

GREAT BARRIER REEF RESEARCH FOUNDATION
ABN: 82 090 616 443

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

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Great Barrier Reef Research Foundation A.B.N. 82 090 616 443

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Great Barrier Reef Research Foundation A.B.N. 82 090 616 443**Auditors Report**

Scope

We have audited the attached financial report, being a special purpose financial report comprising the Directors Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements for the year ended 31 December, 2003 of Great Barrier Reef Research Foundation. 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 Great Barrier Reef Research Foundation. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

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

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

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

Audit opinion

In our opinion, the financial report of Great Barrier Reef Research Foundation presents fairly, in accordance with:

1. the Corporations Act 2001, including:

(a) giving a true and fair view of the Company's financial position as at 31 December, 2003 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and

(b) complying with Accounting Standards, comprising AASB 1025: Application of the Reporting Entity Concept and Other Amendments and other Accounting Standards to the extent described in Note 1 and the Corporations Regulations; and

2. other mandatory professional requirements to the extent described in Note 1.

Signed on : *28th June 2004*



Bevin Scafferius, Partner

CNS Partners

Chartered Accountants

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443

Directors' Declaration For the year ended 31 December, 2003

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

The directors of the company declare that:

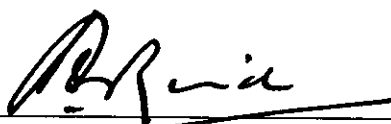
1. The financial statements and notes are in accordance with the Corporations Act 2001:

(a) Comply with Accounting Standards described in Note 1 to the financial statements and the Corporations Regulations; and

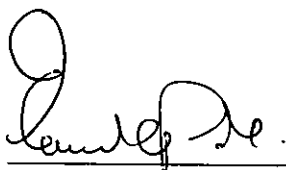
(b) give a true and fair view of the company's financial position as at 31 December, 2003 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Director



Director

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443

**Income and Expenditure Statement
For the year ended 31 December, 2003**

	Note	2003	2002
Revenues from Grants, Fund Raising and Operating Activities		1,165,088.33	2,260,901.00
Borrowing costs expense			(113.00)
Depreciation and amortisation expenses		(57,238.00)	(61,045.00)
Other expenses from Grants and Operating Activities		<u>(1,593,854.49)</u>	<u>(1,682,826.00)</u>
Surplus (Deficit) from all activities		(486,004.16)	516,917.00
Income tax revenue relating to ordinary activities			
Net surplus (deficit) from all activities		<u>(486,004.16)</u>	<u>516,917.00</u>

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443
Foundation

Income & Expenditure Statement
For the year ended 31 December, 2003

	2003	2002
	\$	\$
Income		
Donations	95,817.12	204,530.04
Interest received	2,049.38	5,775.00
Founding Memberships	105,000.00	102,500.00
Miscellaneous Income	18,223.51	2,120.00
Vessel and Equipment Hire	268,975.77	268,450.00
Total income	<u>490,065.78</u>	<u>583,375.04</u>
Expenses		
Accountancy	720.00	670.00
Audit fees	2,140.00	2,250.00
Bad Debts	25,000.00	
Bank Fees And Charges	5,191.75	2,021.40
Capital Items < \$300	353.59	818.00
Computer Costs	12,231.06	16,318.00
Depreciation - Vessel	42,248.00	42,560.00
Depreciation- Office	14,990.00	18,485.00
Donations	1,000.00	
Electricity		2,460.36
General	2,104.19	1,934.40
Fundraising & Media Consultants	60,706.41	113,664.00
Fundraising & Media Promotions		2,844.00
Grants	27,000.00	147,503.00
Insurance	5,218.15	2,377.81
Interest		113.00
Launch Costs- USA		1,780.00
Legal fees	17,513.21	5,570.79
Licence Fees	116.00	109.00
Lobbying Costs	2,400.00	1,815.00
Management fees	160,000.00	145,200.00
Meeting Costs	1,286.35	18,406.93
Motor Vehicle Costs	29,519.64	30,370.19
Postage	3,654.71	5,460.00
Printing & stationery	8,237.23	27,733.32

The accompanying notes form part of these financial statements.

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443
Foundation
Income & Expenditure Statement
For the year ended 31 December, 2003

	2003 \$	2002 \$
Publications and Brochures	5,768.80	1,319.45
Rent	84,082.13	42,420.00
Repairs & maintenance	233.09	2,997.00
Secretarial/Business Services	12,770.60	5,807.09
Staff amenities	1,110.08	1,973.38
Staff training	162.00	250.00
Subscriptions & Memberships	10,445.45	10,984.00
Superannuation		3,599.05
Telephone	14,834.91	15,451.69
Travel, accom & meals	68,472.10	56,750.15
Wages- Staff		150.96
Wages- Other		5,957.00
Workcover		220.24
Total expenses	<u>619,509.45</u>	<u>738,344.21</u>
Surplus/(Deficit)	<u>(129,443.67)</u>	<u>(154,969.17)</u>
Opening Surplus/(Deficit)	(58,258.17)	96,711.00
Net Surplus/(Deficit)	<u>(129,443.67)</u>	<u>(154,969.17)</u>
Closing Surplus/(Deficit) (Note 6)	<u><u>(187,701.84)</u></u>	<u><u>(58,258.17)</u></u>

