



DOLPHIN RESEARCH INSTITUTE LTD

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

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Dolphin Research Institute
DOLPHIN RESEARCH INSTITUTE LTD

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Dolphin Research Institute
DOLPHIN RESEARCH INSTITUTE LTD
Directors' Report

Introduction

Over the last year, the Dolphin Research Institute has continued to enhance its research and education programs through a period of change and growth to further serve the environment and community.

The directors of the Dolphin Research Institute are proud to present this report on the company (financial year ended 30 June 2008). Thank you to all our staff, volunteers and supporters who have contributed greatly.

The Dolphin Research Institute operates with a “living” strategic plan covering the three key areas of Research, Communication and Community Engagement. This focus achieves positive outcomes for the environment and the community as a whole.

In line with our role as a community conservation organisation, this report covers our activity in the environmental and social domains, as well as our financial results.

Commentary of the year's environmental and social results

During the period the Institute:

- Supported over 2,500 researcher hours of field research on dolphin populations in Port Phillip, Western Port and the Gippsland Lakes. This included supporting the field work of one PhD and two Honours research projects. Two projects responded to dolphin deaths and skin disease in Gippsland Lakes;
- Continued our on-going population study of the Port Phillip dolphins and significantly expanded our field work in Western Port. Completed analysis of over a decade of dolphin population data from Port Phillip and draft publication prepared;
- Responded to numerous strandings of marine mammals and assisted DSE with arranging necropsies in partnership with Melbourne Zoo;
- Provided input to relevant environmental inquiries, including Port Phillip Channel Deepening, Victorian Coastal Strategy and Biodiversity green paper.
- Supported Department of Sustainability & Environment with managing the visits of whales in Port Phillip;
- Maintained a leadership role with the Watson Creek Catchment Management Project (one of Victoria's most polluted creeks).

The Institute's community contribution occurs in a number of ways:

Education Programs

- More than 12,000 adults and children participated in our education programs at DRI's centre, in schools and in coastal locations;
- The “*i sea, i care*”[®] Ambassador Program developed into a valuable communication tool, reaching an audience of over 50,000 per month and expanded it to schools from Mallacoota to Portland, covering most of Victoria's coastline. We have 160 Ambassadors in schools across the state. The program now also includes community groups and businesses, ANZ joining during the year. “*i sea, i care*”[®] was a finalist in the 2008 Victorian Coastal Awards;
- The Institute was regularly featured in the media contributing on a range of environmental issues;
- The Institute was a regular and sought after guest speaker at schools and community groups during the period.

Community Contribution

- The Institute supported three postgraduate research projects with young scientists from Monash University;
- The Institute's Community Dolphin Sighting Network involved over 100 people around Victoria and maintained an intensive community project in Western Port;
- Volunteer opportunities in research, education and administration support were taken up by over 20 people during the year;
- Work placement opportunities for tertiary and secondary students during the period;
- The Institute was a member or representative of a number of other community organizations; Better Bays and Waterways, a Director on the Board of the UNESCO Biosphere and board member of the Central Coastal Board.

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Commentary of the year's financial results

The Institute has continued to maintain sound financial management during the 2007/2008 financial year, and at the same time achieving growth in the delivery of research and education programs.

The implementation of the Institute's business strategy continued to make progress during the year, building on "fee earning" activities and effectively managing fixed costs, to achieve a surplus of nearly \$29,000.

The revenue for "fee-earning" education programs more grew by over \$30,000 during the year thanks to the hard work of our Education Director, supported by an excellent team of environmental educators. This growth was further supported by education contracts to provide environmental education programs to DSE and a cluster of schools and further supported by a partnership with Hastings' Kings Creek Hotel (for adult groups).

We also implemented a partnership with the Department of Sustainability and Environment to roll-out the '*i sea, i care*' School Ambassador Program to schools along the eastern and western halves of Victoria. This provides a very sound base for future growth.

Revenue from fundraising dropped slightly during the year. The new '*i sea, i care*' Champion's Pledge program has taken longer to establish than was hoped as have corporate sponsorships of '*i sea, i care*' as a whole. The success at rolling the '*i sea, i care*' Ambassador Program across the state has positioned us well to make progress with these programs in 2008.

Corporate support was received from Australian Arrow, Ritchies Supermarkets, Mitre 10, Holland Insurance, NAB, ANZ and other regular supporters. Other partnerships are in the process of being developed. Our resources were directed towards building the breadth of the education and '*i sea, i care*' programs and we have become more selective with corporate sponsorships to focus on building longer-term partnerships linked to '*i sea, i care*'.

