

# **Baribunma Holdings Limited**

ABN 56 095 838 056

## **Financial Statements**

For the year ended 30 June 2010

# Baribunma Holdings Limited

ABN 56 095 838 056

For the year ended 30 June 2010

CONTENTS	PAGE
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-20
Directors' Declaration	21
Independent Auditor's Report	22-23

# Baribunma Holdings Limited

ABN 56 095 838 056

## Directors' Report

For the year ended 30 June 2010

Your directors present their report on the Company for the year ended 30 June 2010.

### Directors

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

Peter John Bancroft  
Harold Victor Holden  
Robert Pringle

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

### Principal Activities

The principal activities of Baribunma Holdings Limited during the year were research, development, testing, compliance and marketing of the *Baribunma* Wheelchairs.

### Operating Results

The loss from ordinary activities after providing for income tax for the year ended 30 June 2010 amounted to \$69,178 (2009: \$145,919).

Major contributors were weak sales figures and an ongoing poor economic climate. Nevertheless, the Company has sufficient stock on hand to continue to develop markets, particularly in combination with Mercedes Benz and Volkswagen, who continue to embrace our product. Major expenses were again the compliance costs associated with the continued listing of the Company's securities on the National Stock Exchange of Australia and the continued investment in the Company's extensive intellectual property (IP). Unfortunately, the Company sees these costs as unavoidable, whereas many overseas players in the local marketplace have significantly less regulation.

### Future developments

Baribunma Holdings Limited will continue to aggressively market its products and expand its horizon to include bus and coach seating. It is hoped that this will facilitate the possibility of a merger/joint venture with one of the major manufacturers. Such an arrangement will ensure the future of the business for the medium term and provide a financial incentive for shareholders/investors.

### After balance date events

The Company has received several proposals from other businesses, including another listed company. These proposals will result in Baribunma Holdings Limited effectively being taken over. The Board of Directors is very aware of its duties to protect the best interests of the shareholders and it is likely that a special meeting will be held in the final half of 2010 to discuss the proposals and make crucial decisions as to the Company's future. Owing to this, the company has applied for a voluntary suspension of its shares from the National Stock Exchange of Australia on 31 August 2010. The application was made in line with the company's intention to make price sensitive announcement once the special meeting is completed.

In September 2010 the Company applied for a Research and Development Tax Concession, which, if approved as expected, will result in a return of around \$35,000 to the Company. As the outcome of this application cannot be determined as at 30 June 2010, no amount related to this has been accrued nor represented in the financial statements.

# Baribunma Holdings Limited

ABN 56 095 838 056

## Directors' Report

For the year ended 30 June 2010

### Indemnification of Officers

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.

### Environmental Issues

The company has complied with all environmental regulations under a law of the Commonwealth or of a State or Territory that it was subject to.

### Dividends Paid or Recommended

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

### Director's Information

#### *Harold Victor Holden-*

Harry holds a Bachelor of Engineering from Sydney University and a Diploma from the Australian Institute of Insurance and is an affiliate of the Life Underwriters Association. He has served as a Director in listed Companies such as SSH Medical Limited and in senior management with T & G Life Insurance and APA Life Insurance Ltd. He has further experience as general manager of Dennis Trading & Engineering and Managing Director of Amalgamated Mining Services totalling 14 years. Harry brings a sound management record with growing small-medium enterprises to the business.

#### *Peter John (Wally) Bancroft-*

Peter (Wally) Bancroft is a leading practitioner in disabled transport in Australia. He has spent much of his working life in the research and development sector including developments for Massey Ferguson Experimental Division before entering the disabled transport industry with Paraquad Engineering in 1987. During seven years with Paraquad he became convinced that it was possible to make significant and unprecedented changes to existing mobility aids including wheelchairs that could enable far greater independence for his disabled clients. Wally was able to develop innovative modifications to electric wheelchairs to improve the quality of life of his customers. Baribunma Holdings was formed to commercialise these innovations and related concepts that Wally has developed over recent years. Wally is an authorised signatory for the N.S.W. Roads and Traffic Authority enabling him to certify vehicle modifications for use by disabled drivers in registered motor vehicles in N.S.W. To the best of our knowledge, his designs were officially approved to enable the first person in Australia to *drive from a wheelchair*. He has served as a consultant and lecturer at the University of Western Sydney (Cumberland College of Health Sciences) and is widely sought as a consultant to other disabled support groups.

