

STACPOOLE INVESTMENTS LTD
A.C.N. 150 351 483
FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2012

Stacpoole Investments Ltd

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Stacpoole Investments Ltd

Directors' Report

Your directors present this report on the company for the year ended 30 June 2012.

Directors

The names of the directors of Stacpoole Investments Ltd during the financial year and up to the date of this report are:

Name of Director	Appointed	Qualifications, experience and special responsibilities
Ernest Charles Smith	11/04/2011	The director is a Chartered Accountant with 26 years experience in the taxation and business advisory fields. He has interests in businesses that operate in the automotive trade and has been involved in property development in Vanuatu and the USA for the past five years.
Adam Paul Smith	11/04/2011	The director is a qualified accountant and insurance underwriter with 15 years experience in these fields. He has been responsible for property development in the residential and commercial real estate market in Vanuatu and USA for the past five years.
Brendan Selby Scorer	5/10/2011	<p>Brendan is a corporate services adviser with over 38 years experience in capital management, business structuring and securities advice.</p> <p>Brendan has acted as Sponsoring Broker, Nominated Adviser and Underwriter for companies both in Australia and overseas who have listed on the Stock Exchange.</p> <p>Brendan was a Director of the National Stock Exchange of Australia from 1980 - 2002 and is currently the responsible manager (Securities) at Centre Capital Securities Stock Brokers.</p>

Directors Meetings

During the year four directors meeting were held which were attended by all directors.

Review of Operations

A review of the operations of the company during the financial year and the results of those operations are as follows:

The company has been involved in the preparation of a Second and Third Supplementary Prospectus. The company has been involved in the promotion of capital raising which is yet to be completed.

Stacpoole Investments Ltd

Directors' Report

Significant Changed in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

As noted above, the principal activities of the financial year are that the company has been involved in the preparation of a Second and Third Supplementary Prospectus. The company has been involved in the promotion of capital raising which is yet to be completed.

Principal activities for future financial years will be real estate development.

After Balance Date Events

Since the end of the financial year, the company has been involved in the preparation of a Third Supplementary Prospectus. The company has been involved in the promotion of capital raising which is yet to be completed. It is anticipated that a Supplementary Prospectus will be lodged with ASIC on 1 November 2012.

Environmental Issues

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

Shares under option

Unissued ordinary shares of Stacpoole Investments Ltd under option at the date of this report are as follows:

<i>Date options granted</i>	<i>Expiry date</i>	<i>Issue price of shares</i>	<i>Number under option</i>
30 November 2011	31 October 2014	\$0.0575	1,950,000

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premium paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 307C of the *Corporations Act 2001*.

Stacpoole Investments Ltd

Directors' Report

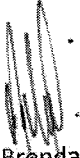
Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included on page 4.

Auditor

PwC continues in office in accordance with section 327 of the *Corporations Act 2001*.

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



Brendan Selby Scorer
Director

Dated:

31/6/12



Auditor's Independence Declaration

As lead auditor for the audit of Stacpoole Investments Ltd for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Stacpoole Investments Ltd during the period.

A handwritten signature in black ink that reads 'D 4 Turner'.

Darren Turner
Partner
PricewaterhouseCoopers

Newcastle
31 October 2012

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Liability limited by a scheme approved under Professional Standards Legislation.

Stacpoole Investments Ltd

**Statement of Comprehensive Income
For the Period Ended 30 June 2012**

	Note	2012 \$	2011 \$
Revenue from continuing operations		-	-
Expenses relating to continuing operations			
Share-based payments expense	9	(112,125)	-
Audit fees		(32,500)	(5,000)
Consulting fees		(17,700)	(15,000)
Taxation advice		(13,160)	-
Listing expenses		(3,526)	(650)
Bank fees		(65)	-
Travel expenses		(6,700)	(80,620)
Employee expenses	12	(75,000)	-
Directors fees	12	(52,233)	-
Loss for period	7	<u>(313,009)</u>	<u>(101,270)</u>
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		<u>(313,009)</u>	<u>(101,270)</u>

The accompanying notes form part of these financial statements

Stacpoole Investments Ltd

**Statement of Changes in Equity
As at 30 June 2012**

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 30 June 2011	7,500	-	(101,270)	(93,770)
Total Comprehensive Loss for the period	-	-	(313,009)	(313,009)
Transactions with owners in their capacity as owners				
Contribution of Equity	81,270	-	-	81,270
Director share options – value of services	-	112,125	-	112,125
Balance at 30 June 2012	88,770	112,125	(414,279)	(213,384)