The sixth and final year of a partnership with the Trust Company of Australia resulted in a donation of \$30,000. Dame Elisabeth Murdoch was also a significant contributor during the period. A grant from The Ian Potter Foundation for \$25,000 was received near the end of period (This was carried forward as a provision for the 2009 year).

Expenses during the period showed a slight increase compared with the previous year. This is largely due to increased wage costs from the expanded research and education activities.

The results reflect a year of hard work to set the scene for future growth with a focus on education programs and strengthening relationships with supporters. There is room for optimism about the future prospects of the Institute and we look forward to a very positive 2008/2009 year.

Statement of in-kind support for the Institute during the 2006/2007 Year

The "in-kind" support from businesses has again been highly significant to the success of the Institute during this accounting period. In-kind contributions permit core savings to be made, and may significantly boost earning capacity. The value of this kind of support is hard to estimate accurately because of its intrinsic nature but is considerable and this year consists of:

Community Service Announcements on Networks Seven and Channel 31, Brian Holland Insurance, The Buchanan Group (production of TV advertisement), Peter Doolan Writing and Editing (support with web site), White Cleland Solicitors, Glass Plus Gallery, Spinnaker Marketing, Cyclone Advertising, Avante Marine, Articus Graphic Design and Looking Good Yacht Cruises. A number of radio stations have also been very supportive, including 101.1 FM, ABC and 3AW.

In addition the direct contribution of time and expertise of members of our board, Research and other various committees, and other volunteers is highly significant. Over 3,000 person hours were contributed to the Institute during the past year.

The value of the foregoing contributions during the year is estimated to exceed \$100,000.

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Income from Government Grants

The Institute acknowledges the receipt of the following government grant for the year ended 30 June 2008:

- Department of Environment, Water Resources, Heritage and Arts for \$2,500 under the Grants to Voluntary Environment and Heritage Organisations (GVEHO) Program for 2007–2008.
- Award of a \$25,300 grant as part of a successful EPA prosecution of a shipping company for a chemical pollution in Bass Strait;

List of Directors and meeting attendance

The names of the directors in office at any time during the year (and meetings attended) are:

Denise Orchard	(Chair); Grad.Dip (Accounting); CPA; Retired General Manager Gaming, Tabcorp.	(7)
Jeff Weir	(Executive Director, Secretary); B.Sc;M.Sc;Dip.Ed;MFIA; Member Central Coastal Board.	(7)
Jeremy Fraser	Director of Direct Air Charter, operator and pilot.	(4)
Mike Kenny	(Retired 31/8/07) B.Eng(Civil); Grad.Dip (Marketing); Director Extend Enterprises Pty.Ltd.	(0)
Roy Spencer	Dip.Arch; Fellow RMIT; Fellow RAI A; Principal Architect & Planner of Roy Spencer & Assoc.	(3)
Pamela Wyatt	ITO Transition Manager, National Australia Bank.	(3)
Wai Mun Chang	Director HuNet Pty.Ltd.; Graphic Designer.	(5)
Natalie Frazer	(Joined 18/9/07); Senior Marketing Manager, Government Services, Ernst and Young	(5)
Miranda Thorpe	(Joined 18/9/07); BSc(Hons); MBA; Executive Director, Chaudhri Consulting Pty. Ltd.	(4)
Rick Howe	(Joined 18/9/07); General Manager ANZ Insurance Pty. Ltd.	(5)

Operating Result

The profit of the company for the financial year after providing for income tax amounted to:

Year ended	Year ended
30 June 2008	30 June 2007
\$	\$
28,961	45,039

Principal Activities

The principal activities of the company during the course of the year were Marine conservation, scientific research and education. No significant change in the nature of these activities occurred during the year.

Significant Changes in the State of Affairs

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

Future Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years. Since 30 June 2008 the following grants have been confirmed that will improve the financial performance for the 2008 period:

- Research Grant from Perpetual Trustees for \$45,000;
- Sponsorship from Club Marine Boat Insurance for \$12,000 in addition to boat insurance;
- Sponsorship from Patagonia footwear as part of a "1% profit donation.

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Directors' Report

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

The entity is a not for profit company limited by guarantee. Under its constitution it can not pay dividends to members.

Share 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 date of this report.