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443
Crown of Thorns
Income & Expenditure Statement
For the year ended 31 December, 2003

	2003 \$	2002 \$
Income		
Grants	500,000.00	1,200,000.00
Total income	<u>500,000.00</u>	<u>1,200,000.00</u>
Expenses		
Audit fees	560.00	
Bank Fees And Charges		10.60
Chemicals		3,929.01
Contract Management	64,981.86	79,665.04
Dive- Training	3,271.81	1,121.82
Cots- Pilot Study		48,967.00
Electricity		273.64
General	7,021.33	
Insurance	5,359.03	6,408.19
Legal fees		1,713.21
Licence Fees	636.32	42.00
Meeting Costs		2,179.80
Motor Vehicle Costs	612.48	178.81
Printing & stationery	330.76	64.68
Publications and Brochures	402.73	109.55
Report Development- Qrtly	2,000.00	
Secretarial/Business Services		1,030.91
Superannuation	29,188.20	
Telephone	1,574.36	857.31
Vessel- Running Costs	158,141.04	106,901.30
Vessel- Staff Costs	333,443.90	302,080.75
Vessel- Hire	256,650.00	268,521.51
Travel, accom & meals	2,852.84	4,086.65
Workcover	8,619.72	
Total expenses	<u>875,646.38</u>	<u>828,141.78</u>
Surplus/(Deficit)	<u>(375,646.38)</u>	<u>371,858.22</u>

The accompanying notes form part of these financial statements.

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443
Crown of Thorns
Income & Expenditure Statement
For the year ended 31 December, 2003

	2003	2002
	\$	\$
Opening Unexpended Grant	371,858.22	
Net Surplus/(Deficit)	<u>(375,646.38)</u>	<u>371,858.22</u>
Closing Unexpended Grant	<u><u>(3,788.16)</u></u>	<u><u>371,858.22</u></u>

The accompanying notes form part of these financial statements.

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443
Ballast Water
Income & Expenditure Statement
For the year ended 31 December, 2003

	2003	2002
	\$	\$
<hr/>		
Income		
Donations	35,000.00	<hr/>
Total income	35,000.00	<hr/>
Surplus/(Deficit)	35,000.00	<hr/>
Opening Unexpended Grant		
Net Surplus/(Deficit)	35,000.00	<hr/>
Closing Unexpended Grant	<u>35,000.00</u>	<u><hr/></u>

The accompanying notes form part of these financial statements.

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443
Status of Coral Reefs
Income & Expenditure Statement
For the year ended 31 December, 2003

	2003	2002
	\$	\$
Income		
Donations	<u> </u>	<u>27,525.96</u>
Total income	<u> </u>	<u>27,525.96</u>
Expenses		
General		573.60
Grants	<u>26,149.66</u>	
Total expenses	<u>26,149.66</u>	<u>573.60</u>
Surplus/(Deficit)	(26,149.66)	26,952.36
Opening Unexpended Grant	26,952.36	
Net Surplus/(Deficit)	<u>(26,149.66)</u>	<u>26,952.36</u>
Closing Unexpended Grant	<u>802.70</u>	<u>26,952.36</u>

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443
IMPAC Centre
Income & Expenditure Statement
For the year ended 31 December, 2003

	2003	2002
	\$	\$
Income		
Donations		50,000.00
Grants	50,000.00	
Total income	<u>50,000.00</u>	<u>50,000.00</u>
Expenses		
Grants	45,837.00	25,002.00
Total expenses	<u>45,837.00</u>	<u>25,002.00</u>
Surplus/(Deficit)	4,163.00	24,998.00
Opening Unexpended Grant	24,998.00	
Net Surplus/(Deficit)	4,163.00	24,998.00
Closing Unexpended Grants	<u>29,161.00</u>	<u>24,998.00</u>

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443
Irukandji Project
Income & Expenditure Statement
For the year ended 31 December, 2003

	2003 \$	2002 \$
Income		
Donations		50,000.00
Grants	40,022.55	100,000.00
Total income	<u>40,022.55</u>	<u>150,000.00</u>
Expenses		
Grants	83,950.00	
Meeting Costs		433.27
Travel, accom & meals		956.74
Total expenses	<u>83,950.00</u>	<u>1,390.01</u>
Surplus/(Deficit)	(43,927.45)	148,609.99
Opening Unexpended Grants	148,609.99	
Net Surplus/(Deficit)	<u>(43,927.45)</u>	<u>148,609.99</u>
Closing Unexpended Grants	<u>104,682.54</u>	<u>148,609.99</u>

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443
Sponge Aquaculture
Income & Expenditure Statement
For the year ended 31 December, 2003

	2003	2002
	\$	\$
Income		
Donations		100,000.00
Grants	50,000.00	
Total income	<u>50,000.00</u>	<u>100,000.00</u>
Expenses		
Grants		50,000.00
Travel, accom & meals		532.40
Total expenses		<u>50,532.40</u>
Surplus/(Deficit)	50,000.00	49,467.60
Opening Unexpended Grant	49,467.60	
Net Surplus/(Deficit)	<u>50,000.00</u>	<u>49,467.60</u>
Closing Unexpended Grant	<u>99,467.60</u>	<u>49,467.60</u>

The accompanying notes form part of these financial statements.

