Income Statement

FOR THE YEAR ENDED 30 JUNE 2007	Notes	2007	2006
		$'000	$'000
Continuing operations			
Sale of Goods	4(a)	347	305
Cost of Sales		(164)	(215)
Gross Profit		183	90
Rendering of Services	4(a)	7,673	7,346
Licence Revenue	4(a)	4,519	3,647
Finance Revenue	4(a)	660	562
Revenue		13,035	11,645
Other Income	4(b)	9	121
Accounting & Secretarial Fees		(167)	(174)
Advertising and Public Relations		(48)	(90)
Depreciation & Amortisation	4(c)	(87)	(82)
Insurance		(150)	(129)
Finance Costs	4(c)	—	—
Legal Costs		(4)	(13)
Operating Lease Expenditure - minimum lease payments		(179)	(149)
Other Expenses		(80)	(62)
Research & Development Costs (incl amortization)	4(c)	(746)	(710)
Salaries and Employee Benefits Expense	4(c)	(1,670)	(1,608)
Travel and Accommodation		(172)	(138)
Profit before income tax		9,741	8,611
Income tax expense	5	(2,689)	(2,496)
Net Profit for the period	16	7,052	6,115
Earnings per share (cents per share)	6		
- Basic for net profit for the year		7.1¢	6.1¢
- Diluted –for net profit for the year		7.0¢	6.1¢
- Franked dividends per share (cents per share)		7.0¢	5.5¢
Dividends per share (cents per share)	7		
- Interim dividend paid per share		2.5¢	2.00¢
- Special interim dividend paid per share		0.5¢	0.50¢
- Final dividend per share		3.0¢	2.00¢
- Special final dividend per share		1.0¢	1.00¢

Balance Sheet

AS AT 30 JUNE 2007	Notes	2007	2006
		$'000	$'000
Current Assets			
Cash and cash equivalents	8	**11,135**	11,441
Trade and other receivables	9	**4,335**	2,346
Inventories	10	**—**	31
Prepayments		**53**	40
Total Current Assets		**15,523**	13,858
Non-current Assets			
Deferred income tax asset	5	**294**	281
Plant and equipment	11	**214**	228
Intangible assets	12	**1,523**	1,145
Total Non-current Assets		**2,031**	1,654
TOTAL ASSETS		**17,554**	15,512
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**613**	619
Income tax payable		**1,413**	470
Provisions	14	**644**	637
Total Current Liabilities		**2,670**	1,726
Non-current Liabilities			
Deferred income tax liabilities	5	**331**	321
Provisions	14	**296**	259
Total Non-current Liabilities		**627**	580
TOTAL LIABILITIES		**3,297**	2,306
NET ASSETS		**14,257**	13,206
EQUITY			
Contributed equity	15	**32**	32
Retained earnings	15	**14,225**	13,174
TOTAL EQUITY		**14,257**	13,206

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2007

	Issued Capital $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2005	9	12,809	12,818
Profit for the year	—	6,115	6,115
Conversion of Options to Shares	23	—	23
Equity dividends	—	(5,750)	(5,750)
At 30 June 2006	32	13,174	13,206

	Issued Capital $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2006	32	13,174	13,206
Profit for the year	—	7,052	7,052
Conversion of Options to Shares	—	—	—
Equity dividends	—	(6,001)	(6,001)
At 30 June 2007	32	14,225	14,257

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2007	Notes	2007 $'000	2006 $'000
Cash flows from operating activities			
Receipts from customers		**10,512**	12,764
Payments to suppliers and employees		**(2,957)**	(3,127)
Borrowing costs		**—**	—
Income tax paid		**(1,750)**	(2,727)
Net cash flows from operating activities	8	**5,805**	6,910
Cash flows from investing activities			
Capitalised Development Costs	12	**(712)**	(605)
Interest received	4(a)	**660**	562
Purchase of property, plant and equipment	11	**(58)**	(105)
Net cash flows used in investing activities		**(110)**	(148)
Cash flows from financing activities			
Proceeds from issue of shares	15	**—**	23
Payment of dividends on ordinary shares	7	**(6,001)**	(5,750)
Net cash flows used in financing activities		**(6,001)**	(5,727)
Net increase/(decrease) in cash and cash equivalents		**(306)**	1,035
Cash and cash equivalents at beginning of period		**11,441**	10,406
Cash and cash equivalents at end of period	8	**11,135**	11,441

1. CORPORATE INFORMATION

Pro Medicus Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Appendix 4E report has been prepared in accordance with the Accounting Policies disclosed.

