



# Saunders International Limited

## 2014 ANNUAL REPORT







# **Saunders International Limited**

ABN 14 050 287 431

## **2014 ANNUAL REPORT**

# CONTENTS

1.	Letter to Shareholders.....	1
2.	Board of Directors.....	2
3.	Business Profile and 2014 Clients.....	3
4.	Directors' Report.....	4
5.	Auditor's Independence Declaration .....	11
6.	Independent Audit Report .....	12
7.	Directors' Declaration .....	14
8.	Statement of Comprehensive Income .....	15
9.	Statement of Financial Position .....	16
10.	Statement of Changes in Equity.....	17
11.	Statement of Cash Flows .....	18
12.	Notes to the Financial Statements .....	19
13.	Corporate Governance.....	36
14.	Additional Stock Exchange Information .....	37
15.	Corporate Directory .....	38



9 October 2014

**Dear Shareholder,**

We are pleased to report that Saunders has achieved a very satisfactory growth in revenue and profit in the 2014 financial year.

This result was driven by increased demand for Saunders speciality services in both Facilities Maintenance and Design and Construct. The efficiency of execution of these projects continued to improve which contributed to the increased profit.

For the 2014 financial year, Saunders recorded a net profit after tax of \$6.4 million which was 10% greater than the previous year.

This profit was achieved on revenue of \$69.4 million which was a 15% increase on the previous year. This increase is attributed to the strong growth in design & construction and facility maintenance activity. Project activity was Australia wide and the revenue was generated across all states and territories (except the ACT and TAS).

Earnings per share were 8.1 cents, a 10% increase on FY2013 (7.4cps).

Cash flows from operating activities were \$9.5 million, an 86% increase on FY2013 (\$5.1m).

The Saunders balance sheet at year end remained strong with a cash balance of approximately \$18.2 million (approx. 23 cents per share). The Company has no interest bearing debt. The Statement of Financial Position shows a 16% increase in Net Assets to \$19.2m (FY2013: \$16.5m). The current ratio remained strong at 2.3 times and the return on equity was 33% for the year.

The strong second half has provided good momentum for the 2015 financial year. The backlog at 30 June 2014 of \$28 million was reasonable but approximately 28% less than the backlog of \$39 million at 30 June 2013. Although this lower backlog is expected to have a negative impact on first half revenues, tendering activity remains relatively strong. The value of the live tenders (yet to be awarded) at 30 June 2014 was \$57 million. This is 50% greater than the prior year value of \$38 million. Converting these tenders to contracts, albeit in a competitive environment, would contribute to a strong second half.

The Company operates mainly in the Oil and Gas sector that is currently undergoing significant structural change. The announced closures of the Shell and Caltex refineries in Sydney and the BP refinery in Brisbane is expected to impact the Company's revenues from maintenance activities at these refineries. However, these refineries are planning to embark on programs to modify existing tank farms and convert them to fuel import and storage terminals. The Company expects to generate significant revenue from this going forward.

Additionally and partly as a consequence of these closures, independent bulk liquid storage terminal operators are actively planning expanded storage facilities throughout Australia. Several of these operators are multinationals and relatively new to Australia. This expansion will require new tankage which is also expected to provide opportunities for the Company in the coming years.

We thank our fellow directors and on behalf of the board we would like to thank all of the Company's employees for their efforts during the past year.



Timothy Burnett  
**Chairman**



John Power  
**Managing Director**



## BOARD OF DIRECTORS

### Timothy Burnett - Chairman

Mr. Burnett has over 38 years experience in the management of engineering and construction projects and companies, of which 15 years was spent as Managing Director of Saunders. Prior to joining Saunders, he was a senior manager with Brown & Root Inc for 9 years where he managed the construction of marine oil and gas facilities in Europe, Asia and Australia.

Mr. Burnett has a Bachelor of Engineering (Civil) degree from Melbourne University and a MBA degree from Harvard University.

### John Power - Managing Director

Mr. Power has more than 36 years experience in the Engineering and Construction industry. Prior to joining Saunders in 2003, he spent 25 years with Chicago Bridge and Iron Company N.V. (CBI) on various assignments in Europe, Africa, Middle East, Asia and Australia. During this period, he filled many roles including Project Manager, Business Development Manager and Operations Manager. Mr Power also held the position of Director of CBI's Australian subsidiary for 7 years.

Mr. Power has a Bachelor of Engineering degree from University College Cork, Ireland.

### David Smart – Non-Executive Director

Over the past 34 years, Mr. Smart has held various finance, company secretary and board positions with several listed industrial companies. Prior to joining Metal Manufactures Ltd as Finance Director, Mr. Smart held the positions of Treasurer and CFO of Tubemakers Australia Ltd. He was also involved in the listing of eServ Global Ltd in 2000 and was a director from 2000 to 2013.

Mr. Smart has a Bachelor of Commerce (Accounting) degree and a MBA from the University of New South Wales.

### Malcolm McComas – Non-Executive Director

Malcolm McComas - BEc, LLB, SFFin, FAICD - is a company director and a former investment banker and lawyer. He has experience in equity capital markets, mergers and acquisitions and has worked with many growth companies over a career at County NatWest (now Citi Group) where he was managing director of investment banking for 10 years and at Grant Samuel for 11 years.

Mr. McComas is currently chairman of Pharmaxis Limited and Fitzroy River Corporation Limited, a director of BC Iron Limited and the private entity Consolidated Minerals Limited. His community roles include director of the Australian Leukaemia and Lymphoma Group (ALLG).



## BUSINESS PROFILE

Saunders is an engineering and construction firm which specialises in the design, construction and maintenance of steel bulk liquid storage tanks and associated facilities. Saunders services a client base comprising a variety of “blue chip” companies operating in the oil and gas, resources, chemicals and water industries.

Bulk liquid storage tanks are important components of the infrastructure used by companies involved in the mining, extraction, processing, storage and distribution of oil, gas, petroleum and minerals. These companies are experiencing sustained growth in the demand for their products and are continuing to expand their infrastructure. Investment in Water Storage Infrastructure continues.


The design and construction of storage tanks is an activity undertaken for key sectors including:-

- Oil and gas industry, including producers of oil and gas, refining, importation and distribution;
- Water and waste water infrastructure sector;
- Industries which manufacture, import, distribute and use bulk chemicals;
- Mining and mineral processing industry
- Industries which import/export and distribute vegetable oils

The maintenance and rehabilitation of storage tanks has grown to become a significant contributor to revenue and has been underpinned by long-term relationships with several of Australia's leading oil and gas refineries, producers and distributors.

## 2014 CLIENTS

During this financial year, Saunders performed work for clients and/or their ultimate clients as follows:-



Barrick Gold  
BP  
Caltex  
Exxon Mobil  
Koppers  
Lend Lease  
Orica  
Park Fuels

Rio Tinto  
Santos  
Shell  
Simpson Construction  
Stolthaven  
Terminals  
Transfield  
Vopak

## DIRECTORS' REPORT

The Directors present their report on Saunders International Limited ("Saunders" or "Company") for the year ended 30 June 2014 and the independent audit report thereon.