Directors Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of 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.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included.

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



Denise Orchard
Director



Jeff Weir
Director

Dated: 28 August, 2008

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Auditor's Independence Declaration

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

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

G J Waterland
Gregory J Waterland, Chartered Accountant
level 1, 405 Nepean Highway Frankston Vic 3199



28/08/2008

Frankston

Dolphin Research Institute
DOLPHIN RESEARCH INSTITUTE LTD
Detailed Profit and Loss Statement
For the year ended 30 June 2008

	2008 \$	2007 \$
Income		
Gift Receipts	92,005	97,745
Memberships	2,900	4,818
Sponsorships & Grants	73,755	77,500
Merchandise Sales	3,211	4,844
Consulting	1,000	-
Education Programs	99,876	69,214
Interest received	1	226
Profit on sale of property, plant, equip	182	-
	<hr/>	<hr/>
Total income	<u>272,929</u>	<u>254,346</u>

Expenses

Advertising and promotion	1,096	219
Audit fees	2,000	1,600
Bank Fees And Charges	3,526	3,142
Computer Expenses	1,828	784
Consultants fees	2,473	2,490
Depreciation - plant	5,417	5,406
Education Program Costs	4,647	5,692
Entertainment	73	255
General Organisation Expenses	2,949	1,231
Fundraising Expenses	-	591
Holiday pay	1,304	4,466
Insurance	3,778	4,267
Interest - Australia	58	-
Library	-	109
Licensing Fees	-	420
Light & power	319	357
Long service leave	1,089	(2,217)
Marketing	1,607	1,126
Merchandise Cost of Sales	640	2,696
Postage	2,870	4,514
Printing & stationery	5,748	7,953
Rent on land & buildings	17,436	17,533
Repairs & maintenance	3,148	5,576

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Detailed Profit and Loss Statement
For the year ended 30 June 2008

	2008 \$	2007 \$
Research Costs	20,374	9,541
Salaries - ordinary	142,967	115,913
Staff amenities	555	25
Staff training	20	247
Subscriptions	537	472
Superannuation	12,463	9,765
Telephone	5,009	5,134
Travel, accom & conference	<u>37</u>	<u>-</u>
Total expenses	<u>243,968</u>	<u>209,306</u>
	_____	_____
Profit from Ordinary Activities before income tax	<u>28,961</u>	<u>45,039</u>

Dolphin Research Institute
DOLPHIN RESEARCH INSTITUTE LTD
Profit and Loss Statement
For the year ended 30 June 2008

	2008 \$	2007 \$
Operating profit before income tax	28,961	45,039
Income tax (credit) attributable to operating profit (loss)	-	-
Operating profit after income tax	28,961	45,039
Retained profits at the beginning of the financial year	30,900	(14,140)
Total available for appropriation	59,860	30,900
Retained profits at the end of the financial year	<u>59,860</u>	<u>30,900</u>

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Balance Sheet As At 30 June 2008

	Note	2008 \$	2007 \$
Current Assets			
Cash assets	4	73,693	43,302
Receivables	5	4,699	8,341
Inventories	6	815	2,311
Other	7	<u>1,298</u>	<u>1,537</u>
Total Current Assets		<u>80,505</u>	<u>55,492</u>
Non-Current Assets			
Property, plant and equipment	8	<u>38,792</u>	<u>39,973</u>
Total Non-Current Assets		<u>38,792</u>	<u>39,973</u>
Total Assets		<u>119,298</u>	<u>95,465</u>
Current Liabilities			
Payables	9	5,265	34,600
Financial liabilities	10	-	1,878
Current tax liabilities	11	915	2,222
Provisions	12	19,578	17,185
Other	13	<u>25,000</u>	<u>-</u>
Total Current Liabilities		<u>50,758</u>	<u>55,885</u>
Total Liabilities		<u>50,758</u>	<u>55,885</u>
Net Assets		<u>68,540</u>	<u>39,580</u>
Equity			
Reserves	3	8,680	8,680
Retained profits		<u>59,860</u>	<u>30,900</u>
Total Equity		<u>68,540</u>	<u>39,580</u>

Dolphin Research Institute
DOLPHIN RESEARCH INSTITUTE LTD
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.

