

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

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2009**

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DIRECTORS' REPORT

The directors present their report on the company for the financial year ended 30 June 2009.

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

Mike Berwick – Chairperson

Mike was Mayor of the Douglas Shire previous to the amalgamation with Cairns City Council in March 2008. He is known for this advocacy and actions to promote suitable development in the shire and elsewhere.

He is involved in a wide range of local, state and national land management groups including Queensland's representative on the National NRM Working Group, Chair of Terrain Natural Resource Management Board, Chair of Regional Groups Collective, Chair of the Cape York Peninsula Regional Advisory Committee and Chair of the Tropical Landscape Joint Venture.

Mike has been chair of the Coastal CRC National Stakeholder Advisory Committee, North Queensland Afforestation, and the Local Authority Waste Management Advisory Group.

He is a former member of the Rainforest CRC Board, the Queensland Vegetation Advisory Committee, the Sugar Industry Guidance Group, the National Biodiversity Advisory Committee, the National Sea Change Task Force executive and the Daintree Planning Co-ordination Group. Mike is also the author of the National Local Government Biodiversity Strategy.

Mike was awarded the Order of Australia for Service to conservation and the environment through initiatives supporting the preservation of the Daintree Rainforest and far north Queensland, to local government, and to the community of Douglas Shire.

William Shannon - Director Industry

In addition to being Director Industry, Bill Shannon is the Company Secretary. Bill was elected Mayor of the new Cassowary Coast Regional Council in March 2008. Bill was Company Secretary of Tully Sugar Ltd until retiring in July 2006. Bill operates a beef and cane farming enterprise near Tully. At a local level he is chair of the Cassowary Coast Marine Advisory committee to GBRMPA, and until recently Chairman of Cardwell Shire Catchment Management Association Inc., and the Tully Floodplain Steering Committee and President of the Mission Beach Community Association. He is a Director of the Droughtmaster Stud Breeder's Society Ltd. He has a Bachelor of Economics degree from the University of Sydney, and is a Chartered Accountant.

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DIRECTORS' REPORT

Peter Valentine – Director World Heritage

Peter Valentine is Associate Professor in the School of Earth and Environmental Sciences at James Cook University and has a long association with regional, national and international conservation and natural resource management bodies.

He is a member of the IUCN World Commission on Protected Areas and of the Wet Tropics World Heritage Area Scientific Advisory Committee and the Great Barrier Reef Conservation Advisory Committee. Peter is also a technical advisor for World Heritage for United Nations Educational, Scientific and Cultural Organisation (UNESCO), IUCN and for various governments.

His extensive teaching and research include a focus on both natural resource management, protected area management, and the links between tourism and the environment. Peter is an acknowledged expert on Australian Tropical butterflies.

Troy Wyles-Whelan – Director Indigenous

Troy Wyles-Whelan is a Traditional Owner from the Warrgamaygan people in the Hinchinbrook/Herbert River district.

As a member of the Giringun Aboriginal Corporation Troy has a strong interest in the revival of Aboriginal languages, in particular the Warrgamaygan language.

Elsie Go-Sam – Indigenous Support Member

Elsie Go-Sam is an elder of the Ngadjon people and has served on many committees and boards to further wellbeing of Aboriginal people in Queensland. These include the Bidji Bidji Housing Association Committee, and the Ministerial Advisory Council on Aboriginal and Torres Strait Islander Education (MACATSI) Committee. Elsie has also served as a Community Justice Elder.

Elsie was part of the Joint Working Group which preceded Terrain's Board. She is currently a member of Regional Aboriginal Language Management Committee (RALMAC) supporting Aboriginal language revival over North Queensland, and is a councillor on the North Queensland Land Council.

Paul Gregory – Director Local Government

Paul is a Councillor in the Cairns Regional Council, and a farmer in the Gordonvale area. He is a member of the Mulgrave Landcare & Catchment Group and is deputy-chair of the Cairns River Improvement Trust.

