

AIMSC



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《 Connecting corporate and government
Australia with Indigenous businesses 》

INTRODUCTION

AIMSC, (registered as the Australian Indigenous Minority Supplier Office Ltd) is a not for profit company limited by guarantee launched in September 2009.

AIMSC is funded by the Australian Government Department of Education, Employment and Workplace Relations as well as Industry & Investment NSW as a three year pilot.

Our vision is to contribute to creating a vibrant and prosperous Indigenous business sector in Australia by embedding Indigenous businesses into the supply chain of Australian companies and government agencies.

Our mission is to connect Indigenous businesses with corporate and government buyers.



Progress

AIMSC reports on the progress against our funding KPI's on a quarterly basis. Our reporting year is from 1 October – 30 September. We are pleased to share the progress to date at our 3rd reporting period to June 30 2010 below against our first year funding targets.

KPI measure	Year to Date Results (30 June 2010)	Year 1 target (ending 30 Sept 2010)
Transactions	\$1.256m	\$1m
Contracts	\$3.95m	N/A
No. of members	37	17
No. of certified suppliers	41	30
Percentage of active* members	68%	75%
Percentage of active* suppliers	55%	75%

* Indicates that transactions and contracts have taken place since date of membership or certification.

AIMSC Values

Open communication - We give and receive feedback to help us continually improve our work

Collaboration - We achieve our goals by working together

Belief - We know that our work will transform the Indigenous enterprise sector

Accountability - We are an open book and build our reputation off high performance; we are not afraid of saying "we could have done better"

Enterprising - We always look for new ways to do things to help us achieve our goals

Globalising - We operate in an international community from which our members and suppliers can benefit

WHAT WE DO

During its three year pilot phase, AIMSC will:

- certify Indigenous businesses as majority Indigenous owned, controlled & managed
- provide members with access to the certified Indigenous businesses for consideration in procurement opportunities
- work with its members to examine and adapt their procurement processes to be inclusive of Indigenous suppliers
- mentor and support Indigenous businesses to become certified
- be a thought leader on supplier diversity and its benefits

AIMSC membership and certification are the important elements for bringing Corporate Australia, government agencies and Indigenous businesses together.

Certification provides Indigenous businesses with an opportunity to build real business relationships with members. While AIMSC membership provides Australian companies and government agencies with the choice to purchase goods and services from certified Indigenous businesses.

Terminology

Members – this refers to AIMSC members – who are Australian corporations, government agencies and not for profits who have committed to buying goods and services from Indigenous businesses

Suppliers – when we talk about suppliers we are referring to the Indigenous business who have successfully qualified through the certification process

AIMSC certification criteria:

To be eligible for AIMSC certification, applicant suppliers must meet the following six criteria:

1. ownership – at least 51 per cent of the company is owned by Indigenous Australian(s)
2. management – the company is lead / managed by a Principal Executive Officer who is an Indigenous Australian
3. control – the key business decisions regarding the company's finances, operations, personnel and strategy are made by an Indigenous Australian(s)
4. for profit – the company is able to distribute its profits to shareholders or owners
5. trading as a business – that is, your company has goods, services and / or products to sell, products and services are such that AIMSC member organisations would purchase
6. business is located in Australia

CHAIRMAN'S MESSAGE

AIMSC's creation in September 2009 marked an historic opportunity to contribute to closing the gap in the economic circumstances for Indigenous people and communities. By focusing on bringing Indigenous businesses into the supply chains of corporate and government Australia, it creates a unique environment for businesses to compete for contracts and grow through inclusion in the mainstream economic market.

The board and I are proud of the achievements of AIMSC in its first year of operation and wish to acknowledge the contribution of our funders DEEWR and I&I NSW. Building on the vision set by AIMSC's co-founders Michael McLeod and Dug Russell, the inaugural AIMSC team have put in place the foundation for the significant growth we have seen to date and anticipate in the future. Our founding members and certified suppliers have embraced the AIMSC mission and shown their commitment to our objectives through real business and focused engagement.