### DIRECTORS

The following persons are directors of Saunders International Limited and have been during the financial year and until the date of this report, unless otherwise noted.

Timothy Burnett  
John Power  
David Smart  
Malcolm McComas

### COMPANY SECRETARY

Steven Dadich B.Com. C.A. 19yrs Financial, Auditing, Secretarial experience

### PRINCIPAL ACTIVITIES

During the financial year, the principal activities of Saunders were design, construction and maintenance of steel storage tanks and the project management of ancillary facilities.

### REVIEW OF OPERATIONS

A Summary of the Revenues and Results is as follows:-

	2014 \$'000	2013 \$'000
Revenue	69,359	60,508
Profit before income tax	9,106	8,262
Income tax expense	2,732	2,479
Profit attributable to the members of Saunders International Limited	6,375	5,783

### Operating and Financial Review

During the 2014 financial year, Saunders revenue was \$69.4 million. This represents a 14.6% increase on the prior year (2013: \$60.5 million). This was the result of strong revenue growth in Design & Construction and Maintenance activity. The new contracts secured in the first half of the 2014 financial year contributed to the strong second half especially because several of these contracts were completed within the financial year. General activity was Australia wide and the revenue was generated across all states and territories (except the ACT and Tasmania).

The Net Profit after Tax increased by 10.2% to \$6.4 million (2013: \$5.8 million)

EBIT increased by 12% to \$8.6 million (2013: \$7.7 million)

Earnings per share were 8.1 cents, a 10% increase on FY2013 (7.4cps)

Cash Flows from operating activities were \$9.5 million, an 86% increase on FY 2013 (\$5.1M)

The directors consider the Company to be in a strong financial position at year end. Cash totals \$18.2 million compared to the 2013 financial year total of \$12.9 million. The 2014 financial year total of \$18.2 million is equivalent to 23.19 cents per share and the Company has no interest bearing debt.

Trade and other receivables and trade and other payables are in line with relative stages of projects and contracts at year end. The current ratio is strong at 2.3 times.



## Outlook

The strong second half has provided good momentum in the 2015 financial year. The backlog at 30 June 2014 of \$28 million was reasonable but approximately 28% less than the backlog of \$39 million at 30 June 2013. Although this lower backlog is expected to have a negative impact on first half revenues, tendering activity remains relatively strong. The value of the live tenders (yet to be awarded) at 30 June 2014 was \$57 million. This is 50% greater than the prior year value of \$38 million. Converting these tenders to contracts, albeit in a competitive environment, would contribute to a strong second half.

The Company operates mainly in the Oil and Gas sector that is currently undergoing significant structural change. The announced closures of the Shell and Caltex refineries in Sydney and the BP refinery in Brisbane is expected to impact the Company's revenues from maintenance activities at these refineries. However, these refineries are planning to embark on programs to modify existing tank farms and convert them to fuel import and storage terminals. The Company expects to generate significant revenue from this going forward.

Additionally and partly as a consequence of these closures, independent bulk liquid storage terminal operators are actively planning expanded storage facilities throughout Australia. Several of these operators are multinationals and relatively new to Australia. This expansion will require new tankage which is also expected to provide opportunities for the Company in the coming years.

## Employees

During this financial year, the number of employees ranged between 180 and 210 and it was 202 at year end.

The directors wish to recognise the contribution made by all employees during this year.

## Safety

The safety and welfare of our employees is our highest priority and is a cornerstone of all the Company's activities.

Continued management focus and active employee involvement enabled the Company to maintain its safety performance close to the previous year's result.

## Earnings per Share

The basic and diluted earnings per share is calculated using the weighted average number of shares. This shows the basic earnings per share at 8.14 cents (2013: 7.41 cents) and the diluted earnings per share at 8.13 cents (2013: 7.36 cents).

## DIVIDEND

An interim dividend of 2 cents per share fully franked was paid on 27 March 2014. On 20 August 2014, the directors declared a final dividend of 4 cents per share fully franked, payable on 22 September 2014. The full year dividend of 6 cents per share is a 20% increase on FY 2013 (5 cps).

For the prior year, an interim dividend of 2 cent per share fully franked was paid on 28 March 2013. A final dividend of 3 cents per share fully franked was paid on 24 September 2013.

## DIRECTORS ATTENDANCE AT MEETINGS

### Attendance at Meetings

The following table sets out the number of meetings held during the period that the individual was a director and the number of meetings attended.

	Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Timothy Burnett	9	9	n/a	n/a	1	1
John Power	9	8	n/a	n/a	n/a	n/a
David Smart	9	7	3	3	1	1
Malcolm McComas	9	8	3	3	1	1

## INFORMATION ON DIRECTORS

Information on the directors who held office at the date of this report is as follows:-

<b>Directors</b>	<b>Qualifications, Experience and Special Responsibilities</b>	<b>Relevant Interest in Shares of Saunders International Limited</b>
Timothy Burnett	<p>Non-executive Chairman</p> <p>Member of the Remuneration Committee</p> <p>Director since November 1990</p> <p>BE, MBA, FAICD</p> <p>38 years of relevant industry experience</p> <p>Other listed company directorships in the 3 years immediately before the end of the financial year</p> <p>- Nil</p>	12,702,531
John Power	<p>Managing Director</p> <p>Director since June 2003</p> <p>BE, GAICD</p> <p>36 years of relevant industry experience</p> <p>Other listed company directorships in the 3 years immediately before the end of the financial year</p> <p>- Nil</p>	4,023,513
David Smart	<p>Non-executive Director</p> <p>Chairman of the Audit Committee</p> <p>Member of the Remuneration Committee</p> <p>Director since October 2007</p> <p>BCom, MBA, FCPA</p> <p>34 years of relevant financial management experience in metal manufacturing industries including 13 years as CFO</p> <p>Other listed company directorships in the 3 years immediately before the end of the financial year –</p> <p>- eServ Global Ltd, Resigned March 2013</p>	20,000
Malcolm McComas	<p>Non-executive Director</p> <p>Chairman of the Remuneration Committee</p> <p>Member of the Audit Committee</p> <p>Director since September 2012</p> <p>B Ec, LLB, FAICD</p> <p>31 years of relevant experience as a lawyer, investment banker and company director</p> <p>Other listed company directorships in the 3 years immediately before the end of the financial year –</p> <p>Pharmaxis Ltd (Chairman)</p> <p>BC Iron Ltd</p> <p>Fitzroy River Corporation Ltd (Chairman)</p> <p>Ocean Capital Ltd. – resigned September 2012</p>	Nil

There are no share options issued to directors.

## REMUNERATION REPORT

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Saunders International Limited directors and its key management personnel for the financial year ended 30 June 2014.