Paul is the Zone 9 representative on the Local Government Association of Queensland Executive committee, and is chair of the Cairns Works committee, and chair of Cairns Regional Council Water & Waste Committee.

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DIRECTORS' REPORT

Caroline Coppo– Director Catchment and Community (resigned as at 28th August 2009)

Caroline has a Bachelor of Science and a Bachelor of Education from James Cook University and she is a Graduate Member of the Australian Institute of Company Directors. Caroline is currently a Director of the Sugar Research Development Corporation.

John Pollock – Director Coastal & Marine

John Pollock joined the board in November 2006. He resides in Yungaburra and has a Masters Degree in Agricultural Science from the University of Queensland.

John has an outstanding record in administration and policy work in NRM in Queensland and has developed extensive knowledge of NRM issues nationally while serving as the Deputy Commissioner on the Murray Darling Basin Commission, as a member of the Queensland coastal Protection Advisory Council and as a member of the Great Barrier Reef Marine Park Authority Consultative committee.

John has extensive agricultural research and extensive experience and was a member of the Sugar Research and Development Corporation.

Ken Atkinson – Director Upper Herbert

Ken Atkinson is a beef producer and aerial mustering operator from the Mount Garnet area where his family has resided for five generations. He is a director of the North Queensland Saleyards Company, was a member of the Herberton Shire Council's Community Advisory Panel.

Ken is also fire warden and first aid officer of the Anthill Rural Fire Brigade.

Peter Rowles – Director Conservation

Peter Rowles is a full-time teacher with Education Queensland, based at Innisfail State High School. Peter is a member of a number of other community groups.

Joann Schmider – Director Indigenous Womens Business (appointed August 2009)

Appointed to the newly created position of Director Indigenous Womens Business in August 2009, to bring information and advice to the Board representative of the views and aspirations of indigenous women across the Wet Tropics. Joann is a Waribara clan woman of the Mamu people. Joann brings networking and planning skills to the Board and a passion for the empowerment of Traditional Owners and partnerships.

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DIRECTORS' REPORT

David Hudson – Director Catchment and Community (appointed August 2009)

Dave has been involved in community-based on-ground NRM activities for about 15 years, working for Conservation Volunteers Australia. In recent years he was Project Manager for the GBR Coastal Wetlands Protection Program – Pilot Program and has been voluntary co-ordinator of Holloways Beach Coastcare. He is now the proud owner of a nature refuge on the Southern Atherton Tableland which is undergoing a long term rehabilitation program.

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 amounted to \$269,054.

A review of the operations of the company during the financial year and the results of those operations are as follows:

The results for the financial year reflect an expansion of the operations of the company with the commencement of the major Reef Rescue program. This has required an investment in additional resources resulting in increased operating expenses. Increased salaries and staff operating costs such as travel, phones, staff training and administration costs can be directly attributed to this. Additionally the growth in numbers of contracts to deliver programs significantly increased payments to external partners and providers. These costs are seen as reasonable and essential to the effective operation of the organization to deliver the NRM programs expected from the grants provided to Terrain.

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

The principle activities of the company during the financial year were the implementation of the regional NRM plan, the Regional Investment Strategy and the Reef Rescue program.

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 none are foreseen.

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

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DIRECTORS' REPORT

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.

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.

Meetings of Directors


Attendees by each director were as follows:


	No. eligible to attend	No. attended
Mike Berwick	4	4
Ken Atkinson	4	4
Caroline Coppo	4	3
John Pollock	4	3
William Shannon	4	4
Assoc Prof Peter Valentine	4	3
Troy Wyles-Whelan	4	4
Elsie Go-Sam	4	4
Cr Paul Gregory	4	4
Peter Rowles	4	4

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Mike Berwick

Director: 
William Shannon

Dated this 14th day of October 2009

**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 2009 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: 
Moore Stephens
Chartered Accountants

