

**Sarbags Pty Limited**  
**75 097 994 879**  
**Financial Statements**  
**For the Year ended 31 March 2011**

**Sarbags Pty Limited**  
**75 097 994 879**  
**Income Statement**  
**For the Year ended 31 March 2011**

	Note	2011 \$	2010 \$
Revenue	2	1,078,993.12	922,414.26
Expenses excluding Finance Costs	3	956,035.82	798,075.79
Finance Costs	4	-	54.11
<b>Profit before Income Tax</b>	5	<u>122,957.30</u>	<u>124,284.36</u>
Income Tax Expense		(42,835.99)	(30,600.31)
<b>Profit Attributable to Members of the Company</b>		<u><u>80,121.31</u></u>	<u><u>93,684.05</u></u>

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached .*

**Sarbags Pty Limited**  
**75 097 994 879**  
**Balance Sheet**  
**As at 31 March 2011**

	Note	2011 \$	2010 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	6	1,003,945.66	989,873.19
Trade and Other Receivables	7	254,649.73	64,294.90
Inventories	8	13,268.61	87,865.29
<b>Total Current Assets</b>		<u>1,271,864.00</u>	<u>1,142,033.38</u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	10	890.28	1,780.57
Intangible Assets	11	98,432.12	108,182.12
Deferred Tax Assets	9	10,229.90	10,299.90
<b>Total Non-Current Assets</b>		<u>109,552.30</u>	<u>120,262.59</u>
<b>Total Assets</b>		<u>1,381,416.30</u>	<u>1,262,295.97</u>
<b>Current Liabilities</b>			
Trade and Other Payables	12	72,201.31	43,615.86
Current Tax Liabilities	9	3,849.00	3,849.00
Financial Liabilities	13	3,207.94	-
Short Term Provisions	14	76,183.78	37,582.94
<b>Total Current Liabilities</b>		<u>155,442.03</u>	<u>85,047.80</u>
<b>Total Liabilities</b>		<u>155,442.03</u>	<u>85,047.80</u>
<b>Net Assets</b>		<u>1,225,974.27</u>	<u>1,177,248.17</u>
<b>Equity</b>			
Issued Capital	15	50,000.00	50,000.00
Reserves	16	(49,165.31)	(17,770.10)
Retained Profits	17	1,225,139.58	1,145,018.27
<b>Total Equity</b>		<u>1,225,974.27</u>	<u>1,177,248.17</u>

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached.*

**Sarbags Pty Limited**  
**Notes to the Financial Statements**  
**For the Year ended 31st March 2011**

---

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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 statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial statements have been prepared in accordance with 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 stated otherwise.

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

**(a) 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 borrowings in current liabilities on the balance sheet.

**(b) 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(c) 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 have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

**(d) Property, Plant and Equipment**

Property, plant and equipment are carried at cost, independent or directors' valuation. All assets, excluding freehold land and buildings held for investment, are depreciated over their useful lives to the company.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

The carrying amount of 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 not been discounted in determining recoverable amounts.

**(e) Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income). The company does not apply deferred tax.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated

**Sarbags Pty Limited**  
**Notes to the Financial Statements**  
**For the Year ended 31st March 2011**

---

using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(f) **Intangibles**

**Goodwill**

Goodwill is recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition.

Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

(g) **Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

(h) **Revenue and Other Income**

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising 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).

(i) **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.

