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Chair’s Report

SABRENet Ltd. continues to grow and prosper - the network now provides gigabit connectivity to 82 individual research and education locations in Adelaide. This represents an overall 86% increase in the number of connected sites since the network was first commissioned in December 2006.

The strategic relationship the Company has with the SA Government Department of Planning, Transport and Infrastructure (DPTI) has continued to grow and another three northern railway stations have now been connected to a city wide video-monitoring system via SABRENet fibre. Other projects undertaken throughout the year have resulted in the connection of St Peter’s College and Tynedale Christian School.

By containing operating cost increases to a bare minimum SABRENet continues to offer its Members access to dark fibre at a price point which demonstrates exceptional value. Indeed it is likely that SABRENet offers the most cost effective access to dark fibre for research and education available anywhere in the world.

In August 2011 the Company’s inaugural CEO James Tizard lost his battle with cancer. It was James’s vision in 2003 which drove the establishment of SABRENet Ltd. in 2005 and it was his energy and enthusiasm which saw the initial network constructed in just 12 months. Under James’ leadership as CEO SABRENet the Company and SABRENet the network went from strength to strength. The Director’s have chosen to remember James’ outstanding contribution to SABRENet in two ways - firstly a memorial plaque has been installed on a SABRENet pit lid near the War Memorial on North Terrace and secondly a Memorial Lecture is planned for August 2012.

In September 2011 the Company appointed Peter Nissen as interim CEO and in June 2012 Ralph Leonard was appointed CEO. Ralph brings a great depth of understanding of the history and strengths of SABRENet to the role and his knowledge and experience with the Schools sector will be a tremendous advantage to the Company.

Looking ahead SABRENet Ltd. will work closely with eResearch SA (eRSA) to ensure that the South Australian research data storage and computational nodes associated with Commonwealth Super Science funded projects will be interconnected at very high speed. SABRENet Ltd. will also look to expand the reach of the network to cover the South Australian Health and Medical Research Institute (SAHMRI), the new Royal Adelaide Hospital (RAH) site and the Parafield Airport (for the University of South Australia, Flinders University, TAFE SA, and Air Training Services).

On behalf of my fellow Directors I’d like to sincerely thank all of those people who have made a contribution to the ongoing success of SABRENet Ltd.

Paul Sherlock, Chair SABRENet Board
Introduction

About SABRENet

The South Australian Broadband Research and Education Network (SABRENet) is an optical-fibre telecommunications network constructed in metropolitan Adelaide to link the State’s major Research and Education (R&E) sites, including university campuses, research precincts and teaching hospitals.

SABRENet Ltd is a non-profit public company formed to oversee the development, management and effective use of SABRENet. The Members of SABRENet Ltd are Flinders University, the University of Adelaide, the University of South Australia and the South Australian Government, while the Defence Science and Technology Organisation (DSTO) is a contractual partner.

The strategic role of SABRENet Ltd is to raise South Australia’s research and education performance by deploying and enabling specialist broadband and related services on behalf of its members and customers.

SABRENet Ltd creates value for South Australia by:

- Providing leadership on broadband issues within the research and education sector
- Building, owning and operating infrastructure
- Creating a critical mass of interconnected sites, users and applications
- Removing constraints on available bandwidth for research and education.

SABRENet provides optical fibre connections to 82 R&E sites in the greater Adelaide metropolitan area (see Appendix A) at data speeds in excess of 1 gigabit per second.

Figure 1 shows the locations of these sites. The network can be considered as four backbones (North, South, East and West) joining onto a fibre loop in the Adelaide CBD. The fibre loop encircles the University of Adelaide and University of South Australia (City East) campuses on North Terrace.

First constructed in December 2006 and launched officially in March 2007, SABRENet is one of Australia’s first and largest purpose-built ‘Customer Owned Fibre networks’.
Our Philosophy

SABRENet Ltd has been established as a small and highly efficient vehicle for collaboration between the SABRENet partners. SABRENet Ltd allows the Members to build, own and benefit from a world-class broadband infrastructure under a charter that explicitly retains assets in public ownership for the public good. At the same time, our agreements with the private sector deliver robust commercial outcomes on the same infrastructure.

