

**AUSTRALIAN RAINFOREST FOUNDATION  
ABN 44 073 434 563**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2008**

**AUSTRALIAN RAINFOREST FOUNDATION**  
**ABN 44 073 434 563**

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**AUSTRALIAN RAINFOREST FOUNDATION**  
**ABN 44 073 434 563**

**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 30 June 2008.

**Directors**

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

Victoria Gordon

John Darling

David Butler

Roger Phillips

Warwick Nelson

Angus Love

Warren Entsch (Appointed 12/12/2007)

John Blake (Resigned 14/9/2007)

John McIntyre (Resigned 14/9/2007)

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

**Operating Results**

The deficit of the company for the financial year amounted to \$1,101,072. During the year \$963,166 was expended for the purposes of satisfying grant funded projects. Of this expenditure \$182,513 was funded from current year grants and \$780,650 was funded from carried over grant funds which were recorded as revenue in prior years. Excluding the expenditure relating to carried over grant funds the deficit of the company would have been \$320,422

**Review of Operations**

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

**Significant Changes in State of Affairs**

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

**Principal Activity**

The principal activity of the company during the financial year was the preservation of Australian Rainforests.

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

**After Balance Date Events**

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 results of those operations, or the state of affairs of the company in future financial years.

**Likely Developments**

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

**Environmental Issues**

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

**Dividends Paid or Recommended**

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

**AUSTRALIAN RAINFOREST FOUNDATION**  
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**DIRECTORS' REPORT (continued)**

**Meetings of Directors**

DIRECTORS	DIRECTORS' MEETINGS	
	Number eligible to attend	Number attended
Victoria Gordon	4	3
John Darling	4	3
David Butler	4	2
Roger Phillips	4	4
Warwick Nelson	4	3
Angus Love	4	3
Warren Entsch (Appointed 12/12/2007)	2	2
John Blake (Resigned 14/9/2007)	2	1
John McIntyre (Resigned 14/9/2007)	2	1

**Options**

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 end of the financial year.

**Indemnification of Officer or Auditor**

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.

**Proceedings on Behalf of the Company**


No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

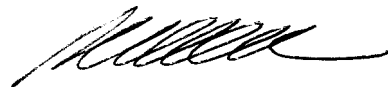
The company was not a party to any such proceedings during the year.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

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

Director   
\_\_\_\_\_  
Victoria Gordon

Director   
\_\_\_\_\_  
Roger Phillips

Dated this 14<sup>th</sup> day of October 2008

**AUSTRALIAN RAINFOREST FOUNDATION  
ABN 44 073 434 563**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C  
OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AUSTRALIAN RAINFOREST  
FOUNDATION**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

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

WHK Greenwoods (Cairns)



Jason Taylor  
Partner

14<sup>th</sup> October 2008  
Cairns

**AUSTRALIAN RAINFOREST FOUNDATION**  
**ABN 44 073 434 563**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008 \$	2007 \$
Revenue from ordinary activities	2	<b>471,943</b>	2,370,596
Raw materials and consumables used		-	(8,817)
Employee benefits expense		<b>(290,820)</b>	(136,336)
Transport costs		-	(2,773)
Depreciation and amortisation expenses		<b>(30,636)</b>	(11,244)
Lease expenses		<b>(1,084)</b>	-
Decrease in Market Value of Investments		<b>(206,990)</b>	-
Contract Salaries		<b>(249,602)</b>	-
Consultancy Fees		<b>(65,388)</b>	(125,800)
Repairs & Maintenance		<b>(17,537)</b>	(199,621)
Administration and Marketing		<b>(174,683)</b>	(507,184)
Project Expenses		<b>(109,538)</b>	(164,797)
Loss on Investment		<b>(46,591)</b>	-
Travel & Accomodation Expenses		<b>(89,419)</b>	(63,166)
Telephone Expenses		<b>(18,009)</b>	(7,868)
Equipment Expenses		<b>(38,218)</b>	(9,879)
Other expenses from ordinary activities		<b>(227,661)</b>	(37,036)
Borrowing costs expense		<b>(6,839)</b>	(5,061)
<b>Profit from ordinary activities</b>		<b><u>(1,101,072)</u></b>	<b><u>1,091,014</u></b>

The accompanying notes form part of these financial statements.