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443
Tropical Marine Network
Income & Expenditure Statement
For the year ended 31 December, 2003

	2003	2002
	\$	\$
<hr/>		
Income		
Donations	<hr/>	100,000.00
Total income	<hr/>	100,000.00
Expenses		
Grants	<hr/>	100,000.00
Total expenses	<hr/>	100,000.00

The accompanying notes form part of these financial statements.

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443
Water Quality
Income & Expenditure Statement
For the year ended 31 December, 2003

	2003	2002
	\$	\$
<hr/>		
Income		
Donations	<u> </u>	50,000.00
Total income	<u> </u>	50,000.00
Surplus/(Deficit)		50,000.00
Opening Unexpended Grant	50,000.00	
Net Surplus/(Deficit)	<u> </u>	50,000.00
Closing Unexpended Grant	<u><u>50,000.00</u></u>	<u><u>50,000.00</u></u>

The accompanying notes form part of these financial statements.

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443

Statement of Financial Position As At 31 December, 2003

	2003	2002
Current Assets		
Cash Assets		
NAB cheque		5,188.00
NAB Management	178.64	9,799.00
NAB Trust		192,734.00
	<u>178.64</u>	<u>207,721.00</u>
Receivables		
Trade debtors (Note 2)	<u>5,528.00</u>	<u>251,941.00</u>
	<u>5,528.00</u>	<u>251,941.00</u>
Current Tax Assets		
GST payable control account	<u>9,820.20</u>	<u>(29,644.00)</u>
	<u>9,820.20</u>	<u>(29,644.00)</u>
Other		
Prepayments (note 3)	29,626.01	15,066.00
Other Debtors		1,190.00
Short Term Advance		25,508.00
Deposits	6,611.00	6,611.00
Petty Cash	21.27	
Investments	900.00	
	<u>37,158.28</u>	<u>48,375.00</u>
Total Current Assets	<u>52,685.12</u>	<u>478,393.00</u>

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443

Statement of Financial Position As At 31 December, 2003

	2003	2002
Non-Current Assets		
Property, Plant and Equipment		
Plant & equipment - at cost	97,507.50	94,969.00
Less: Accumulated depreciation	(57,254.00)	(42,264.00)
Vessel & Equipment- at valuation (Note 4)	362,805.00	209,755.00
Less: Accumulated depreciation- Vessel	(84,808.00)	(42,560.00)
	<u>318,250.50</u>	<u>219,900.00</u>
Total Non-Current Assets	<u>318,250.50</u>	<u>219,900.00</u>
Total Assets	<u>370,935.62</u>	<u>698,293.00</u>
Current Liabilities		
Payables		
Unsecured:		
- Trade creditors	41,280.95	48,828.00
- Other creditors	38,666.76	35,837.00
- Funds Committed to Projects (Note 5)	315,325.68	671,886.17
	<u>395,273.39</u>	<u>756,551.17</u>
Interest-Bearing Liabilities		
Unsecured:		
- NAB cheque	6,397.44	
- NAB Trust	5,716.63	
	<u>12,114.07</u>	
Total Current Liabilities	<u>407,387.46</u>	<u>756,551.17</u>
Total Liabilities	<u>407,387.46</u>	<u>756,551.17</u>
Net Assets	<u>(36,451.84)</u>	<u>(58,258.17)</u>

The accompanying notes form part of these financial statements.

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443**Statement of Financial Position As At 31 December, 2003**

	2003	2002
Members' Funds		
Asset Revaluation Reserve	151,250.00	
Accumulated surplus (deficit)	<u>(187,701.84)</u>	<u>(58,258.17)</u>
Total Members' Funds	<u><u>(36,451.84)</u></u>	<u><u>(58,258.17)</u></u>

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443

Statement of Cash Flows For the year ended 31 December, 2003

	2003	2002
Note 1. Reconciliation Of Cash		
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.		
Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
NAB cheque	(6,397.44)	5,188.00
NAB Management	178.64	9,799.00
NAB Trust	(5,716.63)	192,734.00
	(11,935.43)	207,721.00

Note 2. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Operating Profit After Income Tax

Net Surplus/(Deficit)	(486,004.16)	516,917.00
Depreciation	57,238.00	61,045.00
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	246,413.00	(273,507.00)
(Increase) decrease in prepayments/Deposits	6,878.22	(7,709.00)
Increase (decrease) in trade creditors and accruals	(7,547.05)	(28,996.00)
Increase (decrease) in other creditors	2,829.76	(24,222.00)
Increase (decrease) in sundry provisions	(39,464.20)	(54,714.00)
Net cash provided by (used in) operating activities	(219,656.00)	188,814.00

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443

Statement of Cash Flows
For the year ended 31 December, 2003

	2003	2002
Cash Flow From Operating Activities		
Donations/ Memberships/ Grants	1,367,037.00	2,180,126.00
Payments	(1,588,742.81)	(1,997,087.00)
Interest received	2,049.38	5,775.00
Net cash provided by (used in) operating activities (note 2)	<u>(219,656.43)</u>	<u>188,814.00</u>
Net increase (decrease) in cash held	(219,656.43)	88,814.00
Cash at the beginning of the year	<u>207,721.00</u>	<u>18,907.00</u>
Cash at the end of the year (note 1)	<u><u>(11,935.43)</u></u>	<u><u>207,721.00</u></u>

The accompanying notes form part of these financial statements.