#### *Robert Pringle-*

Robert Pringle joined the Board in early 2008, replacing the retired Don Wild. An employee of Qantas, he has extensive frontline experience in the transport industry and is well placed to assist with the expansion of the Company in Australia and overseas. His experience in the airline industry has convinced him that the Baribunma technology is a much-needed solution to the problems associated with transporting people with high-level disabilities on aircraft. His enthusiasm makes him the ideal person to represent the Company in the transport industry..

# Baribunma Holdings Limited

ABN 56 056 838 066

## Directors' Report

For the year ended 30 June 2010

### Director's Meetings

During the financial year, the following meetings were held and attendance of each Director is as follows:

Director	Meetings eligible to attend	Meetings attended
Peter John Bancroft	11	11
Harold Victor Holden	11	11
Robert Pringle	11	11

### Future Developments, Prospects and Business Strategies

Baribunma Holdings Limited will continue to market its products. If a suitable proposal for takeover, merger or joint venture is received, a special meeting of shareholders will be called at the earliest opportunity.

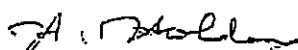
### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 4.

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



PETER JOHN BANCROFT  
Director



HAROLD VICTOR HOLDEN  
Director

Dated in Sydney, this / day of November 2010

## Baribunma Holdings Limited

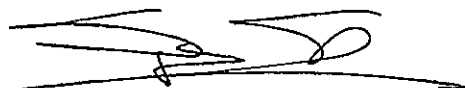
ABN 56 095 838 056

### Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

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

### ECON AUDIT AND ASSURANCE SERVICES PTY LTD



**SPIRO SAKIRIS**  
Director

Dated in Sydney, this 15<sup>th</sup> day of November 2010

# Baribunma Holdings Limited

ABN 56 095 838 056

## Statement of Comprehensive Income

For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Sales revenue	2	41,250	1,207
Interest income	2	40	3,703
Raw materials and consumables used	3	(20,062)	(962)
Depreciation expense	3	(6,086)	(6,183)
Bad debts expense	3	(10,000)	-
Other expense		(116,297)	(191,043)
<b>Loss before income tax</b>		<b>(111,155)</b>	<b>(193,278)</b>
Income tax benefit		41,977	47,359
<b>Loss for the year attributable to the members of the entity</b>		<b>(69,178)</b>	<b>(145,919)</b>
<b>Other comprehensive income</b>			
Net (loss)/gain on revaluation of non-current assets		-	-
Net (loss)/gain on revaluation of financial assets		-	-
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>(69,178)</b>	<b>(145,919)</b>

The accompanying notes form part of these financial statements.

# Baribunma Holdings Limited

ABN 56 095 838 056

## Statement of Financial Position

As at 30 June 2010

	Note	2010 \$	2009 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	24,633	15,868
Receivables	6	2,923	14,063
Inventories	7	144,778	155,115
<b>Total current assets</b>		<b>172,334</b>	<b>185,046</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	23,806	29,893
Patents and trademarks	8	58,495	55,302
<b>Total non-current assets</b>		<b>82,301</b>	<b>85,195</b>
<b>TOTAL ASSETS</b>		<b>254,635</b>	<b>270,241</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Interest bearing liabilities	10	5,095	5,095
Other current liabilities	11	5,000	-
<b>Total current liabilities</b>		<b>10,095</b>	<b>5,095</b>
<b>Non-current liabilities</b>			
Notes payable	12	20,000	-
Interest bearing liabilities	10	21,872	21,872
<b>Total non-current liabilities</b>		<b>41,872</b>	<b>21,872</b>
<b>TOTAL LIABILITIES</b>		<b>51,967</b>	<b>26,967</b>
<b>NET ASSETS</b>		<b>202,668</b>	<b>243,274</b>
<b>EQUITY</b>			
Issued capital	13	1,340,734	1,312,162
Accumulated losses		(1,138,066)	(1,068,888)
<b>TOTAL EQUITY</b>		<b>202,668</b>	<b>243,274</b>

The accompanying notes form part of these financial statements.



