Capricorn Investment Partners Limited

ABN: 26 095 998 771

ANNUAL REPORT 2012




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CAPRICORN INVESTMENT PARTNERS LIMITED

CONTENTS

Managing Director's Review

Strategic Overview

The aim of Capricorn Investment Partners Limited ("CIPL") is to build a business through which shareholders can realise substantial value. It will do this by providing high quality, clearly differentiated, financial planning services to customers who prefer to maintain long-term direct relationships.

Once again the 2011/12 financial year brought challenging market conditions. Between July 2011 and September 2011, the All-Ordinaries index fell by 16 per cent. A gradual rally into April 2012, was totally eroded by a 10 per cent fall that left the overall index almost back at September levels. On average the market was 8 per cent lower than at the close of the previous financial year. Such volatile conditions are challenging for clients and for the business. Not only do they affect ongoing revenues, but they affect the number of new clients presenting and the value of shares traded through CIPL's share trading offering.

Despite the adverse conditions, the company continued to execute its strategy of securing existing revenues, and growth initiatives. Some of these initiatives have worked and some have not:

- The roll-out of the new FSG and choice of service level for clients has been very successful, with revenues increasing in line with improved service levels

- The introduction and formalisation of a business consulting offering has also been very successful, attracting projects as diverse as an Economic Impact Analysis for a Coal Loading Terminal, a review of a property development, restructuring of a dental laboratory, a courier company and two engineering consultancies, and several business valuations and business plans. Some of these projects have been undertaken in conjunction with Eaton Capital Partners Pty Ltd, which have provided extensive exposure to a market outside of Central Queensland.

- Revamping the share trading division has in part led to better service for clients, more regular portfolio reviews, and improved portfolio performance. In the year to October 2012, client portfolios reported average returns of 13.19 per cent – almost double that of the broader All-Ordinaries Index. Soon after the end of the financial year Owen Evans and Michael Peet were appointed to run the investment committee, providing additional depth to the operation of the committee and the skill base of the company

- During the year CIPL was approached by a number of businesses operating in the financial services sector, and reached agreement to provide licencing services to those groups.

- Work continued on building the Capricorn Diversified Investment Fund, which in its first year outperformed the broader market, and made significant progress toward redeveloping The Grand Hotel site. Total funds under management are now approaching $5 million, with $7 million considered to be approximately break-even.

- Toward the end of the financial year, the company was successful in appointing a person to manage the acquisition strategy of the business, and to provide management support. This appointment has led to significant progress in identifying and analysing acquisition targets, and has assisted in making management time available for consulting work.

- The insurance division and the Sydney joint venture produced disappointing results, with the result that the Sydney JV was disbanded, and insurance resources redeployed elsewhere in the firm.

Prior to the balance date, the company entered into negotiations with parties associated with the previous owner of CIPL's Tamworth Operations. These negotiations resulted in the Tamworth Client base being sold to the current manager and the previous owner for a small profit. As at the date of this report CIPL is debt free and carried financial assets of almost $1 million.

Financial overview

- Revenues increased by 7.9%, despite the volatile markets described above.

- Financial planning revenues increased by 2%. The number of new clients presenting was slightly up on the previous year, but volatile markets detracted from portfolio revenues.

- Consulting revenues, which only impacted from January, contributed 7.5% of total revenue ($147,887) without incurring additional cost

- Share trading revenues reduced by 27%, again reflecting volatile markets

Managing Director's Review (continued)

Financial overview (continued)

The company reported an after-tax loss of $75,137, after allowing for a number of non-recurring expenses. These expenses are as shown in the table below;

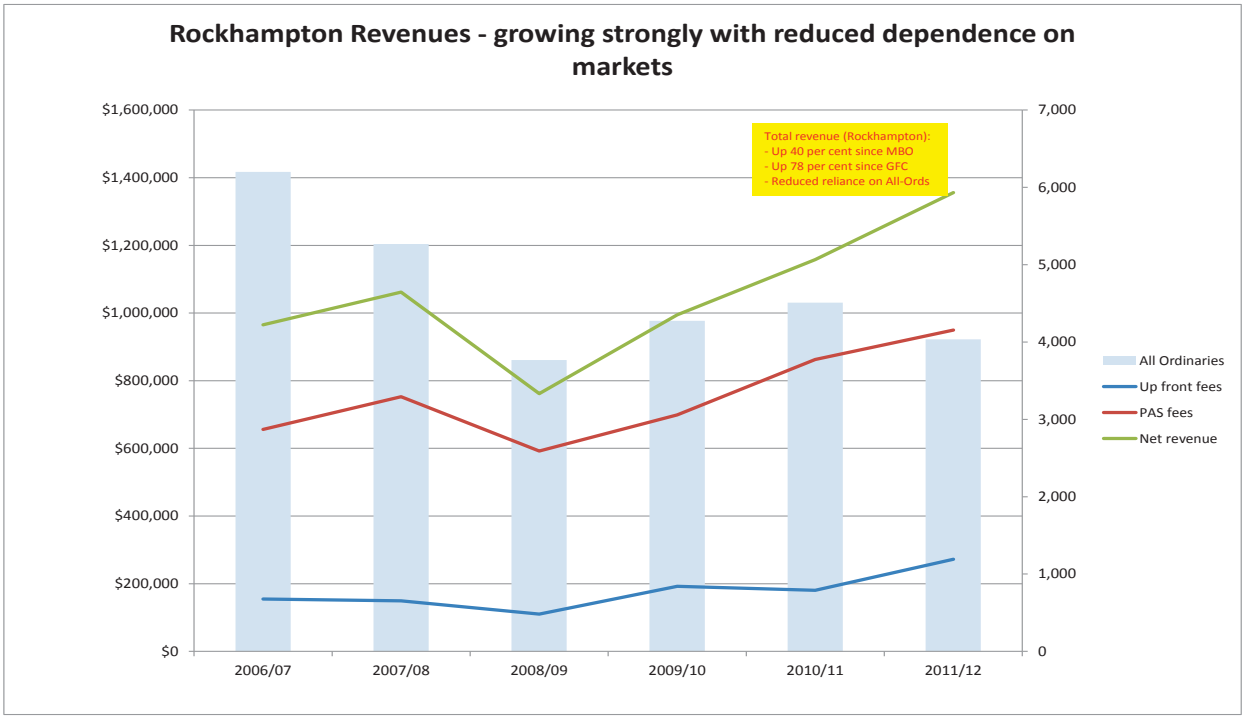
Significant unfavourable cost impacts

Item	$ Impact	Commentary
Employment of General Manager	87,200	This measure was undertaken to enable the growth in other revenues, a strategy which resulted in $147,887 in consulting revenues, effective from the second half of the financial year.
Other wages and salaries	79,945	Accrual amounts for long service leave, amounts paid in redundancies as a result of a recent staff restructure, cost of advisor for Sydney joint venture.
Travel	36,525	Increased travel costs reflect additional board meetings, meetings to identify new board members and travel associated with capital raising and the identification of acquisition targets.
Office relocations	12,294	Cost of relocating Rockhampton and Tamworth offices
Other	52,865	Headhunting, accounting and audit billings carried forward from prior years, loss on CDIF
Total	**268,829**	

Taking these expenses into account, underlying profit for 2011/12 is estimated at approximately $200,322. Underlying profit is higher still if the business was to abandon the maintenance of structural aspects, which support the ability to execute mergers, acquisitions and diversification of revenue streams.

In late June, CIPL undertook to realign staffing requirements with the continuing poor prognosis for equities markets, and the focus on consulting opportunities. This resulted in a net gain of about $177,000, after allowing for known cost and revenue impacts.