The accompanying notes form part of these financial statements

Stacpoole Investments Ltd

Balance Sheet
As at 30 June 2012

	Note	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	3	7,535	7,500
Trade and other receivables	4	201,944	26,038
TOTAL CURRENT ASSETS		209,479	33,538
TOTAL ASSETS		209,479	33,538
LIABILITIES			
Current Liabilities			
Trade and other payables	5	173,453	21,308
Borrowings	6	249,410	106,000
TOTAL CURRENT LIABILITIES		422,863	127,308
TOTAL LIABILITIES		422,863	127,308
Net Assets		(213,384)	(93,770)
Equity			
Contributed Equity	8	88,770	7,500
Other reserves	9	112,125	-
Accumulated losses	9	(414,279)	(101,270)
TOTAL EQUITY		(213,384)	(93,770)

The accompanying notes form part of these financial statements

Stacpoole Investments Ltd

Statement of Cash Flows
For the period ended 30 June 2012

	Note	2012 \$	2011 \$
Cash flow from operating activities			
Payments to suppliers and employees (inclusive of goods and services tax)		(6,815)	-
Proceeds from loans to directors		6,850	-
Net cash (outflow) from operating activities	7	35	-
Cash flow from financing activities			
Proceeds from issue of shares		-	7,500
Net cash inflow from financing activities		-	7,500
Net increase in cash and cash equivalents		35	7,500
Cash and cash equivalents at beginning of period		7,500	-
Cash and cash equivalents at end of period	3	7,535	7,500

The accompanying notes form part of these financial statements

**Notes to the Financial Statements
For the period ended 30 June 2012**

Note 1 - Summary of Significant Accounting Policies

(A) Basis for Preparation

This is a special purpose financial report that has been prepared for the sole purpose of assisting the directors with the preparation of a supplementary prospectus being lodged by the company.

The financial report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. It contains only those disclosures considered necessary by the directors to meet the needs of management in assisting with the preparation of the supplementary prospectus, as noted above.

The financial report covers Stacpoole Investments Ltd as an individual entity. Stacpoole Investments Ltd is a company limited by shares, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial statements have been prepared for the period from 1 July 2011 to 30 June 2012.

(B) Going Concern Basis of Preparation

The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Company being successful in:

- i) receiving continuing support of its existing directors and shareholders, including the ongoing subordination of the amounts owing to directors and shareholders of \$249,410;
- ii) negotiating additional funding by way of admission of the company to the National Stock Exchange and successful initial public offering to raise between \$2 million and \$10 million; and
- iii) achieving sufficient future cash flows to enable its obligations to be met.

As a result of these matters, there is a material uncertainty that may cast significant doubt on whether the Company will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. However, the directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

**Notes to the Financial Statements
For the period ended 30 June 2012**

(C) Accounting Policies

Income Tax

The charge for income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using then tax rates that have been enacted or are substantially enacted by the balance sheet.

Deferred tax is accounted for using the Balance Sheet liability method in respect to temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combinations, where there is no effect on accounting or taxable profit or loss.

Deferred income tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statements except where it relates to items that may been credited directly to equity, in which case the deferred income tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

Land and Buildings Held for Resale

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

Notes to the Financial Statements For the period ended 30 June 2012

Property, Plant and Equipment

Property, plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually to ensure it is not in excess of then recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

The cost of fixed assets constructed within Stacpoole Investments Ltd includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the assets' carrying amount recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with then item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they occurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalized leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to Stacpoole Investments Ltd commencing from the time the assets is held ready for use. Leasehold improvements are depreciated over the shorter of either unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Asset	Depreciation Rate %
Buildings	2.5%
Leasehold Improvements	10%
Plant and equipment	10%
Other plant and equipment	10%
Motor vehicles	15%
Other	10%

The asset residual values and useful lives are reviewed, and adjusted if appropriate, at each balanced sheet date.

An asset carrying amount is written down immediately it is recoverable if the assets carrying amount is greater than its estimated recoverable amount.

**Notes to the Financial Statements
For the period ended 30 June 2012**

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to Stacpoole Investments Ltd are classified as finance leases.

Finance leases are capitalised recording as asset and a liability equal to the present value of the minimum lease payments, including and guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that Stacpoole Investments Ltd will obtain ownership of the asset or over the term of the lease.