Our philosophy is to present our Members with a low-risk and very cost effective value proposition. SABRENet Ltd itself does not build or operate infrastructure ‘in house’. Rather, the principal day-to-day business of the Company is to coordinate the efforts of our public and private sector partners to meet shared and well understood objectives.

About this Report

This is the Company’s seventh Annual Report, covering the period from July 2011 to June 2012.

The enclosed Summary Financial Report summarises the Company’s audited financial statements for the reporting period.

Vale James Tizard

Even before SABRENet Ltd existed, James Tizard had been a strident advocate for the use of high speed broadband and an influential adviser promoting its benefits within the South Australian government and beyond. He applied considerable energy and skill when the opportunity arose for the creation of SABRENet. The company and its network are an enduring legacy to the wisdom and dedication that James applied in his role as inaugural CEO and testament to his self description as a “broadband builder”.

At the start of this reporting period, James was diagnosed as suffering again the cancer which had claimed the sight in one eye a few years earlier. On this occasion, as with the first bout, James’ attitude to his situation was an inspiration to all. As with everything that James did, his plain speaking yet evocative blog post not only told the world of his fate but also eloquently demonstrated his attitude to life.

As is the case with these things, we have always been aware that the cancer could return one day - and unfortunately it has.

Despite undergoing chemotherapy, the cancer has had its way with me, and I will not recover. The nature of my cancer is that I will simply become weaker and drowsier over the coming weeks.

Despite having spent my life proudly calling myself an atheist, it appears that I was ignored, and from somewhere I have received the supreme gift of Acceptance. I will leave this world at 51 sad for those who love me, yet calm and relaxed in myself.

I’ve had a truly happy life in every regard.

Cheers

James

A memorial plaque to James has been installed on a SABRENet pit cover.
The Year in Review

Milestones

- October 2011 – Peter Nissen commenced as Interim CEO
- October 2011 – St Peter’s College connected to SABRENet
- February 2012 – Tynedale Christian School and Elizabeth South railway station connected to SABRENet
- March 2012 – Munno Para railway station connected to SABRENet
- April 2012 – Elizabeth railway station connected to SABRENet
- June 2012 – Ralph Leonard commenced duties as CEO of SABRENet.

Sites

During the reporting period the Company completed network extensions totaling approximately $200,000, including the practical completion of connections to St Peter’s College and Tynedale Christian School. Connections were constructed for the Munno Para, Elizabeth and Elizabeth South railway stations.

Customers

St Peter’s College and Tynedale Christian School became users of SABRENet fibre under User Access Agreements.

At the end of the reporting period, SABRENet users were using approximately 220 optical fibre circuits interconnecting 82 sites.

Growth

The bar chart in Figure 2 illustrates the substantial growth in the network through member and customer capital contributions since its inception.

The Company

- In August 2011, James Tizard died and the company lost its inspirational and experienced inaugural CEO. The company was pleased to have the services of Peter Nissen on an interim basis while the Board conducted a recruitment process for a CEO. In April 2012, Ralph Leonard was appointed as CEO and began duties in that position in June 2012.
The Year Ahead

Sites

The Company will continue to seek opportunities to extend SABRENet within the metropolitan region in response to member and customer requests for SABRENet fibre as their preferred infrastructure for connectivity.

The Company will also explore options to supply solutions for regional connectivity for its users. This interest is focused on the regional centres of Port Augusta, Port Lincoln, Whyalla, Renmark/Berri, Mount Gambier and Victor Harbor.

Continued progress of the collaborative arrangement with the South Australian Department of Planning, Transport and Infrastructure may provide access for further extension of the network through infrastructure exchanges that benefit research and education sites currently remote from the existing SABRENet backbones.