The graph below shows the revenue trajectory of the Rockhampton business (excluding Tamworth which was sold post balance date)



Managing Director's Review (continued)

Operational Overview

During the year, the company continued to invest in processes and systems to enable it to withstand the challenging market environment. In October 2011, the company moved both the Rockhampton and Tamworth offices. The company considers that most of the "rebuilding work" concerning the company is complete and is now focussed on increasing revenues. To date this has been reflected in strong growth in consulting revenues, increased ongoing portfolio revenues, three authorised representatives paying for use of CIPL's financial services licence and improved client service.

Outlook

With the Tamworth operations sold, the balance sheet recapitalised, and infrastructure spend essentially complete, CIPL is in an excellent position to drive value adding change. Initiatives already underway include:

- Cultivation of industry alliances
- A strong focus on business consulting opportunities as a means of introducing the business to a broader range of clients and revenue streams. The company has consulting revenues of $396,500 already in place for 2012/13.
- The redevelopment of The Grand Hotel precinct, which is expected to contribute additional management fees from the Capricorn Diversified Investment Fund, and income from the company's investment in that fund.
- Execution of various acquisition opportunities, three of which are under negotiation
- Continued roll-out of CIPL's Australian Financial Services Licence to other entities

The company's fee for service philosophy and investment initiatives already undertaken over the past five or six years means CIPL is well positioned in the face of the upcoming Future of Financial Advice (FOFA) reforms. The company does not anticipate that any substantial changes will be required of its operations and believes that many of the proposed industry changes are necessary, and that over time they are likely to create value of CIPL and its shareholders.

David French

Managing Director, 30 October 2012

DIRECTORS' REPORT

The Directors of Capricorn Investment Partners Limited (the Company) present their report for the year to 30 June 2012.

1 : Directors

The names and details of the Company's Directors in office during the year and until the date of this report are as follows.

Stephen Moss (appointed 5 December 2011)

Chairman from 5 December 2011 : Dr Stephen Moss is a professional director, advisor and mediator with a background in law, psychology and business. Stephen's career includes 14 years as a Partner and Managing Partner of Price Waterhouse and Coopers and Lybrand (now PWC) and Managing Director of a number of consulting services firms including the largest contractor based ODA firm in the Region. His specialisation is managing change in professional services firms. He has undertaken a number of governance and management reviews of major law firms both in Australia and overseas and has advised on the merger potential of law firms across the world. Another specialisation is in M&A and the capital management in professional service firm transactions, representing either the buyer or seller. He has also advised in the IPO and public market sectors. He works as an advisor on strategy, structure, acquisitions, capital and asset sales.

Stephen has authored a number of books and professional papers in Jungian psychology and he has a keen interest in overseas development assistance (ODA) and has been engaged in representative roles with the World Bank and the Australian Government in Asia. He is also a board member of ChildFund and supports a number of social justice and human rights organisations.

Michael J Cranny

Chairman until 5 December 2011 : Business owner, joined the board on 1 February 2006. He is also Chairman of Tropical Pines Pty Ltd, Australia's largest pineapple packer and marketer, and a partner in Valley Syndicate Farming. He is also deputy Chairman of Capricorn Enterprise, the regional economic development and tourism board. Mick has held other senior positions including Councillor of the Livingstone Shire, Chairman of Freshmark Limited and Board member of Freshmark Holdings. He is a member of the Australian Institute of Company Directors.

David M. French

David French holds a Bachelor of Economics (Flinders) and a Diploma in Management (Institute of Corporate Managers, Secretaries, and Administrators), as well as a number of vocational qualifications. He has run the business since its inception in 2001. In previous employment, David was a rated investment analyst, working at organisations including SBC Warburg (now UBS) and Portfolio Partners Limited. David is treasurer of the Home Support Association, which provides support services for the disabled, and he is actively involved in supporting regional economic development and the local music industry.

Mark A Hayes

Mark has a degree in accounting and a graduate certificate in financial planning. He has over 28 years experience as an accountant and has operated his own public practice for more than 20 years. He has numerous business and investment interests in Australia and internationally. Mark has been a director of CIPL since 2006.

Raymond J Griffin (resigned 26 October 2011)

Ray joined the board in 2009 following the acquisition of his business, Griffin Financial Services, by CIPL. He holds an Executive Masters of Business Administration from the University of Technology, Sydney, and is a graduate of the Australian Institute of Company Directors. Ray is a former Chairman of the Financial Planning Association of Australia and a past winner of the Australian Financial Planner of the Year award from Money Management. He is Chairman of InvestorVoice Pty Ltd and an independent writer for the RaboDirect website. He is also a founding trustee for Future2 Foundation, the foundation of the financial planning profession in Australia.

Company Secretary and Chief Financial Officer

The Company Secretary and Chief Financial Officer in office at the date of this report is Richard Symons. Richard is a member of the Institute of Chartered Accountants, FINSIA, and is a Chartered Secretary. He has held a wide variety of CFO and company secretary positions for both publicly listed and private businesses.

2 : Directors' Meetings

The number of meetings of the Company's Board of Directors held during the year and the number of meetings attended by each Director were:

Director	Eligible to Attend	Attended
Stephen Moss	5	5
Michael Cranny	7	7
David French	7	7
Mark Hayes	7	7
Ray Griffin	2	2

DIRECTORS' REPORT (continued)

3: Dividends

No dividends were paid or declared in respect of the year ended 30 June 2012 and directors do not currently recommend the payment of a dividend. (2011 : no dividends.)

4 : Principal Activity

The principal activities of the company during the financial year were providing financial planning and related services as an Australian Financial Services Licensee. The company also acts as the Responsible Entity for the Capricorn Diversified Investment Fund. No significant change in the nature of those operations occurred during the year.

5 : Operating and Financial Review

For the year to 30 June 2012, the Company recorded a net loss after tax of $75,137 (2011 - loss of $432,337), representing a loss per share of 39.5 cents (2011 - loss per share of 248.2 cents). The 2011 result included a non-cash charge of $389,992 relating to the issue of shares in the Company to the Capricorn Diversified Investment Fund for nil consideration.

6 : Company Status

Capricorn Investment Partners Limited is an unlisted public company incorporated under the Corporations Act 2001.

7 : Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company during the 2012 year.

9: Significant Events After Balance Date

On 30 September 2012, the Company completed the sale of its Tamworth operations. The cash consideration received on 3 October 2012 was $940,000, and the purchaser also returned 28,481 CIPL shares to the Company for cancellation. The cash proceeds were used to retire all of the Company's term loan and overdraft borrowings. The balance of the cash has been retained by the Company.

Other than the above, no matters or circumstances have arisen since 30 June 2012, which have significantly affected or may significantly affect the operations of the Company or the Company, the results of those operations, or the state of affairs of the Company or the Company in subsequent financial years.

10 : Likely Developments

The Company is continuing to work on finalising a significant capital raising before the end of 2012 calendar year. Such a raising will strengthen the Company's financial position, improve liquidity for shareholders, and allow the expansion of the business via acquisition.

11 : Indemnification of Directors and Officers

The Company has entered into agreements to indemnify Directors, and the Company Secretary against certain liabilities which they may incur as a result of or by reason of (whether solely or in part) being or acting as an officer of the Company. The agreement requires the Company to indemnify officers of the Company to the maximum extent permitted by the *Corporations Act 2001* .

At the date of this report no amounts have been paid in relation to indemnity of any Director or officer of the Company and no contracts insuring officers of the Company have been entered into.

The Company provides an indemnity to its auditor under Professional Standards Legislation to the extent required under the *Corporations Act 2001* .

12 : Environmental Regulation

The Company’s operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

13 : Share Options

The Company has no outstanding share options.

14 : Auditor Independence

A copy of the auditor’s independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

DIRECTORS' REPORT (continued)

15 : Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to HLB Mann Judd for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* . The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by the auditor:

	2012	2011
	$	$
Tax and accounting compliance services	11,732	23,155

Signed in accordance with a resolution of the Directors

David French
Director
30 October 2012

Stephen Moss
Director

HLB Mann Judd

Accountants | Business and Financial Advisers

Capricorn Investment Partners Limited
ACN 095 998 771

Auditor's Independence Declaration under s.307C of the Corporations Act 2001 to the Directors of Capricorn Investment Partners Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012, there have been:

(i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

HLB Mann Judd.