**AUSTRALIAN RAINFOREST FOUNDATION**  
**ABN 44 073 434 563**

**BALANCE SHEET**  
**AS AT 30 JUNE 2008**

	Notes	2008 \$	2007 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	594,413	904,567
Trade and other receivables	4	14,775	23,756
Inventories	5	37,818	55,069
Other financial assets	6	<u>1,257,251</u>	<u>2,010,833</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>1,904,257</b></u>	<u><b>2,994,225</b></u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	<u>4,816,864</u>	<u>4,829,325</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u><b>4,816,864</b></u>	<u><b>4,829,325</b></u>
<b>TOTAL ASSETS</b>		<u><b>6,721,121</b></u>	<u><b>7,823,550</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	16,762	28,196
Interest-bearing liabilities	9	29,599	17,743
Provisions	10	<u>8,682</u>	<u>10,460</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>55,043</b></u>	<u><b>56,399</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>55,043</b></u>	<u><b>56,399</b></u>
<b>NET ASSETS</b>		<u><b>6,666,078</b></u>	<u><b>7,767,151</b></u>
<b>EQUITY</b>			
Reserves		167,884	948,537
Retained profits		<u>6,498,194</u>	<u>6,818,614</u>
<b>TOTAL EQUITY</b>		<u><b>6,666,078</b></u>	<u><b>7,767,151</b></u>

The accompanying notes form part of these financial statements.

**AUSTRALIAN RAINFOREST FOUNDATION**  
**ABN 44 073 434 563**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	<b>Retained Earnings</b>	<b>Future Land Purchase Reserve</b>	<b>Asset Revaluation Reserve</b>	<b>Unexpended Grants Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2006	3,542,910	16,000	151,884	2,965,343	6,676,137
Profit attributable to members of parent entity	1,091,014	-	-	-	1,091,014
Transfers to and from reserves					
- Unexpended grants reserve	<u>2,184,690</u>	<u>-</u>	<u>-</u>	<u>(2,184,690)</u>	<u>-</u>
Balance at 30 June 2007	<u>6,818,614</u>	<u>16,000</u>	<u>151,884</u>	<u>780,653</u>	<u>7,767,151</u>
Profit attributable to members of parent entity	(1,101,073)	-	-	-	(1,101,073)
Transfers to and from reserves					
- Unexpended grants reserve	<u>780,653</u>	<u>-</u>	<u>-</u>	<u>(780,653)</u>	<u>-</u>
Balance at 30 June 2008	<u>6,498,194</u>	<u>16,000</u>	<u>151,884</u>	<u>-</u>	<u>6,666,078</u>

The accompanying notes form part of these financial statements.

**AUSTRALIAN RAINFOREST FOUNDATION**  
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**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008 \$	2007 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		261,804	405,086
Operating grant receipts		189,220	1,884,575
Payments to suppliers and employees		(1,267,419)	(1,474,918)
Interest received		26,698	279,782
Borrowing costs		<u>(2,282)</u>	<u>-</u>
Net cash provided by/(used in) operating activities	11(b)	<u>(791,979)</u>	<u>1,094,525</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	45,000
Proceeds from sale of investments		500,000	-
Payment for property, plant and equipment		(18,176)	(2,859,911)
Payment for investments		<u>-</u>	<u>(564,141)</u>
Net cash provided by/(used in) investing activities		<u>481,824</u>	<u>(3,379,052)</u>
Net decrease in cash held		(310,155)	(2,284,527)
Cash at beginning of financial year		<u>904,568</u>	<u>3,189,095</u>
Cash at end of financial year	11 (a)	<u><u>594,413</u></u>	<u><u>904,568</u></u>

The accompanying notes form part of these financial statements.