Leased payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

Financial Instruments

a) Recognition

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

b) Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB139, Recognition and measurement of Financial Instruments. Derivatives are also categorized as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in fair value of these assets are included in the period they arise.

c) Loans and receivables

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

**Notes to the Financial Statements
For the period ended 30 June 2012**

d) Held-to-maturity investments

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

e) Available-for-sale financial assets

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

f) Financial Liabilities

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

g) Derivative Instruments

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

h) Fair value

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

i) Impairment

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

Impairment of Assets

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the Financial Statements For the period ended 30 June 2012

Foreign Currency Transactions and Balances

a) Functional and presentation currency

The functional currency of Stacpoole Investments Ltd is measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars which is the company's functional and presentation currency.

b) Transactions and Balances

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

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

c) Group Companies

The financial results and position of foreign operations whose functional currency is different from Stacpoole Investments Ltd presentation currency are translated as follows:

- Assets and liabilities are translated at year end exchange rates prevailing at the reporting date;
- Income and expenses are translated at the average exchange rates for the period;
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the company's foreign currency transaction reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

Employee Benefits

Provision is made for the liability entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs. Employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Provisions

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

**Notes to the Financial Statements
For the period ended 30 June 2012**

Cash and Cash Equivalents

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

Revenue

Revenue from the sale of goods is recognised upon the delivery of then goods to customers.

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

Dividend revenue is recognised when then right to receive the dividend has been established. Dividends received from associated and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue for the rendering of service is recognised upon the delivery of the service to the customers.

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

Borrowing Costs

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

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

Goods and Services Tax (GST)

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

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

Share-based payments - Options

The fair value of options granted to directors as part of their compensation benefits is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any

Notes to the Financial Statements For the period ended 30 June 2012

market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Critical Accounting Estimates and Judgments

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

The directors have assessed that there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

Note 2 - Financial Risk Management

Risk management is carried out by the board under policies to be developed by the board of directors. The board of directors is in the process of developing those policies and risks. They identify, evaluate and hedge financial risks. The board will provide written principles for overall interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

The company's expected activities will expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company expects to use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives will be exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The methods will include sensitivity analysis in the case of interest rates, foreign exchange rates and other prime risks, aging analysis for credit risks and beta analysis of respect of investment portfolios to determine the market rate.

The company holds the following financial instruments at the end of the period:

	2012 \$	2011 \$
Financial assets		
Cash and cash equivalents	7,535	7,500
	<u>7,535</u>	<u>7,500</u>
Financial liabilities		
Trade and other payables	173,453	21,308
Borrowings – Loans from related parties	249,410	106,000
	<u>422,863</u>	<u>127,308</u>

**Notes to the Financial Statements
For the period ended 30 June 2012**

(a) Market risk

The company operates international and is exposed to foreign exchange risk arising for the various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entities functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management has set up a policy to manage foreign exchange risk against their functional currency. The company has elected to hedge foreign exchange risk exposure arising from future commercial transactions and recognise assets and liabilities using forward contracts.

(b) Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions only independently rated parties with a minimum rating of "A" are accepted.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

At the end of the reporting period the company held cash of \$7,535 in cash reserves. Aside from an amount of \$84,106 accrued for audit and tax consulting fees and \$72,632 for legal fees all other amounts payable are owed to directors and are expected to be either converted to equity in the upcoming financial year or payment deferred until after the successful capital raising (refer Note 1(b)).

Note 3 – Cash and Cash Equivalents

	2012 \$	2011 \$
Cash on hand	7,500	7,500
Cash at bank	35	-
Total cash and cash equivalents	7,535	7,500

**Notes to the Financial Statements
For the period ended 30 June 2012**

Note 4 – Trade and Other Receivables

	2012	2011
	\$	\$
GST Receivable	5,719	-
Prepayments – Equity raising costs	196,225	26,038
Total Trade and Other Receivables	201,944	26,038

Note 5 – Trade and Other Payables

	2012	2011
	\$	\$
Trade creditors	173,453	21,308
Total Trade and other payables	173,453	127,308

Note 6 – Borrowings

	2012	2011
	\$	\$
Loans from related parties*	249,410	106,000
Total borrowings	249,410	106,000

*Further information relating to amounts owing to related parties is set out in note 12.