HLB MANN JUDD
Chartered Accountants

CJM KING
Partner

Date: 30 October 2012.
Brisbane, Queensland

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Statement of Comprehensive Income
for the Year Ended 30 June 2012

	Note	2012 $	2011 $
Revenue			
Financial planning		1,649,364	1,613,492
Consulting		147,887	-
Share trading revenue		106,368	145,300
Management and administrative services		55,347	55,949
Interest income		1,404	1,539
Trust distributions		811	811
Total revenue		**1,961,181**	**1,817,091**
Expenses			
Employee benefits expenses		1,213,864	865,080
Administration expenses		500,623	686,534
Insurance		87,004	85,176
Commission, consulting and subcontractor expenses		81,212	14,414
Occupancy costs		74,603	56,723
Depreciation and amortisation expense		42,431	47,818
Issue of ordinary shares to Capricorn Diversified Investment Fund		-	389,992
Planning and investment expenses		-	37,307
Finance costs		57,309	62,545
Total expenses		**2,057,045**	**2,245,589**
Profit / (loss) before tax from continuing operations		**(95,865)**	**(428,498)**
Income tax expense from continuing operations		(20,728)	3,839
Profit / (loss) for the year		**(75,137)**	**(432,337)**
Other comprehensive income			
Unrealised gain / (loss) arising on revaluation of available for sale assets		6,630	119,148
Other comprehensive income for the year (net of tax)		6,630	119,148
Total comprehensive income for the year		**(68,507)**	**(313,189)**
Profit / (loss) attributable to :			
Owners of the company		(75,137)	(432,337)
Non-controlling interests		-	-
		(75,137)	**(432,337)**
Total comprehensive income attributable to :			
Owners of the company		(68,507)	(313,189)
Non-controlling interests		-	-
		(68,507)	**(313,189)**

The accompanying notes form part of these financial statements

Statement of Financial Position
as at 30 June 2012

	Note	2012 $	2011 $
Current Assets			
Trade and other receivables	4	221,685	161,317
Prepayments		7,101	7,325
		228,786	168,642
Non-current assets classified as held for sale	25	1,341,695	-
Total Current Assets		**1,570,481**	**168,642**
Non Current Assets			
Receivables	5	101,978	48,964
Plant and equipment	6	85,135	98,170
Available for sale financial assets	7	561,571	564,941
Intangible assets	8	27,934	1,385,661
Deferred tax assets	3	63,469	42,743
Total Non Current Assets		**840,088**	**2,140,479**
Total Assets		**2,410,569**	**2,309,121**
Current Liabilities			
Trade and other payables	9	185,310	105,351
Current tax payable	3	-	23,272
Employee entitlements	11	70,597	62,859
Borrowings	10	593,690	501,474
		849,597	692,956
Current liabilities associated with assets held for sale	25	22,888	-
Non-current liabilities associated with assets held for sale	25	1,022	-
Total Current Liabilities		**873,507**	**692,956**
Non Current Liabilities			
Borrowings	12	32,990	42,005
Employee entitlements	11	4,463	6,043
Total Non Current liabilities		**37,453**	**48,048**
Total Liabilities		**910,960**	**741,004**
Net Assets		**1,499,609**	**1,568,116**
Equity			
Contributed equity	13	2,104,739	2,104,739
Reserves	14	(2,922)	(9,552)
Retained profits / (accumulated losses)		(602,208)	(527,071)
Total Equity		**1,499,609**	**1,568,116**

The accompanying notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 30 June 2012

	Contributed Equity	Reserves	Retained Profits	Total Equity
	$		$	$
Balance at 1 July 2010	1,714,747	(128,700)	(94,734)	1,491,313
Loss for the year	-	-	(432,337)	(432,337)
Other comprehensive income	-	119,148	-	119,148
Transactions with equity holders in their capacity as equity holders:				
Issue of shares at no consideration to Capricorn Diversified Investment Fund	389,992	-	-	389,992
Balance at 30 June 2011	**2,104,739**	**(9,552)**	**(527,071)**	**1,568,116**
Profit / (Loss) for the year	-	-	(75,137)	(75,137)
Other comprehensive income	-	6,630	-	6,630
Balance at 30 June 2012	**2,104,739**	**(2,922)**	**(602,208)**	**1,499,609**

The accompanying notes form part of these financial statements

CAPRICORN INVESTMENT PARTNERS LIMITED
ABN 26 095 998 771

Statement of Cash Flows
for the Year Ended 30 June 2012

Cash flows from operating activities	Note	2012 $	2011 $
Receipts from customers		1,805,915	1,648,140
Interest received		2,215	1,539
Payments to suppliers and employees		(1,849,827)	(1,879,427)
Interest paid		(57,309)	(62,545)
Share trading income		106,368	145,300
Refund / (Payment) of income tax		(38,007)	22,564
Net cash outflows from operating activities	15	**(30,645)**	**(124,429)**
Cash flows from investing activities			
Payment for plant and equipment		(13,365)	(22,102)
Sale of investments / capital returns		10,000	-
Loans repaid by Related Entities		-	147,979
Loans made to Related Entities		(49,191)	(18,861)
Net cash inflows / (outflows) from investing activities		**(52,556)**	**107,016**
Cash flows from financing activities			
Proceeds from borrowings		-	116,523
Repayment of borrowings		(14,841)	(7,626)
Net cash inflows / (outflows) from financing activities		**(14,841)**	**108,897**
Net increase / (decrease) in cash and cash equivalents		(98,043)	91,484
Cash and cash equivalents at the beginning of the financial year		(93,193)	(184,677)
Cash and cash equivalents at the end of the financial year		**(191,236)**	**(93,193)**

The accompanying notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 30 June 2012

1. Corporate Information

Capricorn Investment Partners Limited (the Company) is a company limited by shares incorporated and domiciled in Australia. The Company's shares are not listed on any securities exchange.

The registered office and principal place of business of the Company is :

Suite 1, Level 2, 34 East Street

Rockhampton Queensland 4700

In addition to its other business activities, the company also acts as Responsible Entity of Capricorn Diversified Investment Fund.

These financial statements were authorised for issue by the directors of the Company on 30 October 2012.

2. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below.

The financial statements relate to Capricorn Investment Partners Limited.

Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001.*

The financial statements have been prepared on an accruals basis and are based on historical costs, apart from financial assets which have been measured at fair value.

As at 30 June 2012 and 30 June 2011, the Company was in breach of a financial ratio required to be met under the terms of its banking facilities. Directors have considered the matter, and in doing so have taken into account the following factors (i) That the Company has been structured for expansion and has incurred a number of costs to allow this to occur. Should expansion not occur, the Company could significantly reduce its overheads. (ii) That the Company's underlying operations are profitable (iii) that cashflow forecasts for 2012/13 show a substantial reduction in debt occurring over the next 12 months, (iv) in verbal discussions between the bank and management, the bank has indicated that it is unlikely to take any action in respect of the breach. (v) that the Company could undertake a capital raising if required. (vi) Prior to 30 June 2012, the company resolved to sell its Tamworth operations, which was expected to raise cash of $940,000 on successful completion. This cash would allow the full repayment of the bank's facilities and make any breach moot Based on these factors, the directors have concluded that the breach is unlikely to result in the withdrawal or early repayment of the lending facilities.

On 3 October 2012, $940,000, being the cash component of the Tamworth business sale, was received. A portion of these funds was used to repay the term loan and the overdraft in full. At the date of this report, there are no loan facilities outstanding.

The financial statements have been prepared on a going-concern basis which anticipates that the Company will continue to conduct its business, and realise its assets and discharge its liabilities in the normal course of business.

