

FNQ NRM LTD
(TRADING AS TERRAIN NRM)
ABN: 53 106 385 899

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2007

FNQ NRM LTD
(TRADING AS TERRAIN NRM)
ABN: 53 106 385 899

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2007.

The names of the directors in office at any time during, or since the end of, the year are:

Cr Mike Berwick
Mr William Shannon
Mr Troy Wyles-Whelan
Cr Raymond Byrnes retired 26 September 2007
Mrs Caroline Coppo
Mr Christopher Gloor
Mr Peter Valentine
Mr Ken Atkinson
Mr John Pollock
Mr Peter Stanton retired 17 November 2006

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The surplus of the company for the financial year after providing for income tax and eliminating minority equity interests amounted to \$795,326.

No significant changes in the company's state of affairs occurred during the financial year.

The principal activities of the company during the financial year were the implementation of the regional NRM plan and the regional investment strategy.

No significant change in the nature of these activities occurred during the year.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the result of those operations, or the state of affairs of the company in future financial years.

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

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

The Company is a Not for Profit Company, where the constitution prevents the payment of Dividends. As a result, no dividends were paid during the year and no recommendation is made as to the dividends.

The directors do not recommend the payment of a dividend.

No options over issued shares or 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.

**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
FNQ NRM LTD**

We hereby declare, that to the best of our knowledge and belief, during the financial year ended 30 June 2007 there have been no:

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

Name of Firm: Pickard Associates
Chartered Accountants

Name of Partner: _____
John Zabala CA

Address: Level 2, 21 Stokes Street Townsville QLD

Dated this day of

FNQ NRM LTD
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BALANCE SHEET
AS AT 30 JUNE 2007

	Note	2007 \$	2006 \$
CURRENT ASSETS			
Cash and cash equivalents	5	4,527,090	2,831,015
Trade and other receivables	6	527,020	518,357
TOTAL CURRENT ASSETS		<u>5,054,110</u>	<u>3,349,372</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	130,260	110,471
TOTAL NON-CURRENT ASSETS		<u>130,260</u>	<u>110,471</u>
TOTAL ASSETS		<u>5,184,370</u>	<u>3,459,843</u>
CURRENT LIABILITIES			
Trade and other payables	8	3,645,856	3,144,191
Financial liabilities	9	-	2,040
Provisions	10	116,333	87,285
Other current liabilities	11	383,502	-
TOTAL CURRENT LIABILITIES		<u>4,145,691</u>	<u>3,233,516</u>
NON-CURRENT LIABILITIES			
Provisions	10	46,029	29,003
TOTAL NON-CURRENT LIABILITIES		<u>46,029</u>	<u>29,003</u>
TOTAL LIABILITIES		<u>4,191,720</u>	<u>3,262,519</u>
NET ASSETS		<u>992,650</u>	<u>197,324</u>
EQUITY			
Reserves	12	543,578	110,459
Retained earnings	13	449,072	86,865
TOTAL EQUITY		<u>992,650</u>	<u>197,324</u>

The accompanying notes form part of these financial statements.

FNQ NRM LTD
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	10,127,190	8,200,562
Payments to suppliers and employees	(8,538,331)	(6,183,918)
Interest received	166,861	97,028
Net cash provided by (used in) operating activities	15 <u>1,755,720</u>	<u>2,113,672</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(59,645)	(51,502)
Net cash provided by (used in) investing activities	<u>(59,645)</u>	<u>(51,502)</u>
Net increase (decrease) in cash held	1,696,075	2,062,170
Cash at beginning of year	2,831,015	768,846
Cash at end of year	5 <u>4,527,090</u>	<u>2,831,016</u>

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Accounting Policies

Income Tax

No provision for income tax has been raised as the association operates solely as a non-profit association and accordingly is exempt from income tax under Section 50-45 of the Income Tax Assessment Act (1997).

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through income and expenditure

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Financial Instruments: Recognition and Measurement. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Past services costs are recognised when incurred to the extent that benefits are vested, and are otherwise amortised on a straight-line basis over the vesting period.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Accounting For Government Grants

FNQ NRM LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
2 Revenue		
Operating activities		
Interest received	166,861	97,028
Rendering of services	9,677,371	6,362,197
Other revenue	383,692	84,830
Total revenue	10,227,924	6,544,055
Interest revenue from:		
Interest received	166,861	97,028
Total interest revenue	166,861	97,028
3 Auditors' Remuneration		
Auditor's Remuneration		
Audit of Financial Statements	-	6,250
Other Services	-	3,400
	-	9,650
4 Surplus		
Expenses		
Depreciation of property, plant and equipment	39,856	32,514
Rental expense on operating leases		
Leasing Charges	139,069	92,586
5 Cash and Cash Equivalents		
Current		
Petty Cash	754	1,000
National Bank Cheque Account	1,385,546	456,165
National - Term Deposit	2,484,228	1,754,997
National - Term Deposit	655,112	618,853
Natural Capital Fund	1,450	-
	4,527,090	2,831,015