Dolphin Research Institute is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The report has been prepared in accordance with the requirements of the Corporations Act 2001 and the following applicable Accounting Standards and Urgent Issues Group Interpretations :

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 Standards

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

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historic costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the company in the presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated. Refer to Note: 'changes in accounting policies' for comparison to the previous financial year:

Accounting Policies

(a) Income Tax

The institute is exempt from income tax as an income tax exempt charity under section 50-145 of the Income Tax Assessment Act 1997.

(b) Property, Plant and Equipment

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

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

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.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value.

(d) Employee Benefits

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs. Employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

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Notes to the Financial Statements
For the year ended 30 June 2008

(e) 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 benefit will result and that the outflow can be measured reliably.

(f) Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with banks or financial institutions, 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.

(g) Goods and Service 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 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.

(h) Comparative Figures

Comparative figures have been adjusted to conform with changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

Dolphin Research Institute
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Statement of Cash Flows
For the year ended 30 June 2008

	2008	2007
	\$	\$
Note 2: Revenue		
Operating Activities:		
Other sales revenue	272,746	254,120
Interest revenue	<u>1</u>	<u>226</u>
	<u>272,747</u>	<u>254,346</u>
Note 3: Reserves		
Balance at the beginning of the reporting period		
Assets revaluation reserve	8,680	8,680
	<u>8,680</u>	<u>8,680</u>
Increase (decrease) in reserves during the reporting period:		
	<u>-</u>	<u>-</u>
Balance at the reporting date		
Assets revaluation reserve	8,680	8,680
	<u>8,680</u>	<u>8,680</u>
Note 4: Cash assets		
Bank accounts:		
DRI Main Cheque Account	-	10,414
DRI Research Account	-	18
DRI Environment Fund	-	30,348
DRI Research GFE	-	503
DRI Rap Funding	-	48
DRI Main NAB Account	7,016	1,362
DRI Environment Account	65,579	-
Other cash items:		
Cash on hand	<u>1,098</u>	<u>609</u>
	<u>73,693</u>	<u>43,302</u>
Note 5: Receivables		
Current		
Trade debtors	4,699	8,341
	<u>4,699</u>	<u>8,341</u>
Note 6: Inventories		
Current		
Merchandise at cost	815	2,311
	<u>815</u>	<u>2,311</u>
Note 7: Other Assets		
Current		
Prepayments	1,298	1,537
	<u>1,298</u>	<u>1,537</u>

Dolphin Research Institute
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Statement of Cash Flows
For the year ended 30 June 2008

	2008	2007
	\$	\$
Note 8: Property, Plant and Equipment		
Computer Software:		
- At cost	2,078	2,078
- Less: Accumulated depreciation	<u>(1,221)</u>	<u>(1,003)</u>
	<u>857</u>	<u>1,074</u>
Office equipment:		
- At cost	39,271	35,034
- Less: Accumulated amortisation	<u>(31,560)</u>	<u>(30,143)</u>
	<u>7,711</u>	<u>4,891</u>
Research equipment:		
- At Directors revaluation	121,460	121,460
- Less: Accumulated depreciation	<u>(91,235)</u>	<u>(87,452)</u>
	<u>30,225</u>	<u>34,008</u>
	<u>38,792</u>	<u>39,973</u>
Note 9: Payables		
Unsecured:		
- Other creditors	<u>4,487</u>	<u>29,999</u>
	<u>4,487</u>	<u>29,999</u>
Unsecured:		
- Trade creditors	<u>777</u>	<u>4,601</u>
	<u>777</u>	<u>4,601</u>
	<u>5,265</u>	<u>34,600</u>
Note 10: Borrowings		
Current		
Unsecured:		
- Hire purchase liabilities	-	2,045
- Less: Unexpired hire charges	<u>-</u>	<u>(167)</u>
	<u>-</u>	<u>1,878</u>
	<u>-</u>	<u>1,878</u>
Note 11: Tax Liabilities		
Current		
GST payable control account	2,072	3,359
Input tax credit control account	(1,899)	(1,876)
GST clearing	<u>741</u>	<u>739</u>
	<u>915</u>	<u>2,222</u>

Dolphin Research Institute
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Statement of Cash Flows
For the year ended 30 June 2008

	2008	2007
	\$	\$
Note 12: Provisions		
Current		
Employee entitlements*	<u>19,578</u>	<u>17,185</u>
	<u>19,578</u>	<u>17,185</u>
* Aggregate employee entitlements liability	19,578	17,185

There were 5 employees at the end of the year

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value and future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note: Statement of significant account policies.