Compliance with IFRS's

This financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Financial instruments

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those assets classified at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following categories; available for sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available for Sale Financial Assets

All listed and unlisted shares, together with investments in unlisted managed investment schemes and property trusts held by the Company, are classified as available for sale and are stated at fair value. This treatment reflects the Company's intention to hold the investments for long term returns and income rather than as active trading assets. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the financial assets reserve, with the exception of impairment losses, interest calculated using the effective interest method, and losses on monetary assets, all of which are recognised in the profit and loss.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the profit or loss.

Dividends on available for sale equity instruments are recognised in the profit or loss when the Company's right to receive dividends is established.

Notes to the Financial Statements
for the Year Ended 30 June 2012

2. Statement of Significant Accounting Policies (continued)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cashflows of that investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the assets carrying amount and the present value of future cashflows, discounted at the financial asset's original effective interest rate.

The carrying of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Where the trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

When an available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available for sale financial assets, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS financial assets, impairment losses previously recognised in the profit or loss are not reversed through the profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and the associated liability for any amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for any proceeds received.

Financial liabilities and Equity Instruments Issued

Classification of debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs.

Derecognition of financial liabilities

The Company derecognises a financial liability when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Notes to the Financial Statements
for the Year Ended 30 June 2012

2. Statement of Significant Accounting Policies (continued)

Fair value estimation

As previously noted, the Company has investments in both listed and unlisted entities. Listed entities, that is, those traded in an active market, are valued by reference to their ASX bid price at year end.

The fair value of instruments that are not traded in active markets is determined using valuation techniques. The Company may use a variety of methods and makes assumptions that are based on market conditions existing at balance date.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits available on demand at banks, other short term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

Payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Issued capital

Ordinary shares are classified as equity.

Transaction costs (net of tax) arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

Where shares are issued for no consideration, the fair value of the shares issued is charged to the profit and loss in the year of issue

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Major items of revenue are recognised as follows:

Provision of services

Service-sourced revenue is recognised when services have been provided to clients.

Gains or losses from other financial assets held for trading

Net gains or losses realised from the sale of other financial assets held for trading are included in the profit or loss at trade date.

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend income

Dividends and distributions are recognised when the security-holder's right to receive the payment is established. .

Taxes

Income tax

Income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the statutory income tax rate adjusted by changes in the deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Notes to the Financial Statements
for the Year Ended 30 June 2012

2. Statement of Significant Accounting Policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity respectively.

Goods and services tax (GST)

Expenses and assets are recognised net of the amount of GST recoverable from the taxation authority. That part of the GST incurred on a purchase of goods and services, which is not recoverable from the taxation authority is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Earnings per share (EPS)

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Operating segments

Under AASB 8, from 1 July 2009 operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Company's chief operating decision maker which for the Company, is the board of directors. As the company only has one operating segment, financial planning, there are no reportable segments.

Comparatives

Where required by Accounting Standards comparative figures are adjusted to conform to changes in presentation for the current financial year. Details of any such changes are included in the financial report.

Notes to the Financial Statements
for the Year Ended 30 June 2012

2. Statement of Significant Accounting Policies (continued)

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Significant accounting judgements, estimates, and assumptions

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

(i) Significant accounting judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Financial assets held as available for sale

The Company follows the AASB 139 requirements in classifying financial assets. This classification requires significant judgment as to whether the other financial assets (mainly shares) are held for trading or whether they should be classified as available-for-sale. In both cases the other financial assets are recognised in the statement of financial position at fair value, however, a key difference is the treatment of unrealised gains or losses. Where classified as held for trading, unrealised gains and losses are recognised in the profit or loss. Where available for sale they are recognised within other comprehensive income (unless impaired). Other financial assets have been classified as held as available for sale on the basis of the company’s objective of generating returns via long term investment.

(ii) Significant accounting estimates and assumptions

Financial assets held as available for sale

Other financial assets held as available for sale are generally measured at fair value based on recently observed market prices. There is a significant risk that their carrying amount may change materially within the next annual reporting period, however, the changes generally do not arise from management assumptions or other estimates on uncertainty at reporting date, but rather from movement in market values.

Where there is no active market for a financial asset, fair value and net realisable value have been determined by valuation techniques, The techniques used by the Company comprised - (a) in respect of units in the Capricorn Diversified Investment Fund, an assessment of the net tangible assets per unit of the Fund based on valuations of the Fund's assets; and (b) in respect of units in the Esplanade Property Trust, the quoted redemption price as listed on the Trust's website.

Notes to the Financial Statements
for the Year Ended 30 June 2012

2. Statement of Significant Accounting Policies (continued)

Employee Benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short term employee obligations are presented as payables.

(ii) Long term obligations

Any liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which employees render the related service is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of the services provided. Consideration is given to expected future salary and wage levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the expected future outflows.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

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

Class of asset	Rates
Plant and equipment	7.5 - 40.%

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

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

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

Notes to the Financial Statements
for the Year Ended 30 June 2012

2. Statement of Significant Accounting Policies (continued)

Leases

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a diminishing value basis over the shorter of their estimated useful lives or the lease term

At present, the company has one finance lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged on a straight line basis over the period of the lease.

Provisions

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

Goods and Services Tax ("GST")

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

Borrowing Costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Intangible assets

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

· the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- how the intangible asset will generate probable future economic benefits

- the intention to complete the intangible asset and use or sell it.

· the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

The following useful lives are used in the calculation of amortisation:

· Capitalised software development - 5 years

Notes to the Financial Statements
for the Year Ended 30 June 2012

2. Statement of Significant Accounting Policies (continued)

New Standards/Interpretations

During the year, the Company reviewed all of the new and revised Standards and interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business, and, therefore, no change is necessary to Company accounting policies.

Relevant Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2012, are as follows :

Standard/Interpretation	Application date of Standard	Application date for the Company
AASB 9 *Financial Instruments* - revised and consequential amendments to other accounting standards resulting from its issue *	1 January 2013	1 July 2013
AASB 13 *Fair Value Measurement*	1 January 2013	1 July 2013
AASB 2011-4 *Amendments to Australian Accounting Standards to remove Individual Key Management Personnel Disclosure Requirements*	1 July 2013	1 July 2013
AASB 2011-9 *Amendments to Australian Accounting Standards - presentation of items of Other Comprehensive Income*	1 July 2012	1 July 2012
AASB 119 - *Employee Benefits - revised*	1 January 2013	1 July 2013
AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013	1 July 2013
AASB 2012-3 *Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*	1 January 2014	1 July 2014
AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*	1 January 2013	1 July 2013

* The IASB has amended IFRS 9 to defer the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. The AASB is yet to issue a similar amendment.

* Application date is for annual reporting periods beginning on or after the date shown in the above table.

AASB 9 - This revised standard provides guidance on the classification and measurement of financial assets, which is the first phase of a multi-phase project to replace AASB 139 Financial Instruments: Recognition and Measurement. Changes in the fair value of investments in equity securities that are not part of a trading activity may be reported directly in equity, but upon realisation those accumulated changes in value are not recycled to the profit or loss. Changes in the fair value of all other financial assets carried at fair value are reported in the profit or loss. As the Company currently does not treat any equity securities as trading activities, it is likely that these amendments will impact the Company, but only if the securities are disposed of. In this situation, any gains or losses on disposal will remain within equity and not be transferred to the profit or loss.

In the second phase of the replacement project, the revised standard incorporates amended requirements for the classification and measurement of financial liabilities. The new requirements pertain to liabilities at fair value through profit or loss, whereby the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than profit or loss. There will be no impact on the Company's accounting for financial liabilities, as the Company does not have any liabilities at fair value through profit or loss.

AASB 13 – The new standard replaces the fair value measurement guidance contained in the various standards. It provides guidance on how to determine fair value by defining fair value and providing a framework for measurement, but does not change when an entity is required to determine fair value. It also expands the disclosures required when fair value is used. The Company is yet to assess whether any of its current measurement techniques will require revision due to the new guidance, however, it is anticipated that disclosures may be more extensive.