The AIMSC pilot is not about merely ticking a box on a corporate social responsibility charter. It is about real action and tangible outcomes on a commercial basis for both our members and suppliers. Not only do the contracts and projects benefit the businesses involved today, they create the environment to develop role models for current and future generations in the business sector. We hope that this will inspire other Indigenous Australians to go into business, which in turn will provide employment opportunities in Indigenous communities.

It is encouraging to all of us involved in AIMSC that in its first nine months of operation our members and suppliers have generated \$1.256m in transactions. The initial support for AIMSC has grown into member and supplier numbers far in excess of our expectations when we launched in September last year.



I would like to thank my colleagues in the corporate world for their support and commitment to AIMSC and its objectives. It is they and their teams who hold the keys to the creation of a vibrant Indigenous business sector in Australia. Their activity to date shows the potential we have for the future.

I'd like also to acknowledge the Business Council of Australia's support for AIMSC, in particular the Indigenous Taskforce, who energised their membership to support the AIMSC initiative. We anticipate an ever growing engagement and commitment from the corporate sector in the coming years.

In terms of the future for AIMSC, in addition to focusing on increasing the business transactions between members and suppliers we will be rolling out development programs. The purpose of these programs will be to strengthen and create skills and knowledge within all businesses to develop the supplier diversity community.

The board and I look forward to working with the AIMSC team and broader AIMSC stakeholders to further develop and grow the concept and practice of supplier diversity in Australia over the coming years.

Stephen Roberts,
Chairman, AIMSC
CEO, Citi Australia

«The activities and achievements of AIMSC members and suppliers is the measure of our success»



CEO REPORT



The activities and achievements of AIMSC members and suppliers is the measure of our success. I echo the Chairmans' recognition of our members and suppliers for translating their initial commitment into engagement. We look forward to celebrating these at Connect 2010, our inaugural Business Opportunity Fair and Conference in November 2010.

The growth in member and supplier numbers in excess of targets provides us with a solid base for AIMSC to build on into year two and beyond. In the coming year, to realise our goals and work towards securing AIMSC's sustainability past our three year pilot phase we will be:

- adding new roles to the team;
- focusing on supporting our suppliers and members;
- launching development programs for members and suppliers;
- continuing our program of networking events and engagement with our stakeholder base; and
- building an evidence base on the success of supplier diversity of Australia

The reporting we undertake to monitor our performance against our targets not only tracks the development of AIMSC, it also provides vital information to feedback into the wider policy arena and activity towards Closing the Gap. For example, we have already identified that Indigenous owned business will contribute to Closing the Gap as they employ Indigenous Australians at a higher rate. The 41 businesses currently certified have an Indigenous employment rate of 72%. We plan to engage in further research in the coming year to develop further understanding and information about Indigenous businesses in Australia.

The key highlights this year for the AIMSC team have been:

- AIMSC launched at Parliament House – 15 September 2009
- Meet the Buyer events – facilitating over 200 meetings between members and suppliers over two events
- Recognition from our sister Council in the US, the NMSDC for our achievements in the first year – our growth rate against KPI's is significantly higher than that of other fledgling supplier diversity councils internationally
- The activity between our members and suppliers and their commitment – leading to AIMSC's first year targets being exceeded within nine months of operation

AIMSC's early success would not have been possible without the commitment of our members and suppliers. Also critical to our early success is the unwavering support of our strategic partners including the Indigenous Business Council of Australia, the State and Regional Indigenous Business Chambers, Indigenous Business Australia, Reconciliation Australia, the Business Council of Australia, the Koori Business Network, Industry and Investment NSW and the Department of Education, Employment and Workplace Relations.

To all of our strategic partners, thank you for supporting the supplier diversity cause. Year one has set the scene for an incredibly active year two. We look forward to sharing that with all of our AIMSC stakeholders.

