

Sarbags Pty Limited

ABN: 75 097 994 879

Financial Statements

For the Year Ended 31 March 2014

Sarbags Pty Ltd
ABN: 75 097 994 879

Financial Statements
For the Year Ended 31 March 2014

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Directors' Report

Your directors present their report on Sarbags Pty Limited and its controlled entities ("the Group") for the financial year ended 31 March 2014.

1. General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position
Dilip Shukla	Director
Vasudeo Pandit	Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the Company during the financial year were was the sale and distribution of rope, bags and geo textile materials.

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

2. Business Review

Operating Results

The company incurred a profit after income tax of \$11,769.

Dividends Paid or Declared

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

3. Other Items

Significant Changes in State of Affairs

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

After Balance Day Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or my significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Directors' Report

Future Developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

3. Other Items (Cont'd.)

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out at page 5.

Indemnifying Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

Options

No Options Granted or Outstanding

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

Director

Dilip Shukla

Director

Vasudeo Pandit

Dated this 7th May 2014



Auditors Independence Declaration under Section 307C of the Corporations Act

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001 (Cth)* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

CharterNet Audit & Assurance

Akhil Karamil
Director

7th May 2014

Sydney

CharterNet Audit & Assurance Pty Limited
ABN 23 153 445 464

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Sarbags Pty Ltd
ABN: 75 097 994 879

Statement of Comprehensive Income
For the Year Ended 31 March 2014

	Note	2014 \$	2013 \$
Revenue	2	744,645	914,412
Cost of goods sold		(572,686)	(719,275)
Interest income		34,385	51,826
Other income		-	8,459
Professional fees		(19,899)	(11,723)
Employee expenses		(118,215)	(117,503)
Depreciation and amortisation		(9,861)	(9,973)
Other expenses		(19,680)	(16,264)
Profit before income tax		38,689	99,959
Income tax expense		(26,920)	(20,320)
Profit / (loss) for the period		11,769	79,639
Other comprehensive income		-	-
Total comprehensive income for the period		11,769	79,639

The accompanying notes form part of these financial statements.

Sarbags Pty Ltd
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Statement of Financial Position
31 March 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,493,370	1,328,039
Trade receivables	4	185,604	164,256
TOTAL CURRENT ASSETS		1,678,974	1,492,295
NON-CURRENT ASSETS			
Property, plant and equipment		112	223
Intangible assets		69,182	78,932
Deferred tax assets		10,300	10,300
TOTAL NON-CURRENT ASSETS		79,594	89,455
TOTAL ASSETS		1,758,568	1,581,750
LIABILITIES			
Trade payables	5	173,075	80,569
Tax liabilities		3,853	5,187
Provisions	6	91,030	90,682
TOTAL CURRENT LIABILITIES		267,958	176,439
TOTAL LIABILITIES		267,958	176,439
NET ASSETS		1,490,610	1,450,311
EQUITY			
Issued capital		50,000	50,000
Reserves		58,783	(14,747)
Retained earnings		1,381,827	1,370,057
TOTAL EQUITY		1,490,610	1,450,311

The accompanying notes form part of these financial statements.

Sarbags Pty Ltd
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Statement of Changes in Equity
31 March 2014

	Note	Ordinary Shares \$	Reserves \$	Retained Earnings \$	Total \$
2014					
Balance as at 1 April 2011		50,000	(14,747)	1,370,058	1,450,311
Foreign currency translation		-	73,530	-	-
Total comprehensive income for the year		-	-	11,769	85,216
Balance at 31 March 2014		50,000	58,783	1,381,827	1,490,610

	Note	Ordinary Shares \$	Reserves \$	Retained Earnings \$	Total \$
2013					
Balance as at 1 April 2012		50,000	(25,366)	1,290,419	1,315,053
Foreign currency translation		-	10,619	-	10,619
Total comprehensive income for the year		-	-	79,639	79,639
Balance at 31 March 2013		50,000	(14,747)	1,370,058	1,450,311

The accompanying notes form part of these financial statements.

Sarbags Pty Ltd
ABN: 75 097 994 879

Statement of Changes in Equity
31 March 2014

	Note	2014 \$	2013 \$
Cash from operating activities:			
Receipts from customers		806,063	1,043,158
Interest received		34,385	51,826
Payments to suppliers and employees		(675,117)	(946,579)
Interest expense		0	
Net cash provided by (used in) operating activities	7	165,331	148,405
Cash flows from investing activities:			
Net cash provided by (used in) investing activities		-	-
Cash flows from financing activities:			
Net cash provided by (used in) financing activities		-	-
Other activities:			
Net increase (decreases) in cash held		165,331	148,405
Cash at beginning of year		1,328,039	1,179,634
Cash at end of financial year	3	1,493,370	1,328,039

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 March 2014

Note 1 Summary of Significant Accounting Policies

Sarbags Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The directors have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the *Corporations Act 2001* (Cth).

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* (Cth) and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in notes. The material accounting policies have been adopted in the preparation of this report are as follows:

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Notes to the Financial Statements
For the Year Ended 31 March 2014

(b) Basis of consolidation

Subsidiaries

The financial statements of controlled entities are included from the date control commences until the date control ceases.