Note 13: Other Liabilities

Current

Grants in Advance	<u>25,000</u>	<u>-</u>
	<u>25,000</u>	<u>-</u>

Note 14: Auditors' Remuneration

Remuneration of the auditor of the company for:

Auditing or reviewing the financial report	2,000	1,600
Other services	<u>-</u>	<u>-</u>
	<u>2,000</u>	<u>1,600</u>

Note 15: Contingent Liabilities

As at the date of this report the directors are unaware of any contingencies that would affect the accuracy of the financial statements.

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Note 16: Events Subsequent to Reporting Date

No significant events have arisen since the end of the financial year that would materially affect the financial affairs or other operations of the Institute.

Note 17: Endorsement as a Deductible Gift Recipient

(a) REGISTERED ENVIRONMENTAL ORGANISATION

The Dolphin Research Institute Ltd. Environmental Fund is listed on the Register of Environmental Organisations under item 6.1.1 of subsection 30-55 (1) of the Income Tax *Assessment Act 1997* ("ITAA"). Donations of \$2.00 or more are tax deductible.

(b) APPROVED RESEARCH INSTITUTE STATUS

The Institute was an Approved Research Institute (ARI) under Subdivision 30-BA of the ITAA. The Institute's ARI approval number is 116621 until 18 June 2008.

In response to a review of governance and the management of research, the Directors advised the ATO of the decision to cancel the ARI status. This came into force on 18 June 2008. This does not affect the Gift Deductibility Status or research program.

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DOLPHIN RESEARCH INSTITUTE LTD
Statement of Cash Flows
For the year ended 30 June 2008

	2008	2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Donors	301,809	248,962
Payments to suppliers and employees	(142,110)	(153,746)
Interest received	1	226
General administration expenses and direct expenses	(125,072)	(64,748)
Purchase Fixed Assets	(4,236)	(1,235)
Net cash provided by (used in) operating activities	30,392	29,459,
Net increase (decrease) in cash held	30,392	29,459
Cash at beginning of year	43,301	13,842
Cash at end of year	73,693	43,301

Note 4

Reconciliation of Cash Flow With Profit for Year

Profit from Ordinary Activities	28,960	45,039
Add Non Cash Flows in Profit		
- Depreciation	5,417	5,405
- Increase in Provisions	2,393	2,249
Changes in Assets and Liabilities		
(Increase) Decrease in Inventory	1,496	(1,473)
(Increase) Decrease in Receivables	3,881	(5,159)
Increase (Decrease) in Payables	(7,519)	(15,367)
(Increase) Decrease in Fixed Assets	(4,236)	(1,235)
	30,392	29,459

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Statement of Changes in Equity
For the year ended 30 June 2008

	Retained Earnings / (Accumulated losses)	Asset Revaluation Reserve	Total
Note	\$	\$	\$
Balance at 30 June 2006	(14,139)	0	(14,139)
2006 Revaluation		8,680	8,680
Profit attributable to equity shareholders	45,039		45,039
Balance at 30 June 2007	<u>30,900</u>	<u>8,680</u>	<u>39,580</u>
Profit attributable to equity shareholders	28,960		28,960
Balance at 30 June 2008	<u>59,860</u>	<u>8,680</u>	<u>68,540</u>

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DOLPHIN RESEARCH INSTITUTE LTD
Directors' Declaration

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 prescribed 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 30 June 2008 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.

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



Denise Orchard

Director



Jeff Weir

Director

Dated: 28 August, 2008

Dolphin Research Institute
DOLPHIN RESEARCH INSTITUTE LTD
Independent Auditor Report

Scope

We have audited the attached financial report, being a special purpose financial report comprising the Directors' Declaration, Detailed Profit and Loss Statement, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, for the year ended 30 June 2008 of Dolphin Research Institute. 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 the 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 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 statements, 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.

Independence

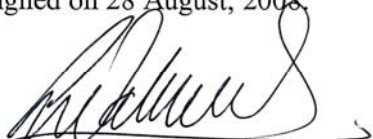
In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration has not changed as at the date of providing our audit opinion.

Audit opinion

In our opinion, the financial report of Dolphin Research Institute is in accordance with:

1. the Corporations Act 2001, including:
 - (a) giving a true and fair view of the company's financial position as at 30 June 2008 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 28 August, 2008:



Gregory J Waterland, Chartered Accountant

G J Waterland

level 1, 405 Nepean Highway Frankston Vic 3199