Natalie Walker,
CEO, AIMSC



« *"These results [41 Indigenous businesses certified; 37 corporate members; \$3.95m in contracts], in just a little over nine months, are a great achievement for AIMSC and a great result for Indigenous businesses"*
— Senator the Hon. Mark Arbib Minister for Employment Participation »

AIMSC MEMBERS AS AT 30 JUNE 2010

- | | |
|--|--------------------------|
| 1. Allens Arthur Robinson | 19. Wesfarmers |
| 2. Australia Post | 20. Brookfield Multiplex |
| 3. Gilbert + Tobin | 21. Citi |
| 4. Freehills | 22. Corporate Express |
| 5. Clayton Utz | 23. Exxon Mobil |
| 6. NSW Department of Education and Training | 24. Pfizer |
| 7. NSW Department of Aboriginal Affairs | 25. Virgin Blue |
| 8. City of Sydney | 26. NRL |
| 9. Lend Lease | 27. Compass Group |
| 10. Department of Defence | 28. Transfield Services |
| 11. Department of Families, Housing, Community Services and Indigenous Affairs | 29. Cummins |
| 12. Department of Education, Employment and Workplace Relations | 30. Salmat |
| 13. IP Australia | 31. IBM |
| 14. Reconciliation Australia | 32. KPMG |
| 15. Commonwealth Bank | 33. Marriott |
| 16. Leighton Holdings | 34. Unisys |
| 17. National Australia Bank | 35. Cisco |
| 18. Qantas | 36. Foxtel |
| | 37. IAG |

SUPPLIER CATEGORIES (represented through 41 businesses)

- | | |
|---|--|
| • Graphic design | • IT & Telecoms |
| • Multi media - web and film production | • Construction and maintenance |
| • Corporate gifts and merchandise | • Facilities management |
| • Legal services | • Cultural training |
| • Catering and food products | • Lighting – commercial and industrial |
| • HR Consulting | • Auto products |
| • Recruitment | • Consumer products |
| • Marketing and Communications | • Logistics |



« Collaboration - We achieve our goals by working together »



ACTIVITIES

Below are some examples of activities being undertaken by AIMSC members.

Commonwealth Bank

The Commonwealth Bank has engaged with a number of AIMSC certified suppliers:

- Thullii Dreaming are working with the corporate promotional goods team to develop Indigenous themed Commonwealth Bank merchandise.
- Carbon Media, a multimedia production company are currently working with the Commonwealth Bank's Indigenous Banking team to produce a series of short films about their community partnerships.
- Kallico Catering have catered at a number of functions at the Bank's head office in Sydney's CBD, catering at a function for the Australian Indigenous Education Foundation as part of Reconciliation Week.
- LBF Consulting are working with Commonwealth Bank's HR team to further develop their Indigenous recruitment strategy.
- Message Stick have signed a contract with Commonwealth Bank to provide teleconferencing services.

Qantas

As a founding member of AIMSC Qantas were quick off the mark to engage with AIMSC suppliers, signing a contract with Message Stick in November 2009 for teleconferencing services. More recently they engaged Gilimbaa on a standard Qantas contract for design services. The first project to redesign Qantas' Reconciliation Action Plan documents was completed in July. Gilimbaa also worked with Qantas on the AFL Dreamtime series, painting the boots of all the Indigenous players in the competition. The boots then went on to be displayed around Australia from May 2010.

The Qantas procurement team are in the midst of transforming their policy and process for tendering and contracting. As part of this they are asking tenderers for projects to consider engaging with AIMSC certified suppliers and to provide details on how and where they do that as part of a contract.

Citi

Citi have been embracing their membership of AIMSC, purchasing goods and services from AIMSC suppliers. They serve food and drink purchased from Indigenous suppliers in their boardroom facilities.

AIMSC were also recently invited to present at their operations team meeting to discuss further opportunities to engage AIMSC suppliers and future procurement requirements.

At Citi's recent Staff Benefits Expo in Sydney, AIMSC certified suppliers were invited to exhibit. This was a great way to raise awareness of AIMSC within the Sydney office community as well as promote AIMSC suppliers to staff.

AIMSC facilitates the connection of businesses in a number of ways, these include:

- members and suppliers have access to a secure on online database providing information on each business and their contact details
- one-one introductions and referrals
- networking events



Buying goods & services from Indigenous business creates jobs for Indigenous people – AIMSC's 41 suppliers employ 119 Indigenous Australians. That's a 72% Indigenous employment rate...

Indigenous suppliers are assisting AIMSC members to recruit and retain Indigenous employees...