AASB 2011-4 – This amendment proposes the removal of individual key management personnel (KMP) disclosure requirements from AASB124. This is to eliminate replication with the *Corporations Act 2001* and achieve consistency with the international equivalent standard. The KMP disclosures will be reduced as a result of these amendments, but there will be no impact on the amounts recognised in the financial statements.

AASB 2011-9 – The amendments affect the presentation of items of other comprehensive income. Accordingly, only the presentation and disclosure of related items in the financial report are expected to be impacted

Notes to the Financial Statements
for the Year Ended 30 June 2012

2. Statement of Significant Accounting Policies (continued)

New Standards/Interpretations (continued)

AASB 119 – These amendments introduce various modifications including changes to the measurement of defined benefit plans, change in the timing for recognition of termination benefits and amends the definition of short-term and other long-term employee benefits. The Company is yet to assess the impact of these amendments, if any.

AASB 2012-2 and AASB 2012-3 – The amendments to AASB132 clarify when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet. The amendments to AASB 7 increase the disclosure about offset positions, including the gross position and the nature of the arrangements. The Company has not yet assessed the impact of the amendments, if any.

AASB 2012-5 – These amendments introduce various changes to AASBs. The Company has not yet assessed the impact of the amendments, if any.

Overall, the Company does not expect the above changes to have any material effect on the financial statements.

Notes to the Financial Statements
for the Year Ended 30 June 2012

3. Income Tax

	2012	2011
	$	$
(a) Income tax expense / (credit)		
Current tax	-	23,283
Deferred tax	(20,728)	(12,485)
Under / (over) provision in prior year	-	(6,959)
Tax expense / (credit) reported in statement of comprehensive income	**(20,728)**	**3,839**
(b) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
- Provision for doubtful debts	315	-
- Provision for long service leave	13,373	9,583
- Annual leave	16,318	11,088
- Borrowing costs	278	418
- Other accruals	1,500	-
- Capital raising and other costs	19,291	23,813
- Audit accrual	4,050	1,500
- Superannuation payable	2,822	2,696
- Tax losses carried forward	9,561	-
	67,507	49,097
Set-off of deferred tax liabilities	(4,038)	(6,354)
Net deferred tax assets	63,469	42,743
(c) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
- Prepayments	-	2,198
- Difference between tax and accounting value depreciable assets	4,038	4,157
	4,038	6,354
Set-off to deferred tax assets	(4,038)	(6,354)
Net deferred tax liabilities	-	-
(d) Movements in net deferred tax assets/liabilities		
Opening balance	42,743	30,258
Charged / (credited) to statement of comprehensive income	(20,728)	12,485
Closing balance	22,015	42,743

Notes to the Financial Statements
for the Year Ended 30 June 2012

	2012	2011
3. Income Tax (continued)	**$**	**$**
(e) Explanation of the relationship between income tax expense (credit) and accounting profit / (loss) :		
A numerical reconciliation between income tax expense (credit) and the product of accounting profit / (loss) before income tax multiplied by the statutory income tax rate is as follows:		
Accounting profit / (loss) before income tax	(95,865)	(428,498)
Tax at the statutory income tax rate of 30% (2011: 30%)	(28,759)	(128,549)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
- Issue of shares to CDIF	-	116,998
- Non deductible entertainment	1,306	1,010
- Non deductible donations	-	210
- Legal fees	1,915	-
- Other	-	9,359
- Amortisation	4,810	4,811
Income tax expense / (credit)	**(20,728)**	**3,839**

4. Current Trade and Other Receivables		
Trade receivables	202,938	161,305
Less provision for doubtful debts	(1,050)	-
Accrued income	5,000	-
Client advances	62	12
Income tax refundable	14,735	-
	221,685	**161,317**

A provision for impaired receivables of $1,050 was recorded at 30 June 2012. There were no other receivables past due not impaired, at 30 June 2012 (2011 : $nil). Refer Note 17 for information on risk exposure.

5. Non Current Receivables		
Related party loans	85,223	36,032
Security deposits	16,755	12,932
	101,978	**48,964**

The related party loans receivable of $85,223 (2011 - $36,032) consist of ; (a) a $76,267 loan made to Development Services Pty Limited. David French, a director of Capricorn Investment Partners Limited, is the sole shareholder of Development Services Pty Ltd; and (b) a $8,958 loan made to CB Grand Pty Ltd. CB Grand Pty Ltd is a subsidiary of the Capricorn Diversified Investment Fund, of which CIPL is the Responsible Entity.

The purpose of the loan to Development Services Pty Ltd was to purchase certain assets of the Grand Hotel which is the primary asset of the Capricorn Diversified Investment Fund. It is intended that the loan to Development Services will be repaid on fully leasing the developed property. The purpose of the loan to CB Grand Pty Ltd is to assist that company in its development of the Grand Hotel.

Notes to the Financial Statements
for the Year Ended 30 June 2012

	2012 $	2011 $
6. Plant and Equipment		
Office equipment at cost	144,382	131,017
less accumulated depreciation	(102,057)	(83,605)
	42,325	**47,412**
Motor vehicles at cost	63,579	63,579
less accumulated depreciation	(20,768)	(12,821)
At end of year	**42,811**	**50,758**
Total plant and equipment	**85,135**	**98,170**
Movements in carrying amounts		
Office equipment at written down value beginning of year	47,412	49,149
Additions	13,364	22,102
Depreciation	(18,451)	(23,839)
Balance at end of year	**42,325**	**47,412**
Motor vehicles at written down value beginning of year	50,758	58,702
Depreciation	(7,947)	(7,944)
Balance at end of year	**42,811**	**50,758**
7. Available for sale financial assets		
Available for sale financial assets	561,571	564,941
Movements in carrying value		
Balance beginning of year	564,941	445,793
Return of capital from investments	(10,000)	-
Revaluation to market value	6,630	119,148
Balance end of year	**561,571**	**564,941**

Refer to Note 17 for further disclosure on fair value measurements and classifications as they pertain to the assets listed above.

ASX listed securities are valued at their closing bid price at year end.

Valuation techniques are used in respect of unlisted securities. These valuation techniques comprise :

- Reference to independent valuation reports on the relevant companies
- Reference to offered buy back prices by the issuing entity

In applying these valuation techniques, there is a risk that management's estimate of fair value could be incorrect. However, the Directors believe this risk is not material to the overall position of the Company.

Refer Note 17 for information on risk exposure.

Notes to the Financial Statements
for the Year Ended 30 June 2012

	2012 $	2011 $
8. Intangible Assets		
Client list	-	1,341,695
PAS 3 software	27,934	43,966
	27,934	**1,385,661**

Movement in carrying amounts

	Software		Client list		Total	
	2012	2011	2012	2011	2012	2011
Balance beginning of year	43,966	60,001	1,341,695	1,341,695	1,385,661	1,401,696
Internally developed intangible assets	-	-	-	-	-	-
Transfer to non-current assets held for sale *			(1,341,695)		(1,341,695)	-
Amortisation of intangibles	(16,032)	(16,035)	-	-	(16,032)	(16,035)
Balance end of year	**27,934**	**43,966**	**-**	**1,341,695**	**27,934**	**1,385,661**

* Refer Note 25

The client list acquired represents a cash generating unit, and comprises the Tamworth financial planning business. The recoverable amount of the client list is determined based on a value in use calculation. These calculations use cashflow projections based on financial budgets and forecasts approved by management covering a five year period. Cashflows beyond the five year period are extrapolated using the estimated growth rate stated below. The growth rate have been assessed as low and do not exceed the long-term average growth rate for an average business in the financial advisory industry.

On 21 June 2012, the Company's board resolved to sell the Tamworth business, and the related client list has been re-classified as an asset held for sale under the relevant accounting standard. Consequently, it now appears as a current asset on the statement of financial position.