Customers

Amongst the many categories of SABRENet users, schools now represent the largest number of sites, and there are few schools within close proximity to SABRENet backbones that are not yet connected. However, the school sector remains under-represented as SABRENet sites in comparison to its relative size as a sector. Further increases in school sector customers will be dependent on proposals for network extension based on aggregation of schools within an area.

Further development within the research sector beyond the higher education institutions is another category of customers that will be considered in 2012-2013.

Services

In 2012-2013 the Company will continue to work closely with researchers and eResearch SA (eRSA) to ensure that the South Australian nodes of the Research Data Storage Initiative (RDSI) project and the National eResearch Tools and Resources project are connected at very high speed. The co-location of the SABRENet Ltd office with eRSA fosters close collaboration between the organisations.

The Company will monitor developments in the education and training sector and seek to facilitate greater use of Australian Academic and Research Network (AARNet) services with the school sector in South Australia.

Consulting and advocacy

SABRENet will continue to advocate the long term benefits of fibre optic infrastructure as the medium of choice for the research and education community.
The Company

SABRENet Ltd is a non-profit company limited by guarantee. The Members of the Company are:
- Flinders University
- the University of Adelaide
- the University of South Australia, and
- the South Australian Government.

The Defence Science and Technology Organisation (DSTO) is a contractual partner in SABRENet Ltd. The Members and DSTO collectively comprise the SABRENet Participants.

Board of Directors

SABRENet Ltd is governed by its Board of Directors.

Paul Sherlock BE, MBA, GAICD (Chair)

Paul is the current Director of the Information Strategy and Technology Services Unit for the University of South Australia. He is responsible for the delivery of a wide range of ICT services across the University which supports the key business functions of teaching and learning, research and consultancy and administration. Paul has previously held senior IT management roles at the Defence Science and Technology Organisation and BHP Steel International. In 1997 he was awarded the "Network World" Masters Award for his contribution to the establishment of the first high speed ATM network in Australia.

Paul is the Chair of SABRENet Ltd and was appointed to the Board by the University of South Australia.

Carolyn Anderson LLM, MBA, GDLP, GAICD

Carolyn is a qualified legal practitioner and has completed a Master of Laws and a Bachelor of Law from the University of Adelaide. She also has a degree of Master of Business Administration from the University of South Australia, a Graduate Diploma of Legal Practice from the former South Australian Institute of Technology and is a Graduate Member of the Australian Institute of Company Directors.

Carolyn is currently Director, Digital Economy and Technology, within the Department of Further Education, Employment, Science and Technology (DFEEST). In this role she provides leadership in information economy (IE) innovation policy development and program delivery in South Australia that links government, business, industry and education sectors. Previous roles include working as a Senior Solicitor within the South Australian Crown Solicitor's Office and as a legal practitioner in private practice.

Carolyn was appointed to the SABRENet Board by the South Australian Government.

Richard Constantine PDM, MBA, MAICD

Richard is the Pro Vice-Chancellor (Information Services) and Chief Information Officer at Flinders University with responsibility for Information Technology Services, Library, Centre for Educational ICT, and eResearch@flinders. Previously, Richard was an Associate Professor and the Chief Information Officer and Director of Information Technology Services at Swinburne University of Technology in Melbourne.

He has over 25 years experience in the IT Industry and has extensive experience in both the tertiary and TAFE education sectors, as well as in industry as an IT management consultant. In October 2012, Richard received a Meritorious Service Award from CAUDIT in recognition of the contribution made towards the advancement of information technology in the Higher Education sector.

Richard was appointed to the SABRENet Board by Flinders University in December 2011.
**Bruce Linn BSc, FAICD, FACS**

Bruce Linn is an experienced Company Director and Chairman with 15 years experience in CEO roles who heads a successful governance and strategic management consulting business based in Adelaide, South Australia. Formerly CEO of Finlaysons Lawyers, his previous executive roles include CEO for EDS (now HP Enterprise Services), responsible for all State Government business of EDS in Australia and CEO of Camtech, one of Australia’s leading Internet & Electronic Payments technology innovators.

