

ANNUAL REPORT 2006

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BACKGROUND

In February 1998 the Western Coordination Group resolved to support the creation of a Western Research Institute, dedicated to research and analysis aimed at developing the Western New South Wales economy. Initial financial support was provided by Charles Sturt University; NSW Department of State and Regional Development; Department of Employment, Work Place Relations and Small Business; Central Western Regional Development Board; Orana Regional Development Board; and Far West Regional Development Board.

The Western Research Institute (WRI) was launched on 23rd February 1999. The WRI is a Public Company Limited by Guarantee and is controlled by a Board of Directors.

MISSION STATEMENT

To promote and develop the rural, manufacturing and industrial resources of Australia and in particular Western New South Wales by providing users with a range of information, including maintaining and providing the following services:

- Assembling, updating and storing a range of relevant data in a flexible retrieval form;
- Regular general economic reporting for business and the community to facilitate informed economic decision making;
- Compiling a library/ bibliography of economic and related research for reference and referral; and
- Conducting strategic research on key economic issues.

AMBITION STATEMENT

To be the country's leading research and analysis provider.

KEY OBJECTIVES

- To significantly contribute to regional economic growth
- To build on new industry group opportunities for growth
- To provide clients with information that is independent, robust, relevant, and easily disseminated
- To work towards becoming an employer of choice

PRESIDENT'S REPORT

Two thousand and six was another very significant year in the development of Western Research Institute (WRI). Negotiations with Charles Sturt University regarding the future relationship and funding resulted in cementing Western Research Institute as a special purpose entity controlled by the University. The University has pledged continuing support for the next three years for the ongoing work of WRI. I extend my thanks to Board members for their support and guidance in securing this relationship.

The revised relationship with the University brings some different reporting requirements, most notably quarterly reporting to the University Council. This relationship may also lead to more involvement of Board members in working parties and committees as we go forward.

A second major achievement in 2006 was securing the Westpac sponsorship to develop the Westpac/Charles Sturt University Agribusiness Index. I have no doubt that this will become one of the most sought after indicators of the health of business in regional Australia. Congratulations to Tom and the team for the excellent work done in securing the funding and for delivering the extremely professional first quarterly index at such short notice.

The revised relationship with the University and the Westpac sponsorship provides the platform for establishing a new Business Plan for 2007-10.

Tom and the team completed 22 projects covering a broad cross section of the economy in 2006. This is down on activity in 2005 partly reflecting the diversion of Tom's time to negotiations with CSU and to establishing the Westpac relationship. This level of activity was insufficient to ensure that WRI returned a surplus in 2006. However, the business is expected to return to surplus in 2007 now that negotiations with CSU and Westpac are completed.

In conclusion, I extend my congratulations to Tom and the staff for their efforts in 2006 and thank the members of the Board for their enthusiasm in supporting the continued success of WRI.



Peter Batten

CHIEF EXECUTIVE OFFICER'S REPORT

The year 2006 was devoted to repositioning the Western Research Institute in relationship with Charles Sturt University. From the 1st January 2007 WRI became a controlled entity of the University which ensures continued financial and in kind support from the University for the next 3 years as well as working in partnership with the University on major projects such as the Westpac Charles Sturt University Agribusiness Index. It is expected that this index will be recognised as a major indicator of the health of agribusiness in Australia and will be an ongoing major contract for the WRI in the years to come.

Partly because of the focus on securing WRI's future, the WRI only completed 22 projects in 2006. Significant among these was the second and third reports concerning the Bells Line Expressway which received national media coverage; analysis of the impact of the drought on the Bourke community which not only received coverage on the ABC 7:30 Report, but also played a part in securing assistance package for Bourke and alerting Peter Costello to the plight of regional Australia; and a fluoridisation survey for Northern NSW Oral Health Network, which played a part in many local governments in northern NSW adding fluoride to their water supply to improve dental health in the area especially among children.

The State of the Region Dinner was once again held in Dubbo. WRI also held its annual function this year called Westward Bound in Bathurst. At the Dubbo venue I shared the platform with Nick Farr-Jones where I presented a Rugby Economics analysis of the Dubbo economy. Both functions were a success with approximately 150 attending Dubbo and nearly 70 in Bathurst.

The reduced number of projects in 2006 resulted in WRI making a loss of \$55,000. This is the second time WRI has made a loss in its 8 year history. However a number of projects commenced at the end of 2006 including the major Westpac project so I expect to return to surplus in 2007.

Staff training throughout the year included Luciana Mazzotti completing an AGSM management course, Rachel Somerville and myself completed a Social Impact Analysis course, and 2 Australian Bureau of Statistics short courses, Lin Jiang attended an Asian Update Forum and Sarah Medway is working towards completing Certificate IV in Business Administration.

There were once again a number of staff changes during 2006. Amy Hawke joined the Department of Defence in Canberra, Karen Davidson moved to Cowra, Siti Amri joined the WRI briefly before moving to Griffith University, Lin Jiang joined the WRI mid year and Kathy Sloan returned on a part-time basis after the birth of her second child.

Professor David Goldney has continued to develop the environmental/ecology side of the WRI with approximately 20 projects in 2006.

In conclusion I would like to express my appreciation to the WRI staff who have worked tirelessly and always with good humour, the Board of Directors who have exerted considerable efforts in the negotiations surrounding the realignment with CSU and WRI's sponsors including Charles Sturt University, Reliance Credit Union and TAFE NSW, Western Institute.