# Baribunma Holdings Limited

ABN 56 095 838 056

## Statement of Changes in Equity

For the year ended 30 June 2010

2010	Note	Ordinary Shares \$	Accumulated Loss \$	Total \$
Balance at 01.07.2009		1,312,162	(1,068,888)	243,274
Shares issued during the year		28,572	-	28,572
Loss for the year		-	(69,178)	(69,178)
Balance at 30.06.2010		<u>1,340,734</u>	<u>(1,138,066)</u>	<u>202,668</u>

2009	Note	Ordinary Shares \$	Accumulated Loss \$	Total \$
Balance at 01.07.2008		1,312,162	(922,969)	389,193
Loss for the year		-	(145,919)	(145,919)
Balance at 30.06.2009		<u>1,312,162</u>	<u>(1,068,888)</u>	<u>243,274</u>

The accompanying notes form part of these financial statements.

# Baribunma Holdings Limited

ABN 56 095 838 056

## Statement of Cash Flows

For the year ended 30 June 2010

	Note	2010 \$	2009 \$
<b>Cash from operating activities:</b>			
Receipts from customers	17	42,390	1,088
Payments to suppliers	17	(121,022)	(194,638)
Interest received		40	3,703
Income tax benefit received		41,977	47,359
<b>Net cash used in operating activities</b>	14	<b>(36,615)</b>	<b>(142,488)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from investments		-	108,390
Purchase of other non-current assets- patent		(3,193)	(1,209)
Payment for acquisition of plant and equipment		-	(3,400)
<b>Net cash (used in) / provided by investing activities</b>		<b>(3,193)</b>	<b>103,781</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of shares		28,572	25,000
Repayment of borrowings		-	(7,686)
Proceeds from borrowings		20,000	-
<b>Net cash provided by financing activities</b>		<b>48,572</b>	<b>17,314</b>
<b>Net increase in cash held</b>		<b>8,765</b>	<b>(21,393)</b>
Cash and cash equivalents at the beginning of the year		15,868	37,261
<b>Cash and cash equivalents at the end of the year</b>		<b>24,633</b>	<b>15,868</b>

The accompanying notes form part of these financial statements.

# Baribunma Holdings Limited

ABN 56 095 838 056

## Notes to the Financial Statements

For the year ended 30 June 2010

### NOTE 1: Summary of Significant Accounting Policies

This financial report covers Baribunma Holdings Limited as an individual entity. Baribunma Holdings Limited is a company limited by shares, incorporated and domiciled in Australia.

#### Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### (a) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (b) 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.

#### (c) Property, Plant and Equipment

##### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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 been discounted to their present values in determining recoverable amounts.

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

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

# Baribunma Holdings Limited

ABN 56 095 838 056

## Notes to the Financial Statements

For the year ended 30 June 2010

### NOTE 1: Summary of Significant Accounting Policies (*continued*)

#### (c) Property, Plant and Equipment (*continued*)

##### 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 over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

#### (d) 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 in the statement of financial position.

#### (e) Trade and other payables

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

#### (f) Income Tax

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

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

#### (g) Leases

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

# Baribunma Holdings Limited

ABN 56 095 838 056

## Notes to the Financial Statements

For the year ended 30 June 2010

### NOTE 1: Summary of Significant Accounting Policies (*continued*)

#### (g) Leases (*continued*)

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 straight-line basis over the shorter of their estimated useful lives

#### (h) 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.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

#### (i) Borrowing Costs

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

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

#### (j) 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 statement of financial position are shown inclusive of GST.

#### (k) Research and development Expenditure

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits can be measured reliably.

# Baribunma Holdings Limited

ABN 56 095 838 056

## Notes to the Financial Statements

For the year ended 30 June 2010

### NOTE 1: Summary of Significant Accounting Policies (*continued*)

#### (l) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments 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 within the company.

##### *Key estimates – Impairment of receivables*

The directors believe that the full amount of receivable is not recoverable and accordingly provision for impairment is recognised as at 30 June 2010.