A Science graduate of The University of Adelaide, he is a technologist and futurist with over 30 years experience in strategy, governance, leadership, business management and broad range of technologies including IT, telecommunications, Internet and social media.

Current Directorships include the Council of The University of South Australia where he Chairs the Finance Committee, the boards of SABRENet Limited, ITEK Ventures Pty Ltd, the Australian Institute of Company Directors and as Chairman of the national Internet Industry Association (IIA) and St. Peter’s Girls’ School. He is a fellow of the Australian Institute of Company Directors and the Australian Computer Society.

Bruce was appointed to the SABRENet Board as an independent Director at the 2007 AGM and re-appointed in 2009 and 2012.

**Virginia Deegan, BA, GAICD**

Virginia holds the position of Director, Infrastructure (Property & Technology) at the University of Adelaide, responsible for the strategic planning, project management and delivery of sustainable and innovative physical and technological facilities and services across all University campuses. Previous to this appointment in 2008, she was the General Manager, Royal Adelaide Hospital. Her experience includes over 30 years in the government sector, including membership on a number of boards. Virginia is currently appointed to the State Procurement Board, the SuperSA Board and the Central Adelaide Local Health Network Advisory Council.

Virginia was appointed to the SABRENet Board by the University of Adelaide in August 2008.

**Meetings**

The Board held four meetings during the reporting period.

<table>
<thead>
<tr>
<th>Director</th>
<th>Eligible to attend</th>
<th>Attended</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Sherlock</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Carolyn Anderson</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Colin Carati</td>
<td>2</td>
<td>2</td>
<td>Ceased 2 Dec 2011</td>
</tr>
<tr>
<td>Richard Constantine</td>
<td>2</td>
<td>2</td>
<td>Appointed 3 Dec 2011</td>
</tr>
<tr>
<td>Bruce Linn</td>
<td>5</td>
<td>4</td>
<td>Reappointed 18 Jun 2012</td>
</tr>
<tr>
<td>Virginia Deegan</td>
<td>4</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

**Management and Administration**

James Tizard was the inaugural Chief Executive Officer and Company Secretary of SABRENet Ltd from the company’s formation in 2005 until his tragic death through illness in 2011.

In October 2011, Peter Nissen commenced duties as CEO on a part-time basis pending the recruitment of a new CEO.

In April 2012, Ralph Leonard was appointed as CEO, commencing duties in June. Ralph’s career has focused on ICT in education and government sectors. Prior to joining SABRENet, Ltd he was Manager of Broadband and Digital Environments in the South Australian Department of Further Education, Employment, Science and Technology.

The Company has negotiated an office accommodation agreement with eResearch SA, under which SABRENet Ltd receives office accommodation and administrative support within the eResearch SA office suite on the University of Adelaide’s research precinct at Thebarton.
Business Model

SABRENet Participants are allocated passive optical transmission paths (‘fibre paths’) connecting pairs of sites on the network. It is the responsibility of Participants to provide their own active services across these paths.

Non-Participant customers seeking to use SABRENet will enter into individual Access Agreements with the Company.

The net operating costs of SABRENet Ltd are met by the Participants through an annual subscription, levied in proportion to each Participant’s allocation of fibre paths.

Operation and Maintenance

SABRENet Ltd has engaged Amcom Pty Ltd to operate and maintain the SABRENet infrastructure under a long-term Operation and Maintenance agreement. Under the agreement, Amcom provides physical maintenance of the infrastructure, including Dial Before You Dig registration, fault response and repair.

Amcom also provides additional operational services to the SABRENet participants, largely associated with making new connections to the existing infrastructure.

Acceptable Use

The Company has published a SABRENet Access Policy that sets out the eligibility criteria and acceptable use conditions governing the use of SABRENet.

The Access Policy may be obtained from the SABRENet web site1.