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

		2007		2006
		\$	\$	\$
Movements in Carrying Amounts				
Movement in the carrying amounts for each class of property, plant and equipment				
	Plant and Equipment	Furniture and Fittings	Total	
	\$	\$	\$	\$
Balance at 1 July 2005	76,883	14,599	-	91,482
Additions	38,269	13,234	-	51,503
Depreciation expense	(30,728)	(1,786)	-	(32,514)
Balance at 30 June 2006	84,424	26,047	-	110,471
Additions	59,645	-	-	59,645
Depreciation expense	(36,960)	(2,896)	-	(39,856)
Carrying amount at 30 June 2007	107,109	23,151	-	130,260
8	Trade and Other Payables			
	Current			
Trade Creditors		1,175,298		309,165
Other Creditors		(1,460)		4,868
Unexpended Grant Money		2,364,667		2,673,379
Input Tax Credits		(205,976)		(184,520)
GST Payable		285,250		313,241
Amounts Withheld		28,077		28,058
		<u>3,645,856</u>		<u>3,144,191</u>
9	Financial Liabilities			
	Current			
Business Visa Card		-		2,040
		<u>-</u>		<u>2,040</u>
10	Provisions			
Provision for Annual Leave		116,333		87,285
Long Service Leave Provision		46,029		29,003
		<u>162,362</u>		<u>116,288</u>
Total provisions		<u>162,362</u>		<u>116,288</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
15 Cash Flow Information		
Reconciliation of net cash provided by operating activities to surplus after income tax		
Operating surplus (loss) after income tax	795,326	20,032
Non-cash flows in surplus:		
Depreciation	39,856	32,514
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries		
(Increase) Decrease in current receivables	(8,663)	(348,602)
Increase (Decrease) in sundry creditors	(2,040)	268,668
Increase (Decrease) in trade creditors	810,377	-
Increase (Decrease) in other creditors	-	1,971
Increase (Decrease) in current provisions	29,048	36,877
Increase (Decrease) in non-current provisions	17,026	-
Increase (Decrease) in Income in Advance	383,502	-
Increase (Decrease) in unexpended grant liability	(308,712)	-
	<u>1,755,720</u>	<u>11,460</u>

16 Financial Instruments

Financial Risk Management

The company's financial instruments consists primarily of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases.

The main purpose of non-derivative financial instruments is to raise finance for company operations.

The company does not have any derivative instruments at 30 June 2007.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

		2007		2006	
		\$		\$	
2006					
	Weighted Average Effective Interest Rate		Floating Interest Rate	Fixed Interest Rate Maturing	Non Interest Bearing
	%	\$	\$	\$	\$
			Within 1 Year	1 to 5 Years	Total
			\$	\$	\$
Financial Assets					
Cash and cash equivalents	3.8	456,165	-	-	1,000
Short term deposits	5.6	-	2,373,850	-	-
Loans and receivables	-	-	-	-	518,357
Total Financial Assets		456,165	2,373,850	-	519,357
Financial Liabilities					
Unexpended Grant Money			-	-	(2,673,379)
Trade and other payables	11.8	(2,040)	-	-	(314,033)
Total Financial Liabilities		(2,040)	-	-	(2,987,412)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$

All other pending Standards issued between the previous financial report and the current reporting date have no application to company.