#### (m) Rounding of Amounts

The company has applied the relief available to it in ASIC Class Order 98/100 and accordingly, certain amounts in the financial report and the director's report have been rounded off to the nearest \$1.

#### (n) Adoption of New and Revised Accounting Standards

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Baribunma Holdings Limited.

##### **AASB 101: Presentation of Financial Statements**

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

##### *Disclosure impact*

**Terminology changes** - The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

**Reporting changes in equity** - The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

**Statement of comprehensive income** - The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

# Baribunma Holdings Limited

ABN 56 095 838 056

## Notes to the Financial Statements

For the year ended 30 June 2010

### NOTE 1: Summary of Significant Accounting Policies *(continued)*

#### (n) Adoption of New and Revised Accounting Standards *(continued)*

The company's financial statements now contain a statement of comprehensive income.

Other comprehensive income - The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

### NOTE 2: Revenue

	2010 \$	2009 \$
Operating activities		
- sale of goods	27,000	1,207
- interest received	40	3,703
- other revenue	14,250	-
	<u>41,290</u>	<u>4,910</u>

### NOTE 3: Loss from Ordinary Activities

Loss from ordinary activities before income tax expense has been determined after:

	2010 \$	2009 \$
Expenses		
Cost of Sales	20,062	962
Bad debts	10,000	-
Depreciation	6,086	6,183
Remuneration of Auditors	7,110	12,820
	<u>43,258</u>	<u>19,965</u>

### NOTE 4: Income Tax Expense

The Directors have determined that the Company is not liable to pay Income Tax for the financial year. This opinion is based on the Company's principal activity being research and development associated with the Baribunma Wheelchair project. As such, the Company has not traded profitably during the year and is not liable to pay Income Tax. Furthermore, the Directors intend to apply for a "Research and Development Tax Credit" as a result of these activities. In relation to the prior accounting periods, the Directors have successfully applied for Research and Development Tax Credits amounting to \$41,977 that has been received during the financial year.

# Baribunma Holdings Limited

ABN 56 095 838 056

## Notes to the Financial Statements

For the year ended 30 June 2010

### NOTE 5 Cash and Cash Equivalents

	2010 \$	2009 \$
Cash at bank	24,633	15,868
	<u>24,633</u>	<u>15,868</u>

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2010 \$	2009 \$
Cash at bank	24,633	15,868
Bank overdraft	-	-
	<u>24,633</u>	<u>15,868</u>

### NOTE 6: Trade and Other Receivables

	2010 \$	2009 \$
Trade receivables	10,000	10,000
Allowance for doubtful debts	(10,000)	-
Other receivables	2,923	4,063
	<u>2,923</u>	<u>14,063</u>

### NOTE 7: Inventories

	2010 \$	2009 \$
Stock-on hand	144,778	155,115
	<u>144,778</u>	<u>155,115</u>

Stock on hand as at 30 June 2010 is 28 wheelchairs (2009:30).

### NOTE 8: Intangibles

	2010 \$	2009 \$
Patents and trademarks	58,494	55,302
	<u>58,494</u>	<u>55,302</u>



# Baribunma Holdings Limited

ABN 56 095 838 056

## Notes to the Financial Statements

For the year ended 30 June 2010

### NOTE 9: Property, Plant and Equipment

	2010 \$	2009 \$
Office furniture and equipment-at cost	6,462	6,462
Less: Accumulated depreciation	(3,237)	(1,899)
	<u>3,225</u>	<u>4,563</u>
Motor Vehicles-at cost	36,344	36,344
Less: Accumulated depreciation	(15,762)	(11,014)
	<u>20,582</u>	<u>25,330</u>
Total Property, Plant and Equipment	<u>23,807</u>	<u>29,893</u>

#### (a) Movements in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year:

	2010 \$	2009 \$
Balance at the beginning of the year	29,893	32,676
Additions	-	3,400
Depreciation expense	(6,086)	(6,183)
	<u>23,807</u>	<u>29,893</u>

### NOTE 10 Interest Bearing Liabilities

	2010 \$	2009 \$
Current		
Goods mortgage liability	5,095	5,095
	<u>5,095</u>	<u>5,095</u>
Non-current		
Goods mortgage liability	21,872	21,872
	<u>21,872</u>	<u>21,872</u>