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443

Notes to the Financial Statements For the year ended 31 December, 2003

Note 1: Statement of Accounting Policies

These financial statements have been prepared in accordance with the applicable Accounting Standards and other mandatory professional reporting requirements. The financial statements have also been prepared on the basis of historical costs and do not take in to account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements.

(a) Income tax

The company is a tax exempt entity and is therefore not liable for income tax.

(b) Segment Reporting

The company operates solely in the marine research industry within Australia.

(c) Auditors Remuneration

The auditor's remuneration relates solely to the audit of the financial statements.

(d) Related Parties

The management fees paid or payable of \$160 000 were paid or payable to a company associated with the chief executive officer, Mr David Windsor.

The following persons served as executive committee members during the year ended 31 December 2003:

John B Reid AO- Chairman

Sir Ian McFarlane

Mr David Windsor

Ms Jane Reid

Mr John C Shuey

Mr Greg Heaney

Mr Steven Wilson

Mr Phillip Stratchan

Dr John M Schubert

Mr George E Chapman AO

Mr Michael S Baevski

Mr Stephen Gillies

Dr Peter Isdale

Dr Emmanuel C Pohl

None of the above received any remuneration or any other benefits from the company during the year other than the management and project fees as indicated above.

(e) Members Liability

In the event of the company being wound up every member of the Association is liable to contribute no more than \$10 in meeting any liabilities that the company may have.

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443**Notes to the Financial Statements
For the year ended 31 December, 2003**

2003

2002

Note 2: Receivables**Contingent Debtor**

The Foundation has received in writing a pledge of \$100 000 from Modular Solution Technologies Pty Ltd. Payment of the \$100 000 is contingent upon the successful completion by Modular Solution Technologies Pty Ltd of a contract at Sunrise at 1770 Pty Ltd. Payments totalling \$30,000 have been received since 31st December 2003.

Note 3: Prepayments

Windsors (Australia) Pty Ltd has a contract to manage the Foundation. At the 31st of December 2003 an advance, in respect of unpaid annual leave, of \$23 640.95 was paid to Windsors (Australia) Pty Ltd against future entitlements. The advance is reported as a prepayment at 31st December 2003 and included with other prepayments.

Note 4: Property, Plant and Equipment**Vessel**

The vessel has been independently valued by Maurice Drent Boating Services Australia at \$270 000.

Note 5: Unexpended Grants

The Foundation has received grants specified. At the 31st December 2003 part or all of these Grants were not fully expended.

Great Barrier Reef Research Foundation A.B.N. 82 090 616 443

Notes to the Financial Statements
For the year ended 31 December, 2003

2003

2002

Note 6: Post Balance Date

Since 31 December 2003 non-specific operating income has been received from:

Founding Memberships: \$140,000

Pledged Donations: \$13,000

Donations: \$100,000

\$253,000



FOR THE CONSERVATION, PRESERVATION AND WISE USE OF THE WORLDS CORAL REEFS.

MANAGING DIRECTOR'S ANNUAL REPORT CALENDAR/FINANCIAL YEAR 2003

1. ADMINISTRATION (MANDATORY REPORTING)

a. GENERAL

The Foundation is registered as a non-profit, tax free company (limited by guarantee), and a deductible gift recipient as well as an environmental agency.

The office is well established and functional and we continue to be the recipient of a donation from Christie Corporation which has doubled the floor space we occupy at no cost to the Foundation.

b. REPORTING

All mandatory reporting (ASIC, BAS etc) has been completed within the required timeframe.

c. BUSINESS SYSTEMS

The Corporate Governance Charter, Business Systems Manual, Audit Committee Charter and ISAC Procedures Manual are in place and have been refined and updated since 1st November 2003. The Strategic Plan and Fundraising Program have been updated. Electronic copies of all documents will be provided on CD to Directors at the Board meeting if required. The Operations Manual for the Crown of Thorns Starfish Eradication Program received approval from the division of Workplace Health and Safety.

d. STAFF

A full-time staff of three and a part-time bookkeeper operate from our Brisbane offices. We continue to use offices in Cairns and Townsville at no cost to the Foundation with the cooperation of AMPTO and CRC Reef, respectively.

e. INSURANCE

Directors and Officers and All Risks and Public Liability policies are in place.

f. SEAL

The seal of the Foundation has been used once this financial year to register a GBRMPA permit for our vessel.



FOR THE CONSERVATION, PRESERVATION AND WISE USE OF THE WORLDS CORAL REEFS.