Tom Murphy
Chief Executive Officer

KEY NOTE SPEECHES

Household Fluoridation Survey

Northern NSW Oral Health Network Forum, Lismore

7th March 2006

Economics of Central Western NSW

Consular Visit, Orange

10th May 2006

Future Opportunity West of the Great Divide

Reliance Credit Union Board Meeting, Mudgee

19th May 2006

Economic Development Challenges Confronting Communities - A State Perspective

LGMA 2006 Forum

Star City, Sydney

6th June 2006

State of the Region Dinner

Riverfest, Dubbo

1st September 2006

Capacity Building in Regional Australia

Agri-food Conference, Melbourne

28th & 29th September 2006

Central West Business Survey Results – September 2006

Westward Bound, Bathurst

1st November 2006

MEDIA

| Date | Where | Title/ Description |
|------------|-----------------------------|--|
| 24/01/2006 | WIN News | Bells Line Expressway |
| 6/02/2006 | WIN News | Reliance Credit Union Business Survey |
| 6/02/2006 | Prime News | Reliance Credit Union Business Survey |
| 6/02/2006 | ABC Radio - Dubbo | Orana Business Survey |
| 7/02/2006 | 2DU Radio - Dubbo | Orana Business Survey |
| 8/02/2006 | 2BS Radio - Bathurst | Reliance Credit Union Business Survey |
| 8/02/2006 | Western Advocate | Reliance Credit Union Business Survey |
| 10/02/2006 | Western Advocate | Petrol Prices |
| 15/02/2006 | The Australian | Invest4Profit advertisement |
| 28/02/2006 | Lithgow Mercury | Bells Line Expressway |
| 28/02/2006 | Western Advocate | Bells Line Expressway |
| 28/02/2006 | Prime News | Bells Line Expressway |
| 28/02/2006 | Ninemsn | Bells Line Expressway |
| 1/03/2006 | Daily Telegraph | Bells Line Expressway |
| 1/03/2006 | Central Western Daily | Bells Line Expressway |
| 2/03/2006 | The Land | Bells Line Expressway |
| 2/03/2006 | NSW Farmers Media Release | Bells Line Expressway |
| 2/03/2006 | Forbes Advocate | Bells Line Expressway |
| 2/03/2006 | Western Advocate | Bells Line Expressway |
| 4/03/2006 | Lithgow Mercury | Bells Line Expressway |
| 4/03/2006 | Lithgow Mercury | Bells Line Expressway |
| 7/03/2006 | Hawkesbury Independent | Bells Line Expressway |
| 9/03/2006 | Western Advocate | Bells Line Expressway |
| 9/03/2006 | The Land | Bells Line Expressway |
| 9/03/2006 | The Land | Bells Line Expressway |
| 11/04/2006 | Western Advocate | Petrol Prices |
| 11/04/2006 | 2MCE Radio | Petrol Prices |
| 19/04/2006 | Bourke Radio Station | Economic Impact of the Drought on Bourke |
| 27/04/2006 | Central Western Daily | Interest Rates |
| 28/04/2006 | ABC Radio Broken Hill | Economic Impact of Sealing the Menindee-Pooncarie Road |
| 28/04/2006 | Central Western Daily | Petrol Prices |
| 1/05/2006 | Star FM - Orange | Interest Rates |
| 1/05/2006 | ABC Radio - Dubbo | Interest Rates |
| 1/05/2006 | Prime News | Interest Rates |
| 2/05/2006 | Western Advocate | Petrol Prices |
| 2/05/2006 | ABC Radio - Orange | Reliance Credit Union Business Survey |
| 3/05/2006 | 2GZ/ Star FM Orange | Reliance Credit Union Business Survey |
| 3/05/2006 | 2BS/BROCK | Reliance Credit Union Business Survey |
| 4/05/2006 | WIN News | Reliance Credit Union Business Survey |
| 9/05/2006 | ABC Radio - Dubbo | Orana Business Survey |
| 9/05/2006 | 2DU - Dubbo | Orana Business Survey |
| 10/05/2006 | 2MCE (CSU) Radio | Budget |
| 10/05/2006 | 2BS/ BROCK | Budget |
| 11/05/2006 | WIN News | Budget |
| 11/05/2006 | Mudgee Guardian | Orana Business Survey |
| 11/05/2006 | Western Magazine | Petrol Prices |
| 19/05/2006 | Reliance Credit Union Board | Future Opportunity-West of the Great Divide |
| 22/05/2006 | WIN News | Drought |
| | | |

| Date | Where | Title/ Description |
|------------|--------------------------------|--|
| 5/06/2006 | LGMA 2006 Forum | Economic Development Challenges Confronting Communities of a State Perspective |
| 6/06/2006 | ABC Radio - Central West | State Budget |
| 6/06/2006 | ABC Radio - Bega | State Budget |
| 14/06/2006 | 2WB - Bourke | The Impact of the Current Drought on the Bourke Economy & Community |
| 18/07/2006 | Western Advocate | Bells Line Expressway |
| 19/07/2006 | Western Advocate | Bells Line Expressway |
| 26/07/2006 | ABC Radio - Central West | Reliance Credit Union Business Survey |
| 27/07/2006 | ABC Radio - Western Plains | Reliance Credit Union Business Survey |
| 27/07/2006 | 2UE Radio - Sydney | Reliance Credit Union Business Survey |
| 27/07/2006 | 2BS - Bathurst | Reliance Credit Union Business Survey |
| 27/07/2006 | WIN News | Reliance Credit Union Business Survey |
| 28/07/2006 | ABC Radio - Broken Hill | Reliance Credit Union Business Survey |
| 28/07/2006 | Western Advocate | Reliance Credit Union Business Survey |
| 2/08/2006 | 2MCE Radio - Bathurst | Interest Rates |
| 2/08/2006 | Star FM - Orange | Interest Rates |
| 3/08/2006 | Central Western Daily - Orange | Interest Rates |
| 3/08/2006 | ABC Radio - State | Petrol Prices |
| 3/08/2006 | WIN News | Reliance Credit Union Business Survey |
| 3/08/2006 | 2BS - Bathurst | Reliance Credit Union Business Survey |
| 3/08/2006 | 2PK Radio - Parkes | Reliance Credit Union Business Survey |
| 4/08/2006 | ABC Radio - Riverland - SA | Interest Rates/ Reliance Credit Union Business Survey |
| 10/08/2006 | Central Western Daily | Reliance Credit Union Business Survey |
| 21/08/2006 | WIN News | Orana Business Survey |
| 22/08/2006 | National Stateline | Orana Business Survey |
| 22/08/2006 | Ministers Press Release | Orana Business Survey |
| 20/09/2006 | ABC Radio - Orange | Mining in the Central West |
| 10/10/2006 | Canberra Times | Braidwood Project |
| 10/10/2006 | ABC Radio - Orange | The Impact of the Current Drought on the Bourke Economy & Community |
| 11/10/2006 | 2BS/ BROCK | Bells Line Expressway - Regional Business Review |
| 13/10/2006 | Western Advocate | Bells Line Expressway - Regional Business Review |
| 16/10/2006 | ABC 7:30 Report | The Impact of the Current Drought on the Bourke Economy & Community |
| 18/10/2006 | Central Western Daily | Bells Line Expressway - Regional Business Review |
| 30/10/2006 | Western Advocate | Bells Line Expressway - Regional Business Review |
| 30/10/2006 | 2BS/ BROCK | Bells Line Expressway - Regional Business Review |
| 31/10/2006 | 2GZ/ Star FM - Orange | Bells Line Expressway - Regional Business Review |
| 2/11/2006 | Prime News | Reliance Credit Union Business Survey |
| 3/11/2006 | Western Advocate | Bells Line Expressway - Regional Business Review |
| 3/11/2006 | Western Advocate | Bells Line Expressway - Regional Business Review |
| 4/11/2006 | Western Advocate | Bells Line Expressway - Regional Business Review |
| 8/11/2006 | Prime News | Oberon Economic Analysis |
| 8/11/2006 | Prime News | Interest Rates |
| 6/12/2006 | ABC Radio | Westpac/ CSU Launch |
| 7/12/2006 | Western Advocate | Westpac/ CSU Launch |
| 20/12/2006 | Western Advocate | CSU Graduate Destinations |

