

Baribunma Holdings Limited

ABN 56 095 838 056

Financial Statements

For the year ended 30 June 2011

Baribunma Holdings Limited

ABN 56 095 838 056

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
Detailed Profit and Loss	24

Baribunma Holdings Limited

ABN 56 095 838 056

Directors' Report

For the year ended 30 June 2011

Your directors present their report on the Company for the year ended 30 June 2011.

Directors

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

Peter John Bancroft (resigned 3 March 2011)

Harold Victor Holden (resigned 3 March 2011)

Robert Pringle

Donald Howell Wild (appointed 5 April 2011)

Brandain O'Lennain (appointed 5 April 2011)

Clayton Grant Campodonico (appointed 3 March 2011 resigned 21 March 2011)

David William Hall (appointed 3 March 2011 resigned 21 March 2011)

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, further development, testing, compliance and marketing of electric wheelchairs.

Operating Results

The loss from ordinary activities after providing for income tax for the year ended 30 June 2011 amounted to \$87,622 (2010: \$69,178).

Major contributors to the loss were weak sales figures combined with the ongoing poor economic climate. Nevertheless, the Company has sufficient stock on hand to supply sales enquiries, particularly in combination with fitting the product to Mercedes Benz and Volkswagen vehicles. 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 development of the Company's product.

Future developments

Baribunma Holdings Limited will continue to develop its electric wheelchair and find markets for its product.

After balance date events

The Company has entered into discussions with a distributor to market its product once it has been fully developed and tested to the satisfaction of the Directors.

In addition, the company applied for a voluntary suspension of its shares from the National Stock Exchange of Australia on 31 August 2010, as a result of a proposed takeover of the Company. The proposed takeover action did not eventuate. The directors have decided the company shares will continue to be held in voluntary suspension until the wheelchair has been fully developed and is ready to be presented to the market.

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.

Baribunma Holdings Limited

ABN 56 095 838 056

Directors' Report

For the year ended 30 June 2011

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. He has served as a Director of 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.

Peter John (Wally) Bancroft

Peter entered the disabled transport industry with Paraquad Engineering in 1987. He was able to develop modifications to electric wheelchairs. He has served as a consultant and lecturer at the University of Western Sydney (Cumberland College of Health Sciences) and consults to disabled support groups.

Robert Pringle

Robert is employed by 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.

Donald Howell Wild

Don is an experienced advisor to start up companies. He has had a successful career in his own Assurance and General Insurance Broking business. Don has been particularly successful in obtaining significant capital from investors for investment in emerging technology companies. He was also the Secretary/Treasurer of the original board of Karagi Court Retirement Village and has had long association with Retirement villages.

Brandain O'Lennain

Brandain moved to Australia and joined Baribunma in 2010. He studied engineering at the University of Ulster in Jordanstown Northern Ireland. He is currently a member of the Institute of Directors of Australia and a director of three other Australian companies, two of which are involved in the disability sector. Brandain has a broad range of commercial experience in sectors including construction, publishing, catering and the IT industry. He brings 20 years of driving the commercial operations of companies with him to Baribunma.

Baribunma Holdings Limited

ABN 56 095 838 056

Directors' Report

For the year ended 30 June 2011

Director's Meeting

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	8	8
Harold Victor Holden	8	8
Robert Pringle	11	11
Donald Howell Wild	3	3
Brandain O'Lennain	3	3
Clayton Grant Campodonico	0	0
David William Hall	0	0

Remuneration Report

No directors were paid in cash for their services during the year.

Shares have been issued to the officers of the Company at nil value in lieu of cash payments, in recognition of their services as Directors or Officers during the year. Shares issued to the officers or entities associated with the officers were:

Robert Pringle (Director)- 850,000 shares

Brendain O'lennain (Director)- 850,000 shares

Donald Wild (Director)- 850,000 shares

Lindsay Freeman (Company Secretary)- 450,000 shares

Bancroft Engineering, a trading entity of Mr P Bancroft received \$30,545 for consulting services and \$3,193 for rent.

Southside project services, a trading entity of Mr. G P Denyer (previous Company Secretary) received \$3,000.