**AUSTRALIAN RAINFOREST FOUNDATION**  
**ABN 44 073 434 563**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the company is not a reporting entity.

The financial report is for the entity Australian Rainforest Foundation as an individual entity. Australian Rainforest Foundation is a company limited by guarantee, incorporated and domiciled in Australia.

The financial report has been prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Accounting Standards:

AASB 101:	Presentation of Financial Statements
AASB 102:	Inventories
AASB 107:	Cash Flow Statements
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110:	Events after the Balance Sheet Date
AASB 1031:	Materiality
AASB 1048:	Interpretation and Application of Standards

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

The report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

**(a) Income Tax**

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

**(b) Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

**(c) Property, Plant and Equipment**

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

*Property*

Freehold land and buildings are measured on the fair value basis being the amount which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

*Plant and equipment*

Plant and equipment is measured on the cost basis.

*Depreciation*

All assets, excluding freehold land and buildings, are depreciated on a straight line basis over their useful lives to the company.

The revaluation of freehold land and buildings has taken account of the potential tax payable on assets which are subject to capital gains tax.

**AUSTRALIAN RAINFOREST FOUNDATION**  
**ABN 44 073 434 563**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Financial Assets**

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by directors' to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

**(e) Cash and Cash Equivalents**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

**(f) Revenue**

Revenue from sale of goods is recognised upon the delivery of goods to customers.

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

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

**(g) 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 Taxation 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 expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

**(h) Property**

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

**AUSTRALIAN RAINFOREST FOUNDATION**  
**ABN 44 073 434 563**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
<b>NOTE 2: REVENUE</b>			
<b>Operating activities</b>			
- sale of goods (net)		109,145	-
- interest	2(a)	26,698	279,782
- member subscriptions		5,568	6,017
- operating grants		189,220	1,763,623
- donations		141,312	274,438
- other revenue		-	46,736
		<u>471,943</u>	<u>2,370,596</u>
<b>(a) Interest from:</b>			
- financial institutions		<u>26,698</u>	<u>279,782</u>
		<u>26,698</u>	<u>279,782</u>
<b>NOTE 3: CASH AND CASH EQUIVALENTS</b>			
Cash on hand		-	1,000
Cash at bank		594,213	903,567
Deposits at call		200	-
		<u>594,413</u>	<u>904,567</u>
<b>NOTE 4: TRADE AND OTHER RECEIVABLES</b>			
<b>CURRENT</b>			
Trade receivables		19,775	23,756
Less provision for doubtful debts		(5,000)	-
		<u>14,775</u>	<u>23,756</u>
<b>NOTE 5: INVENTORIES</b>			
<b>CURRENT</b>			
Stock on hand		<u>37,818</u>	<u>55,069</u>
<b>NOTE 6: FINANCIAL ASSETS</b>			
<b>CURRENT</b>			
Shares in corporations listed on a prescribed stock exchange		<u>1,257,251</u>	<u>2,010,833</u>
<b>NOTE 7: PROPERTY, PLANT AND EQUIPMENT</b>			
<b>LAND</b>			
Conservation land:			
At independent valuation		<u>4,631,295</u>	<u>4,781,295</u>

**AUSTRALIAN RAINFOREST FOUNDATION**  
**ABN 44 073 434 563**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
<b>NOTE 7: PROPERTY, PLANT AND EQUIPMENT (Continued)</b>			
<b>LEASEHOLD IMPROVEMENTS</b>			
At cost		35,148	35,148
Less accumulated amortisation		<u>(15,427)</u>	<u>(8,601)</u>
		<u>19,721</u>	<u>26,547</u>
Total land and buildings		<u>4,651,016</u>	<u>4,807,842</u>
<b>PLANT AND EQUIPMENT</b>			
<b>(a) Plant &amp; equipment</b>			
At cost		95,130	28,677
Less accumulated depreciation		<u>(19,618)</u>	<u>(7,194)</u>
		<u>75,512</u>	<u>21,483</u>
<b>(b) Motor vehicles</b>			
At cost		<u>39,203</u>	<u>-</u>
<b>(c) Furniture, fixtures &amp; fittings</b>			
At cost		62,519	-
Less accumulated depreciation		<u>(11,386)</u>	<u>-</u>
		<u>51,133</u>	<u>-</u>
Total plant and equipment		<u>165,848</u>	<u>21,483</u>
Total property, plant and equipment		<u>4,816,864</u>	<u>4,829,325</u>