STAFF

Tom Murphy



Chief Executive Officer—Tom Murphy holds the degrees of Bachelor of Economics with First Class Honours from the University of New England and Master of Science (Economics) from the University of Lancaster. Tom has previously held academic positions as senior lecturer in Economics and Director of the Regional Economics Research Unit in the Faculty of Commerce, Charles Sturt University. He has also held the positions of Economic Analyst with the Office of National Assessments in Canberra, with responsibility for the ASEAN economies and Senior Consultant with KPMG Peat Marwick Management Consultants.

Kathy Sloan



Senior Research Officer—Kathy holds a Bachelor of Applied Science in Applied Geography from the University of Canberra and a Graduate Diploma in Information Systems from Charles Sturt University. Kathy is an experienced researcher in both private and public sectors. Kathy provides project management across WRI projects. Her strengths lie in conducting surveys, data analysis and information communication technology. Her experience in private consultancy and the Planning and Audit Division of CSU provides a strong background in project management and quality assurance.

Luciana Mazzotti



Senior Research Officer—Luciana holds a Bachelor of Business Marketing/Advertising from CSU and has recently completed a Bachelor of Business (First Class Honours). Luciana, with a background in marketing adds a new dimension to the WRI team. With her strong understanding of data analysis and ability to apply context to figures, she provides research direction to other team members. Luciana has experience in the retail, hospitality and advertising industries and brings a diverse range of skills to the WRI.

Karen Davidson



Research Assistant—Karen holds a Bachelor of Arts (Communication - Journalism) from CSU. In the past Karen has worked as a research assistant on various projects within the Faculty of Commerce at CSU. This included conducting literature reviews, presenting surveys to class groups, proof reading and organising focus groups. With experience in both print and broadcast journalism, Karen brings these research and communication skills to the WRI.

Rachel Somerville



Research Assistant—Rachel holds a Bachelor of Equine Business Management with second class, first division honours from the University of Sydney where she also listed on the Deans Honour List for Business Law. Rachel has experience in the hospitality and retail industries as well as having spent several years working as a sales representative for a local newspaper, developing a sound understanding of regional business. With a strong interest in agricultural and environmental areas, particularly land and stock management, Rachel brings a variety of skills to her support role at the WRI.

Siti Amri

Research Assistant—Siti is currently a Phd student in Information Systems, studying “*Agent-based modelling of house price evolution*”. Siti has also completed a Masters in Geography and another in Science Education. Her undergraduate degree was a Bachelor of Science in Geography with a major in Urban and Regional Planning. She is a professionally trained Geographic Information System and Remote Sensing Analyst and is a member of the Institute of Australian Geographers and Urban and Regional Information Associations. Siti is highly experienced in geography and planning and has worked with regression and a range of other complex analytical techniques.

Lin Jiang



Research Assistant—Lin has Masters in Business Management and Education which coupled with her international business experience gives her a keen understanding of industry research. Lin has specific skills in statistical data analysis, including normal distribution, cross-tabulation and correlation coefficients in SPSS, teaching and counselling, administration and international trade and brings a variety of strengths to the WRI. Lin originates from Mainland China, where she worked at Qing Dao University.

Professor David Goldney



Consulting Ecologist—David holds the degrees of PhD (Queensland) and D.Sc (Honoris causa– CSU). David has previously held the positions of visiting Professor at the University of Sydney Orange and Associate Professor of Charles Sturt University. He is a member of the editorial Board of the Journal of Landscape and Urban Planning and the Journal of Ecological Management and Restoration.

Sarah Medway



Administration Officer—Sarah has completed a Certificate III traineeship in Business Administration. She provides professional secretarial and administrative services for the Western Research Institute, and has advanced skills in accounting software MYOB. Sarah also has previous experience in the retail and health industries and has completed Certificate III in Fitness.

SERVICES OFFERED

- Analysis of regional economic issues
- Economic policy development
- Market structure and assessment
- Economic impact analysis
- Cost-benefit analysis
- Industry analysis eg: competitive advantage assessment
- Economic modelling
- Market research
- Project assessment
- Education and training programs
- Evaluation studies
- Feasibility assessments

The WRI has an extensive network of associates who provide a variety of consulting services and accordingly can offer clients integrated research solution.

The WRI is a one stop economic, social, business and environmental research consulting service, matching the range of services available to large companies from multi-national consulting firms at an affordable cost.