An AIMSC member has commissioned an Indigenous supplier to develop a corporate video...

An Indigenous supplier won the ABC New Inventors Peoples' Choice Award...

An AIMSC member has contracted an Indigenous supplier to provide expert trade mark advice...

DID YOU KNOW...?

AIMSC has certified Australia's first and only Indigenous telecommunications company...

One of AIMSC's suppliers sells an international luxury men's underwear brand stocked in Saks 5th Avenue and David Jones department stores...

Four of AIMSC's members serve, in their meeting rooms, biscuits and tea provided by an Indigenous supplier...

An AIMSC certified supplier painted the shoes Buddy Franklin wore during the AFL Dreamtime match...



EVENTS



AIMSC Launch Parliament House

AIMSC was launched by the Former Prime Minister, Kevin Rudd at a Gala Dinner at Parliament House on the 15th September 2009. It was attended by a number of AIMSC's founding members and its first certified suppliers.



Meet the Buyer Events

AIMSC hosted two meet the buyer events in February and June 2010. A novel approach to connecting AIMSC members and suppliers, we've taken the speed-dating format to get the most out of the networking opportunities. Across the two events we facilitated over 200 meetings between AIMSC members and suppliers.

Connect 2010 in November 2010 includes a trade show which will facilitate even more meetings and discussions between members and suppliers.



Member and Supplier Development Programs

In June 2010 AIMSC launched the pilot phase of our development programs for members and suppliers.

These programs are aimed at:

- furthering knowledge of supplier diversity within our members organisations to provide them with practical tools and examples to help them engage with AIMSC certified suppliers businesses
- providing information and advice for AIMSC certified suppliers on how to do business in the corporate and government marketplace.

These programs will be officially launched in 2011 after the pilot phase has been completed

Acknowledgement of partners and supporters

In addition to our sponsors, members and suppliers, we also have some very important partners that we would like to acknowledge. AIMSC would like to thank our supporters and partners for their contribution to our operations over the last year.

Supporters:

- Freehills and Gilbert + Tobin have provided AIMSC with legal advice on a number of issues on a pro bono basis

Partners:

- Business Council of Australia
- Indigenous Business Council of Australia
- Koori Business Network, Victoria
- Mandurah - Hunter Indigenous Business Chamber, NSW
- Reconciliation Australia
- SE Queensland Indigenous Chamber of Commerce

The support of our international affiliate minority supplier councils is greatly appreciated. In particular we wish to recognise the NMSDC for their ongoing collaboration throughout the set up of AIMSC and our first year of operation.

AIMSC engagement with Indigenous Businesses

In addition to advocating for Indigenous businesses inclusion in the supply chains in our member organisations and the wider business community, AIMSC also engages in direct procurement from Indigenous businesses. In the 2009 – 2010 financial year over 20% of our discretionary spend was with Indigenous businesses.



FINANCIALS

For the period from date of incorporation on
22 December 2008 to 30 June 2010





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Director's Report

For the year ended 30 June 2010

The Directors of the Company at any time during or since the end of the financial year are:

Name and responsibilities	Qualifications, experience and other directorship
Leah Armstrong Director 	Appointed as director on 22 December 2008. Founding board member of Australian Indigenous Minority Supplier Council. Member of the National Policy Commission on Indigenous Housing. Board member of the Hunter Region Sports Venue Authority. Director of Indigenous Business Australia. Incoming CEO of Reconciliation Australia. Board member of Jobs Australia Foundation.
Neil Willmetts Director 	Appointed as director on 22 December 2008. Managing Director of the boutique consultancy agency Willmetts Group – Business and Employment Services. Management degree from the University of Queensland. Established business owner and human resource professional. Author of Australia's first Aboriginal small business book. One of only a 1000 Australians that were selected to participate in the Australian Government 'Australia 2020' Summit in Canberra. Former Deputy President of the South East Queensland Indigenous Chamber of Commerce. Chairman of the Indigenous Business Council of Australia.
Anthony Hollis Director 	Appointed as director on 22 December 2008. Has Law degrees from South Africa, Israel and Australia. Work experiences: CEO of the Australia-Israel Chamber of Commerce, NSW; Tax at Ernst & Young; head Time Warner (USA) operations Aus/NZ; President CanWest Asia Pacific (Canada) as its representative on the Board of Network Ten; entrepreneur and investment banker.
Lani Blanco-Francis Director 	Appointed as director on 22 December 2008. Founder and CEO of LBF Consulting Pty Ltd. Inaugural winner and proud recipient of the Neville Bonner Award "Most outstanding person to influence Indigenous Employment and Program initiatives in 2002". Work experiences: Indigenous employment and training specialist.
Dugald Russell Deputy Chair 	Appointed as director on 1 June 2009. Over twenty years corporate experience in senior management, CFO and CEO roles, both in Australia and overseas. Member of the NSW Premier's Aboriginal Business Roundtable. Fellow of the Australian Society of Certified Practising Accountants.
Stephen Roberts Chair 	Appointed as director on 21 May 2009. Holds a Bachelor of Economics degree from Australian National University. Chief Executive Officer, Citi Institutional Clients Group, Australia/New Zealand and Citi Country Officer Australia. Adjunct Professor of Finance at the University of Sydney and member of the Board of Advice to the Faculty of Economics and Finance and the United States Study Centre. Council and Board member of the Australian Bankers Association, on the Board of the Australian Financial Markets Association and the Australian American Association. Citi's representative on the Business Council of Australia and Chairman of their Task Force for Indigenous Affairs. Member of the Advisory Board of the Indigenous education body, Dare to Lead.
Daniel Gilbert AM Director 	Appointed as director on 22 December 2008. Co-founder and Managing Partner of Gilbert + Tobin. Currently holds a number of directorships including: Chairman of the National Museum of Australia, Non Executive Director National Australia Bank Limited, Chairman Cape York Institute for Policy & Leadership.

2 Directors' meetings

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board meetings	
	Attend	Entitled
Leah Armstrong	3	5
Neil Willmetts	4	5
Anthony Hollis	4	5
Lani Blanco-Francis	3	5
Dugald Russell	5	5
Stephen Roberts	4	5
Danny Gilbert	5	5

3 Directors' liability

The Company is a Company limited by guarantee. The extent of the liability of any member under the guarantee is a sum not exceeding \$10.

4 Principal activities, objectives and strategies

The Company is primarily involved in facilitating the integration of Indigenous businesses into the supply chain of private sector corporations and government institutions to promote income, wealth, self sustainability and economic independence for Australia's Indigenous people.

The Company was incorporated in NSW, Australia on 22 December 2008. The comparative information has been prepared for the period from 22 December 2008 to 30 June 2009.

There were no significant changes in the nature of the activities of the Company during the year.

Short term objectives and strategies

- Raising awareness of supplier diversity in Australia and in particular the opportunities that exist in contracting with Indigenous suppliers
- Recruiting members (i.e. buying institutions) to pilot supplier diversity within their companies
- Build a database of Indigenous suppliers who have been certified by AIMSC as majority Indigenous owned, controlled and managed
- Educate members and suppliers as to the strategies and initiatives that make successful supply relationships in the supplier diversity context

Long term objectives and strategies

- AIMSC contributes to the growth of a prosperous, vibrant and sustainable Indigenous enterprise sector
- This will be achieved by integrating Indigenous owned, controlled and managed business into the supply chains of Australia's largest companies and government agencies
- To achieve this AIMSC will support its members and certified suppliers to build commercial relationships

5 Review of operations and performance

The operating surplus of the Company from ordinary activities for the year ended 30 June 2010 was \$311,760 (2009: \$0).

Measurement of performance

- Value of contracts signed
- Value of goods and services purchased
- Number of members
- Number of certified suppliers

6 Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

7 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 5 and forms part of the Directors' report for financial year ended 30 June 2010.

This report is made in accordance with a resolution of the Directors:



Stephen Roberts
Chairperson

Dated at Sydney this 7th day of September 2010.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the Directors of Australian Indigenous Minority Supplier Office Limited

I declare that, to the best of my knowledge and belief, in relation to our audit for the financial year ended 30 June 2010, 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.

KPMG



Madeleine Mattera
Partner

Dated at Sydney this 7th day of September 2010.