Future Developments, Prospects and Business Strategies

Baribunma Holdings Limited will continue to develop and market its product. When the wheelchair is developed to the satisfaction of the Directors, it is proposed to find a suitable partner to promote, market and distribute the wheelchair in Australia and overseas

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:

ROBERT PRINGLE
Director

BRANDAIN O'LENNAIN
Director

Dated in Sydney, this day of November 2011

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 2011 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 day of November 2011

Baribunma Holdings Limited

ABN 56 095 838 056

Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
Sales revenue	2	71,324	41,250
Interest income	2	1	40
Raw materials and consumables used	3	(81,384)	(20,062)
Depreciation expense	3	(4,719)	(6,086)
Bad debts expense	3	-	(10,000)
Other expense		(97,342)	(116,297)
Loss before income tax		(112,120)	(111,155)
Income tax benefit		24,498	41,977
Loss for the year attributable to the members of the entity		(87,622)	(69,178)
Other comprehensive income			
Net (loss)/gain on revaluation of non-current assets		-	-
Net (loss)/gain on revaluation of financial assets		-	-
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		(87,622)	(69,178)

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 2011

	Note	2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	19,076	24,633
Receivables	6	719	2,923
Inventories	7	64,636	144,778
Total current assets		83,431	172,334
Non-current assets			
Property, plant and equipment	9	19,088	23,806
Patents and trademarks	8	58,991	58,495
Total non-current assets		78,079	82,301
TOTAL ASSETS		162,546	254,635
LIABILITIES			
Current liabilities			
Trade creditors	11	13,528	5,000
Interest bearing liabilities	10	7,917	5,095
Total current liabilities		21,445	10,095
Non-current liabilities			
Notes payable	12	-	20,000
Interest bearing liabilities	10	26,019	21,872
Total non-current liabilities		26,019	41,872
TOTAL LIABILITIES		47,464	51,967
NET ASSETS		115,046	202,668
EQUITY			
Issued capital	13	1,340,734	1,340,734
Accumulated losses		(1,226,012)	(1,138,066)
TOTAL EQUITY		115,046	202,668

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

	Note	Ordinary Shares \$	Accumulated Loss \$	Total \$
2011				
Balance at 01.07.2010		1,340,734	(1,138,066)	202,668
Shares issued during the year		-	-	-
Loss for the year		-	(87,622)	(87,622)
Balance at 30.06.2011		1,340,734	(1,225,688)	115,046

	Note	Ordinary Shares \$	Accumulated Loss \$	Total \$
2010				
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		1,340,734	(1,138,066)	202,668

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 2011

	Note	2011 \$	2010 \$
Cash from operating activities:			
Receipts from customers		73,528	42,390
Payments to suppliers		(90,057)	(121,022)
Interest received		1	40
Income tax benefit received		24,498	41,977
Net cash provided by/(used in) operating activities	14	7,970	(36,615)
Cash flows from investing activities:			
Proceeds from investments		-	-
Payments for patent		(496)	(3,193)
Payment for acquisition of plant and equipment		-	-
Net cash (used in) / provided by investing activities		(496)	(3,193)
Cash flows from financing activities:			
Proceeds from issuance of shares		-	28,572
Proceeds from restructuring of finance lease		6,969	-
Repayment of borrowings		(20,000)	-
Proceeds from borrowings		-	20,000
Net cash (used in)/provided by financing activities		(13,031)	48,572
Net (decrease)/increase in cash held		(5,557)	8,765
Cash and cash equivalents at the beginning of the year		24,633	15,868
Cash and cash equivalents at the end of the year		19,076	24,633

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.

The directors have applied a provision for obsolescence of 50% to the wheelchairs on hand at 30 June 2011. The directors believe further development work and modification is required to enable the wheelchairs to be sold to the public.

(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.

Baribunma Holdings Limited

ABN 56 095 838 056

Notes to the Financial Statements

For the year ended 30 June 2011

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

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

Plant and equipment (*continued*)

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.

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 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.

Baribunma Holdings Limited

ABN 56 095 838 056

Notes to the Financial Statements

For the year ended 30 June 2011

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

(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.

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.

Baribunma Holdings Limited

ABN 56 095 838 056

Notes to the Financial Statements

For the year ended 30 June 2011

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

(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.

(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 therefore written off at year end.

(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.

NOTE 2: Revenue

	2011	2010
	\$	\$
Operating activities		
- sale of goods	70,000	27,000
- interest received	1	40
- other revenue	1,324	14,250
	<u>71,325</u>	<u>41,290</u>

NOTE 3: Loss from Ordinary Activities

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

	2011	2010
	\$	\$
Expenses		
Cost of Sales	(81,384)	(20,062)
Bad debts	-	(10,000)
Depreciation	(4,719)	(6,086)
Remuneration of Auditors	(7,515)	(7,110)
	<u>(93,618)</u>	<u>(43,258)</u>

Baribunma Holdings Limited

ABN 56 095 838 056

Notes to the Financial Statements

For the year ended 30 June 2011

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 applied 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 \$24,498 received during the financial year.