**Sarbags Pty Limited**  
**Notes to the Financial Statements**  
**For the Year ended 31st March 2011**

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>2. Revenue</b>		
<b>Sales Revenue</b>		
Sale of Goods	1,032,562.47	867,356.87
	1,032,562.47	867,356.87
<b>Other Revenue</b>		
Interest Received	46,430.65	44,659.70
Foreign Currency Exchange Gain	-	10,397.69
	46,430.65	55,057.39
	1,078,993.12	922,414.26
<b>3. Expenses</b>		
Decrease in Inventories of Finished Goods or Wip	33,209.48	86,133.60
Raw Materials, Purchases and Consumables Used	720,976.72	531,347.82
Employee Benefits Expense	123,744.66	129,077.46
Depreciation and Amortisation	10,640.29	10,696.86
Advertising	-	187.25
Bank Charges- Au	777.61	597.58
Insurance	3,736.14	3,682.35
Rates & Taxes	271.04	-
Repairs & Maintenance	441.15	292.23
Telephone-Au	3,894.51	5,006.60
Other Expenses	58,344.22	31,054.04
	956,035.82	798,075.79
<b>4. Finance Costs</b>		
Interest Paid		
- Other Persons/Corporations	-	54.11
	-	54.11
<b>5. Profit for the Year</b>		
Profit before income tax expense has been determined after accounting for;		
<b>Charging as Expense</b>		
Cost of Goods Sold	754,186.20	617,481.42
Finance Costs	-	54.11

*These notes should be read in conjunction with the attached Compilation Report.*

**Sarbags Pty Limited**  
**Notes to the Financial Statements**  
**For the Year ended 31st March 2011**

	2011	2010
	\$	\$
Movements in Provisions		
Depreciation		
- Depreciation of Property, Plant and Equipment	890.29	946.86
Amortisation of Non-Current Assets		
- Goodwill	9,750.00	9,750.00
Net Expenses Resulting from Movement in Provisions	<u>10,640.29</u>	<u>10,696.86</u>
Remuneration of the Auditor:-		
- Audit & review of financial reports	2,272.04	2,580.90
	<u>2,272.04</u>	<u>2,580.90</u>
Foreign Currency Translation Losses	26,297.20	-
<b>6. Cash and Cash Equivalents</b>		
Wespac Online Maxi Direct 032270-21-3598 Au	11,025.14	111,308.85
Westpac Business Account 032270149741 Au	14,024.29	19,956.07
Term Deposit (3942) Au	193,845.77	186,399.98
Term Deposit (3950) Au	136,435.18	127,423.75
Term Deposit (5876) Au	106,583.88	99,596.16
Westpac- Nz	63,410.06	13,972.16
Westpac online account- Nz	5,572.51	80,808.43
Westpac Term Deposit- Nz	299,016.94	224,883.52
Westpac USD Account AU	151,978.09	62,995.07
Westpac USD Account NZ	22,053.80	62,529.20
	<u>1,003,945.66</u>	<u>989,873.19</u>
<b>7. Trade and Other Receivables</b>		
<b>Current</b>		
Trade Debtors- Au	67,095.60	1,512.76
Trade Debtors- Nz	58,093.69	52,557.03
Term Deposit (3051) Au	129,356.16	-
Loans at Call Travel Funds - NZ	104.28	-
Loans - Tufropes	-	10,225.11
	<u>254,649.73</u>	<u>64,294.90</u>
<b>Total Trade and Other Receivables</b>	<u>254,649.73</u>	<u>64,294.90</u>

*These notes should be read in conjunction with the attached Compilation Report.*

**Sarbags Pty Limited**  
**Notes to the Financial Statements**  
**For the Year ended 31st March 2011**

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>8. Inventories</b>		
<b>Current</b>		
Merchandise Inventory- Au	13,030.00	87,860.00
Merchandise Inventory- Nz	238.61	5.29
	<u>13,268.61</u>	<u>87,865.29</u>
<b>Total Inventories</b>	<u><u>13,268.61</u></u>	<u><u>87,865.29</u></u>
<b>9. Tax Assets and Liabilities</b>		
<b>Current</b>		
<b>Liabilities</b>		
PAYG W/H Payable--Au	<u>3,849.00</u>	<u>3,849.00</u>
	3,849.00	3,849.00
<b>Non-Current</b>		
<b>Assets</b>		
FITB	<u>10,229.90</u>	<u>10,299.90</u>
	10,229.90	10,299.90
<b>Net Tax Assets</b>	<u><u>(6,380.90)</u></u>	<u><u>(6,450.90)</u></u>
<b>10. Property, Plant &amp; Equipment</b>		
<b>Plant &amp; Equipment</b>		
Office Equipment - Au	10,458.49	10,458.49
Less Accumulated Depreciation & Impairment	<u>9,568.21</u>	<u>8,677.92</u>
	890.28	1,780.57
Office Equipment- Nz	2,446.49	2,446.49
Less Accumulated Depreciation & Impairment	<u>2,446.49</u>	<u>2,446.49</u>
<b>Total Plant &amp; Equipment</b>	<u><u>890.28</u></u>	<u><u>1,780.57</u></u>