Statement of comprehensive income

For the year ended 30 June 2010

<i>In AUD</i>	<i>Note</i>	Year ended 30 June 2010	Year ended 30 June 2010
Government grants		916,026	4,510
Other income	4	3,592	-
Revenue and other income		919,618	4,510
Personnel expenses	5	(257,754)	-
Equipment expense		(32,605)	-
Event management expense		(6,490)	-
Marketing expense		(56,088)	-
Travel expense		(64,059)	-
Administration expense		(190,862)	(4,510)
Expenses		(607,858)	(4,510)
Surplus for the year		311,760	-
Other comprehensive income		-	-
Total comprehensive income/surplus for the year		311,760	-

The notes on pages 27 to 35 are an integral part of these financial statements.

Statement of financial position

As at 30 June 2010

<i>In AUD</i>	<i>Note</i>	2010	2009
Assets			
Cash and cash equivalents	6	321,347	-
Government grant receivables		-	220,000
Prepayments for current assets		59,993	-
Rental bond and other receivables		23,926	-
Total current assets		405,266	220,000
Total assets		405,266	220,000
Liabilities			
Bank overdraft	6	-	10
Payables	7	41,801	24,500
Employee benefits	8	18,372	-
Government grant received in advance		33,333	195,490
Total current liabilities		93,506	220,000
Total liabilities		93,506	220,000
Net assets		311,760	-
Accumulated funds			
Retained surplus		311,760	-
Total accumulated funds		311,760	-

The notes on pages 27 to 35 are an integral part of these financial statements.

Statement of changes in members' funds

For the year ended 30 June 2010

<i>In AUD</i>	Retained surplus	Total funds
Balance at 22 December 2008	-	-
Surplus for the period	-	-
Other comprehensive income	-	-
Total comprehensive income/surplus for the period	-	-
Balance at 30 June 2009	-	-
Balance at 1 July 2009	-	-
Surplus for the year	311,760	311,760
Other comprehensive income	-	-
Total comprehensive income/surplus for the year	311,760	311,760
Balance at 30 June 2010	311,760	311,760

The notes on pages 27 to 35 are an integral part of these financial statements.

Statement of cash flows

For the year ended 30 June 2010

<i>In AUD</i>	<i>Note</i>	Year ended 30 June 2010	Period from 22 Dec 2008 to 30 Jun 2009
Cash flows from operating activities			
Cash receipts from government grant		1,065,472	-
Cash paid to suppliers and employees		(746,599)	(10)
Cash generated from operations		318,873	(10)
Interest received		2,484	-
Net cash from/(used in) operating activities	6	321,357	(10)
Net cash from investing activities		-	-
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		321,357	(10)
Cash and cash equivalents at beginning of year		(10)	-
Cash and cash equivalents at end of year	6	321,347	(10)

The notes on pages 27 to 35 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2010

1 Reporting entity

Australian Indigenous Minority Supplier Office Limited ("the Company") is a public company limited by guarantee and is recognised as a Charitable Institution domiciled in Australia. The address of the Company's registered office is Level 20, Tower 2, Darling Park, 201 Sussex Street, Sydney NSW 2000. The financial statements are as at and for the year ended 30 June 2010.

The Company was incorporated in NSW, Australia on 22 December 2008. The comparative information has been prepared for the period from 22 December 2008 to 30 June 2009.

The Company is primarily involved in facilitating the integration of Indigenous businesses into the supply chain of private sector corporations and government institutions to promote income, wealth, self sustainability and economic independence for Australia's Indigenous people.

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial statements were approved by the Board of Directors on 7 September 2010.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

It was concluded that judgements made by management on the application of Australian Accounting Standards did not have a significant effect on the financial report. No estimates with a significant risk of material adjustment in the next year were noted.

(e) Changes in accounting policies

Starting as of 1 July 2009, the Company has changed its accounting policy in the following areas:

Presentation of financial statements

The Company applies amended AASB 101 *Presentation of Financial Statements* (September 2007) and AASB 2007-8 *Amendments to Australian Accounting Standards resulting from AASB 101*, which are applicable for annual periods beginning on or after 1 January 2009. This presentation has been applied within these financial statements as of and for the year ended 30 June 2010. Since the application only affects presentation aspects of the primary financial statements, there is no impact on the financial position or financial performance of the Company.

