NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006 $	2005 $
NOTE 10 DEFERRED INCOME		
DAFF - Industry Partnership Program	599,727	-
Export Development	20,929	35,305
Net amount unexpended on HAL projects	76,394	167,435
	697,050	202,740
NOTE 11 INTEREST BEARING LIABILITIES		
National Australia Bank – Loan (secured by mortgage over land & buildings)	174,000	574,000
	174,000	574,000
NOTE 12 OPERATING LEASE COMMITMENTS		
Commitments in relation to operating lease contracted for at the reporting date but not recognized as liabilities payable:		
Not later than one year	-	24,050
Later than one but less than five years	-	-
	-	24,050
NOTE 13 RECONCILIATION OF SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for year *[from P&L]*	(917,518)	2,035,437
Depreciation	17,205	15,071
Provision for annual leave/long service leave	36,295	(13,109)
Add back write down of investments	1,623,756	-
Changes in assets and liabilities:		
(Increase)/Decrease in receivables	(305,665)	46,720
Decrease/(Increase) in prepayments	9,454	(13,316)
(Decrease)/Increase in payables	(58,262)	(31,604)
Increase/(Decrease) in other creditors	22,891	197,846
(Decrease)/Increase in deferred income	494,310	65,582
Net cash inflow from operating activities	922,466	2,302,627
NOTE 14 AUDITORS REMUNERATION		
Auditing of the accounts	7,500	5,000
Other services	591	10,190
	8,091	15,190