2. THE BOARD

The Board comprises:

MR JOHN B REID AO	CHAIRMAN (RETIRING AS CHAIRMAN MID YEAR)
SIR IAN MCFARLANE	DEPUTY CHAIRMAN (RETIRING AT AGM)
MR DAVID WINDSOR	MANAGING DIRECTOR (RETIRING AS MANAGING DIRECTOR)
MR MICHAEL BAEVSKI	DIRECTOR (ELECTED 2002)
MR GEORGE CHAPMAN AO	DIRECTOR (ELECTED 2003)
MR STEPHEN GILLIES	DIRECTOR (ELECTED 2003)
DR PETER ISDALE	DIRECTOR (ELECTED 2002)
DR JOHN SCHUBERT	DIRECTOR (ELECTED 2001)
MR PHILLIP STRACHAN	DIRECTOR (ELECTED 2003)
MR STEVEN WILSON	DIRECTOR (ELECTED 2002 RETIRING - TO BE REPLACED BY DR MANNY POHL)
DR MANNY POHL	ALTERNATE DIRECTOR (APPOINTED 2003 - BECOMING A FULL DIRECTOR AT AGM)
MR JOHN SHUEY	ALTERNATE DIRECTOR (APPOINTED 2003)
MR GREG HEANEY	ALTERNATE DIRECTOR (APPOINTED 2002)

JOHN SCHUBERT IS DUE TO STAND DOWN AS A DIRECTOR AT THIS AGM BUT IS ELIGIBLE FOR RE-ELECTION

3. INTERNATIONAL SCIENTIFIC ADVISORY COMMITTEE (ISAC)

The Committee currently comprises:

PROFESSOR RUSSELL REICHEL	CHAIRMAN
PROFESSOR PAUL DAYTON	MEMBER
PROFESSOR ALISTAIR GILMOUR	MEMBER
PROFESSOR OVE HOEGH-GULDBERG	MEMBER
PROFESSOR MICHAEL KINGSFORD	MEMBER
PROFESSOR FRANK TALBOT	MEMBER
DR CLIVE WILKINSON	MEMBER

4. FINANCIAL REPORT

The following reports are included in the Board papers for consideration and approval by the Board.

- a. Audited Results for the financial year 2003.
- b. Cash demand estimate.¹
- c. Budget for the financial year 2004.²

¹ See separate report section 10, page 12.

² See separate report section 9, page 11.



5. FUNDRAISING

This area of our operations continues to be of concern. As previously reported we no longer employ fundraising consultants as they have not proved to be cost effective, having raised \$200,000 in tied funds and \$50,000 in untied funds at a cost of \$190,000. We have taken over this internally, in line with the Board decision, effective from the 19th September 2003.

In this day and age when numerous calls are made on individuals, companies and corporations it is the initial entrée to that entity that is critical in obtaining support. Once the ground has been broken then it is easier for the Foundation to continue the negotiation and the chances of success are markedly improved. It is essential therefore that directors use their best endeavours to assist the staff in securing these initial meetings.

Directors will recall that those attending the last Board meeting were asked to approach a number of companies with whom they had personal contact. The results of these approaches are listed on pages 4 to 7 of this report.

It will be obvious from this summary that only a small minority of directors have been able to assist to date. If the Foundation is to succeed in the future there will need to be a much greater involvement from all directors.

6. INTERNATIONAL SCIENTIFIC ADVISORY COMMITTEE (ISAC)

The ISAC Chairman's report is an agenda item,

ACTIONS ARISING FROM ISAC MEETING

Minute Item	Action	Update
3.a	Submission to DETYA to extend TMN Intensives for three years.	Delayed
3.b	ARC linkage - Review budget	Completed
3.c	I. Update status of Myer Foundation funding – Ballast Water II. Follow-up letter to Townsville City Council – Irukandji funding III. Communication to scientists who applied for / received funding.	I. \$35,000 received 03.12.03 Payment to be made March 2004 II. Thank you letter sent to TCC 05.12.03. III. Communication procedures reviewed and implemented. Outstanding proposals revisited.
3.d	Review COTS program design and reporting	Completed
6	Music / Reef talk proposal – Review with Board	For discussion at GBRRF Board meeting.



COMPANY	AREA OF INTEREST	PROJECT #	PROJECT	DIRECTOR	OUTCOME
ANZ	Community projects	4	Irukandji	John Reid	Unsuccessful
Australia Post	Community benefit projects	3*	Infrastructure Support	John Reid	
Australian Stock Exchange	Medical research	4	Irukandji	Steven Wilson / Manny Pohl	
Bank of Qld	Health, education, sports, philanthropy	3*	Infrastructure Support	Steven Wilson / Manny Pohl	
Bechtel			Infrastructure Support	Phillip Strachan	Approached the CFO of Bechtel in Australia who has made a submission to the Bechtel Foundation in the US which is the vehicle that supports causes as ours. No feedback from that submission as yet.
Boral	Environment, art, sport	15	Amphipod Meeting	John Schubert	
Caltext	Sports, marine conservation	7	Water Quality	John Schubert John Shuey	John Shuey referred to DW to contact Richard Beattie [rbeattie@caltext.com.au] to consider founding membership. Contact made and being followed up with Richard and Angela Morgan.
Coca-Cola Amatil Ltd	Community benefit, indigenous, arts	5	Sponge Aquaculture	John Schubert	
Comalco		6	Coral Re seeding	Phillip Strachan	Funds to be made available in July - subject to final approval of project.
Chris Abele			Founding Member	David Windsor	Unable to contact Chris Abele until late February
DuPont (Australia) Ltd	No guidelines	10*	Coral ID	John Schubert	
Energex	Environment, community benefit, education, business	10*	Coral ID	John Reid (possibly Steven Wilson / Manny Pohl)	