WRI CONTACTS IN 2006

- Australian Pork Limited
- Australian Universities Community Engagement Alliance (AUCEA)
- Barwon Darling Alliance
- Bathurst Regional Council
- Bells Line Expressway Group (BLEG)
- BHP Billiton
- Blayney Shire Council
- Central Darling Shire Council
- Central Tablelands Water
- Central West Community College
- Central Western Regional Development Board
- Charles Sturt University
- Country Energy
- Delta Electricity
- Department of Planning, Heritage Office
- Department of State and Regional Development

- Illawarra Regional Information Service
- Invest4Profit
- Mid–Western Regional Council
- Ministry of Transport
- Northern NSW Oral Health Network
- Oberon Shire Council
- Orana Regional Development Board
- Orange City Council
- Parkes Shire Council
- Perpetual Limited
- Reliance Credit Union
- Resource Strategies
- TAFE NSW – Western Institute
- University of Technology
- University of Ballarat
- V8 Supercars Australia Pty Ltd
- Westpac Banking Corporation

SPONSORS

Adam Smith Level

Reliance Credit Union

John Maynard Keynes Level

TAFE NSW - Western Institute

CONSULTANCIES

Australian Pork—Socio-Economic Impacts of the Australian Pork Industry

Barwon Darling Alliance—A Review of Estimated Enterprise Zone Benefits for Government and Business

Barrick Australia—Environmental Consultancies

Bells Line Expressway Group—Socio-Economic Impact of the Bells Line Expressway on Sydney and Western Sydney: A Strategic Perspective

Bells Line Expressway Group—Bypass: a new lease on life?

Cadia Newcrest Mining—Environmental Consultancies

Central Darling Shire Council—Economic Impact of Sealing the Menindee-Pooncarie Road

Central Tablelands Water—Regional Development in Central West NSW - Water the Real Constraint

Central Western Regional Development Board—The Impact of the Current Drought on Bourke Economy and Community

Charles Sturt University—2006 Update of the Destination of On-Campus Graduates of Charles Sturt University

Charles Sturt University—Childcare Needs Analysis

Cowra Shire Council—Enterprise Zone Benefits to Government and Business

Dubbo City Council—Review of the Provisions of the Community Stormwater Attitude Survey

Dubbo City Council—Dubbo City Council Employee Analysis – Works Service Branch – Water & Sewage Branch

Illawarra Regional Information Services—Economic Impact of BHP Biliton in the Illawarra and Wollondilly Regions

National Centre for Vocational Education Research Ltd—Finding the Common Ground: Is there a Place for Education for Sustainability in VET Policy and Practice

Northern NSW Oral Health Network—Fluoridation Survey

NSW Ministry of Transport—Bathurst Bus Survey

Orange City Council—Creating a Safer Community - A Survey of Crime and Safety in Orange

Orange City Council—Crime Profile for Orange – 1998-2005

Orange City Council—Leadership through Governance and Advocacy Program Evaluation

Orana Regional Development Board—Orana Business Survey

Reliance Credit Union—Reliance Credit Union Business Survey

TAFE NSW, Western Institute—TAFE NSW Western Institute: Contribution to Regional Development

The University of Technology—Asian Business Lectures

BOARD OF DIRECTORS

Mr Peter Batten—President

Associate Director

TAFE NSW Primary Industries & Natural Resources Curriculum Centre

Mr Michael Milston—Vice President

Director Human Services, Economic Development

Orange City Council

Professor John Hicks—Secretary

Dean, Faculty of Commerce

Charles Sturt University

Mr Sandy Morrison—Treasurer

Chairman

Central Western Regional Development Board

Councillor Marion Browne—Director

Representative of the Far West

Councillor Margaret Collins—Director

Collins Transport

Lithgow City Council

Mr Ian Davison—Director

Country Advertising Agency Pty Ltd

Ms Juliet Duffy—Director

Managing Director

Wireless Marketing Pty Ltd

Ms Helen Overmyer—Director

Marketing Services Manager

Country Energy

Associate Professor Greg Walker—Director

Head of School, Marketing and Management

Charles Sturt University

ASSOCIATES

- Associate Professor Geoff Bamberry, BA Dip Public Admin QLD, MA Sus
- Mr Pat Bradbery, DipEd Mitchell CAE, Dip RE S Aust CAE, BSc MBA NSW, MACS
- Dr Terence M Dwyer, BA (Hon) BEc (Hon) (Syd), PhD (Harvard)
- Selwyn G Heilbron BA (Kent), MSc (Univ London) PhD (Cambridge)
- Professor John Hicks, BCom, DipEd MA (Melbourne), PhD Massey
- Associate Professor Denise Jarratt, BPharm Syd, MCom NSW, PhD NE, MAMS
- Dr Hailu Kidane, BSc Mak, MSc Nair, PhD Hanover
- Mr Terry Larkin, BEc (Syd), MA (Harvard), MPA (Harvard)
- Ms Julia Lynch, BAgSc QLD, GDipEc MEc NE
- Dr Mark Morrison, BEc Macq, PhD NSW
- Associate Professor Eddie Oczkowski, EA, MEc ANU, BEc PhD La Trobe
- Mr Hazbo Skoko, BBusSc Podgorica (Montenegro), MSc Belgrade
- Dr Kishor Sharma, PgDipMgt Iml, MEc TUNepal, PhD La Trobe
- Associate Professor Greg Walker, MCom DipEd NSW, PhD Macq
- Associate Professor Guy West, BEcon (Hons I), MEc. Stud, PhD (UQ)

WESTERN RESEARCH INSTITUTE LIMITED
ACN 090 089 991
Directors Report
For the Year Ended 31 December 2006

Your Directors present their report on the company for the year ended 31 December 2006.

The following persons held office of director during the year and at the date of this report:

- | | | |
|----|-----------------------|-----------------------------|
| 1. | Peter John Batten | Marion Heath Browne |
| | Margaret Mary Collins | Michael Grouse Milston |
| | Helen Overmyer | John Robert Llewellyn Hicks |
| | Juliet Duffy | Ian Davison |
| | Greg Walker | |
| | Sandy Morrison | |

The deficit of the company for the financial year amounted to \$54,959.83.

There have been no significant changes in the state of the company's affairs during the financial year.

The principal activity of the company during the course of the year was the provision of research services.