(b) Statement of compliance

Except for the amendments to AASB 101 Presentation of Financial Statements and AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments, which the Company has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ending 30 June 2007. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 7 *Financial Instruments: Disclosures.*	1 January 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Company's financial report.	1 July 2007
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 *AASB 2 – Company and Treasury Share Transactions*.	1 March 2007	This is consistent with the Company's existing accounting policies for share-based payments ,so the standard is not expected to have any impact on the Company's financial report.	1 July 2007
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Amending standard issued as a consequence of AASB Interpretation 12 *Service Concession Arrangements*.	1 January 2007	The Company currently has no service concession arrangements or public-private-partnerships (PPP), so the standard is not expected to have any impact on the Company's financial report.	1 July 2007
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 *Operating Segments*.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However the standard is expected to have an impact on the Company's segment disclosures as segment information included in internal management reports is more detailed than that currently reported under AASB 114 *Segment Reporting*.	1 July 2009
AASB 2007-5	Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities [AASB 102]	This Standard makes amendments to AASB 102 *Inventories*.	1 July 2007	This amendment only relates to Not-for-Profit Entities and as such is not expected to have any impact on the Company's financial report.	1July 2007
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107,	Amending standard issued as a consequence of revisions to AASB 123 *Borrowing Costs*.	1 January 2009	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Company has no borrowing costs associated with	1 July 2009

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
	AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]			qualifying assets and as such the amendments are not expected to have any impact on the Company's financial report.	
AASB 2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	Amending standards for wording errors, discrepancies and inconsistencies.	1 July 2007	The amendments are minor and do not affect the recognition, measurement or disclosure requirements of the standards. Therefore the amendments are not expected to have any impact on the Company's financial report.	1 July 2007
AASB 7	*Financial Instruments: Disclosures*	New standard replacing disclosure requirements of AASB 130 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* and AASB 132 *Financial Instruments: Disclosure and Presentation*.	1 January 2007	Refer to AASB 2005-10 above.	1 July 2007
AASB 8	*Operating Segments*	New standard replacing AASB 114 *Segment Reporting*, which adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 above.	1 July 2009
AASB 123 (amended)	*Borrowing Costs*	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset must be capitalised.	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009
AASB Interpretation 10	*Interim Financial Reporting and Impairment*	Addresses an inconsistency between AASB 134 *Interim Financial Reporting* and the impairment requirements relating to goodwill in AASB 136 *Impairment of Assets* and equity instruments classified as available for sale in AASB 139 *Financial Instruments: Recognition and Measurement*.	1 November 2006	The prohibitions on reversing impairment losses in AASB 136 and AASB 139, which are to take precedence over the more general statement in AASB 134, are not expected to have any impact on the Company's financial report.	1 July 2007
AASB Interpretation 11	*Company and Treasury Share Transactions*	Addresses whether certain types of share-based payment transactions with employees (or other suppliers of good and services) should be accounted for as equity-settled or as cash-settled transactions under AASB 2 *Share-based Payment*. It also specifies the accounting in a subsidiary's financial statements for share-based payment arrangements involving equity instruments of the parent.	1 March 2007	Refer to AASB 2007-1 above.	1 July 2007
AASB Interpretation 12	*Service Concession Arrangements*	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 January 2008	Refer to AASB 2007-2 above.	1 July 2008

*designates the beginning of the applicable annual reporting period

(c) Significant accounting judgements, estimates and assumptions

(i) Significant accounting estimates and assumptions

The carrying amounts of certain assets are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets within the next annual reporting period are:

Impairment of intangibles with indefinite useful lives

The company determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the intangibles with the indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles with indefinite useful lives are discussed in note 12.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services

Where the contract outcome can be reliably measured, control of the right to be compensated for the services and the stage of completion can be reliably measured. Stage of completion is measured by completion of identifiable service segments.