Determination and presentation of operating segments

The Company applies AASB 8 *Operating Segments* applicable for reporting period beginning on or after 1 January 2009, which superseded AASB 114 *Segment Reporting*. The scope of AASB 8 *Operating Segments* are only applicable to entities whose debt or equity instruments are traded in a public market or that files or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. The Company does not fall into either of these categories, and hence is not required to disclose segment information.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2(e) which addresses changes in accounting policies.

(a) Financial instruments

(i) Non-derivative financial assets

Financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company's non-derivative financial assets are cash and cash equivalents and rental bond and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Rental bond and other receivables are recognised initially at fair value and are subsequently measured at amortised cost, less any impairment losses (see note 3(b)).

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's non-derivative financial liabilities are payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(b) Impairment

(i) Financial assets (including receivables)

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes to the financial statements

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) *Non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(c) **Employee benefits**

(i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) *Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Commonwealth Government securities that have maturity dates approximating the terms of the Company's obligations.

(iii) *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(d) **Revenue**

Government grant

Government grants are received by the Company by meeting conditions specified in the funding agreement between the Company and Department of Education, Employment and Workplace Relations ("the Agreement"). As grants are received only upon meeting the conditions specified in the Agreement, there are no additional conditions to be met after receiving grants. Therefore upon receipt of the grant, the Company recognises it in the statement of comprehensive income in accordance with the Agreement.

Otherwise, grants are recognised upon receipt as deferred income at fair value when there is reasonable assurance that it will be received and that the Company will comply with the conditions associated with the grant.

(e) **Income tax**

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(f) **Goods and services tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(g) **New standards and interpretations not yet adopted**

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 9 *Financial Instruments*, simplifies the mixed measurement model and establishes two primary measurement categories for financial assets; amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. AASB 9, becomes mandatory for the Company's 30 June 2014 financial statements. The Company has not yet determined the potential effect of the new standard.
- AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* established a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements; Tier 1: Australian Accounting Standards and Tier 2: Australian Accounting Standards - Reduced Disclosure Requirement. The amendments which became mandatory for the Company's 30 June 2014 financial statements, only affects presentation aspects of the financial statements, there is no impact on the financial position or financial performance of the Company.

Notes to the financial statements

For the year ended 30 June 2010

4 Other income

<i>In AUD</i>	Year ended 30 June 2010	Period from 22 Dec 2008 to 30 Jun 2009
Interest income	2,484	-
Other income	1,108	-
	<u>3,592</u>	<u>-</u>

5 Personnel expenses

<i>In AUD</i>	Year ended 30 June 2010	Period from 22 Dec 2008 to 30 Jun 2009
Wages and salaries	222,055	-
Increase in liability for annual leave	15,620	-
Contributions to defined contribution plans	20,079	-
	<u>257,754</u>	<u>-</u>

6 Cash and cash equivalents

<i>In AUD</i>	2010	2009
Cash at bank and on hand	321,347	-
Cash and cash equivalents	321,347	-
Bank overdrafts used for cash management purposes	-	(10)
Cash and cash equivalents in the statement of cash flows	<u>321,347</u>	<u>(10)</u>

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 9.

Reconciliation of cash flows from operating activities

<i>In AUD</i>	Year ended 30 June 2010	Period from 22 Dec 2008 to 30 Jun 2009
Cash flows from operating activities		
Surplus for the year	311,760	-
Adjustments for:		
Change in government grant receivables	220,000	(220,000)
Change in rental bond receivable	(23,926)	-
Change in payables	17,301	24,500
Change in prepayments	(59,993)	-
Change in employee benefits	18,372	-
Change in government grant received in advance	(162,157)	195,490
Net cash from/(used in) operating activities	321,357	(10)

7 Payables

<i>In AUD</i>	2010	2009
Trade payables	2,750	4,500
Accrued expenses	20,085	-
Goods and services tax	10,422	20,000
Other payables	8,544	-
	41,801	24,500

The Company's exposure to liquidity risk related to payables is disclosed in note 9.