### Remuneration Policy

The board of directors review and approve remuneration of the non-executive directors, the managing director and key management personnel.

### Non-executive Directors

Non-executive directors are paid fees and where applicable compulsory superannuation contributions are made on their behalf. The current fees are based on the level of fees for comparable listed companies and were reviewed during the year.

The non-executive directors do not have options and have not participated in the Employee Share Plan.

### Managing Director

The managing director is remunerated on salary package basis which is a component of a formal employment contract. The salary package is considered to be appropriate for the experience and expertise needed for the position and is comparable to other similar sized companies and business units of larger companies. The salary package contains a fixed component and a variable bonus component. The bonus is based on an annual performance appraisal as conducted by the remuneration committee of the board of directors. The performance is measured against a range of objectives set annually by the board. The important objectives are safety, quality, personnel development, quantitative Company financial performance and measurement of key project performance indicators.

### Key Management Personnel

Key management personnel are remunerated on salary packages which are considered appropriate for the positions they hold and their experience. The remuneration includes a variable bonus which is determined annually based upon Company and individual performance.

### Long Term Incentive

The board of directors has considered the issue of long term incentive as a component of the remuneration of directors and key management personnel.

As of the date of this report, two of the directors and all of the executive officers own substantial numbers of shares in the Company. Key management personnel, who are not directors, collectively own approximately 1.85 million shares. In addition, other employees own approximately 1.4 million shares and have an interest in 635,000 shares under the Employee Share Plan.

The breadth and depth of share ownership fosters an alignment of objectives between shareholders and directors and management of the Company. For this reason the board of directors have decided that a separate Long Term Incentive component of remuneration is not required at this time.



### Key Terms of Employment Contracts

The company has entered into a new executive service agreement with John Power as Managing Director and Chief Executive Officer effective 1 July 2013. The remuneration component of the new agreement is more in line with relevant industry comparables. The variable component (Performance Bonus) can range anywhere between 0% to 50% of the fixed component based on performance measured against a range of key performance indicators and targets, set annually by the directors. The attainment of realistically achievable performance and targets on a weighted average measure would result in a bonus of 25% of the fixed component and bonus above and below this would result from overall superior or poorer performance. The executive service agreement contains the following key terms:-

Term:	Fixed term expiring on 30 June 2014, thereafter subject to six months notice
Annual Salary:	Total fixed remuneration of \$480,000
Performance Bonus:	Variable, ranging from 0% to 50% of total fixed annual remuneration, based on performance measured against a range of key performance indicators
Notice Period:	Six months notice after the expiry of the fixed term

Executive officers are employed under ongoing employment arrangements. Their employment thus entails one month's notice. This is considered appropriate because they have many years of service with the Company and are shareholders of the Company.

### Relationship between Remuneration Policy and Company Performance

The remuneration of executive officers contains an annual cash bonus. The total cash bonus paid in a year is closely related to and determined by the current profit levels of the company.

Executive officers remuneration is aligned with the long term company performance via the shareholdings that these individuals retain in the Company.

The tables below set out summary information about the Company's earnings and movements in shareholder wealth for the five years to June 2014:-

	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2012 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Revenue	69,359	60,508	46,004	52,795	44,461
Net profit before tax	9,106	8,262	6,260	2,686	5,745
Net profit after tax	6,375	5,783	4,465	1,880	4,031

	30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
Share price at end of year	0.88	0.73	0.48	0.52	0.43
Special dividend (cents per share)	0.0	0.0	5.0	-	-
Interim dividend (cents per share)	2.0	2.0	1.0	1.0	1.0
Final dividend (cents per share)	4.0	3.0	3.0	3.0	2.0
Basic earnings per share	8.1	7.4	5.7	2.4	5.2
Diluted earnings per share	8.1	7.3	5.7	2.4	5.2

1 All dividends above were franked to 100% at 30% corporate income tax rate.

**Remuneration of Executive Officers and Key Management Personnel**
**2014**

	Short-term Benefits			Post-employment Benefits	Total	Percentage of remuneration related to performance
	Cash Fees/Salary	Cash Bonus	Non-monetary Benefit	Superannuation		
	\$	\$	\$	\$	\$	%
<b>Non-executive Directors</b>						
Timothy Burnett	111,070	-	-	-	111,070	-
David Smart	50,959	-	-	4,713	55,672	-
Malcolm McComas	55,536	-	-	-	55,536	-
<b>TOTAL</b>	<b>217,565</b>	<b>-</b>	<b>-</b>	<b>4,713</b>	<b>222,278</b>	

**Executive Officers**

John Power <sup>1</sup>	421,000	178,320	33,862	35,000	668,182	26.7
Andrew Auzins <sup>2</sup>	235,729	96,250	15,898	27,230	375,107	25.6
Robert Patterson <sup>3</sup>	164,496	55,000	15,648	18,150	253,294	21.7
Yong Wang <sup>4</sup>	125,949	13,750	21,857	15,428	176,984	7.7
<b>TOTAL</b>	<b>947,174</b>	<b>343,320</b>	<b>87,265</b>	<b>95,808</b>	<b>1,473,567</b>	

**2013**

	Short-term Benefits			Post-employment Benefits	Total	Percentage of remuneration related to performance
	Cash Fees/Salary	Cash Bonus	Non-monetary Benefit	Superannuation		
	\$	\$	\$	\$	\$	%
<b>Non-executive Directors</b>						
Timothy Burnett	106,797	-	-	-	106,797	-
David Smart	48,988	-	-	4,409	53,397	-
Malcolm McComas	45,000	-	-	-	45,000	-
<b>TOTAL</b>	<b>200,786</b>	<b>-</b>	<b>-</b>	<b>4,409</b>	<b>205,194</b>	

**Executive Officers**

John Power <sup>1</sup>	268,799	334,613	33,856	25,000	662,268	50.6
Andrew Auzins <sup>2</sup>	209,967	87,500	29,493	25,000	351,960	24.9
Robert Patterson <sup>3</sup>	156,663	50,000	15,361	18,802	240,826	20.8
Yong Wang <sup>4</sup>	121,105	12,500	26,062	14,532	174,199	7.2
<b>TOTAL</b>	<b>756,534</b>	<b>484,613</b>	<b>104,772</b>	<b>83,334</b>	<b>1,429,253</b>	

No director or senior management person appointed during the year received a payment as part of his or her remuneration for agreeing to hold the position.

Non-executive directors have no entitlement to cash bonus or non-monetary benefits.

<sup>1</sup> Managing Director

<sup>2</sup> General Manager- Maintenance

<sup>3</sup> Operations Manager

<sup>4</sup> Engineering Manager

The key management personnel are also the senior managers of the Company.

There are no additional key management personal to disclose.

No director holds any options over the shares in Saunders International Limited. No director received any shares under the Employee Share Plan in the current or previous years.

