

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDING 30 JUNE 2009

To the Members of Port of Townsville Limited

Report on the Financial Report

I have audited the accompanying financial report of the Port of Townsville Limited which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration Audit Act 1977* (Qld) and the *Financial Management Standard 1997* (Qld), including compliance with applicable Australian Accounting Standards including the Australian Accounting Interpretations and the *Corporations Act 2001* (Cth).

This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with Auditor-General of Queensland Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Financial Administration and Audit Act 1977* (Qld) promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland government owned corporations and their controlled entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* (Cth) have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001* (Cth), provided to the directors of Port of Townsville Limited on 16 March 2009, would be in the same terms if provided to the directors as at the date of this auditors report.

Auditor's Opinion

In my opinion:

- (a) the financial report of Port of Townsville Limited is in accordance with the *Corporations Act 2001* (Cth), including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards including Australian Accounting Interpretations and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Reporting Standards as disclosed in Note 1.

J. Zabala

(as delegate of the Auditor-General of Queensland)

Townsville 17 August 2009