The accounting standards require that this asset be measured at the lower of its carrying amount and fair value less associated costs to sell. The value assigned to the client list in the sale agreement is $1,382,813, which can be considered its fair value. As such the asset has been measured at its carrying value of $1,341,695. The assumptions relating to the assets fair value calculation for the 2011 year are set out below.

Assumptions relating to cashflows

The following assumptions have been used for the analysis of the cash generation from the client list (all figures relate to the 2011 year)

- A Funds Under Management ("FUM") fee percentage of 1.168% pa.
- A growth rate in FUM of 1.5% pa.
- An annual growth in directly related expenses of 3.5% pa.
- A discount rate of 15% pa.

Impact of possible changes in key assumptions

Increasing the discount rate to 17% has no effect on the carrying value of the client list.

Keeping the discount rate at 15% and reducing FUM annual growth rate to zero has no effect on the carrying value of the client list.

Both increasing the discount rate to 17% and reducing annual FUM growth to zero has no effect on the carrying value of the client list.

For the recoverable amount to fall below the carrying amount, FUM would have to decrease by 5% pa over the entire forecast period.

Management considers that any reasonably possible change of key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable value.

	2012 $	2011 $
9. Trade and Other payables		
Credit card	8,702	2,050
Trade creditors	66,515	29,862
Accrued expenses	24,527	5,000
Superannuation payable	9,406	8,986
GST payable	57,176	43,081
PAYG payable	18,984	16,373
Total trade and other payables	**185,310**	**105,351**

Notes to the Financial Statements
for the Year Ended 30 June 2012

	2012	2011
	$	$
10. Borrowings - current		
Bank overdraft	191,236	93,193
Chattel mortgage	8,288	8,281
Bank term loan	394,166	400,000
Total current borrowings	**593,690**	**501,474**

The entire amount of the bank term loan has been classified as current at 30 June 2012 and 2011, notwithstanding that the loan does not, under the terms of the relevant lending agreement, need to be fully repaid until 30 April 2018. Principal repayments commenced on 31 March 2012. However, under the relevant Accounting Standard, otherwise non-current loans must be classified as current where there has been a breach of lending covenants that have not been formally acceded to by the lender by the end of the reporting period. Due to the Company's performance over the 2012 year, a breach of several ratios that were required to be maintained under the lending agreement has occurred. In the view of the directors, the breach is unlikely to trigger any early repayment of the loan.

Following the settlement of the sale of the Tamworth business on 3 October 2012, the term loan was repaid in full.

11. Employee entitlements - current		
Provision for annual leave	43,232	36,960
Provision for long service leave	27,365	25,899
Total entitlements	**70,597**	**62,859**
Movements in employee entitlements		
Annual leave		
Opening balance beginning of year	36,960	55,676
Leave accrued	81,479	62,326
Leave taken	(64,045)	(81,042)
Transferred to liabilities associated with asset held for sale (see Note 25)	(11,162)	-
Closing balance end of year	**43,232**	**36,960**
Long service leave		
Opening balance beginning of year	25,899	33,890
Leave accrued / transferred from non-current	13,192	3,123
Leave taken	-	(11,114)
Transferred to liabilities associated with asset held for sale (see Note 25)	(11,726)	-
Closing balance end of year	**27,365**	**25,899**
Employee entitlements - non-current		
Provision for long service leave	4,463	6,043
	4,463	**6,043**
Movements in employee entitlements - non-current		
Opening balance beginning of year	6,043	9,619
Leave accrued	5,033	-
Leave taken / transferred to current	(5,591)	(3,576)
Transferred to liabilities associated with asset held for sale (see Note 25)	(1,022)	-
Closing balance end of year	**4,463**	**6,043**
12. Borrowings - non-current		
Chattel mortgage	32,990	42,005
Total non-current borrowings	**32,990**	**42,005**

Notes to the Financial Statements
for the Year Ended 30 June 2012

	2012	2011
	$	$
13. Contributed Equity		
Share capital		
190,203 (2011 : 190,203) ordinary shares fully paid	2,104,739	2,104,739

Share movements were as follows:	No. of Shares	$
Balance at 1 July 2010	**173,899**	**2,104,739**
Issue of shares on 23 June 2011 to Capricorn Diversified Investment Fund	16,304	-
Balance at 30 June 2011	190,203	2,104,739
Balance at 30 June 2012	**190,203**	**2,104,739**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

Every holder of ordinary shares has the right to receive notices of, to attend and to vote at general meetings of the Company. On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative is entitled to one vote and upon a poll each share is entitled to one vote.

	2012	2011
	$	$
14. Reserves		
Financial asset reserve	(2,922)	(9,552)
	(2,922)	**(9,552)**

The above reserve represents the unrealised gain / (loss) on available for sale financial assets.

Movement in reserve		
Opening balance beginning of year	(9,552)	(128,700)
Increases in value of assets	10,747	119,148
Decreases in value of assets	(4,117)	-
Closing balance end of year	**(2,922)**	**(9,552)**

Notes to the Financial Statements
for the Year Ended 30 June 2012

	2012	2011
	$	$
15. Cash and Cash Equivalents		
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents comprise:		
Bank overdraft	(205,504)	93,193
Other deposits at call	14,268	-
	(191,236)	**93,193**

(b) Reconciliation of profit / (loss) after income tax to net cash outflow from operating activities		
Profit (loss) for the year after tax	(75,137)	(432,337)
Depreciation and amortisation	42,431	47,818
Issue of shares to CDIF	-	389,992
Decrease / (increase) in prepayments	(3,600)	1,865
(Increase) / decrease in receivables	(45,633)	(22,109)
Increase / (decrease) in payables	79,960	(105,776)
Increase / (decrease) in provisions	30,068	(30,283)
Decrease / (increase) in deferred tax benefit	(20,728)	(12,487)
Increase / (decrease) in current tax liabilities	(38,007)	38,888
Net cash inflows / (outflows) from operating activities	**(30,645)**	**(124,429)**

16. Earnings per Share	2012 cents	2011 cents
Basic earnings (loss) per share (cents)	(39.5)	(248.2)
Diluted earnings (loss) per share (cents)	(39.5)	(248.2)
	$	$
Net profit (loss) after tax used in the calculation of basic and diluted earnings (loss) per share	(75,137)	(432,337)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings (loss) per share	190,203	174,212
Weighted average number of dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the year used in the calculation of diluted earnings (loss) per share	190,203	174,212

Notes to the Financial Statements
for the Year Ended 30 June 2012

17. Financial Instruments Disclosure

(a) Capital risk management

The Company manages its capital to ensure that the Company will have sufficient liquidity to fund its operations while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company also seeks to have sufficient facilities to provide funding for growth and development expenditure.

The capital structure of the Company consists of net debt (loans and bank overdrafts offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves, and retained earnings)

	2012	2011
	$	$
Loans (current)	402,454	408,281
Loans (non-current)	32,990	42,005
Bank overdraft (net of cash balances)	191,236	93,193
	626,680	543,479
Equity	1,499,609	1,568,116
Net debt to equity ratio	**41.79%**	**34.66%**

The Company is subject to externally imposed capital requirements by its lender. The nature of these requirements concern levels for net income, revenue, interest cover, and limits on dividends.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement, and the basis for recognition of income and expenses for each class of financial asset, financial liability, and equity instrument are disclosed in Note 2.