**Notes to the Financial Statements
For the period ended 30 June 2012**

Note 7 – Reconciliation of profit after income tax to net cash outflow from operating activities

	2012	2011
	\$	\$
Loss for the period	(313,009)	(101,270)
Change in operating assets and liabilities		
Non-cash employee benefits expense – share-based options	112,125	-
(Increase) in prepayments	(170,187)	(26,038)
(Increase) in GST Receivable	(5,719)	-
Increase in trade creditors	152,145	21,308
Increase in borrowings	143,410	106,000
Increase in contributed equity (Director's share of expenses paid)	81,270	-
Net cash inflow / (outflow) from operating activities	35	-

Note 8 – Contributed Equity

(A) Share Capital

	2012	2011
	\$	\$
Ordinary shares fully paid	88,770	7,500
Total cash and cash equivalents	88,770	7,500

(B) Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**Notes to the Financial Statements
For the period ended 30 June 2012**

Note 8 – Contributed Equity (cont'd)

(C) Movement in Ordinary share capital

Date issued	Details	Number of shares	Issue Price (\$)	\$
11/04/2011	Shares issued	15,000	0.50	7,500
15/01/2012	Shares issued	812,700	0.10	81,270
		<u>827,700</u>		<u>88,770</u>

(D) Capital Risk Management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 9 – Other reserves and accumulated losses

(A) Other reserves

	2012 \$	2011 \$
Share-based payments	112,125	-
Total other reserves	112,125	-

Movements:

Share-based payments

Balance 1 July 2011

Share-based payment expense

Balance at 30 June 2012

-
112,125

112,125

**Notes to the Financial Statements
For the period ended 30 June 2012**

(B) Accumulated losses

	30 June 2012 \$	30 June 2011 \$
Accumulated losses	(414,279)	(101,270)
Total accumulated losses	(414,279)	(101,270)
Movements:		
Balance 1 July 2011	(101,270)	
Loss for the year	(313,009)	
Balance at 30 June 2012	(414,279)	

(C) Nature and purpose of other reserves

(i) Share-based payments

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised.

Note 10 – Contingencies

Contingent Liabilities

There are no contingent liabilities as at the end of the financial year nor have any arisen subsequently up to the date of this report.

Note 11 – Commitments

There are no capital or lease commitments as at the end of the financial year nor have any arisen subsequently up to the date of this report.

**Notes to the Financial Statements
For the period ended 30 June 2012**

Note 12 – Related Parties

(a) Key Management Personnel compensation

	2012 \$	2011 \$
Short-term employee benefits	75,000	-
Directors fees	52,233	-
Share based payments	112,125	-
Total key management personnel compensation	239,358	-

The number of shares in the company held during the year to 30 June 2012, by each director of Stacpoole Investments Ltd is as follows.

Details	Number of shares	Issued value of shares (\$)
Ernest Charles Smith	5,000	2,500
Adam Paul Smith	817,700	83,770
Honi Rose Behrendt	5,000	2,500

Loans from related parties balances of \$249,410 are owed to the directors at 30 June 2012. These balances relate to expenses paid at arm's length and incurred in the ordinary course of business, during the period to 30 June 2012.

(b) Transactions with other related parties

There were no transactions with other related parties for the financial year.

Note 13 – Events occurring after reporting date

Since the end of the period the company has been involved in the preparation of a Third Supplementary Prospectus. The company has since been involved in the promotion of capital raising which is yet to be completed. It is anticipated that a Supplementary Prospectus will be lodged with ASIC on 1 November 2012.


Stacpoole Investments Ltd

**Directors' Declaration
For the Period Ended 30 June 2012**

The directors of the company declare that:

1. the financial statements and notes as set out on pages 1 to 22 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (b) give a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date: and
2. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Brendan Selby Scorer
Director

Dated:

31/10/12



Independent auditor's report to the directors of Stacpoole Investments Limited

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Stacpoole Investments Limited (the company), which comprises the statement of financial position as at 30 June 2012, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the directors.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

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

Auditor's opinion

In our opinion, the financial report of Stacpoole Investments Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date, and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern.

Without qualifying our opinion, we draw attention to Note 1 (b) in the financial report, which comments on the ability of the company to continue as a going concern being subject to receiving the continuing support of its directors and shareholders and the ability to raise additional funding through an initial public offering. These conditions, along with other matters as set forth in Note 1 (b), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and, therefore, the company may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members of Stacpoole Investments Limited.

PRICEWATERHOUSE COOPERS
PricewaterhouseCoopers

D A Turner
Darren Turner
Partner

31 October 2012