NOTE 5 Cash and Cash Equivalents

	2011	2010
	\$	\$
Cash at bank	19,067	24,633
	<u>19,067</u>	<u>24,633</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:

	2011	2010
	\$	\$
Cash at bank	19,067	24,633
Bank overdraft	-	-
	<u>19,067</u>	<u>24,633</u>

NOTE 6: Trade and Other Receivables

	2011	2010
	\$	\$
Trade receivables	-	10,000
Allowance for doubtful debts	-	(10,000)
Other receivables	719	2,923
	<u>719</u>	<u>2,923</u>

Baribunma Holdings Limited

ABN 56 095 838 056

Notes to the Financial Statements

For the year ended 30 June 2011

NOTE 7: Inventories

	2011 \$	2010 \$
Stock-on hand	129,272	144,778
Less: Allowance for obsolete stock	(64,636)	-
	<u>64,636</u>	<u>144,778</u>

Stock on hand as at 30 June 2011 is 25 wheelchairs (2010:28).

NOTE 8: Intangibles

	2011 \$	2010 \$
Patents and trademarks	58,991	58,494
	<u>58,991</u>	<u>58,494</u>

NOTE 9: Property, Plant and Equipment

	2011 \$	2010 \$
Office furniture and equipment-at cost	6,462	6,462
Less: Accumulated depreciation	(4,096)	(3,237)
	<u>2,366</u>	<u>3,225</u>
Motor Vehicles-at cost	36,344	36,344
Less: Accumulated depreciation	(19,622)	(15,762)
	<u>16,722</u>	<u>20,582</u>
Total Property, Plant and Equipment	<u>19,088</u>	<u>23,807</u>

Baribunma Holdings Limited

ABN 56 095 838 056

Notes to the Financial Statements

For the year ended 30 June 2011

NOTE 9: Property, Plant and Equipment *(continued)*

(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:

	2011 \$	2010 \$
Balance at the beginning of the year	23,807	29,893
Depreciation expense	(4,719)	(6,086)
	<u>19,088</u>	<u>23,807</u>

NOTE 10 Interest Bearing Liabilities

	2011 \$	2010 \$
Current		
Goods mortgage liability	<u>7,557</u>	<u>5,095</u>
	<u>7,557</u>	<u>5,095</u>

	2011 \$	2010 \$
Non-current		
Goods mortgage liability	<u>26,379</u>	<u>21,872</u>
	<u>26,379</u>	<u>21,872</u>

NOTE 11 Trade Creditors

	2011 \$	2010 \$
Trade creditors	6,013	-
Accrued audit fees	<u>7,515</u>	<u>5,000</u>
	<u>13,528</u>	<u>5,000</u>

Baribunma Holdings Limited

ABN 56 095 838 056

Notes to the Financial Statements

For the year ended 30 June 2011

NOTE 12 Notes Payable

	2011	2010
	\$	\$
Non current		
Notes Payable- A. Bell	-	20,000
	<u>-</u>	<u>20,000</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 2011, no shares were issued in connection with this loan.

NOTE 13 Contributed Equity

	2011	2010
	\$	\$
Paid-Up Capital		
Fully paid ordinary shares 23,386,890 (2010: 20,386,890)	<u>1,340,734</u>	<u>1,340,734</u>
	<u>1,340,734</u>	<u>1,340,734</u>

NOTE 14 Cash flow information

Reconciliation of Cash Flow from Operations with Operating loss from Ordinary activities:

	2011	2010
	\$	\$
Operating loss	(87,622)	(69,178)
Non cash flows in operating loss		
Depreciation	4,719	6,086
Bad debts	-	10,000
Hire purchase charges / goods mortgage interest	-	-
Decrease / (Increase) in GST receivable	2,204	1,140
Decrease / (Increase) in Inventory	80,142	10,337
Decrease / (Increase) in Trade Creditors	<u>8,527</u>	<u>5,000</u>
Cash flow from operations	<u>7,970</u>	<u>(36,615)</u>

Baribunma Holdings Limited

ABN 56 095 838 056

Notes to the Financial Statements

For the year ended 30 June 2011

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:

	2011	2010
	\$	\$
Financial Assets		
Cash and cash equivalents	19,076	24,633
Other current assets	719	2,923
	19,795	27,556
Financial Liabilities		
Trade creditors	13,528	5,000
Mortgage liabilities	33,936	26,967
Notes payable	-	20,000
	47,464	51,967

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:

	2011	2010
	\$	\$
Floating rate instruments		
Interest bearing liabilities (mortgage)	33,936	26,967

Baribunma Holdings Limited

ABN 56 095 838 056

Notes to the Financial Statements

For the year ended 30 June 2011

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	191	(191)	191	(191)

(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 2011

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 16: Related Party Transactions

No directors were paid in cash for their services during the year.