Categories of financial instruments	2012	2011
	$	$
Financial assets		
Receivables for goods and services	221,685	161,317
Available for sale financial assets	561,571	564,941
Carrying amount of financial assets	785,268	726,258
Financial liabilities		
Other financial liabilities		
Bank overdraft	191,236	93,193
Trade creditors and payables	75,217	31,911
Borrowings - current	402,454	408,281
Borrowings - non-current	32,990	42,005
Carrying amount of financial liabilities	701,897	575,390

Notes to the Financial Statements
for the Year Ended 30 June 2012

17. Financial Instruments Disclosure (continued)	2012 $	2011 $
Net income and expense from financial assets and liabilities		
Financial assets at amortised cost		
Interest income		
Financial liabilities at amortised cost	1,404	1,539
Finance costs	(57,309)	(62,545)
Net gain / (loss) from financial liabilities	(55,905)	(61,006)

The Company's activities expose it to financial risks. These risks can be broadly classified into market risk, credit risk, and liquidity risk. Market risk itself is further comprised of price risk, interest rate risk, and currency risk. The Company's overall risk management programme focuses on minimising potential adverse effects arising from all these risks on the financial performance of the Company. Risk management techniques include holding a range of different investments in the portfolio, conducting reviews of existing investments, keeping borrowings to a prudent level and maintaining spare borrowing capacity, and investing only in Australian dollar denominated assets.

The Company does not enter into or trade derivative financial instruments for speculative purposes.

Details of these risks, and the effects they have on the profit and loss and equity position of the Company under different scenarios, are detailed under the relevant headings below.

(a) Market risk

(i) Price risk

Price risk, in the form of equity securities price risk, primarily affects financial assets of the Company.

The Company is exposed to fluctuations in the price of its investments. These fluctuations are driven by the performance of the underlying fund or company, but are also impacted the economy generally and the performance of equity markets.

The Company manages these risks through regular monitoring of each investment. ASX listed investments can be observed continually while other investments supply monthly valuations.

Due to general market and investment specific fluctuations, the overall value of the Company's portfolio of investments will change. As the investments are classed as financial assets available for sale, movements in investments values will be charged to equity via reserves (unless the investments are deemed to be impaired, in which case the charge will be to the profit or loss). Based on the investments held at 30 June 2012, had the portfolio's value increased/decreased by 10%, the Company's equity would have been $38,912 higher / $38,912 lower (2011 : $32,860 higher / $39,545 lower). The movements shown of plus or minus 10% are based on the Company's estimation of reasonably likely changes in the value of the overall portfolio of securities held. However, given the past and present volatility of the stockmarket, increases or decreases in excess of this amount are possible.

(ii) Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of a change in market interest rates, is minimal in respect of the Company's assets due to the nature and composition of the assets held. Accordingly, no risk management transactions are entered into. In relation to assets, the only effect of interest rate movements would be to affect the amount of interest revenue derived by the Company on its cash deposits.

The Company's exposure to interest rate risk in respect of its liabilities arises from any borrowings it may have. At 30 June 2012, these borrowings totalled $626,680 (2011 : $543,479).

The structure of the borrowings at 30 June 2012 are shown below

	Maturity	Rate basis	Interest rate pa 30/6/12
Bank overdraft	None - see below	Variable	8.86%
Term loan	30 April 2018	Variable	8.06%
Other borrowings	1 November 2014	Fixed	8.40%

The bank overdraft has no maturity date.

The sensitivity analysis below has been calculated based on the Company's exposure to interest rates at the reporting date and the assumed change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of instruments that have floating interest rates

Notes to the Financial Statements
for the Year Ended 30 June 2012

17. Financial Instruments Disclosure (continued)

The effect on the Company's profit and equity of interest rates increasing or decreasing by 50 basis points is set out below. Such a possible variation is considered reasonable by the Company.

2012

	Interest rate risk			
	0.5%		(0.5%)	
	Profit after tax	Equity	Profit after tax	Equity
	$	$	$	$
Increase (decrease)	(2,049)	(2,049)	2,049	2,049
Totals	**(2,049)**	**(2,049)**	**2,049**	**2,049**

2011

	0.5%		(0.5%)	
	Profit after tax	Equity	Profit after tax	Equity
	$	$	$	$
Increase (decrease)	(1,726)	(1,726)	1,726	1,726
Totals	**(1,726)**	**(1,726)**	**1,726**	**1,726**

(iii) Currency risk

The Company holds only Australian denominated assets and hence has no currency exposure risk.

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets which have been recognised on the statement of financial position is the carrying amount. The Company is not materially exposed to any significant individual credit risk arising from receivables. None of these receivables are secured.

The Company has adopted a policy of only dealing with creditworthy counter parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Other receivables mostly comprise outstanding trade settlements and interest receivable. The Company has no reason to believe that these amounts will not be received when due.

Credit risk of financial instruments not past due or individually determined as impaired;

	Not past due or impaired 2012	Not past due or impaired 2011
Receivables for goods and services	221,685	161,317
Available for sale financial assets	561,571	564,941
	783,256	**726,258**

Ageing of financial assets that are past due but not impaired 30 June 2012

	31 - 90 days	Greater than 90 days
Receivables for goods and services	-	-

Ageing of financial assets that are past due but not impaired 30 June 2011

Receivables for goods and services	1,340	1,100

Notes to the Financial Statements
for the Year Ended 30 June 2012

17. Financial Instruments Disclosure (continued)

(c) Liquidity risk

The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities. This is done by having both a long term borrowing and a bank overdraft.

The Company's financial liabilities are payables and financial institution borrowings.

The Company manages liquidity risk through the continuous monitoring of forecast and actual cashflows to ensure that there are appropriate resources to meet financial obligations.

The lending facilities are summarised below.

	$ 2012	$ 2011
Bank term loan facility - principal repayments commence March 2012	394,166	400,000
Amount drawn down	394,166	400,000
Balance available - term loan	-	-
Bank overdraft facility *	400,000	400,000
Amount drawn down	191,236	93,193
Balance available - overdraft	208,764	306,807
Total balance of facilities available	208,764	306,807

As at 30 June 2012 and 30 June 2011, the Company had not satisfied some financial ratios required under the terms of the term loan and bank overdraft. Consequently, the term loan and bank overdraft may be deemed to be repayable prior to the above dates. However, the bank has indicated that such action is unlikely due to the breach being of a technical nature.

A maturity analysis, together with the effective weighted average interest rate for classes of financial liabilities, is set out below. The figures show both interest and principal repayments required.

	Weighted Average Interest Rate	Total due in less than 12 months $	Total due in 12 months to 2 years $	Total due in 2 to 5 years $	Total due after 5 years $	Indefinite $
2012						
Financial liabilities						
Trade and other payables	-	75,217	-	-	-	-
Borrowings - overdraft *	8.86%	16,943	16,943	50,830	-	191,236
Borrowings - term loan	8.06%	87,316	87,316	261,948	55,077	-
Borrowings - chattel mortgage	8.40%	11,185	12,201	23,783	-	-
Total financial liabilities		**190,661**	**116,461**	**336,562**	**55,077**	**191,236**

* At 30 June 2012, the overdraft was drawn down to $191,236 (2011 : $93,193). The limit is $400,000.

The maturity profile shown above is prepared assuming the continuation of the Company's current agreed borrowing facilities. As previously noted, the Company has not met all of its required financial covenants under its lending facilities. This has the potential to require the Company to renegotiate its arrangements and require the borrowings to be repaid immediately. Consequently, the entire amount of the fully drawn term loan of $394,166 has been disclosed as a current liability on the statement of financial position.

As noted elsewhere in this report, all bank borrowings were repaid on 3 October 2012.

Notes to the Financial Statements
for the Year Ended 30 June 2012

17. Financial Instruments Disclosure (continued)

	Weighted Average Interest Rate	Total due in less than 12 months	Total due in 12 months to 2 years	Total due in 2 to 5 years	Total due after 5 years	Indefinite
		$	$	$	$	$
2011						
Financial liabilities						
Trade and other payables	-	31,911	-	-	-	-
Borrowings - overdraft *	9.56%	8,909	8,909	26,728	-	93,193
Borrowings - term loan	10.01%	21,835	87,431	263,157	164,299	-
Borrowings - chattel mortgage	8.40%	12,201	12,201	35,985	-	-
Total financial liabilities		**74,857**	**108,541**	**325,870**	**164,299**	**93,193**

(d) Net fair values

The fair value of financial assets must be estimated for recognition and measurement or for disclosure purposes. The carrying amounts of trade receivables and payables are assumed to approximate their fair value due to their short term nature.