Name of Director: 
John Zabala CA

Address: Level 2, 21 Stokes Street Townsville QLD

Dated this 1st **day of** October **2009**

Moore Stephens (Queensland) Audit Pty Ltd ABN 62 126 208 179
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members in principal cities throughout the world

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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
Revenue	2	12,311,244	9,427,453
Advertising expenses		(10,976)	(35,117)
Auditors' remuneration	3	(17,084)	(10,000)
Bad and doubtful debt expenses		-	(10,966)
Depreciation and amortisation expenses		(44,375)	(50,562)
Directors' fees		(107,372)	(69,824)
Employee benefits expenses		(3,017,491)	(2,511,768)
Lease expenses		(223,121)	(141,203)
Contracted Grants Payments		(3,174,973)	(2,561,267)
Unexpended Grant Money		(905,705)	(707,918)
Other expenses		(4,541,093)	(3,862,826)
(Deficit) / Surplus before income tax	4	269,054	(533,998)
Retained earnings at the beginning of the financial year		324,319	449,072
Transfer To Reserves		-	(4,073)
Transfer From Reserves		-	413,318
Surplus attributable to members of the company		593,373	324,319

The accompanying notes form part of these financial statements.

FNQ NRM LTD
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BALANCE SHEET
AS AT 30 JUNE 2009

	Note	2009 \$	2008 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,375,198	2,367,709
Trade and other receivables	6	207,554	1,790,820
TOTAL CURRENT ASSETS		<u>2,582,752</u>	<u>4,158,529</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	115,070	134,332
TOTAL NON-CURRENT ASSETS		<u>115,070</u>	<u>134,332</u>
TOTAL ASSETS		<u>2,697,822</u>	<u>4,292,861</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	1,255,191	1,352,220
Provisions (Annual Leave)	9	193,430	191,920
Other current liabilities	10	432,467	2,212,227
TOTAL CURRENT LIABILITIES		<u>1,881,088</u>	<u>3,756,367</u>
NON-CURRENT LIABILITIES			
Provisions (Long Service Leave)	9	88,629	77,842
TOTAL NON-CURRENT LIABILITIES		<u>88,629</u>	<u>77,842</u>
TOTAL LIABILITIES		<u>1,969,717</u>	<u>3,834,209</u>
NET ASSETS		<u>728,105</u>	<u>458,652</u>
EQUITY			
General reserves	11	134,332	134,333
Retained earnings	12	593,773	324,319
TOTAL EQUITY		<u>728,105</u>	<u>458,652</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Retained Earnings \$	Capital Maintenance Reserve \$	General Reserve	Future Projects Reserve \$	Total \$
Balance at 1 July 2007		449,072	130,260	-	413,318	992,650
Capitalised Assets	11		54,635	-	-	54,635
Depreciation charged against capital assets	11		(50,562)	-	-	(50,562)
Allocation of Surplus to Future Projects	11		-	-	(185,798)	(185,798)
Restore Future Projects Reserve to Surplus	11		-	-	(227,520)	(227,520)
Surplus attributable to equity shareholders		(533,998)	-	-	-	(533,998)
Transfers to						
Transfer To Capital Maintenance Reserve		(4,073)	-	-	-	(4,073)
Transfer from Future Projects Reserve		413,318	-	-	-	413,318
Balance at 30 June 2008		<u>324,319</u>	<u>134,333</u>	<u>-</u>	<u>-</u>	<u>458,652</u>
Surplus attributable to equity shareholders		269,054	-	-	-	269,453
Capitalised Assets	11	-	-	-	-	-
Depreciation charged against capital assets	11	-	-	-	-	-
Allocation of Surplus to Future Projects	11	-	-	-	-	-
Restore Future Projects Reserve to Surplus		-	-	-	-	-
Transfers to						
Transfer To Capital Maintenance Reserve		-	-	-	-	-
Transfers from						
Transfer from Capital Maintenance Reserve		399	(134,333)	134,333	-	399
Balance at 30 June 2009		<u>593,773</u>	<u>-</u>	<u>134,333</u>	<u>-</u>	<u>728,105</u>

The accompanying notes form part of these financial statements.