Shares have been issued to the officers of the Company at nil value in lieu of cash payments, in recognition of their services as Directors or Officers during the year. Shares issued to the officers or entities associated with the officers were:

Robert Pringle (Director)- 850,000 shares

Brendain O'lennain (Director)- 850,000 shares

Donald Wild (Director)- 850,000 shares

Lindsay Freeman (Company Secretary)- 450,000 shares

Bancroft Engineering, a trading entity of Mr P Bancroft received \$30,545 for consulting services and \$3,193 for rent.

Southside Project Services, a trading entity of Mr. G P Denyer (previous Company Secretary) received \$3,000.

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

NOTE 17: Contingent Liabilities and Contingent Assets

There are no contingent liabilities and contingent assets as at 30 June 2011.

Baribunma Holdings Limited

ABN 56 095 838 056

Notes to the Financial Statements

For the year ended 30 June 2011

NOTE 18: Events After the Balance Period

The Company has entered into discussions with a distributor to market its product once it has been fully developed and tested to the satisfaction of the Directors.

In addition, the company applied for a voluntary suspension of its shares from the National Stock Exchange of Australia on 31 August 2010, as a result of a proposed takeover of the Company. The proposed takeover action did not eventuate. The directors have decided the company shares will continue to be held in voluntary suspension until the wheelchair has been fully developed and is ready to be presented to the market.

NOTE 19: Operating Segments

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

NOTE 20: Company Details

The registered office of the Company is:

13 Caroline Street, East Gosford NSW 2250

The principal place of business is:

Unit 2, 54-56 Hewlitt St, Bronte NSW 2024

Baribunma Holdings Limited

ABN 56 095 838 056

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 2011 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.

ROBERT PRINGLE
Director

BRANDAIN O'LENNAIN
Director

Dated in Sydney, this day of November 2011

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 2011, 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.

Independence

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

Baribunma Holdings Limited

ABN 56 095 838 056

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

Basis of Qualified Opinion

We did not observe the counting of the physical inventories as of 30 June 2011 as the company did not arrange for a physical stocktaking at year end. We were unable to satisfy ourselves as to the existence of wheelchairs by other audit procedures although a 50% allowance for inventory obsolescence has been made at year end.

Qualified Auditor's Opinion

In our opinion, except for the effects of adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the existence of wheelchairs, 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 2011 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.

Emphasis of Matter

We draw attention to the reported losses in the Statement of Comprehensive Income for the comparative years 2011 and 2010. The reported losses combined with the difficulty of selling the wheelchairs cast significant doubt about the company's ability to continue as a going concern. The wheelchairs inventory represents 40% of the company's total assets at year end.

ECON AUDIT AND ASSURANCE SERVICES PTY LTD

SPIRO SAKIRIS
Director

Dated in Sydney, this day of November 2011

Baribunma Holdings Limited

Detailed Profit and Loss

For the year ended 30 June 2011

	2011 \$	2010 \$
Income		
Interest received	1	40
Recoveries	-	-
(Loss)/profit from trading	(10,060)	21,188
Total income	(10,059)	21,228
Less: Expenses		
Accountancy fees	3,400	5,425
Advertising	455	-
Audit fees	7,515	7,110
Bad debts expense	-	10,000
Bank charges	252	202
Consultancy fees	33,626	58,818
Computer expenses	991	1,669
Depreciation	4,719	6,086
Expenses reimbursed	-	1,000
Electricity and Gas	-	-
Filing fees	7,428	8,119
Insurance	530	1,404
Legal Costs	18,959	10,527
Motor Vehicle Expenses	1,309	7,708
Petrol and Oil	1,007	3,647
Printing, Postage and Stationary	1,064	434
Refinancing cost	13,423	-
Registration	722	675
Rent	3,193	5,779
Repairs and Maintenance	176	433
Seminar Expenses	-	160
Telephone and Facsimile	909	1,373
Travelling Expenses	2,383	1,814
Total Expenses	102,061	132,383
Loss before income tax	(112,120)	(111,155)