Regulatory

The Telecommunications Act (1997) requires that telecommunications infrastructure used to carry communications between two discrete entities (as is the case with SABRENet) must be operated by a licensed telecommunications carrier.

Appendix A – SABRENet Sites

The following sites are physically connected to the SABRENet optical fibre infrastructure:

AARNet POP 1 (Hindley St)
AARNet POP 2 (Pulteney St)
Bradford College
Craigmore High School
CSIRO Health Sciences
DECD Education Development Centre
Defence Science & Technology Organisation (DSTO)
Elizabeth TAFE
Elizabeth-Fremont High School
Endeavour College (Mawson Lakes)
Endeavour House (Technology Park)
Flinders University
Flinders Medical Centre
Gawler High School
Gawler TAFE
Gilles Plains TAFE
Glenside Govt Computing Centre
History Trust of South Australia
IMVS Gilles Plains
Kaurna Plains School
Lyell McEwen Hospital
Mawson Lakes Base Station
Mawson Lakes Primary School
Modbury Hospital
St Paul's College (Gilles Plains)
St Patrick’s Technical College (Elizabeth) (was Northern Adelaide Australian Technical College)
Norwich House
Panorama TAFE
Para Hills High School
Parafiel Gardens High School
Paralowie R-12 School
Pasadena High School
Port Adelaide TAFE
Pembroke School
Playford UniCare Clinic
Queen Elizabeth Hospital
RAH - Frome Rd (NW Comms)
RAH - North Tce (EHB)
Regency TAFE
Repai General Hospital
Roseworthy TAFE
Royal Institution of Australia
SA Transport Rail Stations – Gawler, Mawson Lakes, Dry Creek, Salisbury, Elizabeth, Elizabeth South, Munno Para Stations & Northern Expressway Gawler Control Room
SA Govt POP Kintore Ave
SA Govt POP Pulteney St
Salisbury High School
Salisbury East High School
Salisbury TAFE
St Ann’s College
Tea Tree Gully TAFE
Techport Australia
Thebarton Bioscience
UA Badger Building
UA Boat Shed Victoria Drive
UA ITS, Gawler Place
UA Maths Building
UA National Wine Centre
UA Plaza Building
UA Roseworthy
UA Terrace Towers
UA Thebarton
UniSA City East
UniSA City West
UniSA Magill
UniSA Mawson Lakes
Unley High School
Urrbrae High School
Urrbrae TAFE
Valley View Secondary School
Waite Institute
Women’s and Children’s Hospital
Appendix B – Summary financial reports

The summary financial reports have been derived from the 2009-2010 Financial Report of SABRENet Ltd. These summary reports cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities for the entity as the financial report. Copies of the full financial reports have been presented to the Members of SABRENet Ltd.

Discussion and Analysis of the Financial Statements

For the Year Ended 30 June 2012

Income Statement

The operating result for the year was a loss of $641,396. The operating result included a depreciation expense of $890,646 reflecting network assets being amortised over their useful life. Subscriptions from members and network access fees from participants totaled $498,186. Consulting income was $20,824.

Balance Sheet

Total assets at cost increased by $198,400 to $12,685,456 representing the further investment in the network. Accumulated depreciation of the network assets totaled $4,589,076.

Cash Flow Statement

The cash flow for the year was a net inflow of $73,995. Cash inflows were predominantly from member subscriptions and grants received for network construction costs. Cash outflows were for operating expenses and investment in the construction of the network.
## Financial Statements

