Government agencies and they are set out in Note 28.

Note 28 - AASB 119 Superannuation information, valuation method and principal actuarial assumptions

The followings are the superannuation asset and liability assumptions and calculations generic to all NSW Government agencies.

The expected rate of return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Scheme assets are as follows:

	For the year ended 30 June 2012			
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Actual loss / (return) on fund assets	(1)	-	9	**8**

(a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Note 28 - AASB 119 Superannuation information, valuation method and principal actuarial assumptions (continued)

(b) Economic assumptions

Consolidated (Being the Parent Entity)	**30 June 2012**	30 June 2011
Salary increase rate (excluding promotional increases)	**2.5% pa**	3.5% pa
Rate of CPI increase	**2.5% pa**	2.5% pa
Expected rate of return on assets backing pension liabilities	**8.60% pa**	8.60% pa
Expected rate of return on assets backing other liabilities	**8.60% pa**	8.60% pa
Discount rate	**3.06% pa**	5.28% pa

(c) Demographic assumptions

The demographic assumptions underlying the calculated actuarial balances of the RBMC Superannuation Schemes are generic to all NSW Government agencies and further details can be obtained from the NSW Treasury website.

(d) Historical information

	For the year ended 30 June 2012			
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Present value of defined benefit obligation	(437)	-	(32,024)	**(32,461)**
Fair value of fund assets	193	282	20,411	**20,886**
Surplus/(Deficit) in fund	(244)	282	(11,613)	**(11,575)**
Experience adjustments – liabilities	(157)	3	(8,995)	**(9,149)**
Experience adjustments – assets	(22)	(23)	(1,841)	**(1,886)**

	For the year ended 30 June 2011			
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Present value of defined benefit obligation	(339)	-	(23,303)	**(23,642)**
Fair value of fund assets	269	279	21,893	**22,441**
Surplus/(Deficit) in fund	(70)	279	(1,410)	**(1,201)**
Experience adjustments – liabilities	12	(6)	135	**141**
Experience adjustments – assets	-	(1)	(18)	**(19)**

	For the year ended 30 June 2010			
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Present value of defined benefit obligation	(344)	-	(23,342)	**(23,686)**
Fair value of fund assets	258	263	21,217	**21,738**
Surplus in fund	(86)	263	(2,125)	**(1,948)**
Experience adjustments – liabilities	(8)	(3)	(1,079)	**(1,090)**
Experience adjustments – assets	2	1	133	**136**

Note 28 - AASB 119 Superannuation information, valuation method and principal actuarial assumptions (continued)

(d) Historical information (continued)

	For the year ended 30 June 2009			
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Present value of defined benefit obligation	(336)	-	(21,959)	**(22,295)**
Fair value of fund assets	254	244	20,292	**20,790**
Surplus in fund	(83)	244	(1,666)	**(1,505)**
Experience adjustments – liabilities	(65)	15	(3,875)	**(3,925)**
Experience adjustments – assets	(55)	(48)	(4,259)	**(4,362)**

	For the year ended 30 June 2008			
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Present value of defined benefit obligation	(283)	-	(18,313)	**(18,596)**
Fair value of fund assets	313	256	24,045	**24,614**
Surplus in fund	30	256	5,732	**6,018**
Experience adjustments – liabilities	3	111	2,119	**2,233**
Experience adjustments – assets	16	(76)	(5,316)	**(5,376)**

(e) Expected contributions

	For the year ended 30 June 2012			
	SASS	SANCS	SSS	**Total**
	$'000	$'000	$'000	**$'000**
Expected employer contributions to be paid in the next reporting period	-	-	-	-

(f) Funding arrangements for employer contributions

i. Surplus / deficit

The following is a summary of the 30 June 2012 financial position of the Schemes calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	For the year ended 30 June 2012				
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS	**Total 2012**	Total 2011
	$'000	$'000	$'000	**$'000**	$'000
Accrued benefits	(256)	-	(17,086)	**(17,342)**	(16,841)
Net market value of Fund assets	193	283	20,410	**20,886**	22,441
Total net surplus/(deficiency)	**(63)**	**283**	**3,324**	**3,544**	5,600

Note 28 - AASB 119 Superannuation information, valuation method and principal actuarial assumptions (continued)

(f) Funding arrangements for employer contributions (continued)

ii. Contribution recommendations

The recommended contribution rates are as follows:

	For the year ended 30 June 2012		
Consolidated (Being the Parent Entity)	SASS	SANCS	SSS
	Multiple of member contributions	% member salary	Multiple of member contributions
	0.00	0.00	0.00

iii. Funding method

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

iv. Economic assumptions

The economic assumptions adopted for the current actuarial review of the Fund are:

Weighted-average assumptions	**2012**	2011
Expected rate of return on Fund assets backing current pension liabilities	**8.3% pa**	8.3% pa
Expected rate of return on Fund assets backing other liabilities	**7.3% pa**	7.3% pa
Expected salary increase rate	**4.0% pa**	4.0% pa
Expected rate of CPI increase	**2.5% pa**	2.5% pa

(g) Nature of asset / (liability)

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

Note 29 - Events occurring after reporting date

The services of Mr Andrew d'Apice, the former General Manager of the RBMC Group were finalised on 31 August 2012. Mr Dominic Schuster of NSW Treasury was then appointed as his replacement effective 1 September 2012.

There were no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

End of audited financial statements

RESIDUAL BUSINESS MANAGEMENT CORPORATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT BY CHIEF EXECUTIVE OFFICER

RESIDUAL BUSINESS MANAGERMENT CORPORATION

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, I state that in my opinion:

The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position of the Residual Business Management Corporation (RBMC) as at 30 June 2012 and the financial performance for the year then ended.

The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983*, applicable clauses of the *Public Finance and Audit Regulation 2010*, the requirements of the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities and the Treasurer's Directions.

Further, I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Corporation

Dominic Schuster
General Manager
Residual Business Management Corporation

Dated 6 May 2014 at Sydney

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Residual Business Management Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Residual Business Management Corporation (the Corporation), which comprise the statements of financial position as at 30 June 2012, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Corporation and the consolidated entity. The consolidated entity comprises the Corporation and the entities it controlled at the year end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation and the consolidated entity as at 30 June 2012, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

My opinion should be read in conjunction with the rest of this report.

The General Manager's Responsibility for the Financial Statements

The General Manager is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the General Manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Manager, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Corporation or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.

Jack Kheir
Director, Financial Audit Services

19 May 2014
SYDNEY