Service Revenue is recognised over the term of the contract. Where revenue is received in advance, revenue is recognised in the period during which service was provided.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

Licences

Control of the right to receive licensing fees.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(e) Government Grants

Government grants are recognised when there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. Export Market Development Grant income is brought to account in the period after the costs, that the grant is intended to compensate, were incurred.

(f) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependant on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Company as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(g) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(h) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that Pro Medicus will not be able to collect the debts. Bad debts are written off when identified.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of finished goods represents the purchase cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(j) Derivative financial instruments and hedging

The Company uses derivative financial instruments in the form of forward currency contracts, to hedge its risk associated with foreign currency fluctuations. Fair value adjustments are deemed to be immaterial and any gains or losses arising from changes in the fair value are taken directly to net profit or loss for that year.

(k) Derecognition of financial Instruments

The derecognition of a financial instrument takes place when the Company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(l) Foreign currency translation

Both the functional and presentation currency of Pro Medicus Limited is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

(m) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(n) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Property, plant and equipment

Property plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	2007	2006
Property Improvements	**2 to 7 years**	2 to 7 years
Motor Vehicles	**4 to 5 years**	4 to 5 years
Office Equipment	**2 to 7 years**	2 to 7 years
Furniture and Fittings	**5 years**	5 years
Research and Development Equipment	**3 to 4 years**	3 to 4 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater 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.

(p) Intangible assets

Separately acquired intangible assets

Intangible assets acquired separately are capitalised at cost.

Amortisation is calculated on a straight-line basis over the estimated useful life of the asset. The useful life of the capitalised software licence was assessed to be 5 years.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, either individually or at the cash generating level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development costs

Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

(q) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Provisions

Dividends payable are recognised when a legal or constructive obligation to pay the dividend arises, typically following approval of the dividend at a meeting of directors.

(s) Employee leave benefits

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date.

Liabilities arising in respect of wages and salaries and annual leave, expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

(i) Wages salaries, annual leave and sick leave

Liabilities for wages and salaries and annual leave, expected to be settled within twelve months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and measured at the rates paid.

(ii) Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible the estimated future cash outflows.

(t) Share based payment transactions

The company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity settled transactions').

There is currently one plan in place to provide these benefits being the Employee Share Incentive Scheme, which provides benefits to directors and staff by way of options to shares in the Company.

As these options were granted prior to 7 November 2002 they are exempted from the requirements of AASB 2 "Share-based Payment." As such no expense has been recorded in the income statement.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(u) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Company adjusted for

- Costs of servicing equity (other than dividends)
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus element.

(w) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

3. SEGMENT INFORMATION

The Company operates predominantly in one industry being, information technology within the health care industry and in two geographical areas being Australia and North America.

Geographic Segments

	Australia		North America		Pro Medicus Ltd	
	2007	2006	**2007**	2006	**2007**	2006
Revenue	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Sales to customers outside the company	**9,455**	9,110	**3,093**	2,309	**12,548**	11,419
Total segment revenue	**9,455**	9,110	**3,093**	2,309	**12,548**	11,419
Interest Revenue					**660**	562
Total Revenue					**13,208**	11,981
Results						
Segment Result	**7,278**	6,932	**2,463**	1,679	**9,741**	8,611
Non segment expenses						
Income Tax Expense					**(2,689)**	(2,496)
Net Profit					**7,052**	6,115
Assets						
Segment Assets	**12,618**	10,876	**4,642**	4,355	**17,260**	15,231
Non segment assets						
Income Tax Assets					**294**	281
Total Assets					**17,554**	15,512
Liabilities						
Segment Liabilities	**1,553**	1,515	—	—	**1,553**	1,515
Non segment liabilities						
Tax Liabilities					**1,744**	791
Total Liabilities					**3,297**	2,306

	Notes	2007	2006
		$'000	$'000
4 INCOME AND EXPENSES			
Income and expenses from continuing operations			
4 (a) Revenue			
Sale of goods		**347**	305
Rendering of services		**7,673**	7,346
Licence revenue		**4,519**	3,647
Finance revenue		**660**	562
		13,199	11,860
Breakdown of finance revenue			
Bank and deposit interest receivable		**660**	562
		660	562
4 (b) Other income			
Government Grants		**9**	60
Net Foreign Exchange Differences		—	61
		9	121

An Export Market Development Grant [EMDG] has been received for expenses incurred in 2004/5 in developing overseas markets.