**Changes in State of Affairs**

There was no significant change in the state of affairs of the Company during the financial year.

**Subsequent Events**

There has not been any matter or circumstance, not already disclosed, occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

**Future Developments**

Disclosure of other information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

**Indemnification of Officers and Auditors**

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

**Non-audit Services**

Details of amounts paid or payable to the auditor for non-audit services are outlined in note 24 to the financial statements. During this financial year there were no amounts paid or payable for non-audit services.

**Auditor's Independence Declaration**

The auditor's independence declaration is included on page 9 of the annual report.

**Rounding Off of Amounts**

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

This directors' report is signed in accordance with a resolution of directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors



John Power  
Director  
Sydney, 20 August 2014



The Board of Directors  
Saunders International Limited  
271 Edgar Street  
CONDELL PARK NSW 2200

20 August 2014

Dear Board Members

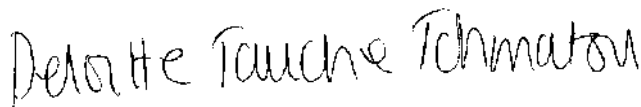
**Saunders International Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Saunders International Limited.

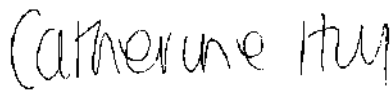
As lead audit partner for the audit of the financial statements of Saunders International Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Catherine Hill  
Partner  
Chartered Accountants

## **Independent Auditor's Report to the members of Saunders International Limited**

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

We have audited the accompanying financial report of Saunders International Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 12 to 33.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

# Deloitte

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Saunders International Limited would be in the same terms if given to the directors as at the time of this auditor's report.

## *Opinion*

In our opinion, the financial report of Saunders International Limited is in accordance with the *Corporations Act 2001*, including:

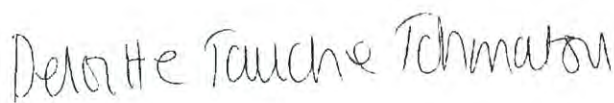
- (a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 5 to 7 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Opinion*

In our opinion the Remuneration Report of Saunders International Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Catherine Hill  
Partner  
Chartered Accountants  
Western Sydney, 20 August 2014



### Directors' Declaration

The directors declare that:-

- (a) 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;
- (b) in the directors' opinion the attached financial statements are in compliance with International Financial Reporting Standard, as stated in note 1 to the financial statements;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company, and
- (d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'John Power'.

John Power  
Director  
Sydney, 20 August 2014

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the Financial Year Ended 30 June 2014**

	Note	2014 \$'000	2013 \$'000
Revenue	3	69,359	60,508
Other income	4	296	1,129
Changes in inventories of finished goods and work in progress		2,128	(94)
Raw materials and consumables		(31,451)	(23,801)
Employee benefits expense	4	(28,423)	(26,266)
Administration expenses		(728)	(859)
Depreciation expense	4	(646)	(507)
Legal Expenses		(5)	(478)
Other expenses		(1,424)	(1,370)
Profit before tax	4	9,106	8,262
Income tax expense	5	(2,731)	(2,479)
<b>Profit for the year</b>	14	6,375	5,783
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		6,375	5,783
<b>Earnings per share</b>			
Basic (cents per share)	15	8.14	7.41
Diluted (cents per share)	15	8.13	7.36

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**as at 30 June 2014**

	<b>Note</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>Current assets</b>			
Cash and cash equivalents	20(a)	<b>18,219</b>	12,924
Trade and other receivables	6	<b>10,673</b>	9,763
Inventories	7	<b>391</b>	1,571
Other	8	<b>63</b>	125
<b>Total current assets</b>		<b>29,346</b>	24,383
<b>Non-current assets</b>			
Plant and equipment	9	<b>1,787</b>	1,792
Deferred tax assets	5	<b>1,378</b>	1,037
<b>Total non-current assets</b>		<b>3,165</b>	2,829
<b>Total assets</b>		<b>32,511</b>	27,212
<b>Current liabilities</b>			
Trade and other payables	10	<b>8,504</b>	6,226
Current tax liabilities	5	<b>1,024</b>	1,311
Provisions	11	<b>3,334</b>	2,963
<b>Total current liabilities</b>		<b>12,862</b>	10,500
<b>Non-current liabilities</b>			
Provisions	11	<b>446</b>	218
<b>Total non-current liabilities</b>		<b>446</b>	218
<b>Total liabilities</b>		<b>13,308</b>	10,718
<b>Net assets</b>		<b>19,203</b>	16,494
<b>Equity</b>			
Issued capital	13	<b>7,875</b>	7,726
Shares issued under employee share plan	13	<b>(374)</b>	(455)
Share based payments reserve		<b>183</b>	124
Retained earnings	14	<b>11,519</b>	9,099
<b>Total equity</b>		<b>19,203</b>	16,494

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
**for the Financial Year Ended 30 June 2014**

	<b>Issued capital \$'000</b>	<b>Shares issued under employee share plan \$'000</b>	<b>Share- based Payment Reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total \$'000</b>
<b>Balance at 30 June 2012</b>	7,726	(455)	-	11,218	18,489
Profit for the year	-	-	-	5,783	5,783
Share-based payments Reserve	-	-	124	-	124
Total comprehensive income	-	-	124	5,783	5,907
Dividends paid	-	-	-	(7,902)	(7,902)
<b>Balance at 30 June 2013</b>	<b>7,726</b>	<b>(455)</b>	<b>124</b>	<b>9,099</b>	<b>16,494</b>
Profit for the year	-	-	-	6,375	6,375
Share –based payments reserve	-	-	59	-	59
Total comprehensive income	-	-	59	6,375	6,434
Shares Vested in employee share plan	-	230	-	-	230
Treasury shares issued during the current year	149	(149)	-	-	-
Dividends paid	-	-	-	(3,955)	(3,955)
<b>Balance at 30 June 2014</b>	<b>7,875</b>	<b>(374)</b>	<b>183</b>	<b>11,519</b>	<b>19,203</b>

The accompanying notes form part of these financial statements.



**STATEMENT OF CASH FLOWS**  
for the Financial Year Ended 30 June 2014

	<b>Note</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		<b>77,157</b>	65,287
Payments to suppliers and employees		<b>(64,774)</b>	(59,407)
Interest received and other costs of finance paid		<b>494</b>	566
Income taxes paid		<b>(3,360)</b>	(1,322)
Net cash provided by operating activities	20(b)	<b>9,517</b>	5,124
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		<b>(677)</b>	(1,359)
Cash Received on Disposed Assets		<b>180</b>	
Net cash used in investing activities		<b>(497)</b>	(1,359)
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders		<b>(3,955)</b>	(7,902)
ESP Shares Converted to Ordinary		<b>230</b>	
Net cash used in financing activities		<b>(3,725)</b>	(7,902)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>5,295</b>	(4,137)
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>12,924</b>	17,061
<b>Cash and cash equivalents at the end of the financial year</b>	20(a)	<b>18,219</b>	12,924

The accompanying notes form part of these financial statements.