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	9,813,312	6,980,363
Payments to suppliers and employees	(10,052,662)	(9,323,148)
Interest received	206,748	238,040
Net cash provided by (used in) operating activities 14	32,602	(2,104,745)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(25,113)	(54,636)
Net cash provided by (used in) investing activities	(25,113)	(54,636)
Net increase (decrease) in cash held	7489	(2,159,381)
Cash at beginning of year	2,367,709	4,527,090
Cash at end of year 5	2,375,198	2,367,709

The accompanying notes form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

1 Statement of Significant Accounting Policies

This financial report covers FNQ NRM Ltd (Trading as Terrain NRM) as an individual entity. FNQ NRM Ltd (Trading as Terrain NRM) is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

Income Tax

No provision for income tax has been raised as the association operates solely as a non-Surplus 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 as indicated less, where applicable, any accumulated depreciation and impairment Deficites.

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.

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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.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant & Equipment	7.5% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through Surplus or Deficit. Transaction costs related to instruments classified as at fair value through Surplus or Deficit are expensed to Surplus or Deficit immediately. Financial instruments are classified and measured as set out below.

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NOTES TO THE FINANCIAL STATEMENTS
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Classification and Subsequent Measurement

(i) Financial assets at fair value through Surplus and Deficit

Financial assets are classified at fair value through Surplus or Deficit when they are held for trading for the purpose of short term Surplus taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in Surplus or Deficit in the period in which they arise.

(ii) 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 subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

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Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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.

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Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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.

Economic Dependency

FNQ NRM Ltd is dependent on Federal and State Government funding for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the relevant Government Departments will not continue to support FNQ NRM Ltd.

The financial report was authorised for issue by the board of directors.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
2 Revenue		
Operating activities		
Interest received	206,748	238,040
Grant Funding	11,896,647	9,161,223
Other revenue	207,849	28,190
Total revenue	<u>12,311,244</u>	<u>9,427,453</u>
Interest revenue from:		
Interest received	<u>206,748</u>	<u>238,040</u>
Total interest revenue	<u>206,748</u>	<u>238,040</u>
3 Auditors' Remuneration		
Audit of Financial Statements	<u>17,084</u>	<u>10,000</u>
4 Surplus before income tax		
The following expenses have been taken into account in arriving at the surplus before tax.		
Depreciation of property, plant and equipment	44,375	50,562
Bad Debts Written Off	-	10,966
Total bad and doubtful debts	<u>-</u>	<u>10,966</u>
Rental expense on operating leases		
Leasing Charges	223,121	141,203

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	2009	2008
	\$	\$
5 Cash and Cash Equivalents		
Current		
Petty Cash	1,200	1,200
National Bank Cheque Account	580,928	168,249
National - Term Deposit	-	-
National - Term Deposit	1,387,500	702,082
Natural Capital Fund	6,550	1,525
NAB Cash management Account	398,805	300,992
NAB Term Deposit (75-170-8616)	-	1,193,402
Bendigo Cash Management	214	259
	<u>2,375,198</u>	<u>2,367,709</u>
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as shown above.		
6 Trade and Other Receivables		
Current		
Trade Debtors	209,582	1,790,820
Other Debtors	(2,028)	-
	<u>207,554</u>	<u>1,790,820</u>

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	2009	2008
	\$	\$
7 Property, Plant and Equipment		
Plant and Equipment:		
At cost	310,243	285,130
Accumulated depreciation	<u>(195,173)</u>	<u>(150,798)</u>
Total Plant and Equipment	<u>115,070</u>	<u>134,332</u>