AASB 7 *Financial Instruments : Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy :

(a) quoted price (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and ;

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following tables presents the Company's assets measured and recognised at fair value at 30 June 2012 and 30 June 2011.

30 June 2012

	Level 1	Level 2	Level 3 *	Total
Assets				
Other financial assets held as available for sale	41,496	38,328	481,747	561,571
Total assets	41,496	38,328	481,747	561,571

30 June 2011

	Level 1	Level 2	Level 3 *	Total
Assets				
Other financial assets held as available for sale	41,496	41,752	481,693	564,941
Total assets	41,496	41,752	481,693	564,941

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, unlisted securities) is determined using valuation techniques. The Company uses a range of such techniques, including offered redemption prices and net tangible asset information.

Notes to the Financial Statements
for the Year Ended 30 June 2012

17. Financial Instruments Disclosure (continued)

The following table presents the change in level 3 instruments.

	Other financial assets held available for sale	
	2012	2011
Opening balance	481,693	399,849
Capital returns deducted from cost	(10,000)	-
Gains recognised in reserves	10,054	81,844
Closing balance	481,747	481,693

The level 3 instruments are entirely comprised of 500,000 ordinary units in the Capricorn Diversified Investment Fund.

18. Auditor's Remuneration

	2012 $	2011 $
Remuneration of HLB Mann Judd, the auditor of the Company		
Audit and review of the financial report *	20,864	15,950
Other services - taxation	11,732	-
* Includes audit fees for Capricorn Diversified Investment Fund	32,596	15,950

19. Events Subsequent to Balance Date

On 30 September 2012, the Company completed the sale of its Tamworth operations. The cash consideration received on 3 October 2012 was $940,000, and the purchaser also returned 28,481 CIPL shares to the Company for cancellation. The cash proceeds were used to retire all of the Company's term loan and overdraft borrowings. The balance of the cash has been retained by the Company.

Other than the above, there has not arisen in the interval between the end of the reporting year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

20. Contingent Liabilities

The Company has in place a bank guarantee of $500,000 to fulfil its obligations to the Australian Securities Exchange as a non-broker participant. The bank guarantee remains undrawn.

21. Commitments

The Company had no commitments at 30 June 2012 (2011 : nil).

22. Franking Credits and Dividends

(a) Franking Credits

	2012 $	2011 $
Franking credits available for subsequent financial years based on a tax rate of 30%	79,443	79,443

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) Franking credits that will arise from the payment of the amount of the provision for income tax;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Notes to the Financial Statements
for the Year Ended 30 June 2012

22. Franking Credits and Dividends (continued)

(b) Dividends declared and paid during the year

No dividends were paid during the year (2011 - nil).

(c) Dividends not recognised at year end:

No dividends were unrecognised at year end

23. Controlled Entities

As at 30 June 2012, the Company had no controlled entities. During part of the 2011 financial year, the Company controlled Grfffin Financial Services Pty Ltd ("Griffin"). Griffin was voluntarily deregistered on 16 September 2010, and was dormant between 1 July 2010 and that date.

24. Key Management Personnel and Related Party Disclosures

(a) Directors

The following persons were directors of the Company during the year:

Stephen Moss (appointed 5 December 2011)

Michael Cranny

Raymond Griffin (resigned 26 October 2011)

Mark Hayes

David French

There were no other key management personnel.

(b) Remuneration of Key Management Personnel

	2012	2011
	$	$
Short term employee benefits	162,189	159,732
Post employment benefits	13,490	13,760
Other fees	400	-
	176,079	**173,492**

Note - post employment benefits consists of superannuation.

Notes to the Financial Statements
for the Year Ended 30 June 2012

24. Key Management Personnel and Related Party Disclosures (continued)

(c) Other Transactions with Key Management Personnel

Amounts recognised as expenses

Accounting and tax agent fees paid to Mark Hayes & Co	-	2,300
	-	**2,300**

All services provided were charged at normal commercial rates.

(d) Share holdings

The number of shares in the Company held during the year by each Key Management Personnel, including their personally related entities, is set out below. No shares were issued as remuneration during the financial year (2011 - nil).

2012

Name	Balance at the beginning of the year	Acquired	Sold	Other changes during year	Balance at end of the year
Stephen Moss (appointed 5 December 2011)	-	-	-	-	-
Michael Cranny	24,490	-	-	-	24,490
Raymond Griffin (resigned 26 October 2011)	28,481	-	-	-	28,481
Mark Hayes	12,491	-	-	-	12,491
David French	32,915	-	-	-	32,915

2011

Name	Balance at the beginning of the year	Acquired	Sold	Other changes during year	Balance at end of the year
Michael Cranny	24,490	-	-	-	24,490
Raymond Griffin	28,481	-	-	-	28,481
Mark Hayes	12,491	-	-	-	12,491
David French	32,915	-	-	-	32,915

(e) Transactions with related entities

(i) CB Grand Pty Ltd was loaned $8,955 by the Company. CB Grand Pty Ltd is a subsidiary of the Capricorn Diversified Investment Fund for which the Company is the Responsible Entity. At year end, CB Grand owed the Company $8,955.

(ii) The Company loaned an additional $40,236 to Development Services Pty Ltd (which is controlled by Capricorn Diversified Investment Fund). At year end, Development Services owed the Company $76,267.

(iii) The Company derived management fees of $49,871 from the Capricorn Diversified Investment Fund. At year end, the Capricorn Diversified Investment Fund owed the Company $4,570.

Notes to the Financial Statements
for the Year Ended 30 June 2012

25. Non-current assets and associated liabilities held for sale

On 21 June 2012, the Company's board resolved to sell the Tamworth financial planning business, subject to negotiation of final terms. The cash consideration for the sale was $940,000. In addition, the purchaser returned to the Company (for cancellation by the Company) 28,481 Company shares held by the purchaser. The purchaser also agreed to take on the annual leave and long service leave entitlements of the Tamworth employees.

The final sale agreement was executed during September 2012 and settlement occurred on 3 October 2012.

The notes below show the results of the Tamworth business and the non-current asset associated with its sale

Statement of Financial Position

Non-current assets classified as held for sale		
Intangible assets - client lists	1,341,695	-
Total non-current assets classified as held for sale	**1,341,695**	**-**
Current liabilities classified as held for sale		
Annual leave	11,162	-
Long service leave	11,726	-
Total current liabilities classified as held for sale	**22,888**	
Non-current liabilities associated with non-current assets classified as held for sale		
Long service leave	1,022	-
Total non-current liabilities classified as held for sale	**1,022**	**-**

The client list is disclosed at the lower of its carrying value or net realisable value. As per the Tamworth business sale agreement, the value paid to the Company for the client list is $1,382,813.

DIRECTORS' DECLARATION

In the opinion of the Directors:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001* , including :

(i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

(c) the financial statements of the Company comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Signed in accordance with a resolution of the Directors.

David French
Director
30 October 2012

Stephen Moss
Director

HLB Mann Judd

Accountants | Business and Financial Advisers

Capricorn Investment Partners Limited

ACN 095 998 771

INDEPENDENT AUDITOR'S REPORT

To the members of Capricorn Investment Partners Limited

We have audited the accompanying financial report of Capricorn Investment Partners Limited ("the company"), which comprises the Statement of Financial Position as at 30 June 2012, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report of the company complies with International Financial Reporting Standards.

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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

HLB Mann Judd (SE Qld Partnership) ABN 68 920 406 716

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HLB Mann Judd

Capricorn Investment Partners Limited
ACN 095 998 771

INDEPENDENT AUDITOR'S REPORT (continued)

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of Capricorn Investment Partners Limited is in accordance with the *Corporations Act 2001*, including:

(i) 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

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

HLB Mann Judd.

HLB MANN JUDD
Chartered Accountants

C J M King
Partner

Date: 30 October 2012.
Brisbane, Queensland