## 1. SUMMARY OF ACCOUNTING POLICIES

### Statement of Compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

For the purpose of preparing the financial statements, the company is a for-profit entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 20 August 2014.

### Basis of Preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

### Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 2 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

### Standards and Interpretations adopted with no effect on Financial Statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

#### Amendments to AASB 101 'Presentation of Financial Statements'

The amendments (part of AASB 2012-5 'Further Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle') requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position), when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The related notes to the third statement of financial position are not required to be disclosed.

#### AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'

This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result Saunders only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. In the current year the individual key management personnel disclosure previously required by AASB 124 is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

**AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'**

In the current year, Saunders has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time. AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a 'net interest' amount under AASB 119 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, AASB 119 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

**(a) Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

**(b) Construction Contracts**

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date, as measured by the proportion of that contract costs incurred for work performed to date in relation to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**(c) Employee Benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

**(d) Income Tax****Current Tax**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

**Deferred Tax**

Deferred tax is recognised on temporary differences between the tax base of an asset or liability and its carrying amount in the financial statements. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

**Current and Deferred Tax for the Period**

Current and deferred tax is recognised as an expense or income in profit and loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

**(e) Inventories**

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

**(f) Leased Assets**

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**(g) Plant and Equipment**

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Note 9 provides more detail. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:-

Plant and Equipment	3 – 20 years
Office Furniture and Equipment	3 – 7 years



**(h) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Onerous contracts**

An onerous contract is considered to exist where the company has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

**(i) Financial Instruments issued by the Company****Debt and equity instruments**

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**(j) Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

**Rendering of services**

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Revenue from time and material contracts is recognised at the contractual rates as labour hours are derived and direct expenses incurred.

Revenue from construction contracts is recognised in accordance with the accounting policy outlined in note 1(b).

**Dividend and interest revenue**

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**(k) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

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

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

**(l) Financial Assets**Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

**(m) Impairment of Assets**

At each reporting date, the entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment or loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(n) Contributed Equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

**(o) Share Based Payments**

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black-Scholes-Martin model, which requires the input of highly subjective assumptions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

**(p) Adoption of new and revised Accounting Standards**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The reported results and position of the Company will not change on adoption of these pronouncements as currently there are no transactions that will be materially impacted by these pronouncements. Adoption of these pronouncements may however, result in changes to information currently disclosed in the financial statement. The Company does not intend to adopt any of these pronouncements before their effective dates.

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

<b>Standard</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014	30 June 2015
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014	30 June 2015
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018

## 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Saunders' accounting policies, which are described in note 1, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Key Sources of Estimation Uncertainty

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

#### Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at the end of the financial year:

- Future increase in wages and salaries
- Future oncost rates
- Experience of employee departures at period of service

#### Construction contracts

Revenue is recognised on each project by reference to the stage of completion of the project. The method of calculating the percentage completion of the project involves an element of judgement based on future project costs and profitability of each project. The information used to forecast these costs is based on historical events and current economic data on a customer by customer basis. The value of construction contracts which are in progress at the statement of financial position date is calculated in accordance with note 1 (b).

<b>3. REVENUE</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
Revenue from continuing operations consisted of the following items:		
Revenue from the sale of goods	68,865	59,942
Interest received	494	566
	<b>69,359</b>	<b>60,508</b>

<b>4. PROFIT FOR THE YEAR</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>Other income</b>		
Proceeds of settlement of contractual dispute	-	1,000
Discounts and rebates	153	129
Profit on sale of asset	143	-
	<b>296</b>	<b>1,129</b>
Profit before tax has been arrived at after charging the following expenses:		
Cost of sales	<b>57,746</b>	50,162
Depreciation		
Plant and equipment	595	467
Office furniture and equipment	51	40
	<b>646</b>	<b>507</b>
Operating lease rental expenses:		
Lease payments	<b>1,155</b>	<b>1,227</b>
Employee benefits expense:		
Post employment benefits	<b>2,375</b>	2,132
Employee Share Plan	59	124
Salary and wages	<b>23,658</b>	22,440
Other benefits	<b>2,331</b>	1,570
	<b>28,423</b>	<b>26,266</b>



	2014 \$'000	2013 \$'000
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## 5. INCOME TAX

### Income tax recognised in profit

#### Tax expense comprises:

Current tax expense	3,072	2,634
Deferred tax expense relating to the origination and reversal of temporary differences	(341)	(155)
Total tax expense	2,731	2,479

The prima facie income tax expense on pre-tax accounting profit reconciles to income tax expense in the financials as follows:

Profit before taxation	9,106	8,262
Income tax at 30%	2,731	2,479
Total tax expense	2,731	2,479

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Current tax liability – income tax payable	1,024	1,311
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### Deferred Tax Balances

The deferred tax expense itemised above is shown in the statement of financial position as follows:

	Opening balance \$'000	(Charged) / Credited to income \$'000	Closing balance \$'000
<b>2014</b>			
<b>Deferred tax assets</b>			
Employee benefit	1,004	237	1,241
Accruals	33	104	137
Net deferred tax asset	1,037	341	1,378
<b>2013</b>			
<b>Deferred tax assets</b>			
Employee benefit	856	149	1,004
Accruals	26	6	33
Net deferred tax asset	882	155	1,037

**6. TRADE AND OTHER RECEIVABLES**

	<b>2014</b>	2013
	<b>\$'000</b>	\$'000
Trade receivables(i)	<b>10,673</b>	9,763

- (i) The average credit period on sale of goods and rendering of services is approximately 35 days. No interest is charged on trade receivables. Each receivable 60 days or more over the due date at the end of the financial year has been reviewed to assess whether there is a risk that it might be irrecoverable. On the basis of this review, it has been determined that no allowance needs to be made for doubtful debts.

The company has used the following basis to assess the allowance loss for trade receivables:-

- A provision based on historical bad debt experience;
- The general economic conditions in specific geographical regions;
- An individual account by account specific risk assessment based on past credit history; and
- Any prior knowledge of debtor insolvency or other credit risk.

Ageing of past due but not impaired.