	Notes	2007 $'000	2006 $'000
4. Incomes and expenses (continued)			
(c) Other Expenses			
Finance costs		—	—
Total borrowing costs expensed		—	—
Depreciation and Amortisation			
Motor Vehicles		**20**	24
Office Equipment		**21**	21
Furniture and Fittings		**11**	4
Research & Development Equipment		**20**	18
Intangible Asset		**15**	15
Total Depreciation and Amortisation Expenses		**87**	82
Costs of inventories recognised as an expense		**31**	18
Research and Development Expense			
Research expenses		**427**	586
Amortization on capitalized development costs	12	**319**	124
		746	710
Salaries and Employee Benefits Expense			
Wages & Salaries		**1,532**	1,475
Long service leave provision		**54**	18
Defined contribution plan expense		**84**	115
Total Salaries and Employee Benefits Expense		**1,670**	1,608
Foreign Exchange Loss		**(40)**	—

	2007 $'000	2006 $'000
5. INCOME TAX		
The major components of income tax expense are:		
Income Statement		
Current income tax		
Current income tax charge	**2,881**	2,583
Adjustments in respect of current income tax of previous years	**(189)**	(9)
Deferred income tax		
Relating to origination and reversal of temporary differences	**(3)**	(78)
Income tax expense reported in the income statement	**2,689**	2,496
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:		
Accounting profit before tax from continuing operations	**9,741**	8,611
At the Company's statutory income tax rate of 30% (2006: 30%)	**2,922**	2,583
Adjustments in respect of current income tax of previous years	**(189)**	(9)
Expenditure not allowable for income tax purposes	**42**	52
Other	**(86)**	(130)
Income tax expense reported in the income statement	**2,689**	2,496

	Notes	**2007 $'000**	2006 $'000
Deferred income tax			
Deferred income tax at 30 June relates to the following:			
Deferred tax liabilities			
Capitalised development expenses		**331**	321
Deferred income tax liabilities		**331**	321
Deferred tax assets			
Employee Entitlements		**282**	269
Audit Fee Accrual		**12**	12
Deferred income tax assets		**294**	281

6. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2007 $	2006 $
Net Profit attributable to ordinary equity holders from continuing operations	**7,051,732**	6,114,959
Weighted average number of ordinary shares for basic earnings per share	**100,020,000**	100,000,603
Effect of dilution:		
Share options	**727,184**	727,184
Weighted average number of ordinary shares adjusted for the effect of dilution	**100,747,184**	100,727,787

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements

	Notes	2007 $'000	2006 $'000
7. DIVIDENDS PAID AND PROPOSED			
Declared and paid during the year:			
Dividends on ordinary shares			
Final franked dividend for 2006: 3.00 cents (2005: 3.25 cents)		**3,000**	3,250
Interim franked dividend for 2007: 3.00 cents (2006: 2.50 cents)		**3,001**	2,500
		6,001	5,750
Proposed for approval by directors (not recognised as a liability as at 30 June):			
Dividends on ordinary shares:			
Final franked dividend for 2007: 3.0 cents (2006: 2.00 cents)		**3,000**	2,000
Final franked special dividend for 2007: 1.0 cent (2006: 1.0 cent)		**1,000**	1,000
Total dividends proposed		**4,000**	3,000
8. CASH AND CASH EQUIVALENTS			
Cash at bank and in hand		**1,793**	2,901
Short-term deposits		**9,342**	8,540
		11,135	11,441

Cash at bank earns interest at floating rates based on daily bank deposit rates
Short term deposits are made for varying periods of between 20 days and 35 days, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The fair value of cash and cash equivalents is $11,135,000 (2006: $11,441,000)

The fair value approximates carrying value due to the short term nature of cash at bank and short term deposits.