*These notes should be read in conjunction with the attached Compilation Report.*

**Sarbags Pty Limited**  
**Notes to the Financial Statements**  
**For the Year ended 31st March 2011**

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>11. Intangible Assets</b>		
<b>Non-Current</b>		
Goodwill	195,000.00	195,000.00
Less Accumulated Impairment Losses	96,567.88	86,817.88
	<u>98,432.12</u>	<u>108,182.12</u>
<b>Total Intangible Assets</b>	<u><u>98,432.12</u></u>	<u><u>108,182.12</u></u>
<b>12. Trade and Other Payables</b>		
<b>Current</b>		
Trade Creditors-Au	54,094.03	11,195.40
Trade Creditors-Nz	6,194.82	10,605.83
Other Creditors - AU	5,000.00	-
Provision for GST	6,912.46	21,814.63
	<u>72,201.31</u>	<u>43,615.86</u>
<b>Total Trade and Other Payables</b>	<u><u>72,201.31</u></u>	<u><u>43,615.86</u></u>
<b>13. Financial Liabilities</b>		
<b>Current</b>		
Other Creditors - NZ	3,207.94	-
	<u>3,207.94</u>	<u>-</u>
<b>Total Financial Liabilities</b>	<u><u>3,207.94</u></u>	<u><u>-</u></u>
<b>14. Provisions</b>		
<b>Current</b>		
Provision for Income Tax	10,667.66	(14,180.52)
Provision for Annual Leave	65,516.12	51,763.46
	<u>76,183.78</u>	<u>37,582.94</u>
<b>Total Provisions</b>	<u><u>76,183.78</u></u>	<u><u>37,582.94</u></u>
<b>15. Contributed Equity</b>		
<b>Issued Capital</b>		
Ordinary A Class Shares	50,000.00	50,000.00
	<u>50,000.00</u>	<u>50,000.00</u>

*These notes should be read in conjunction with the attached Compilation Report.*

**Sarbags Pty Limited**  
**Notes to the Financial Statements**  
**For the Year ended 31st March 2011**

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>16. Reserves</b>		
General Reserve	(54,570.31)	(23,175.10)
Forex Reserves Reserve AU	5,405.00	5,405.00
	<u>(49,165.31)</u>	<u>(17,770.10)</u>
<b>17. Retained Earnings</b>		
Retained Earnings at the Beginning of the Financial Year	1,145,018.27	1,051,334.22
<b>Add</b>		
Net profit attributable to members of the company	122,957.30	124,284.36
<b>Less</b>		
Income Tax Expense	42,835.99	30,600.31
Retained Earnings at the End of the Financial Year	<u>1,225,139.58</u>	<u>1,145,018.27</u>

**18. Company Details**

The registered office of the company is:

Sarbags Pty Limited  
19 Casino Road Greystanes NSW 2145

The principal place of business is:

Sarbags Pty Limited  
19 Casino Road Greystanes NSW 2145

The principal activities of the business include:

Ropes, Bags & Geo Textile Material Distributors

**Sarbags Pty Limited**  
**75 097 994 879**  
**Directors Declaration**  
**for the Year Ended 31 March 2011**

---

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 outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. the financial statements and notes, as set out in the financial report present fairly the company's financial position as at 31 March 2011 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Dilip Shukla  
Director