60 days over the due date	<b>890</b>	93
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**7. INVENTORIES**

Raw materials	<b>391</b>	1,571
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**8. OTHER ASSETS**

<u>Current</u> Prepayments	<b>63</b>	125
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**9. PLANT and EQUIPMENT**

	<b>Plant and Equipment at Cost</b>	<b>Office Furniture And Equipment at Cost</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Gross carrying amount</b>			
<b>Balance at 1 July 2012</b>	6,822	562	7,384
Additions	1,287	72	1,359
Disposals	(149)	(40)	(189)
<b>Balance at 30 June 2013</b>	7,960	594	8,554
Additions	644	33	677
Disposals	(568)	-	(568)
<b>Balance at 30 June 2014</b>	8,036	627	8,663
<b>Accumulated depreciation</b>			
<b>Balance at 1 July 2012</b>	5,975	470	6,445
Disposals	(40)	(150)	(190)
Depreciation expense	467	40	507
<b>Balance at 30 June 2013</b>	6,402	360	6,762
Disposals	(532)	-	(532)
Depreciation expense	595	51	646
<b>Balance at 30 June 2014</b>	6,465	411	6,876
<b>Net book value</b>			
As at 30 June 2013	1,558	234	1,792
As at 30 June 2014	1,571	216	1,787

**Impairment Testing**

Saunders International Limited reviews the carrying amounts of its tangible assets annually at each reporting date to determine whether there is any impairment. As at 30 June 2014 the directors reviewed the future budgets of the company to determine whether there are any indications of impairment. No indicators of impairment were noted and no impairment losses are recorded.

**10. TRADE AND OTHER PAYABLES**

	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>Current</b>		
Trade payables (i)	990	1,156
Revenue received in advance under construction contracts (note 12)	4,305	2,347
Goods and services tax payable	442	243
Accruals	2,767	2,480
	<b>8,504</b>	<b>6,226</b>

- (i) The average credit period on purchases of goods is 1 month. No interest is charged on the trade payables. The Company has a policy that all payables are paid within the agreed credit timeframe.

**11. PROVISIONS**

	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b>Current</b>		
Employee benefits	3,334	2,963
<b>Non-current</b>		
Employee benefits	176	218
Lease Make Good Costs	270	-
	<b>446</b>	<b>218</b>

## 12. CONSTRUCTION CONTRACTS

Contracts in progress at the reporting date:

Construction costs incurred plus recognised profits less recognised losses to date  
Less: progress billings

2014 \$'000	2013 \$'000
80,815	40,369
(85,120)	(42,716)
<b>(4,305)</b>	<b>(2,347)</b>

Recognised and included in the financial statements as revenue received in advance under construction contracts (note10)

<b>4,305</b>	<b>2,347</b>
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At 30 June 2014, no cash retentions were held by customers for contract work (2013: \$nil). Advances received from customers for contract work amounted to \$4,305,000 (2013: \$2,347,000).

## 13. ISSUED CAPITAL

78,560,000 fully paid ordinary shares (2013: 78,100,000)

2014	2013
7,501	7,271

### Ordinary shares

Ordinary shares at beginning of financial year  
Ordinary shares issued during the current year  
Ordinary shares at end of financial year

78,100,000	78,100,000
460,000	-
<b>78,560,000</b>	<b>78,100,000</b>

### Fully paid ordinary shares

Balance at beginning of financial year  
Treasury shares issued during the year  
Balance at end of financial year

2014 \$'000	2013 \$'000
7,726	7,726
149	-
<b>7,875</b>	<b>7,726</b>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

### Treasury shares under employee share plan

Balance at beginning of financial year  
Treasure shares vested during the year  
Treasury share issues during the year  
Balance at end of financial year

(455)	(455)
230	-
(149)	-
<b>(374)</b>	<b>(455)</b>

### Employee Share Plan

The Board has approved and implemented an Employee Share Plan ("ESP").

Under the ESP, the Company provides loans to employees to acquire shares in Saunders International Limited, at a specified price per share. The loans are secured by the shares acquired by the eligible employees. In the early tranches the loans carried an interest charge equal to the cash component of the dividend payable by the Company on the shares; however from Tranche 2 onwards the loans are interest free. The shares will vest and the loans will be repaid, upon a specified anniversary of the issue of the shares. If an eligible employee's employment with the Company is terminated prior to the specified anniversary of the issue of the shares, the shares will be forfeited, and the Company will be entitled to the total amount raised pursuant to the divestment of the shares. The shares are accounted for as in substance options.

At balance date, a total of 5 tranches of the ESP have been issued.

Tranche 1: During the financial year Tranche 1 of ESP expired and 460,000 of the 480,000 shares vested. The remaining 20,000 were forfeited as the employee resigned.

Tranche 2: During the financial year all shares in relation to Tranche 2 were forfeited.



### Employee Share Plan (continued)

No director has participated in any of the ESPs. The total number of shares issued under the plans is 635,000 and no individual employee holds more than 70,000 shares under the ESP.

	Tranche 3	Tranche 4	Tranche 5
Grant Date	Feb 2012	Feb 2013	Feb 2014
Grant Price	\$0.48	\$0.83	\$0.85
Volume	205,000	215,000	215,000
Exercise Price	\$0.48	\$0.83	\$0.85
Expected Volatility	45%	45%	45%
Option Life	4 years	4 years	4 years
Dividend Yield	0%	0%	0%
Risk Free Interest Rate	3.45%	3.00%	3.45%
Fair Value	\$0.19	\$0.32	\$0.32

	2014 \$'000	2013 \$'000
<b>14. RETAINED EARNINGS</b>		
Balance at beginning of financial year	9,099	11,218
Profit for the year	6,375	5,783
Dividends provided for or paid	(3,955)	(7,902)
Balance at end of financial year	11,519	9,099

	2014 Cents per share	2013 Cents per share
<b>15. EARNINGS PER SHARE</b>		
Basic earnings per share	8.14	7.41
Diluted earnings per share	8.13	7.36

#### Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows

	2014 \$'000	2013 \$'000
<b>Net profit</b>	6,374	5,783
Earnings used in the calculation of basic EPS	6,374	5,783
	2014 No.'000	2013 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	78,330	78,100

#### Diluted earnings per share

(a) Weighted average numbers of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of ordinary shares used in the calculation of basic EPS.	78,330	78,100
Shares deemed to be issued for no consideration in respect of employee options	115	422
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	78,445	78,522

## 16. DIVIDENDS

	2014		2013	
	Cents per share	Total \$'000	Cents per share	Total \$'000
<b>Recognised amounts</b>				
<u>Fully paid ordinary shares</u>				
Final dividend (2013):				
Fully franked at a 30% tax rate	3.0	2,371	3.0	2,371
Special Dividend (2013)				
Fully franked at a 30% tax rate	0.0	-	5.0	3,951
Interim dividend (2014):				
Fully franked at a 30% tax rate	2.0	1,584	2.0	1,580
	<b>10.0</b>	<b>3,955</b>	<b>10.0</b>	<b>7,902</b>
<b>Unrecognised amounts</b>				
<u>Fully paid ordinary shares</u>				
Final dividend (2014):	4.0	3,168	3.0	2,371

On 20 August 2014, the directors declared a fully franked final dividend of 4 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2014, to be paid to shareholders on 22 September 2014.