There have been no significant changes in the nature of these activities during the year.

No known matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the company's operations, the results of those operations or the state of affairs of the company in subsequent financial years.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

As the company is a non-profit organisation with no share capital, the payment of dividends is not permitted by the company's constitution.

No options over interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No Indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

WESTERN RESEARCH INSTITUTE LIMITED
ACN 090 089 991
Directors Report
For the Year Ended 31 December 2006

1.1 DIRECTORS' PARTICULARS

| | YEARS AS DIRECTOR | NO. MEETINGS ATTENDED | NO. MEETINGS HELD |
|------------------------|--------------------------|----------------------------------|--------------------------|
| Peter John Batten | 7 | 6 | 6 |
| Marion Heath Browne | 6 | 5 | 6 |
| Margaret Mary Collins | 2 | 4 | 6 |
| Ian Davison | 5 | 5 | 6 |
| Helen Overmyer | 1 | 4 | 6 |
| Juliet Duffy | 2 | 5 | 6 |
| John Robert Hicks | 8 | 1 | 6 |
| Michael Grouse Milston | 6 | 5 | 6 |
| Greg Walker | 4 | 2 | 6 |
| Sandy Morrison | 4 | 5 | 6 |

WESTERN RESEARCH INSTITUTE LIMITED

ACN 090 089 991

Directors' Declaration

For the Year Ended 31 December 2006

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

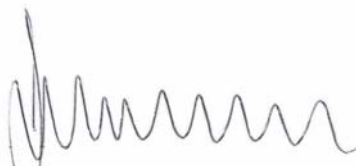
The directors of the company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - b) give a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.



Director



Director

Dated this 7th day of March 2007

WESTERN RESEARCH INSTITUTE LIMITED

ACN 090 089 991

Independent Audit Report

To the Members of

Western Research Institute Limited

Scope

We have audited the financial report, being a special purpose financial report of Western Research Institute Limited for the year ended 31 December 2006, comprising the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Cash Flow Statement and Notes to the Financial Statements. The company's directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of Western Research Institute Limited. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting requirements under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia.

The audit opinion expressed in this report has been formed on the above basis.

Independence

We are independent of the Institute, and have met the independence requirements of Australian professional ethical pronouncements. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

WESTERN RESEARCH INSTITUTE LIMITED
ACN 090 089 991
Independent Audit Report
To the Members of
Western Research Institute Limited

Audit Opinion

In our opinion, the financial report of Western Research Institute Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (ii) complying with the Accounting Standards in Australia to the extent described in Note 1 and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements to the extent described in Note 1.


Graff, Paul & Parnell


Len Graff

Graff Paul & Parnell

Chartered Accountants
107 Bentick Street
Bathurst NSW 2795

Dated this 7th day of March 2007

WESTERN RESEARCH INSTITUTE LIMITED

ACN 090 089 991

Compilation Report

Scope

On the basis of information provided by the directors, we have compiled in accordance with APS 9 "Statement on Compilation of Financial Reports" the special purpose financial report of the company for the period ended 31 December 2006 as set out in the financial statements.

The specific purpose for which the special purpose financial report has been prepared is set out in Note 1. The extent to which Accounting Standards and other mandatory professional reporting requirements have not or have been adopted in the preparation of the special purpose financial report is set out in Note 1.

The directors are solely responsible for the information contained in the special purpose financial report. They have determined that the accounting policies used are consistent with the financial reporting requirements of the company's constitution and are appropriate to meet the needs of the members and directors of the company.



Graff Paul & Parnell
Chartered Accountants
107 Bentick Street
Bathurst NSW 2795

Tim Parnell CA BBus

Dated this the 7th day of March 2007

WESTERN RESEARCH INSTITUTE LIMITED**ACN 090 089 991****Statement of Income and Expenditure****For the Year ended 31 December 2006**

| | 2006 | 2005 |
|--|-------------------|-------------------|
| | \$ | \$ |
| INCOME | | |
| Grants & Funding | 129,450.50 | 137,214.60 |
| Consulting | 635,626.60 | 572,427.26 |
| Sponsorship | 5,000.00 | 5,000.00 |
| Regional Business Review Dinner | 1,840.96 | 1,136.33 |
| Membership Fees | 1,000.00 | 1,100.00 |
| Interest Received | 17,234.21 | 19,922.19 |
| | <u>790,152.27</u> | <u>736,800.38</u> |
| EXPENDITURE | | |
| Advertising | 493.27 | 578.77 |
| Auditor's Remuneration | | |
| Audit Fees | 4,217.00 | 4,017.00 |
| Other Services | 3,477.57 | 6,915.57 |
| Bank Charges | 227.48 | 2,023.43 |
| Cleaning | 909.09 | 2,954.55 |
| Computer Costs | 5,435.02 | 1,005.85 |
| Contract Work - Projects | 67,346.72 | 58,528.85 |
| Depreciation | 6,540.00 | 7,766.00 |
| Electricity | 1,818.18 | 2,954.54 |
| Entertainment | 5,007.98 | 4,620.01 |
| Insurance | 2,882.32 | 3,365.67 |
| Internet Fees | 294.00 | - |
| Newspapers & Magazines | 427.58 | 410.37 |
| Postage | 2,728.78 | 3,350.06 |
| Printing, Stationery & Office Supplies | 6,139.34 | 13,234.58 |
| Regional Business Review Dinner | 2,348.44 | - |
| Rent | 7,272.72 | 7,272.72 |
| Repairs & Maintenance | - | 50.00 |