COMPANY	AREA OF INTEREST	PROJECT #	PROJECT	DIRECTOR	OUTCOME
Ergon Energy	Arts, community benefit, environment	11	ARC Linkage	Jane Reid	Not in position to provide funding [Dec 03]. Jane to contact Rockhampton manager in charge of corporate sponsorship to find out when we may apply again to time the application for their pre-budget meetings, if appropriate.
Ernst Young			Founding Member	Phillip Strachan	Approached the Brisbane partnership and they have declined.
Esso Australia P/L	Health, education, environment	8*	Marine Scholarships	2 nd priority	
Frank Sutton			Founding Member	Sir Ian McFarlane	Met with Sir Frederick Sutton on several occasions 12 months ago. His attitude was friendly but he continued to say "it's up to my sons who run the business". Since then, nothing from him.
Glaxo Smith Kline	Medical research	4	Irukandji	Peter Isdalle	
Goldman Sachs JB Were				John Reid	Communicating with Tery Campbell [Chairman]. Possible donation of \$25,000. Attending Business Leaders Conference in Davos, Switzerland and Aug/Sept "Australia Davos Connection" meeting - Barrier Reef.
IBM Australia	Education, science, arts	8*	Marine Scholarships	Phillip Strachan	Approached the CEO of Australia and they have declined.
Leighton Holdings Ltd	Environment, education, health	6*	Re seeding Coral Reefs	John Schubert	
Lion Nathan (Castlemaine Perkins)	Medical, community groups	11	ARC Linkage	John Schubert	
Macquarie Bank Ltd		8*	Marine Scholarships	Continue development of proposal	
Marcus Blackmore			Founding Member	David Windsor	Not at this stage



COMPANY	AREA OF INTEREST	PROJECT #	PROJECT	DIRECTOR	OUTCOME
Mayne	Health, humanitarian, sports, arts, medical research	1	Bingil Bay	John Reid	N/A
McDonald's Australia Ltd	Arts, sports, community	11	ARC Linkage	John Schubert (2 nd priority)	
National Australia Bank			Founding Member	John Schubert	
Pratt Family			Founding Member	John Reid	Doubtful. Continue to attempt to speak directly with Richard Pratt.
Price Waterhouse			Founding Member	Phillip Strachan	Approached the Brisbane partnership and although \$100k was too much for them some form of in-kind or other support may be possible.
Publishing & Broadcasting Ltd	Arts, environment	7	Water Quality	John Schubert (2 nd priority)	
QANTAS Airways Ltd	Sports, community, arts	12	Aquaculture Water Treatment	John Reid	Telephoned and written to Margaret Jackson. Declined.
SAP				Phillip Strachan	Approached the CEO of Australia and they have expressed keen interest and have contacted the Foundation Executive directly to explore potential. SAP is a potential founding member. A meeting will be held on 19 th February to progress further.
Shell Australia Ltd	Environment, science, arts	13*	Disinfection of soluble oils	John Schubert	
SingTel Optus Ltd	Sports, arts, education, strategic partnerships	9	Global Coral Reef Monitoring Network	John Schubert	
Stanwell			Projects/Member	Peter Isdale	
St George			Founding Member	John Schubert	



COMPANY	AREA OF INTEREST	PROJECT #	PROJECT	DIRECTOR	OUTCOME
Bank					
Suncorp			Founding Member	Steven Wilson / Manny Pohl	
Telstra	Arts, environment, sport, indigenous	5	Sponge Aquaculture	Phillip Strachan	Approached the CFO and after a false start internally they are yet to decline.



7. PROJECTS

a. CROWN OF THORNS STARFISH CONTROL PROGRAM 2002/3

We were successful in obtaining a further \$300,000 from the Federal Government which carried the program through to the 15th December 2003 rather than finish in August 2003 as scheduled. A final report has been submitted and accepted by both Governments. In addition the State Government contracted the CRC Coastal Zone to evaluate the effectiveness of the program and I am pleased to report that the review was very complimentary in fact nominating the Program as "one of the best of it's type in the world". Electronic versions of this report are available to Directors if required.

b. CROWN OF THORNS STARFISH CONTROL PROGRAM 2004/7

Toward the end of last year approaches were made to Government for the funds to enable the COTS program to continue. AMPTO approached the State Government and, because of our good relationship with the Minister for Environment other Federal Ministers and Queensland based Federal members, we approached the Federal Government on their behalf.

In December both the Federal and State Governments (individually) announced additional funding for the control of COTS. The total commitment amounts to \$3 million over the next three years with 50% coming from each Government. The new program commences on 1st January 2004 and the first payment will be made on signing of the contracts. This will be by the end of January in the case of the Federal Government and March in the case of the State Government as they will be in caretaker mode until after the elections and unable to sign contracts.

Government funds will be paid to AMPTO who will again contract the Foundation to undertake the work on their behalf and hire our vessel for the duration of the contract. This will provide us with an assured income of \$250,000 per annum for the next three years.

We have, in the meanwhile entered into contracts with AMPTO to run the project on their behalf, and with the current COTS Control Officer – Colin McKenzie - to conduct the program on our behalf. The first payment of \$200,000 was made by the Federal Government during the 4th week in January as an advance against the contract to allow the project to continue pending the signing of contracts and bridging finance was provided by AMPTO to cover wages prior to that. This bridging finance will be repaid from funds received for the project.

We have also introduced a new set of accounts which will allow us to accurately report to the Audit Committee and Board the day to day activity of the COTS Program.