	2014 \$'000	2013 \$'000
Franking account balance	3,715	2,659
Impact on franking account balance of dividends not recognised	(1,358)	(1,016)
Adjusted Franking account balance	<b>2,357</b>	<b>1,643</b>

## 17. SEGMENT INFORMATION

The Company operates in one reporting segment being the design, construction, and maintenance of bulk storage tanks and reservoirs, in Australia

In the current period 4 customers made up 49.39% of the revenue earned (2013: 4 customers made up 47.71% of the revenue earned). The first customer accounted for \$14,982,518 (2013: \$11,948,054), the second customer \$8,740,896 (2013: \$5,759,726), the third customer \$5,774,329 (2013: \$5,604,865) the fourth customer \$5,515,494 (2013: \$ 5,226,769).

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS	2014 \$'000	2013 \$'000
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### Contract dispute

There are no contract disputes in the current year (2013:Nil)

	2014 \$'000	2013 \$'000
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## 19. LEASES

### Operating Leases

#### Motor Vehicle

Operating leases relate to motor vehicles. These leases are non-cancellable leases of less than five-year term, with rent payable monthly in advance. The monthly lease payments are fixed for the term of the leases. Additional charges are required if proposed kilometres travelled are exceeded. There are no renewal of terms or purchase options at the end of the term of the leases.

#### Non-cancellable operating lease commitments

Not longer than 1 year	388	327
Longer than 1 year and not longer than 5 years	316	286
Longer than 5 years	-	-
	<b>704</b>	<b>613</b>

#### Workshop Property

The company is committed to a lease of the workshop property and offices that it occupies at Condell Park, Sydney until 31<sup>st</sup> December 2016.

#### Non-cancellable operating lease commitments

No longer than 1 year	620	609
Longer than 1 and not longer than 5 years	947	947
Longer than 5 years	-	-
	<b>1,567</b>	<b>1,556</b>

	2014 \$'000	2013 \$'000
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## 20. NOTES TO THE STATEMENT OF CASH FLOWS

### (a) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	<b>18,219</b>	<b>12,924</b>
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### (b) Reconciliation of profit for the year to net cash flows from operating activities

Profit for the year	<b>6,375</b>	5,783
Movement in share-based reserve	<b>59</b>	123
(Gain)/ Loss on disposal of non-current asset	<b>(143)</b>	-
Depreciation	<b>646</b>	507
Increase/(decrease) in current tax liability	<b>(287)</b>	582
(Increase) in deferred tax balances	<b>(341)</b>	(155)
Changes in net assets and liabilities:		
(Increase)/decrease in assets:		
Trade and other receivables	<b>(910)</b>	(1,734)
Inventories	<b>1,180</b>	(1,192)
Other assets	<b>62</b>	100
Increase/(decrease) in liabilities:		
Trade and other payables	<b>2,277</b>	781
Provisions	<b>599</b>	329
Net cash from operating activities	<b>9,517</b>	<b>5,124</b>

## 20. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

### (c) Financing facilities

The Company's principal financing facilities for the provision of bank guarantees as described in note 20 is secured by a fixed and floating charge over the assets of the Company.

Amount used	3,347	5,116
Amount unused	3,653	1,884
	<b>7,000</b>	<b>7,000</b>

## 21. FINANCIAL INSTRUMENTS

The Company has three significant categories of financial instruments which are described below together with the policies and risk management processes which the Company utilises:

### (a) Cash and cash equivalents

The Company deposits its cash and cash equivalents with Australian banks. Funds can be deposited in cheque accounts, cash management accounts and term deposits. The policy is to utilise at least two Australian banks for cash management accounts and term deposits. The policy with term deposits is to provide for liquidity with a range of maturities up to 6 months.

### (b) Debtors and credit risk management

The Company has a credit risk policy to protect against the risk of debtor default. The majority of the Company's debtors are long term customers and are multinational oil and gas companies, government authorities and large Australian corporations where the credit risk is considered to be low. New customers are assessed for credit risk using credit references and reports from credit agencies as necessary.

### (c) Bank guarantees

The Company has a preference to provide bank guarantees to customers in lieu of the cash retention required under contracts. This preference is pursued subject to specific contract requirements and the Company's bank facility requirements.

### Capital risk management

The company's capital structure currently consists of equity and retained earnings and there is no long term debt or short term debt. The operating cash flows of the company are used to finance short term capital. The capital risk management is continuously reviewed as the Company has surplus cash available for investment.

### Categories of financial instruments

	2014 \$'000	2013 \$'000
<b>Financial assets</b>		
Loans and receivables	10,673	9,763
Cash and cash equivalents	18,219	12,924
	<b>28,892</b>	<b>22,687</b>
<b>Financial liabilities</b>		
Trade payables and accruals	4,199	3,879

### Financial risk management objectives

The company's exposure to market risk mainly arising from interest rate risk, is disclosed (including currency risk, fair value interest rate risk and price risk) and cash flow interest rate risk is disclosed in the interest rate sensitivity analysis below. Credit risk is monitored monthly through continuous management of the ongoing projects.



## 21. FINANCIAL INSTRUMENTS (continued)

### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term liquidity management requirements. The Company manages liquidity risk by continually monitoring and maintaining adequate banking facilities. Cashflows are monitored and matched to the maturity profiles of financial assets and liabilities.

### Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Company can be required to receive or pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 2 years
	%	\$'000	\$'000	\$'000
<b>2014</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3.63%	7,848	10,371	-
Trade receivables	-	6,517	4,156	-
<b>Financial liabilities</b>				
Trade payables and accruals	-	4,199	-	-
<b>2013</b>				
<b>Financial assets</b>				
Cash and cash equivalents	4.11%	10,824	2,100	-
Trade receivables	-	5,117	4,553	93
<b>Financial liabilities</b>				
Trade payables and accruals	-	3,879	-	-

### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on exposure to interest rates for cash and cash equivalents that were subject to interest rate fluctuations at the reporting date. At reporting date, if interest rates had been 1% higher or lower and all other variables were held constant, the Company's profit or loss would increase or decrease by \$155,716 (2013: \$149,928).

### Fair value of financial instruments

No financial asset or financial liability is held at fair value. The directors consider the fair value of the financial assets and financial liabilities to approximate their carrying amounts.

## 22. DIRECTORS AND KEY MANAGEMENT PERSONNEL COMPENSATION

The board of directors approves on an annual basis the amounts of compensation for directors and key management personnel with reference to the company's performance and general compensation levels in equivalent companies and industries.

### Remuneration of Directors and Key Management Personnel

	2014	2013
Short-term employee benefits	1,595,324	1,547,091
Post-employment benefits	100,521	87,743
	<b>1,695,845</b>	<b>1,634,834</b>

## 23. RELATED PARTY TRANSACTIONS

The Company leases a property containing its workshop and offices from a company ultimately beneficially owned by some directors and key management personnel of the Company. The details of this lease are contained in Note 19. These directors and key management personnel have interest in the related party company as follows:

Timothy Burnett	34%
Other key management personnel	4%

The rental rate for the first half of the year was evaluated to be market rental as assessed by a Certified Practising Valuer on 1 January 2012 plus CPI adjustment. The rental rate for the second half of the year was the market rental as assessed by a Certified Practising Valuer on 1 January 2014. Rent paid during the year amounted to \$600,959 (2013: \$595,197). The increase over 2013 was due to the above mentioned CPI and the new market rate adjustments.