WESTERN RESEARCH INSTITUTE LIMITED**ACN 090 089 991****Statement of Income and Expenditure****For the Year ended 31 December 2006**

| | 2006 | 2005 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| Research & Development | - | 2,067.73 |
| Resources | 3,440.91 | 1,373.45 |
| Staff Training & Welfare | 9,092.72 | 5,261.83 |
| Sundry Expenses | 1,422.53 | 580.29 |
| Subscriptions | 1,713.75 | 3,714.55 |
| Telephone | 6,324.31 | 6,393.60 |
| Travelling - Local | 18,129.14 | 16,733.83 |
| Travelling – Overseas | - | 879.87 |
| Travelling – Environmental Consultants | 30,730.97 | 28,249.17 |
| Wages, Salaries and on costs - WRI Staff | 261,231.81 | 208,621.47 |
| Wages, Salaries and on costs - CSU Staff | 196,980.96 | 153,898.54 |
| Wages, Salaries and on costs – WRI Environmental Staff | 198,479.51 | 112,357.97 |
| | <u>845,112.10</u> | <u>659,180.27</u> |
| OPERATING SURPLUS (DEFICIT) BEFORE INCOME TAX | <u>(54,959.83)</u> | <u>77,620.11</u> |
| Income Tax Expense | - | - |
| OPERATING SURPLUS (DEFICIT) AFTER INCOME TAX | (54,959.83) | 77,620.11 |
| Accumulated Funds - Beginning of Year | 425,372.27 | 347,752.16 |
| ACCUMULATED FUNDS AT 31 DECEMBER 2006 | <u><u>370,412.44</u></u> | <u><u>425,372.27</u></u> |

WESTERN RESEARCH INSTITUTE LIMITED**ACN 090 089 991****Balance Sheet****As at 31 December 2006**

| | Notes | 2006 \$ | 2005 \$ |
|---|-------|-------------------|-------------------|
| SHARE CAPITAL AND RESERVES | | | |
| Paid Up Capital | | | |
| Accumulated Funds | | 370,412.44 | 425,372.27 |
| TOTAL SHARE CAPITAL AND RESERVES | | <u>370,412.44</u> | <u>425,372.27</u> |
| Represented By: | | | |
| CURRENT ASSETS | | | |
| Petty Cash | 15 | 325.42 | 258.31 |
| Cash at Reliance Credit Union | 15 | 399,809.79 | 327,809.10 |
| Trade Debtors | 10 | 10,083.26 | 112,946.59 |
| Prepayments | 7 | 20,455.62 | 472.00 |
| | | <u>430,674.09</u> | <u>441,486.00</u> |
| NON CURRENT ASSETS | | | |
| Office Equipment - at Cost | | 48,533.86 | 46,375.86 |
| Less: Accumulated Depreciation | | <u>40,686.00</u> | <u>35,167.00</u> |
| | | 7,847.86 | 11,208.86 |
| Office Furniture & Fittings - at Cost | | 9,596.15 | 9,596.15 |
| Less: Accumulated Depreciation | | <u>6,691.00</u> | <u>5,724.00</u> |
| | | 2,905.15 | 3,872.15 |
| Software - at Cost | | 27,848.87 | 27,848.87 |
| Less: Accumulated Depreciation | | <u>27,848.87</u> | <u>27,781.00</u> |
| | | 0.00 | 67.87 |
| | 6 | <u>10,753.01</u> | <u>15,150.03</u> |

WESTERN RESEARCH INSTITUTE LIMITED**ACN 090 089 991****Balance Sheet****As at 31 December 2006**

| | Notes | 2006 \$ | 2005 \$ |
|---------------------------------|-------|--------------------------|--------------------------|
| INVESTMENTS | | | |
| Shares in Reliance Credit Union | 5 | <u>10.00</u> | <u>10.00</u> |
| | | 10.00 | 10.00 |
| TOTAL ASSETS | | <u>441,437.10</u> | <u>456,646.03</u> |
| CURRENT LIABILITIES | | | |
| Trade Creditors | 8 | 1,020.65 | 1,208.96 |
| Other Creditors | 8 | 48,444.00 | - |
| Provision for Superannuation | 9 | 9,449.40 | 41.80 |
| Provision for PAYG Withholding | 9 | 4,110.00 | 8694.00 |
| Provision for GST | 10 | 8,000.61 | 13,192.00 |
| Income in Advance | | 0.00 | 8,137.00 |
| | | <u>71,024.66</u> | <u>31,273.76</u> |
| TOTAL LIABILITIES | | <u>71,024.66</u> | <u>31,273.76</u> |
| NET ASSETS | | <u><u>370,412.44</u></u> | <u><u>425,372.27</u></u> |

WESTERN RESEARCH INSTITUTE LIMITED

ACN 090 089 991

Directors Report

For the Year Ended 31 December 2006

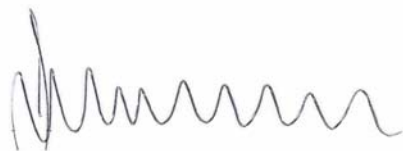
DIRECTORS' BENEFIT

Since the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Accounts or the fixed salary of a full time employee of the Company or of a related corporation) by reason of a contract made by the company or related corporation with the director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Director



Director

Dated this 7th day of March 2007

Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001
To the Directors of Western Research Institute Limited

I declare that, to the best of my knowledge and beliefs, during the year ended 31 December 2006 there have been:

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


.....
Graff, Paul & Parnell


.....
Len Graff

Graff Paul & Parnell
Chartered Accountants
107 Bentick Street
Bathurst NSW 2795

Dated this 7th day of March 2007

WESTERN RESEARCH INSTITUTE LIMITED
ACN 090 089 991
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2006

| | NOTE | 2006 \$ | 2005 \$ |
|--|------|-------------|------------|
| Revenues | 2 | 790,152.27 | 736,800.38 |
| Expenses, excluding borrowing costs | 2 | 845,112.10 | 659,180.27 |
| Surplus (Deficit) before income tax | | (54,959.83) | 77,620.11 |
| Income tax expense | 3 | - | - |
| Surplus (Deficit) attributable to members of the entity | | (54,959.83) | 77,620.11 |