**c. SPONGE AQUACULTURE**

This project continues to progress slowly owing to the issues surrounding native title claims over the research site. The CRC Torres Strait will however commence field testing in the Straits early this year and it is hoped that the program will get back on track. This is a long term project and will continue to need support for a number of years

We are actively seeking additional funding for this project which has significant applications for developing countries in the Indo-Pacific region.

d. CRC TORRES STRAIT

The Foundation is an Associate Member of CRC Torres Strait by virtue of its involvement with the Sponge Aquaculture project. This will increase our exposure particularly in the Torres Strait region. The CRC Torres Strait is an off-shoot of CRC Reef Research Centre.

e. BALLAST WATER

This project is one of the most exciting undertaken by the Foundation. The program has been somewhat delayed by the need to redesign the High Volume Sonic Disintegrator (HVSD). Modular Solution Technologies (MST) has now despatched the redesigned unit and tests will get underway shortly. In the meanwhile further tests using the older unit continue.

There has been some lack of communication between MST and the researchers but the issue has now been resolved by teleconference between MST, Prof Reichelt and me. Things should now proceed smoothly.

We have also received written confirmation of payment of a royalty of 8% on all HVSD units sold as a result of the project³

f. IRUKANDJI

The second series of payments for the three successful researchers have been made and we have received progress reports on results to date. We have also paid the sum of \$15,000 to Lisa-Ann Gershwin as a contribution to her PhD costs from funds received from the Robert J King Memorial Trust in the USA, as required by the Trust.

g. SUNRISE AT 1770/BINGIL BAY

After the Board decision not to proceed with projects requiring us to act as project-managers we have advised both Michael Baevski and QPWS that we will not be proceeding with either the Sunrise or Bingil Bay projects. Michael has contracted MST to install the water purification and sewage plants and donated the land to the Australian Bush Heritage Foundation.

³ See Cause Related Marketing 7(d)



The Water purification plant has been constructed and will be transported to site early February. QPWS will endeavour to find a new tenant for the property at Bingil Bay.

h. Coral Regeneration

This program is set to commence in July 2004 after receipt of funding to be provided by Comalco. It will be run as a collaborative venture between AIMS and the University of Queensland and Comalco. The program has the full support of the Great Barrier Reef Marine Park Authority (GBRMPA) and will also benefit from assistance from Comalco employees in the Gladstone area.

h. International Conference

In July we hosted a workshop attended by leading coral reef researchers on Coral Health. The paper which resulted will be used as a basis for an international seminar which will be held in 2005, attracting researchers, managers and philanthropists worldwide to attempt to prioritise the threats facing coral reefs around the world and to initiate research to address the issues.

In the interim ISAC have agreed to produce a strategic paper on the issues which will be available to the Board and may be presented at the seminar

8. CAUSE RELATED MARKETING

a. FADA (PACIFIC COAST ECO BANANAS) LIMITED

Income from this company continues to grow and they have now secured substantial orders from the UK and QANTAS. The owners were recently awarded the Australian Institute of Management 'Queensland Rural/Remote Manager of the Year' for their environmentally friendly production protocols.

b. Queensland Tissue Products

Revenue from this company has grown well and we have experienced a 100% increase in revenue since the association began 12 months ago. We have actively assisted in the introduction of the company to prospective customers and this has been greatly appreciated. I anticipate additional increases in each quarterly payment for at least the next 4/5 years.

c. Fuchs Oils.

Initial testing of soluble oils have been conducted with samples (1000 litre) provided by Ford in Melbourne. Initial results have been outstanding and results of further laboratory tests are due shortly (1st Feb). If these are as positive as expected, a full scale research proposal will be funded by Fuchs (\$500,000) through the Foundation at the Ford factory in Melbourne and overseen by the CRC Reef. This will commence in April.



MST has agreed to give Fuchs an exclusive licence to sell the process (disinfecting soluble oils) to end-users worldwide. The Foundation will receive its 8% royalty on all sales of the HVSD unit.

d. MODULAR SOLUTION TECHNOLOGIES (MST)

Our association with MST continues to grow and prospects for long-term, untied funding of the Foundation look very promising.

i. Foundation Director Michael Baevski has funded:

1. a water purification and,
2. a sewage plant, using the MST technology, at his environmental residential development at Sunrise near the Town of 1770, on the coast between Gladstone and Bundaberg, at the southern end of the Great Barrier Reef. Once completed this plant will be an ideal demonstration unit for the sale of this unique technology and is a world first in the treatment of sewage.

ii. The Ballast Water project is back on track

iii. The Soluble oil project has completed its pilot testing and full scale testing will commence shortly.

iv. An aqua-culture application is currently being discussed with the Dept. of Primary Industries.

As previously mentioned, the company (MST) have formally agreed to pay to the Foundation a cause related marketing fee of 8% on the sales of the HSVD when it is used in applications to treat the following products.

- i. Sewage
- ii. Drinking water
- iii. Soluble oils
- iv. Hospital waste
- v. Aqua-culture effluent

Whilst it is impossible to assess exactly what revenue will be derived from MST without a track record, Directors should be aware of the fact that in excess of \$US 5 Trillion is presently spent on water treatment annually⁴.

9. ANNUAL BUDGET

I attach a draft budget (Attachment A) for consideration by the Board. This budget does not contain any allowance for a CEO and this issue is detailed in section 11 (Future Direction). You will see from the budget that overall expenditure is down by some 50% as a result of this and other savings. As agreed with AMPTO, our Executive Assistants wages are drawn from the COTS program and are therefore also not reflected in the Budget.