## 24. REMUNERATION OF AUDITOR

	2014	2013
Audit or review of the financial report	113,000	109,000
	<b>113,000</b>	<b>109,000</b>

The auditor of Saunders International Limited is Deloitte Touche Tohmatsu.

## 25. SUBSEQUENT EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

## 26. ADDITIONAL COMPANY INFORMATION

### General Information

Saunders International Limited is incorporated and operating in Australia.

Saunders International Limited's registered office and its principal place of business is as follows:

Registered office	Principal place of business
271 Edgar Street	271 Edgar Street
Condell Park NSW 2200	Condell Park NSW 2200
Tel: (02) 9792 2444	Tel: (02) 9792 2444

## CORPORATE GOVERNANCE

The Board of Saunders has adopted a suite of Corporate Governance Practices to ensure that the Company is effectively directed and managed, risks are identified, monitored and assessed, and appropriate disclosures made.

In developing and adopting the Practices, the Board considered the third addition of the ASX Corporate Governance Principles and Recommendations. The Board incorporates the Principles and Recommendations into its Practices to the extent that they are appropriate, taking into account the Company's size, activities and resources.

The Board has adopted the following Charters Policies and Codes:-

### **The Board Charter**

The Board Charter sets out matters relating to the responsibilities of the Board and its directors and matters relating to the composition of the Board and appointment of directors. The Board Charter can be found on the Company's website at [www.saunders-international.com.au/investors.htm](http://www.saunders-international.com.au/investors.htm)

### **Board Committees and their Charters**

In order to better manage its responsibilities, the Board has established an Audit and Risk Committee and a Remuneration Committee. Each committee has adopted a Charter approved by the Board. The Charters can be found on the Company's website at [www.saunders-international.com.au/investors.htm](http://www.saunders-international.com.au/investors.htm)

### **Policies and Codes of Conduct**

The Company has adopted a number of Policies and Codes of Conduct as follows:-

- Securities Trading Policy – Directors and Senior Executives
- Shareholder Communication Policy
- Continuous Disclosure Policy
- Code of Conduct for Directors and Senior Executives

Copies of these documents can be found on the Company's website at [www.saunders-international.com.au/investors.htm](http://www.saunders-international.com.au/investors.htm)

### **ASX Corporate Governance Principles and Recommendations**

The Company reports on an annual basis its compliance and/or reasons for non-compliance with the third edition of the ASX Corporate Governance Principles and Recommendations. The current report can be found on the Company's website at [www.saunders-international.com.au/investors.htm](http://www.saunders-international.com.au/investors.htm)

## ADDITIONAL STOCK EXCHANGE INFORMATION

As at 10 OCTOBER 2014

### NUMBER OF HOLDERS OF EQUITY SECURITIES

#### Ordinary Share Capital

There are 78,560,000 fully paid ordinary shares held by 968 individual shareholders. In addition, there are 635,000 shares issued to employees under the Employee Share Purchase Plans (ESP). These ESP shares are not included for the purposes of calculating the totals and percentages used in this section.

There are no options issued.

### SUBSTANTIAL SHAREHOLDERS

Shareholder	No. of Shares	Percentage
Desmond Bryant	22,514,587	28.66%
Timothy Burnett	9,702,531	12.35%

### DISTRIBUTION OF SHAREHOLDERS

Range	Number of Holders
1 – 1,000	47
1,001 – 5,000	203
5,001 – 10,000	207
10,001 – 100,000	440
101,000 and over	71
<b>TOTAL</b>	<b>968</b>

### THE TWENTY LARGEST REGISTERED HOLDERS

Name	No. of Shares	Percentages
1. MR. DESMOND BRYANT	22,211,587	28.27%
2. TIVOLICO PTY LTD	5,711,262	7.27%
3. MARLOT PTY LTD	3,991,269	5.08%
4. CITICORP NOMINEES PTY LIMITED	3,073,448	3.91%
5. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED A/C 3	3,041,857	3.85%
6. MR. JOHN POWER	3,023,513	3.85%
7. J.P. MORGAN NOMINEES AUSTRALIA LIMITED	2,670,149	3.40%
8. MRS. KARYN MAY MCCLELLAND	1,215,366	1.55%
8. SAGIMO HOLDINGS PTY LTD	1,215,366	1.55%
9. PEAKHURST RESEARCH SERVICES PTY LTD <ELLER SUPER FUND>	1,075,700	1.37%
10. NATIONAL NOMINEES LIMITED	1,065,440	1.36%
11. DONALD CANT PTY LTD	865,000	1.10%
12. MR. TREVOR ROSS KENNEDY	796,976	1.01%
13. MR. ROBERT GRABURN PATTERSON	652,142	0.83%
14. PARMELIA PTY LTD <REILLY FAMILY SUPER FUND A/C>	566,003	0.72%
15. IMAJ PTY LTD <SUPER FUND A/C>	517,056	0.66%
16. MR. ANDREW AUZINS + MRS. BRIGITTE AUZINS <AUZINS FAMILY TRUST>	443,842	0.56%
17. MR. FREDERICK JOHN RICHARDS	400,000	0.51%
18. MR. IAN McDONALD TAYLOR + MRS. ELSIE JEAN TAYLOR	365,000	0.46%
19. MR. DESMOND JAMES BRYANT <DESMOND BRYANT FAMILY A/C>	303,000	0.39%
20. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	300,000	0.38%
20. TALSTON PTY LTD <J.P. CORNISH P/L S/FUND A/C>	300,000	0.38%
<b>Top 20 Shareholders</b>	<b>53,803,976</b>	<b>68.48%</b>

## CORPORATE DIRECTORY

### Saunders International Limited

ABN 14 050 287 431

#### Board of Directors

Timothy Burnett, Chairman  
John Power, Managing Director  
David Smart, Director  
Malcolm McComas, Director

#### Secretary

Steven Dadich

#### Auditors

Deloitte Touche Tohmatsu  
The Barrington  
Level 10, 10 Smith Street  
Parramatta NSW 2150

#### Principal Banker

Commonwealth Bank  
Corporate Financial Services  
Level 1, 430 Forest Road  
Hurstville NSW 2220

#### Registered Office and Principal Administrative Office

271 Edgar Street  
Condell Park NSW 2200  
Telephone (02) 9792 2444  
Facsimile (02) 9771 2640

#### Share Register

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
Telephone (02) 8280 7111

#### Stock Exchange Listing

Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

#### Internet Web Site

[www.saunders-international.com.au](http://www.saunders-international.com.au)

#### Email

[mail@saunders-international.com.au](mailto:mail@saunders-international.com.au)