# Baribunma Holdings Limited

ABN 56 095 838 056

## Notes to the Financial Statements

For the year ended 30 June 2010

### NOTE 11 Other Current Liabilities

	2010 \$	2009 \$
Current		
Accrued audit fees	5,000	-
	<u>5,000</u>	<u>-</u>

### NOTE 12 Notes Payable

	2010 \$	2009 \$
Non current		
Notes Payable- A. Bell	20,000	-
	<u>20,000</u>	<u>-</u>

As part of the loan arrangement, the company will repay the loan amount in full and issue one hundred (100) thousand shares in the company in lieu of interest on the loan. As at 30 June 2010, no shares were issued in connection with this loan.

### NOTE 13 Contributed Equity

	2010 \$	2009 \$
Paid-Up Capital		
Fully paid ordinary shares 20,386,890 (2009: 19,672,576)	1,340,734	1,312,162
	<u>1,340,734</u>	<u>1,312,162</u>

### NOTE 14 Cash flow information

	2010 \$	2009 \$
Reconciliation of Cash Flow from Operations with Operating loss from Ordinary activities after Income Tax		
Operating loss after income tax	(69,178)	(145,919)
Non cash flows in operating loss		
Depreciation	6,086	6,183
Bad debts	10,000	-
Hire purchase charges / goods mortgage interest	-	2,591
Decrease / (Increase) in GST receivable	1,140	-
Decrease / (Increase) in Inventory	17 10,337	(5,224)
Decrease / (Increase) in Trade Debtors	5,000	(119)
Cash flow from operations	<u>(36,615)</u>	<u>(142,488)</u>

# Baribunma Holdings Limited

ABN 56 095 838 056

## Notes to the Financial Statements

For the year ended 30 June 2010

### NOTE 15: Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to related parties, and bank overdraft.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2010	2009
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	24,633	15,868
Other current liabilities	2,923	14,063
	<u>27,556</u>	<u>29,931</u>
<b>Financial Liabilities</b>		
Other current liabilities	5,000	-
Mortgage liabilities	26,967	26,967
Notes payable	20,000	-
	<u>51,967</u>	<u>26,967</u>

### Financial Risk Management Policies

The director has overall responsibility for risk management, including risks associated with financial instruments. The director manages these risks by monitoring forecast cash flows and ensuring that adequate surplus funds are maintained to meet financial obligations.

### Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk, and credit risk.

#### (a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

The net effective variable interest rate borrowings (i.e. unhedged debt) exposes the company to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

	2010	2009
	\$	\$
<b>Floating rate instruments</b>		
Interest bearing liabilities (mortgage)	26,967	26,967

# Baribunma Holdings Limited

ABN 56 095 838 056

## Notes to the Financial Statements

For the year ended 30 June 2010

### NOTE 15: Financial Risk Management (*continued*)

#### Sensitivity Analysis

A change of 100 basis points or one percent in interest rates at the reporting date would, with all other variables held constant, have increased or decreased the company's surplus and funds by the amounts shown below. The one percent assumption has been determined to be a reasonably possible movement in interest rates over a 12-month period based on information from various financial institutions, review of movements over the last two years, and economic forecaster's expectations.

	Surplus		Equity	
	1% increase	1% (decrease)	1% increase	1% (decrease)
Variable rate instruments	246	(246)	246	(246)

#### (b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financial activities
- obtaining funding from a variety of sources
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions

#### (c) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. It includes the utilization of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 14-30 days from the date of invoice. Customers that do not meet the company's strict credit policies may only purchase in cash or using recognized credit cards.

Risk is also minimised through investing surplus funds in financial institution that maintain a high credit rating or in entities that the director has otherwise cleared as being financially sound. Where the company is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, then risk maybe further manages through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

# Baribunma Holdings Limited

ABN 56 095 838 056

## Notes to the Financial Statements

For the year ended 30 June 2010

### NOTE 15: Financial Risk Management (*continued*)

#### (c) Credit risk (*continued*)

##### *Credit Risk Exposures*

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

#### Fair values

The carrying amounts of cash and cash equivalents, receivables, payables and lease liabilities represent their net fair values, as determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

### NOTE 17 Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's financial statements presentation in accordance with AASB 101: *Presentation of Financial Statements*.