	Notes	2007 $'000	2006 $'000
8. CASH AND CASH EQUIVALENTS (continued)			
Reconciliation of net profit after tax to net cash flows from operations			
Net profit		**7,052**	6,115
Adjustments for:			
Depreciation of non-current assets		**72**	66
Amortisation of Intangible Asset		**334**	139
Interest Received classified in Investing Activities		**(660)**	(562)
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		**(1,989)**	1,491
(Increase)/decrease in inventory		**31**	(13)
(Increase)/decrease in future income tax benefit		**(13)**	(2)
(Increase)/decrease in prepayments		**(13)**	(29)
(Decrease)/increase in deferred income		**9**	(138)
(Decrease)/increase in trade and other creditors		**(94)**	80
(Decrease)/increase in tax provision		**943**	(365)
(Decrease)/increase in deferred income tax liability		**10**	135
(Decrease)/increase in goods and services tax payable		**79**	(16)
(Decrease)/increase in employee entitlements		**44**	9
Net cash flow from operations		**5,805**	6,910
9. TRADE AND OTHER RECEIVABLES (CURRENT)			
Trade receivables		**4,335**	2,346
Allowance for doubtful debts		—	—
		4,335	2,346

Terms and conditions relating to the above financial instruments

Trade receivables are on 30 day trading terms.

Fair value approximates carrying value due to the short term nature of trade receivables.

	2007 $'000	2006 $'000
10. INVENTORIES (CURRENT)		
Finished goods		
At cost	—	31
Total inventories at lower of cost and net realisable value	—	31
11. PLANT AND EQUIPMENT		
Property Improvements		
Year ended 30 June 2007		
As at 1 July 2006,		
Net of accumulated depreciation and impairment	**56**	2
Additions	—	54
Disposals	—	—
Depreciation charge for the year	**(11)**	—
At 30 June 2007, net of accumulated depreciation and impairment	**45**	56
At 1 July 2006		
Cost	**238**	184
Accumulated depreciation and impairment	**(182)**	(182)
Net carrying amount	**56**	2
At 30 June 2007		

Cost	**238**	238
Accumulated depreciation and impairment	**(194)**	(183)
Net carrying amount	**44**	55

11. PLANT AND EQUIPMENT (continued)

Motor Vehicles

Year ended 30 June 2007		
As at 1 July 2006,		
Net of accumulated depreciation and impairment	**86**	110
Additions	**—**	—
Disposals	**—**	—
Depreciation charge for the year	**(20)**	(24)
At 30 June 2007, net of accumulated depreciation and impairment	**66**	86
At 1 July 2006		
Cost	**480**	480
Accumulated depreciation and impairment	**(394)**	(370)
Net carrying amount	**86**	110
At 30 June 2007		
Cost	**480**	480
Accumulated depreciation and impairment	**(413)**	(394)
Net carrying amount	**67**	86

Office Equipment

Year ended 30 June 2007		
As at 1 July 2006,		
Net of accumulated depreciation and impairment	**55**	41
Additions	**6**	35
Disposals	**—**	—
Depreciation charge for the year	**(20)**	(21)
At 30 June 2007, net of accumulated depreciation and impairment	**41**	55
At 1 July 2006		
Cost	**207**	172
Accumulated depreciation and impairment	**(152)**	(131)
Net carrying amount	**55**	41
At 30 June 2007		
Cost	**213**	207
Accumulated depreciation and impairment	**(172)**	(152)
Net carrying amount	**41**	55

Furniture & Fittings

Year ended 30 June 2007		
As at 1 July 2006,		
Net of accumulated depreciation and impairment	**2**	6
Additions	**3**	—
Disposals	**—**	—
Depreciation charge for the year	**(1)**	(4)
At 30 June 2007, net of accumulated depreciation and impairment	**4**	2
At 1 July 2006		
Cost	**216**	216
Accumulated depreciation and impairment	**(214)**	(210)
Net carrying amount	**2**	6

At 30 June 2007			
Cost		**219**	216
Accumulated depreciation and impairment		**(215)**	(214)
Net carrying amount		**4**	2