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant and Equipment \$	Furniture and Fittinas \$	Total \$
Balance at 1 July 2007	107,109	23,150	130,259
Additions	53,340	1,296	54,636
Depreciation expense	<u>-(47,618)</u>	<u>-(2,945)</u>	<u>(50,563)</u>
Balance at 30 June 2008	<u>112,831</u>	<u>21,501</u>	<u>134,332</u>
Additions	25,113	-	25,113
Depreciation expense	<u>-(41,437)</u>	<u>-(2938)</u>	<u>(44,375)</u>
Carrying amount at 30 June 2009	<u>96,507</u>	<u>18,563</u>	<u>115,070</u>

8 Trade and Other Payables

Current

Trade Creditors	514,632	544,428
Other Creditors	261	259
Unexpended Grant Money	905,705	707,918
Input Tax Credits	(530,436)	(202,000)
GST Payable	289,498	252,663
PAYG Payable	75,531	48,952
	<u>1,255,191</u>	<u>1,352,220</u>

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NOTES TO THE FINANCIAL STATEMENTS
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		2009	2008
		\$	\$
9	Provisions		
	Current provision for Annual Leave	193,430	191,920
	Non Current Long Service Leave Provision	88,629	77,842
		<u>282,072</u>	<u>269,762</u>
	Total provisions	<u>282,072</u>	<u>269,762</u>
	Number of Full Time Equivalentents (excl. casuals)	<u>40</u>	<u>39</u>
10	Other Liabilities		
	Current		
	Accrued Charges	432,467	1,117,227
	Income in Advance	-	1,095,000
		<u>432,467</u>	<u>2,212,227</u>
11	Reserves		

General Reserve

The reserve recognises assets which are acquired from grant revenues and depreciation charged to the accounts. The directors believe that this more accurately reflects the operating surplus/deficit where capital amounts are removed from the retained earnings.

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NOTES TO THE FINANCIAL STATEMENTS
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	2009	2008
	\$	\$
12 Retained Earnings		
Retained earnings at the beginning of the financial year	324,319	449,072
Net surplus/(Deficit) attributable to members of the company	269,054	(533,998)
Transfer To Reserves	-	(4,073)
Transfer From Reserves	399	413,318
Retained earnings at the end of the financial year	593,772	324,319
13 Capital and Leasing Commitments		
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable - minimum lease payments		
Not later than 12 months	(127,458)	(145,440)
Between 12 months and five years	(29,528)	(116,831)
	(156,986)	(262,271)
Comprises motor vehicle operating leases which are entered into for a term of not greater than two years on a fixed rental for the period.		
14 Cash Flow Information		
Reconciliation of net cash provided by operating activities to surplus after income tax		
Operating surplus (Deficit) after income tax	269,054	(533,998)
Non-cash flows in surplus:		
Depreciation	44,375	50,562

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NOTES TO THE FINANCIAL STATEMENTS
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	2009	2008
	\$	\$
<hr/>		
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries		
(Increase) Decrease in current receivables	1,583,665	(1,263,800)
Increase (Decrease) in trade creditors	(294,816)	(166,350)
Increase (Decrease) in other creditors	(684,760)	646,690
Increase (Decrease) in current provisions	1,510	75,587
Increase (Decrease) in non-current provisions	10,787	31,813
Increase (Decrease) in Income in Advance	(1,095,000)	711,500
Increase (Decrease) in unexpended grant liability	197,787	(1,656,749)
	<u>32,602</u>	<u>(2,104,745)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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15 Financial Risk Management

Financial Risk Management Policies

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

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These included the credit risk policies and future cash flow requirements.

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 2009.

i) Treasury Risk Management

A finance committee consisting of senior committee members meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii) Financial Risk exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2009 approximately 80% of debt is fixed.

Foreign currency risk

The entity is not exposed to fluctuations in foreign currencies.

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Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds are maintained

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity.

There are no material amounts of collateral held as security at 30 June 2009.

Credit risk is managed by the entity and reviewed regularly by the finance committee. It arises from exposures to customers as well as through deposits with financial institutions. The entity monitors the credit risk by actively assessing the rating, quality and liquidity of counterparties:

- Only banks and financial institutions with an 'A' rating are utilised.
- Only accredited fund managers linked to 'A' rated financial institutions are used.