Investments in subsidiaries are carried at the cost of acquisition in the Company's financial statements.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(c) Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of a change in accounting policy.

(d) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

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

(e) Cash and Cash Equivalents

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

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity.

Notes to the Financial Statements
For the Year Ended 31 March 2014

(g) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

(h) 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 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.

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

(i) Foreign Currency Transactions and Balances

Transactions and balances

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

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

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

Notes to the Financial Statements
For the Year Ended 31 March 2014

(j) 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.

(k) Intangibles

Goodwill

Goodwill is carried at cost less any accumulated amortisation and impairment losses. Goodwill is tested for impairment at the end of each reporting period by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(l) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, independent or directors' valuation. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the company.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis or diminishing value basis over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are

Class of Fixed Asset

Plant and Equipment	3 - 30%
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(m) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Notes to the Financial Statements
For the Year Ended 31 March 2014

(m) Financial Instruments (Cont'd.)

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount in which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts

(including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Notes to the Financial Statements
For the Year Ended 31 March 2014

(m) Financial Instruments (Cont'd.)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(vi) Fair value

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

(vii) Impairment

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

(viii) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

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Notes to the Financial Statements For the Year Ended 31 March 2014

(n) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

(o) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

(p) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Notes to the Financial Statements
For the Year Ended 31 March 2014

(q) Critical accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the Special Purpose 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 within the Company.

Key Estimates

Impairment - general

The Company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(r) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements.

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Notes to the Financial Statements
For the Year Ended 31 March 2014

	2014 \$	2013 \$
Note 2 Revenue		
Sale of goods	744,645	891,059
Export sales	-	23,353
	<u>744,645</u>	<u>914,412</u>
 Note 3 Cash and Cash Equivalents		
Cash at bank	285,366	306,210
Term deposits	1,208,004	1,021,829
	<u>1,493,370</u>	<u>1,328,039</u>
 Note 4 Trade receivables		
CURRENT		
Trade receivables	185,604	164,256
Provision for impairment of receivables	-	-
	<u>185,604</u>	<u>164,256</u>
 Note 5 Trade payables		
CURRENT		
Trade creditors	161,168	71,199
Other creditors and accruals	11,907	9,370
	<u>173,075</u>	<u>80,569</u>
 Note 6 Provisions		
CURRENT		
Employee benefits	91,030	90,682

Notes to the Financial Statements

For the Year Ended 31 March 2014

2014 **2013**
\$ **\$**

Note 7 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

Net income/(loss) for the period after tax	11,769	79,639
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		-
- Depreciation	9,861	9,973
- Unrealised foreign exchange translation	73,427	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
- (Increase)/decrease in trade receivables	(21,348)	37,305
- Increase/(decrease) in trade payables and accruals	92,504	20,525
- Increase/(decrease) in tax liabilities	(1,250)	55
- Increase/(decrease) in provisions	348	908
	165,311	148,505

Note 8 Contingent liabilities and assets

There were no contingent assets or contingent liabilities at balance date.

Note 9 Subsequent events

The directors are not aware of any significant events since the end of the reporting period.

Note 10 Company Details

Registered office

The registered office of the company is:

Sarbags Pty Limited
19 Casino Road
Greystanes, NSW, 2145

Directors' Declaration

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 19, are in accordance with the *Corporations Act 2001* (Cth) and:
 - (a) comply with Accounting Standards; and
 - (b) give a true and fair view of the Company's financial position as at 31 March 2014 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director
Dilip Shukla

Director
Vasudeo Pandit

Dated this 7th May 2014

Compilation Report to Sarbags Pty Limited

We have compiled the accompanying special purpose financial statements of Sarbags Pty Limited, which comprise the balance sheet as at 31 March 2014, the income statement for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1 to the financial statements.

The Responsibility of the Directors

The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the significant accounting policies adopted as set out in Note 1 to the financial statements are appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the significant accounting policies adopted as set out in Note 1 to the financial statements and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

Hill Business Accountants

CPA

A19, 24-32 Lexington Drive Bella Vista NSW 2153

Ram Ramamurthy
7th May 2014



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF SARBAGS PTY LIMITED

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Sarbags Pty Ltd (the Company), which comprises the directors' report, the statement of financial position and statement of changes in equity as at 31 March 2014, the statement of comprehensive income 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 statement by the directors.

The Responsibility of the Directors for the Financial Report

The directors of the entity are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the entity's constitution and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

CharterNet Audit & Assurance Pty Limited
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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001* (Cth). We confirm that the independence declaration required by the *Corporations Act 2001* (Cth), provided to the directors of Sarbags Pty Limited on 5th May 2014, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of Sarbags Pty Limited is in accordance with the Corporations Act 2001 (Cth), including:
 - (i) giving a true and fair view of the Company's financial position as at 31 March 2014 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
 - (ii) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001; and
- (b) the financial report also complies with accounting policies as disclosed in Note 1.

Basis of Accounting and Restriction on Distribution

Without qualification to the statement expressed above, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared to assist Sarbags Pty Limited to meet its requirements to its members. As a result, the financial report may not be suitable for another purpose.

CharterNet Audit & Assurance

Akhil Karamil
Director

7th May 2014

Sydney

CharterNet Audit & Assurance Pty Limited
ABN 23 153 445 464

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