Vasudeo Pandit  
Director

Dated this 5<sup>th</sup> day of May 2011

**Sarbags Pty Limited**  
75 097 994 879  
**Independent Auditor's 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 Limited (the company), which comprises the balance sheet as at 31 March 2011, and the income statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

The Responsibility of the Directors for the Financial Report

The directors of the company 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 financial reporting requirements of the company's constitution and are appropriate to meet the needs of the members. The directors' responsibilities also include 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the 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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the company's constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

**Sarbags Pty Limited**  
**75 097 994 879**  
**Independent Auditor's Report**  
**to the Members of**  
**Sarbags Pty Limited**

---

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects the financial position of Sarbags Pty Limited as of 31 March 2011 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Ken Neyle  
K.F.Neyle CPA  
8 Yawung Avenue Baulkham Hills NSW 2153  
Dated this 10th day of May 2011

**Auditors Independence Declaration**  
**Under Section 307C of the Corporations Act 2001**

---

To the Directors of Sarbags Pty Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Sarbags Pty Limited for the year ended 31 March 2011 there have been;

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

Ken Neyle  
K.F.Neyle CPA  
8 Yawung Avenue Baulkham Hills NSW 2153  
Dated this 10<sup>th</sup> day of May 2011

**Sarbags Pty Limited**  
75 097 994 879  
**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 2011, 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.

**Ramamurthy & Co Pty Ltd**

CPA

A19, 24-32 Lexington Drive Bella Vista NSW 2153

Ram Ramamurthy

9<sup>th</sup> May 2011

**SARBAGS PTY LIMITED**

**19 . Consolidated Cash Flow Statement for the year ended 31st March, 2011**

	<b>2010-2011</b>	<b>2009-2010</b>
	<b>\$</b>	<b>\$</b>
<b>A. Cash Flow from Operating Activities</b>		
Net Profit after tax as per P & L Account	\$ 80,120.91	\$ 93,684.05
Extra Ordinary items		\$ -
	<u>\$ 80,120.91</u>	<u>\$ 93,684.05</u>
Adjusted for		
Depreciation & Amortisation	\$ 10,640.29	\$ 10,696.86
Tax Provision	\$ 42,835.99	\$ 30,600.31
Effects of exchange rate change		
Operating Profit before Working Capital Changes	<u>\$ 133,597.20</u>	<u>\$ 134,981.22</u>
Adjusted for		
Trade & Other Receivables	\$ (71,119.50)	\$ (85,817.65)
Inventories	\$ 74,596.69	\$ 58,223.13
Trade Payables	<u>\$ 55,771.56</u>	<u>\$ (34,180.78)</u>
Cash generated from operations	\$ 192,845.94	\$ 73,205.92
Interest paid		\$ -
Direct taxes paid	<u>\$ (49,313.03)</u>	<u>\$ 75,248.15</u>
Cash Flow before extraordinary items	\$ 143,532.91	\$ 148,454.07
Extra Ordinary items		\$ -
Net Cash from \ (used in) Operating Activities	<u><u>\$ 143,532.91</u></u>	<u><u>\$ 148,454.07</u></u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets		
Sale of Fixed Assets		
Difference due to Exchange fluctuation		
Loans (Net)		
Net Cash ( used in ) \ from Investing Activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>C. Cash Flow from Financing Activities</b>		
Short term loans (Net)		
Net Cash from \ ( used in ) Financing Activities		
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	\$ 143,532.91	\$ 148,454.07
Opening Balance of Cash and Cash Equivalents	\$ 989,873.19	\$ 841,419.12
Closing Balance of Cash and Cash Equivalents	<u><u>\$ 1,133,406.10</u></u>	<u><u>\$ 989,873.19</u></u>

Notes :

- 1) The above Cash Flow Statements has been prepared under the "Indirect Method" as set out in Accounting Standard-3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- 2) Bracket indicates cash outflow.
- 3) Previous year figures have been regrouped wherever necessary.

As per our report of even date

Chartered Accountants

Auditor

Partner

Place :

Date:

Director