- No more than 30% of total investments may be held at any time in a particular investment.

- The credit standing of counterparties is reviewed monthly for liquidity and credit risk.

The trade receivables balances at 30 June 2009 and 30 June 2008 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

Price risk

The entity is not exposed to any material commodity price risk.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Financial Instrument Composition and Maturity Analysis

The table below reflects the contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

2009	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing		Non Interest Bearing \$	Total \$
			Within 1 Year \$	1 to 5 Years \$		
Financial Assets						
Cash and cash equivalents	4.0	981,148	-	-	-	981,148
Short term deposits	6.8	-	1,394,050	-	-	1,394,050
Total Financial Assets		918,148	1,394,050	-	-	2,375,198
Financial Liabilities						
Unexpended Grant Money	-	-	-	-	(905,705)	(905,705)
Trade and other payables	-	-	-	-	(781,691)	(781,691)
Total Financial Liabilities		-	-	-	(1,687,396)	(1,687,396)
2008	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing		Non Interest Bearing \$	Total \$
			Within 1 Year \$	1 to 5 Years \$		
Financial Assets						
Cash and cash equivalents	4.0	470,700	-	-	-	470,700
Short term deposits	6.8	-	1,897,009	-	-	1,897,009
Total Financial Assets		470,700	1,897,009	-	-	2,367,709
Financial Liabilities						
Unexpended Grant Money	-	-	-	-	(707,918)	(707,918)
Trade and other payables	-	-	-	-	(1,761,529)	(1,761,529)
Total Financial Liabilities		-	-	-	(2,469,447)	(2,469,447)

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NOTES TO THE FINANCIAL STATEMENTS
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Trade and sundry payables are expected to be paid as follows:

	2009	2008
	\$	\$
Less than 6 months	781,692	1,202,916
6 months to 1 year	261	558,613
	781,953	1,761,529

Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date and adjusted for transaction costs expected to be incurred. For other assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2009		2008	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	981,148	981,148	470,700	470,700
Short term deposits	1,394,050	1,394,050	1,897,009	1,897,009
Loans and receivables	207,554	207,554	1,790,820	1,790,820
Total Financial Assets	2,582,752	2,582,752	4,158,529	4,158,529
Financial Liabilities				
Unexpended Grant Money	(905,705)	(905,705)	(638,010)	(638,010)
Trade and other payables	(781,691)	(781,691)	(1,761,529)	(1,761,529)
Total Financial Liabilities	(1,687,396)	(1,687,396)	(2,399,539)	(2,399,539)

**FNQ NRM LTD
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DIRECTORS' DECLARATION

Sensitivity Analysis

The company has performed a sensitivity analysis relating to its exposure to Cash and Short Term Deposits risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Cash and Short Term Deposits Sensitivity Analysis:

At 30 June 2009, the effect on Surplus and equity as a result of changes in the Cash and Short Term Deposits, with all other variables remaining constant would be as follows:

	2009	2008
	\$	\$
Change in Surplus		
Increase in Cash and Short Term Deposits by 2%	47,504	47,354
Decrease in Cash and Short Term Deposits by 2%	47,504	47,354
Change in equity		
Increase in Cash and Short Term Deposits by 2%	47,504	47,354
Decrease in Cash and Short Term Deposits by 2%	47,504	47,354

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed for foreign exchange risk, as the entity is not exposed to fluctuations in foreign exchange.

16 Company Details

FNQ NRM Ltd
(Trading as Terrain NRM)

The principal place of business is:
88 Rankin Street
Innisfail, Qld

17 Segment Reporting

The company operates in the area of Natural Resource Management in the Wet Tropics Region.

**FNQ NRM LTD
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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 27, 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 2009 and of the performance for the year ended on that date of the company; and
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: 
Mike Berwick

Director: 
William Shannon

Dated this 14th day of October 2009