⁴ United Nations Report 2002



I have allowed a contingency of 12% and there are other areas where savings could be made if necessary e.g. Newsletter - by sending out 2 per year instead of 4.

10. CASH DEMAND

Based on the Draft Budget for 2004 and the assured incomes for the period, together with an estimate of potential earnings which have a high degree of probability, I have drawn up an estimated cash flow position which I believe accurately reflects the financial situation of the Foundation (attachment B).

You will see from this that we have a realistic expectation of paying all outstanding research grants and ending the year in the black. I have not taken into account any potential earning as a result of greater involvement in fundraising by Directors. Neither have I taken into account any bequests or undocumented commitments.

11. FUTURE DIRECTION

As you know, I have submitted my resignation and will hand over my duties as Managing Director. As a Founding Member I intend seeing out my current term as a Director and will continue to provide whatever assistance I can in furthering the Aims of the Foundation.

a. CHIEF EXECUTIVE OFFICER

As you will have seen from the draft Budget I have not included remuneration for a Chief Executive. My reasons for this are as follows

- i. With the cash position as it stands, the Foundation is able to meet all its current commitments as can be seen from the "Cash Demand". If the costs of a CEO were included this situation would change and the Foundation would run into debt.
- ii. It is entirely possible (but not certain) that additional funding to cover the cost of employing a CEO can be raised during the course of the next financial year.
- iii. I believe that with input and assistance from Directors, including myself, at no cost to the Foundation, our staff can supply the necessary support for the fundraising effort in the short-term as well as carrying out their normal administrative functions.
- iv. All payments including monthly creditors can be prepared by the bookkeeper and vetted by the audit committee prior to payment.
- v. Once sufficient funding has been generated, then and only then, should we consider appointing a CEO.

My recommendation to the Board therefore is that it considers delaying appointing a CEO until such time as sufficient funds are available.

**b. FINANCIAL ACHIEVEMENTS**

I would like to take the opportunity of listing some of the achievements of the Foundation over the past four and a half years which may not be immediately apparent to some of our newer directors.

TYPE	TOTAL AMOUNT	CONDITIONS
I. FOUNDING MEMBERSHIPS		
Allens Arthur Robinson	\$25,000.00	In-Kind legal support
Michael Baeovski	\$100,000.00	Untied
George Chapman AO	\$150,000.00	Tied to CRC Rental (over 3 years)
Christie Corporate	\$80,000.00	Rental support (over 2 years)
Comalco	\$100,000.00	Untied
Downer EDI	\$100,000.00	Untied
David Hutchen	\$25,000.00	Untied
Sir Ian McFarlane	\$50,000.00	Untied
SPP/CPM	\$50,000.00	Untied
John B Reid AO	\$100,000.00	Untied
Wilson HTM	\$100,000.00	Untied (over 2 years)
David Windsor	\$100,000.00	Untied
Jane Reid	\$50,000.00	Untied
II. GRANTS RECEIVED		
Pratt Foundation	\$50,000.00	Tied - Water Quality
Viertel Foundation	\$50,000.00	Tied - Sponge Aquaculture
Perpetual Foundation	\$100,000.00	Tied - Sponge Aquaculture
Myer Foundation	\$35,000.00	Tied - Ballast Water
Myer Foundation	\$10,000.00	Tied - Water Quality Brochure
Robert J King Foundation	\$15,000.00	Tied - Irukandji.
John T Reid Trust	\$100,000.00	Tied - Various Projects
Andrew Thyne Reid Trust	\$200,000.00	Tied - Scholarships
Townsville City Council	\$20,000.00	Tied - Irukandji
Whitsunday Shire Council	\$5,000.00	Tied - Irukandji
DETYA	\$153,000.00	Tied - TMN
III. DONATIONS RECEIVED		
R Bryan	\$10,000.00	Untied - Paid over 2 years
R & S Maple-Brown	\$50,000.00	Untied - Paid over 5 years
F. A. Pigeon	\$15,000.00	Untied - Paid over 5 years
John T Reid Trust	\$200,000.00	Untied
Sir Ian McFarlane	\$10,000.00	Untied

**iv. CONTRACTS**

Crown of Thorns Program A	\$2,000,000.00	Over 2 Years – 35% to GBRRF
Crown of Thorns Program B	\$3,000,000.00	Over 3 years – 35% to GBRRF

v. BEQUESTS MADE

Anonymous	\$18,000,000.00	Untied
Anonymous	\$4,000,000.00	Untied

c. OTHER ACHIEVEMENTS

The establishment of the "Tropical Marine Network" (TMN).

The establishment of University Intensives taught on Island Research Stations.

The establishment of the "Australian Coral Reef Consortium" (ACRC).

The commitment of three USA Foundations to support the development of the GBRRF in the USA.

The successful conduct of the Crown of Thorns Starfish Eradication Program which has been favourably audited by the CRC Coastal.

The awarding of the new COTS eradication program commencing 1st January 2004 and running for three years.

The purchase of the vessel "Foundation One" which has created an ongoing income stream.

The successful negotiation of 4 Cause Related Marketing Agreements (CRM's) which will provide on-going untied funds.