	Notes	2007 $'000	2006 $'000
11. PLANT AND EQUIPMENT (continued)			
Research & Development Equipment			
Year ended 30 June 2007			
As at 1 July 2006,			
Net of accumulated depreciation and impairment		**29**	31
Additions		**49**	16
Disposals		**—**	—
Depreciation charge for the year		**(20)**	(18)
At 30 June 2007, net of accumulated depreciation and impairment		**58**	29
At 1 July 2006			
Cost		**135**	119
Accumulated depreciation and impairment		**(106)**	(88)
Net carrying amount		**29**	31
At 30 June 2007			
Cost		**184**	135
Accumulated depreciation and impairment		**(126)**	(106)
Net carrying amount		**58**	29
TOTAL PLANT AND EQUIPMENT			
Year ended 30 June 2007			
As at 1 July 2006,			
Net of accumulated depreciation and impairment		**228**	190
Additions		**58**	105
Disposals		**—**	—
Depreciation charge for the year		**(72)**	(67)
At 30 June 2007, net of accumulated depreciation and impairment		**214**	228
At 1 July 2006			
Cost		**1,276**	1,171
Accumulated depreciation and impairment		**(1,048)**	(981)
Net carrying amount		**228**	190
At 30 June 2007			
Cost		**1,334**	1,276
Accumulated depreciation and impairment		**(1,120)**	(1,048)
Net carrying amount		**214**	228

	Notes	$'000	$'000	$'000
12. INTANGIBLE ASSETS				
At 1 July 2006		Development Costs $'000	Software Licences $'000	Total $'000
Cost (gross carrying amount)		1,224	75	1,299
Accumulated amortisation and impairment		(124)	(30)	(154)
Net carrying amount		1,100	45	1,145
Year ended 30 June 2007				
At 1 July 2006, net of accumulated amortisation and impairment		1,100	45	1,145
Additions – internal development		712	—	712
Amortisation		(319)	(15)	(334)
At 30 June 2007, net of accumulated amortisation and impairment		1,493	30	1,523
At 30 June 2007				
Cost (gross carrying amount)		1,936	75	2,011
Accumulated amortisation and impairment		(443)	(45)	(488)
Net carrying amount		1,493	30	1,523

Development costs have been capitalised at cost. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 10 years. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Software licences have been assessed as having a finite life and are amortised using the straight line method over a period of 5 years.

At 1 July 2005	Development Costs $'000	Software Licences $'000	Total $'000
Cost (gross carrying amount)	619	75	694
Accumulated amortisation and impairment	—	(15)	(15)
Net carrying amount	619	60	679
Year ended 30 June 2006			
At 1 July 2004, net of accumulated amortisation and impairment	619	60	679
Additions – internal development	605	-	605
Amortisation	(124)	(15)	(139)
At 30 June 2005, net of accumulated amortisation and impairment	1,100	45	1,145
At 30 June 2006			
Cost (gross carrying amount)	1,224	75	1.299
Accumulated amortisation and impairment	(124)	(30)	(154)
Net carrying amount	1,100	45	1,145

	Notes	2007	2006
		$'000	$'000
13. TRADE AND OTHER PAYABLES (CURRENT)			
Trade payables		**93**	110
Other creditors and accruals		**424**	422
		517	532
Deferred Income		**96**	87
		613	619

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.
(ii) Other creditors are non-interest bearing and have an average term of 1 month.
Fair value approximates carrying value due to the short term nature of trade and other payables

14. PROVISIONS

	Annual Leave $'000	*Long Service Leave $'000*	*Total $'000*
At 1 July 2006	*519*	377	896
Arising during the year	*131*	68	199
Utilised	*(141)*	(14)	(155)
	509	431	940

	Annual Leave $'000	*Long Service Leave $'000*	*Total $'000*
Current 2007	509	135	644
Non-current 2007	—	296	296
	509	431	940
Current 2006	519	118	637
Non-current 2006	—	259	259
	519	377	896

	2007	2006
	$'000	$'000
15. CONTRIBUTED EQUITY AND RESERVES		
(i) Ordinary shares	**32**	32
Issued and fully paid	**32**	32

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

(ii) Movements in shares on issue

	Number of Shares	**2007 $'000**
At 1 July 2006	**100,020,000**	**32**
	—	**—**
At 30 June 2007	**100,020,000**	**32**

	Number of Shares	2006 $'000
At 1 July 2005	100,000,000	9
Issued on 20 June 2006 for cash on exercise of	20,000	23

options		
At 30 June 2006	100,020,000	32

Retained earnings	**2007**	2006
	$'000	$'000
Balance 1 July	**13,174**	12,809
Net profit for the year	**7,052**	6,115
Dividends	**(6,001)**	(5,750)
Balance 30 June 2007	**14,225**	13,174