Land to the book value of \$150,000 was returned to the Environmental and Protection Agency during the period.

**NOTE 8: TRADE AND OTHER PAYABLES**

**CURRENT**

Unsecured liabilities			
Trade payables		12,535	18,836
Sundry payables and accruals		<u>4,227</u>	<u>9,360</u>
		<u>16,762</u>	<u>28,196</u>

**NOTE 9: BORROWINGS**

**CURRENT**

Unsecured liabilities			
Hire purchase liability		<u>29,599</u>	<u>17,743</u>

**NOTE 10: PROVISIONS**

**CURRENT**

Employee benefits	10(a)	<u>8,682</u>	<u>10,460</u>
(a) Aggregate employee benefits liability		<u>8,682</u>	<u>10,460</u>

**AUSTRALIAN RAINFOREST FOUNDATION**  
**ABN 44 073 434 563**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
<b>NOTE 11: CASH FLOW INFORMATION</b>			
(a) 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 follows:			
Cash on hand		200	1,000
Cash at bank		<u>594,213</u>	<u>903,567</u>
		<u><b>594,413</b></u>	<u><b>904,567</b></u>
 (b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax			
Profit (Loss) from ordinary activities after income tax		<b>(1,101,072)</b>	1,091,014
Non-cash flows in profit from ordinary activities			
Depreciation		<b>30,636</b>	11,244
Write-off of obsolete stock		<b>19,763</b>	-
Net (gain) / loss on disposal of property, plant and equipment		-	5,000
Net (gain) / loss on disposal of investments		<b>46,591</b>	-
Finance Charges		<b>11,857</b>	-
Changes in assets and liabilities			
(Increase)/decrease in receivables		<b>3,981</b>	(10,234)
Increase in inventories		<b>(2,512)</b>	(55,069)
Increase/(decrease) in payables		<b>(11,434)</b>	24,703
Increase in provisions		<b>210,211</b>	8,103
Cash flows from operations		<u><b>(791,979)</b></u>	<u><b>1,074,761</b></u>

**AUSTRALIAN RAINFOREST FOUNDATION**  
**ABN 44 073 434 563**

**DIRECTORS' DECLARATION**

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

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 12 are in accordance with the Corporations Act 2001:
  - (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the financial year ended on that date of the company in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

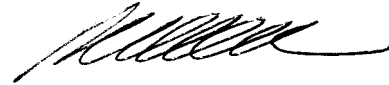
Director



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Victoria Gordon

Director



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Roger Phillips

Dated this 14<sup>th</sup> day of October 2008

**AUSTRALIAN RAINFOREST FOUNDATION**  
**ABN 44 073 434 563**

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF**  
**AUSTRALIAN RAINFOREST FOUNDATION**

**Scope**

We have audited the financial report, being a special purpose financial report of Australian Rainforest Foundation for the financial year ended 30 June 2008 comprising the Directors' Declaration, Income Statement, Balance Sheet and notes to the financial statements.

The company's directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members.

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

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

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

**Audit Opinion**

In our opinion, the financial report of Australian Rainforest Foundation is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the financial year ended on that date in accordance with the accounting policies described in Note 1; and
  - (ii) complying with Accounting Standards in Australia to the extent described in Note 1 and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements to the extent described in Note 1.

WHK Greenwoods (Cairns)  
74 Abbott St  
Cairns Qld 4870

Jason Taylor  
Partner  
14 October 2008, Cairns