AASB amendment	AASB Standard affected
2004-3	AASB 119: Employee Benefits
2005-1	AASB 139: Financial Instruments: Recognition and Measurement
2005-2	AASB 1023: General Insurance Contracts
2005-3	AASB 119: Employee Benefits
2005-4	AASB 139: Financial Instruments: Recognition and Measurement
2005-4	AASB 132: Financial Instruments: Disclosure and Presentation
2005-4	AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards
2005-4	AASB 1023: General Insurance Contracts
2005-4	AASB 1038: Life Insurance Contracts
2005-5	AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards
2005-5	AASB 139: Financial Instruments: Recognition and Measurement
2005-6	AASB 3: Business Combinations
2005-7	AASB 134: Interim Financial Reporting
2005-8	AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards
2005-9	AASB 4: Insurance Contracts
2005-9	AASB 1023: General Insurance Contracts
2005-9	AASB 139: Financial Instruments: Recognition and Measurement
2005-9	AASB 132: Financial Instruments: Disclosure and Presentation
2005-10	AASB 132: Financial Instruments: Disclosure and Presentation
2005-10	AASB 101: Presentation of Financial Statements
2005-10	AASB 114: Segment Reporting
2005-10	AASB 117: Leases
2005-10	AASB 133: Earnings per Share
2005-10	AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards
2005-10	AASB 4: Insurance Contracts
2005-10	AASB 1023: General Insurance Contracts
2005-10	AASB 1038: Life Insurance Contracts
2005-11	AASB 101: Presentation of Financial Statements
2005-11	AASB 112: Income Taxes
2005-11	AASB 132: Financial Instruments: Disclosure and Presentation

**FNQ NRM LTD
(TRADING AS TERRAIN NRM)
ABN: 53 106 385 899**

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 25, are in accordance with the Corporations Act 2001:
 - (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company.
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:

Cr Mike Berwick

Director:



Mr William Shannon

Dated this day of

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FNQ NRM LTD
(TRADING AS TERRAIN NRM)
ABN: 53 106 385 899**

Auditors' Opinion

In our opinion:

- (a) the financial report of FNQ NRM Ltd (Trading as Terrain NRM) is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Name of Firm: Pickard Associates
Chartered Accountants

Name of Partner: _____
John Zabala CA

Address: Level 2, 21 Stokes Street Townsville QLD

Dated this day of

FNQ NRM LTD
(TRADING AS TERRAIN NRM)
ABN: 53 106 385 899

ITEMISED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
EXPENSES		
Accountancy Fees	6,750	-
Administration Costs	352,812	141,424
Advertising	47,695	18,189
Auditor's Remuneration	-	9,650
Bank charges	721	1,119
Catering	27,690	22,623
Consumables	3,205	3,053
Consultancy fees	1,052,093	652,381
Computer Expenses	28,583	22,606
Contracted Grants by Participants	2,621,949	1,279,668
Agricultural Grants	609,844	155,610
Depreciation	39,856	32,514
Directors' Mileage	6,127	9,782
Directors' Payments	32,050	24,500
Directors' Superannuation	3,551	2,160
Allowance for Stipends	20,000	20,000
Electricity	5,697	5,251
Field Equipment	11,450	4,447
Fringe Benefits Tax	24,412	10,293
Fuel & Oil	46,479	39,101
Hire of plant & equipment	23,791	9,417
Insurance	4,230	(946)
Gifts	451	-
Leasing Charges	139,069	92,586
Legal costs	1,600	679
Permits, licences & fees	8,497	892
Postage	5,862	5,933
Printing & stationery	33,149	23,981
Rates & taxes	52,681	-
Rent	53,126	37,998
Repairs & maintenance	34,855	27,139
Staff Training & Welfare	16,822	9,301
Subscriptions	2,751	1,291
Superannuation contributions	123,502	83,091
Telephone	63,116	61,827
Travelling expenses	109,814	58,305
Wages	1,449,482	981,759

The accompanying notes form part of these financial statements.

Statement of Compliance
I hereby certify that the Funds have been expended for the purpose of and in accordance with the Funding Agreement's.

Signature of the Chief Executive Officer of the Organisation	Signature of the Chief Finance Officer of the Organisation
Printed name	Printed name
Position in Organisation	Position in Organisation
Contact Telephone Number	Contact Telephone Number
Date	Date

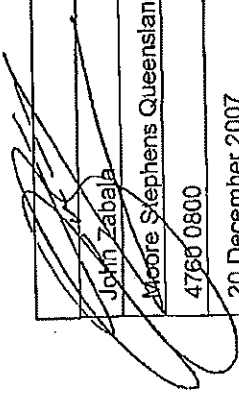
Dr Allan Dale
Chief Executive Officer
07 4043 8031

Bronwen Hickmen
Financial Officer
07 4043 8032

Audit Opinion

In my/our opinion the attached Statement presents fairly in accordance with the Agreement the funding received and expenditure undertaken by the organisation for the project's for the financial year 2006-07.

Signature of the Accountant
Printed name
Organisation
Contact Telephone Number
Date


John Zabala
McCree Stephens Queensland
4760 0800
20 December 2007

*Means a person who is registered as a company auditor under the Corporations Act 2001, or a member of the Institute of Chartered Accountants in Australia, or of CPA Australia or the National Institute of Accountants.