### Income Statement

For the Years Ended 30 June 2012 and 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from operating activities</td>
<td>1,916,866</td>
<td>2,269,544</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee costs</td>
<td>(173,432)</td>
<td>(204,102)</td>
</tr>
<tr>
<td>Professional fees</td>
<td>(39,981)</td>
<td>(36,118)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(890,646)</td>
<td>(949,509)</td>
</tr>
<tr>
<td>Insurance</td>
<td>(14,389)</td>
<td>(13,211)</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>(16,520)</td>
<td>(23,220)</td>
</tr>
<tr>
<td>Infrastructure expenses</td>
<td>(180,000)</td>
<td>(180,000)</td>
</tr>
<tr>
<td>Write off of indefeasible right to use</td>
<td>(10,000)</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Auditor's remuneration</td>
<td>(6,500)</td>
<td>(6,500)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(53,607)</td>
<td>(123,668)</td>
</tr>
<tr>
<td><strong>Profit/(loss) before income tax</strong></td>
<td>(641,396)</td>
<td>(242,530)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Surplus/(Loss) for the year</strong></td>
<td>(641,396)</td>
<td>(242,530)</td>
</tr>
</tbody>
</table>
### Statement of Financial Position

For the Years Ended 30 June 2012 and 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>844,061</td>
<td>770,066</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>67,702</td>
<td>39,820</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>33,464</td>
<td>31,436</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>945,227</td>
<td>841,321</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financial assets</td>
<td>130,000</td>
<td>140,000</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>8,105,372</td>
<td>8,796,695</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>8,235,372</td>
<td>8,936,695</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>9,180,599</td>
<td>9,778,016</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>104,608</td>
<td>92,184</td>
</tr>
<tr>
<td>Income in advance</td>
<td>92,292</td>
<td>30,673</td>
</tr>
<tr>
<td>Provisions</td>
<td>706</td>
<td>30,680</td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td>197,606</td>
<td>153,627</td>
</tr>
<tr>
<td><strong>Non current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>197,606</td>
<td>153,627</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>8,982,993</td>
<td>9,624,389</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>8,982,993</td>
<td>9,624,389</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>8,982,993</td>
<td>9,624,389</td>
</tr>
</tbody>
</table>
## Statement of Changes in Equity

For the Year Ended 30 June 2012

<table>
<thead>
<tr>
<th></th>
<th>Retained Earnings $</th>
<th>Total Equity $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 30 June 2010</strong></td>
<td>9,866,919</td>
<td>9,866,919</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>(242,530)</td>
<td>(242,530)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td>9,624,389</td>
<td>9,624,389</td>
</tr>
<tr>
<td>Loss for the year</td>
<td>(641,396)</td>
<td>(641,396)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2012</strong></td>
<td>8,982,993</td>
<td>8,982,993</td>
</tr>
</tbody>
</table>
### Statement of Cash Flows

**For the Years Ended 30 June 2012 and 2011**

#### Cash flows from operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash receipts from customers (inc GST)</td>
<td>834,370</td>
<td>1,402,619</td>
</tr>
<tr>
<td>Interest Received</td>
<td>15,537</td>
<td>27,918</td>
</tr>
<tr>
<td>Cash paid to suppliers and employees (inc GST)</td>
<td>(576,589)</td>
<td>(641,193)</td>
</tr>
<tr>
<td>Grant funding repaid</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash inflow/(outflow) from operating activities</strong></td>
<td><strong>273,318</strong></td>
<td><strong>789,344</strong></td>
</tr>
</tbody>
</table>

#### Cash flows from investing activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Purchase of property plant and equipment</strong></td>
<td><strong>(199,323)</strong></td>
<td><strong>(597,548)</strong></td>
</tr>
<tr>
<td><strong>Net cash inflow/(outflow) from investing activities</strong></td>
<td><strong>(199,323)</strong></td>
<td><strong>(597,548)</strong></td>
</tr>
</tbody>
</table>

#### Cash flows from financing activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by (used in)) financing activities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash inflow/(outflow) from financing activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Net increase in cash and cash equivalents**

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>73,995</td>
<td>191,796</td>
</tr>
</tbody>
</table>

Cash and cash equivalents at beginning of period

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>770,066</td>
<td>578,270</td>
</tr>
</tbody>
</table>

**Cash and cash equivalents at end of period**

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents at end of period</strong></td>
<td>844,061</td>
<td>770,066</td>
</tr>
</tbody>
</table>