WESTERN RESEARCH INSTITUTE LIMITED**ACN 090 089 991****Balance Sheet****As at 31 December 2006**

| | Note | 2006 \$ | 2005 \$ |
|--------------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash | 15 | 400,135.21 | 328,067.41 |
| Receivables | 4 | 10,083.26 | 112,946.59 |
| Other | 7 | 20,455.62 | 472.00 |
| TOTAL CURRENT ASSETS | | <u>430,674.09</u> | <u>441,486.00</u> |
| NON-CURRENT ASSETS | | | |
| Investments | 5 | 10.00 | 10.00 |
| Property, plant and equipment | 6 | 10,753.01 | 15,150.03 |
| TOTAL NON-CURRENT ASSETS | | <u>10,763.01</u> | <u>15,160.03</u> |
| TOTAL ASSETS | | <u>441,437.10</u> | <u>456,646.03</u> |
| CURRENT LIABILITIES | | | |
| Payables | 8 | 49,464.65 | 1,208.96 |
| Provisions | 9 | 13,559.40 | 8,735.80 |
| Other | 10 | 8,000.61 | 21,329.00 |
| TOTAL CURRENT LIABILITIES | | <u>71,024.66</u> | <u>31,273.76</u> |
| TOTAL NON-CURRENT LIABILITIES | | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | | <u>71,024.66</u> | <u>31,273.76</u> |
| NET ASSETS | | <u>370,412.44</u> | <u>425,372.27</u> |
| EQUITY | | | |
| Accumulated Funds | | 370,412.44 | 425,372.27 |
| TOTAL EQUITY | | <u>370,412.44</u> | <u>425,372.27</u> |

The accompanying notes form part of these financial statements.

WESTERN RESEARCH INSTITUTE LIMITED**ACN 090 098 991****Statement of Cash Flows****For the Year ended 31 December 2006**

| | NOTE | 2006 \$ | 2005 \$ |
|---|-------|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from funding bodies and clients | | 867,644.39 | 683,580.42 |
| Payments to suppliers and employees | | (810,652.80) | (670,885.22) |
| Interest Received (Net) | | 17,234.21 | 19,922.19 |
| Net cash provided by (used in) operating activities | 15(b) | 74,225.80 | 32,617.39 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Payment for property, plant and equipment | | (2,158.00) | (6,501.00) |
| Payment for investments | | - | |
| Net cash used in investing activities | | (2,158.00) | (6,501.00) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Net cash used in financing activities | | - | - |
| Net increase in cash held | | 72,067.80 | 26,116.39 |
| Cash at beginning of year | | 328,067.41 | 301,951.02 |
| Cash at end of year | 15(a) | 400,135.21 | 328,067.41 |

WESTERN RESEARCH INSTITUTE LIMITED
ACN 090 089 991
Statement of Changes in Equity
For the Year ended 31 December 2006

| | Note | Ordinary | Retained Earnings | Reserves | Total |
|--|------|----------|----------------------|----------|-------------|
| | | \$ | \$ | \$ | \$ |
| Balance at 1 July 2004 | | - | 347,752.16 | - | 347,752.16 |
| Retrospective adjustment upon change in accounting policy | | | | | |
| Surplus attributable to entity | | | 77,620.11 | | 77,620.11 |
| Sub-total | | - | 425,372.27 | - | 425,372.27 |
| Balance at 30 June 2005 | | 0.00 | 425,372.27 | | 425,372.27 |
| Deficit attributable to entity | | | (54,959.83) | | (54,959.83) |
| Subtotal | | | 370,412.44 | | 370,412.44 |
| Balance at 30 June 2006 | | 0.00 | 370,412.44 | | 370,412.44 |

WESTERN RESEARCH INSTITUTE LIMITED

ACN 090 089 991

Notes to the Financial Statements

For the Year ended 31 December 2006

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report has been prepared for use by the directors and members of the company and is a special purpose financial report. The directors have determined that the company is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following applicable Australian Accounting Standards;

AASB 101: Presentation of Financial Statements

AASB 107: Cash Flow Statements

AASB 110: Events after the Balance Sheet Date

AASB 1031: Materiality

No other applicable Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The report is also prepared on an accruals basis and is based on historical costs and except where stated modified by the revaluation of selected non-current assets for which the fair value basis of accounting has been applied.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report for Western Research Institute Limited;

(a) Employee Benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees but unpaid as at balance date. Employee benefits expected to be settled within one year and benefits arising from wages & salaries, sick leave and annual leave which will be paid after one year have been measured at the amount expected to be paid when the liability falls due, plus any associated on-costs. Other benefits payable later than one year are measured at the present value of the estimated future cash outflows for those benefits. No provision for long service leave has been made as no employee is presently entitled.

Contributions made to employee superannuation funds are charged as expenses when incurred.

The company does not record, as an asset or liability, the difference between the employer established defined superannuation plan's accrued benefits and the net market present value of the plans assets.

WESTERN RESEARCH INSTITUTE LIMITED

ACN 090 089 991

Notes to the Financial Statements

For the Year ended 31 December 2006

(b) Property, plant and equipment

Property, plant and equipment are carried at cost, independent or directors' valuation. Excluding freehold land, all assets are depreciated over their useful lives to Western Research Institute Limited.

(c) Investments

Investments are stated at cost or directors' valuation. Dividends are brought to account in the Profit & Loss Statement when received.

(d) Leases

Where substantially all the risks and benefits incidental to the ownership of a leased fixed asset, but not the legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised as an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value is brought to account. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the lease interest expense for the period and the reduction of the lease liability.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(e) Research & Development

Research & Development costs are charged to profit from ordinary activities before tax as incurred and deferred where it is expected beyond any reasonable doubt recovery of the deferred amounts can be made from future benefits derived.

Deferred expenditure is amortised, once production has commenced, on a straight line basis over the term during which the related benefits of the Research & Development are expected to be realised.