	Note	2009 \$
Net goods and services tax received to receipts from customers		(394)
Increase in inventory / work in progress to payment to suppliers	14	(5,224)*

\* presented as a cash flow reconciling item as opposed to "Investing Activities" in the Statement of Cash Flows

### NOTE 18: Related Party Transactions

No Directors were paid for their services during the financial year.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Bancroft Engineering, a trading entity of Mr P J Bancroft received a total of \$56,818 (2009: \$91,636) with regard to the provision of Research and Development services to the Company.

# Baribunma Holdings Limited

ABN 56 095 838 056

## Notes to the Financial Statements

For the year ended 30 June 2010

### NOTE 19: Contingent Liabilities and Contingent Assets

There are no contingent liabilities and contingent assets as at 30 June 2010.

### NOTE 20: Events After the Balance Period

The Company has received several proposals from other businesses, including another listed company. These proposals will result in Baribunma Holdings Limited effectively being taken over. The Board of Directors is very aware of its duties to protect the best interests of the shareholders and it is likely that a special meeting will be held in the final half of 2010 to discuss the proposals and make crucial decisions as to the Company's future. Owing to this, the company has applied for a voluntary suspension of its shares from the National Stock Exchange of Australia on 31 August 2010. The application was made in line with the company's intention to make price sensitive announcement once the special meeting is completed

In September 2010 the Company applied for a Research and Development Tax Concession, which, if approved as expected, will result in a return of around \$35,000 to the Company. As the outcome of this application cannot be determined as at 30 June 2010, no amount related to this has been accrued nor represented in the financial statements.

### NOTE 21 Operating Segments

The company operates in one segment in Australia being to research, development, testing, compliance and marketing of the *Baribunma* Wheelchairs.

### NOTE 22: Company Details

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

Unit 3, 16 Stanley Street, PEAKHURST NSW 2210

# Baribunma Holdings Limited

ABN 56 095 838 058

## Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 5 to 20, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards; and
  - b. give a true and fair view of the financial position as at 30 June 2010 and the performance for the year ended on that date of the company;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
  - a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
  - b. the financial statements and notes for the financial year comply with Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view;
3. in the director's 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.



PETER JOHN BANCROFT  
Director



HAROLD VICTOR HOLDEN  
Director

Dated in Sydney, this / day of November 2010

## **Baribunma Holdings Limited**

ABN 56 095 838 056

### **Independent Auditor's Report to the members of Baribunma Holdings Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial report of Baribunma Holdings Limited (the company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### **The Responsibility of the Directors for the Financial Statements**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility 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. 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 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 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.

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





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## Baribunma Holdings Limited

ABN 56 095 838 056

### Independent Auditor's Report to the members of Baribunma Holdings Limited

#### Independence

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

#### Auditor's Opinion

In our opinion, the financial report of Baribunma Holdings Limited is in accordance with:

- a. the *Corporations Act 2001* including:
  - i. giving a true and fair view of the company's financial position as at 30 June 2010 and its performance for the year ended on that date; and
  - ii. complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001
- b. other mandatory professional reporting requirements.

#### Allowance for Inventory Obsolescence

Without qualification to the opinion expressed above, we draw attention to Note 7 of the financial statements. The value of wheelchairs on hand as at 30 June 2010 is \$144,778. During the current year, we note that the wheelchairs can sell at a profit, however, due to the slow turnover of wheelchairs there is uncertainty as to the future realisable value of the wheelchairs. As at the date of this report, an allowance cannot be determined as the company is in the process of negotiating / marketing these wheelchairs to possible individual clients and organisations making it difficult to establish a reasonable allowance to be recognised as at year end. Accordingly, no allowance for inventory obsolescence has been made or represented in this financial statement.

#### ECON AUDIT AND ASSURANCE SERVICES PTY LTD

SPIRO SAKIRIS  
Director

Dated in Sydney, this 1<sup>st</sup> day of November 2010