WESTERN RESEARCH INSTITUTE LIMITED**ACN 090 089 991****Notes to the Financial Statements****For the Year ended 31 December 2006**

| | 2006 \$ | 2005 \$ |
|---|------------------|-------------------|
| 2. OPERATING SURPLUS | | |
| Operating surplus before income tax has been determined after: | | |
| (a) Charging as expense | | |
| Movements in Provisions | | |
| Depreciation of property, plant and equipment | 6,540.00 | 7,766.00 |
| Auditor's Remuneration | | |
| - Audit | 4,217.00 | 4,017.00 |
| - Other Services | 3,477.57 | 6,915.57 |
| (b) Crediting as income | | |
| Interest Received | 17,234.21 | 19,922.19 |
| 3. INCOME TAX EXPENSE | | |
| The company is exempt from income tax under the Income Tax Assessment Act 1997 (as amended) | | |
| 4. RECEIVABLES | | |
| Current | | |
| Trade Debtors | 10,083.26 | 112,946.59 |
| | <u>10,083.26</u> | <u>112,946.59</u> |
| 5. INVESTMENTS | | |
| Non-Current | | |
| Share in Reliance Credit Union | 10.00 | 10.00 |
| | <u>10.00</u> | <u>10.00</u> |

WESTERN RESEARCH INSTITUTE LIMITED**ACN 090 089 991****Notes to the Financial Statements****For the Year ended 31 December 2006**

| | 2006 | 2005 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| 6. PROPERTY, PLANT & EQUIPMENT | | |
| Plant & Equipment | | |
| Office Equipment - at Cost | 48,533.86 | 46,375.86 |
| Less: Accumulated Depreciation | <u>40,686.00</u> | <u>35,167.00</u> |
| | 7,847.86 | 11,208.86 |
| | | |
| Office Furniture & Fittings - at Cost | 9,596.15 | 9,596.15 |
| Less: Accumulated Depreciation | <u>6,691.00</u> | <u>5,724.00</u> |
| | 2,905.15 | 3,872.15 |
| | | |
| Software - at Cost | <u>27,848.87</u> | <u>27,848.87</u> |
| Less: Accumulated Depreciation | <u>27,848.87</u> | <u>27,781.00</u> |
| | 0.00 | 67.87 |
| | | |
| Total Plant & Equipment | <u><u>10573.01</u></u> | <u><u>15,150.03</u></u> |
| | | |
| 7. OTHERS | | |
| Current | | |
| Prepayments | <u>20,455.62</u> | <u>472.00</u> |
| | <u><u>20,455.62</u></u> | <u><u>472.00</u></u> |
| | | |
| 8. PAYABLES | | |
| Current | | |
| Trade Creditors | <u>1,020.65</u> | <u>1,208.96</u> |
| | <u><u>1,020.65</u></u> | <u><u>1,208.96</u></u> |
| | | |
| 9. PROVISIONS | | |
| Current | | |
| Provision for Superannuation | 9,449.40 | 41.80 |
| Provision for PAYG Withholding | <u>4,110.00</u> | <u>8,694.00</u> |
| | <u><u>13,559.40</u></u> | <u><u>8,735.80</u></u> |

WESTERN RESEARCH INSTITUTE LIMITED**ACN 090 089 991****Notes to the Financial Statements****For the Year ended 31 December 2006**

| | 2006 | 2005 |
|-------------------|-----------------|------------------|
| | \$ | \$ |
| 10. OTHER | | |
| Current | | |
| Income in Advance | 0.00 | 8,137.00 |
| GST Payable | 8,000.61 | 13,192.00 |
| | <u>8,000.61</u> | <u>21,329.00</u> |

11. MEMBERS' GUARANTEE

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$50 towards any outstanding obligations of the company. At 31 December 2006, the number of members was ten.

12. ECONOMIC DEPENDENCY

The operations of the company are currently dependent on the financial support of its funding bodies. During 2006 the funding bodies were: - Charles Sturt University

Special arrangements are in place between WRI and Charles Sturt University for the payment of wages for the CEO, Mr Tom Murphy. Charles Sturt University subsidises the costs of the premises and utilities. The economic cost of these subsidies has not been fully quantified.

13. CORPORATE STRUCTURE

The enterprise was originally incorporated under the NSW Associations Incorporations Act on 6 November 1998. On 22 October 1999, the enterprise changed its structure to that of a Public Company Limited by Guarantee and is now governed by Corporations Law.

WESTERN RESEARCH INSTITUTE LIMITED**ACN 090 089 991****Notes to the Financial Statements****For the Year ended 31 December 2006****2006****\$****2005****\$****14. COMPANY DETAILS**

The registered office of the company is:

Western Research Institute Limited
 Charles Sturt University
 Research Station Drive
 Bathurst NSW 2795

The principal place of business is:

Western Research Institute Limited
 Charles Sturt University
 Research Station Drive
 Bathurst NSW 2795

15. CASH FLOW INFORMATION**(a) Reconciliation of Cash**

Cash at the end of the financial year is now reconciled to the related items in the Balance Sheet as follows:

| | | |
|-------------------------------------|-------------------|-------------------|
| Cash at Reliance Credit Union | 399,809.79 | 327,809.10 |
| Cash at the National Australia Bank | - | - |
| Cash on Hand | <u>400,135.21</u> | <u>328,067.41</u> |

(b) Reconciliation of Cash Flow from Operations with Profit/ (loss) after Income Tax

| | | |
|---|------------------|------------------|
| Profit (Loss) after Income Tax | (54,959.83) | 77,620.11 |
| Non-cash flows in profit (loss) | | |
| - Depreciation | 6,555.02 | 7,766.00 |
| Changes in Assets and Liabilities | | |
| Decrease/ (Increase) in receivables | 102,863.33 | (33,297.77) |
| Decrease/ (Increase) in prepayments | (19,983.62) | 528.00 |
| Increase/ (Decrease) in payables | 48,255.69 | (7,135.76) |
| Decrease in income in advance | (8,137.00) | - |
| (Decrease)/Increase in accrued expenses | 4,823.60 | (16,835.19) |
| Increase/ (Decrease) in GST payable | (5,191.39) | 3972.00 |
| Cash Flow from Operations | <u>74,225.80</u> | <u>32,617.39</u> |

WESTERN RESEARCH INSTITUTE LIMITED

ACN 090 089 991

Notes to the Financial Statements

For the Year ended 31 December 2006

16. AUDITORS INDEPENDENCE

In addition to providing audit and assurance services Graff Paul & Parnell provide advice to the Institute in respect of general business administrative procedures. Graff Paul & Parnell, due to their long association with the Institute are in the best informed position to advise the Institute in these areas. It is in the opinion of Graff Paul & Parnell and the Institute that this work does not impair the independence of the audit.