Notes to the financial statements

For the year ended 30 June 2010

8 Employee benefits

<i>In AUD</i>	2010	2009
Current		
Salary, wages, and superannuation accrued	2,752	-
Liability for annual leave	15,620	-
	<u>18,372</u>	<u>-</u>

9 Financial risk management and financial instruments

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk.

(a) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's deposits in financial institutions.

Management of credit risk

The Company places its funds in credit worthy financial institutions.

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

<i>In AUD</i>	<i>Note</i>	2010	2009
Cash and cash equivalents	6	321,347	(10)
Rental bond and other receivables		23,926	-
		<u>345,273</u>	<u>(10)</u>

As at 30 June 2010 there were no amount considered past due or impaired (2009: \$nil).

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Management of liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2010	Note	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths
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In AUD

Non-derivative financial liabilities

Payables	7	41,801	41,801	41,801	-
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30 June 2009	Note	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths
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In AUD

Non-derivative financial liabilities

Payables	7	24,500	24,500	24,500	-
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(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of interest rate risk

Interest rate risk refers to the risk that the value of financial instruments or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

Profile of interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

<i>In AUD</i>	2010		2009	
	Average interest rate %	Carrying amount	Average interest rate %	Carrying amount
Variable rate instruments				
Cash and cash equivalents	1.44%	321,347	-	(10)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) the surplus by \$3,213 (2009: \$0.10) the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

(e) Fair values

As at the reporting date, the carrying value of financial assets and liabilities as at the end of the financial year are considered to approximate their value.

Notes to the financial statements

10 Related parties

Transactions with key management personnel

In addition to their salaries, the Company also contributes to a post-employment defined benefit superannuation fund on their behalf.

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 5) are as follows:

In AUD	2010	2009
Short-term employee benefits	81,725	-
Post-employment benefits	10,696	-
	92,421	-

Directors of the Company receive no compensation in relation to the management of the Company.

Key management personnel and director transactions

During the year the Company acquired audio conferencing services from Message Stick Communications Pty Ltd to the value of \$245 at arms length commercial rates (2009: \$nil). The Company's director, Mr Dugald Russell is also a Director and Shareholder of Message Stick Communications Pty Ltd. There were no balance outstanding as at 30 June 2010 (2009: \$nil).

During the year the Company acquired consultancy services from Inside Policy Pty Ltd to the value of \$14,649 at arms length commercial rates (2009: \$nil). The Company's CEO, Ms Natalie Walker is also a Director and Shareholder of Inside Policy Pty Ltd. There were no balance outstanding as at 30 June 2010 (2009: \$nil).

11 Subsequent events

There have been no events subsequent to balance date which would have a material effect on the Company's financial statements at 30 June 2010.

12 Auditor's remuneration

In AUD	2010	2009
Audit services		
Auditors of the Company		
KPMG Australia:	8,000	3,000
Audit of financial report	2,000	1,500
Preparation of financial statements	10,000	4,500

13 Company status

The Company is a Company limited by guarantee. The extent of the liability of any member under the guarantee is a sum not exceeding \$10.

Directors' declaration

In the opinion of the directors of Australian Indigenous Minority Supplier Office Limited (the "Company"):

- (a) the financial statements and notes that are set out on pages 17 to 33, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) 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 Directors.



Stephen Roberts
Chairperson

Dated at Sydney this 7th day of September 2010.

Independent audit report to the members of Australian Indigenous Minority Supplier Office Limited

We have audited the accompanying financial report of Australian Indigenous Minority Supplier Office Limited (the Company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year ended on that date, a summary or description of significant accounting policies and other explanatory notes 1 to 13 and the directors' declaration set out on pages 19 to 36.

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 Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit 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 the risks of material misstatement of 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 used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position, and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- (a) the financial report of Australian Indigenous Minority Supplier Office Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

KPMG



Madeleine Mattera

Partner

Dated at Sydney this 7th day of September 2010.

*Images provided by Wayne Quilliam
Designed by Marcus Lee Design*



Suite 706, Level 7, 50 Clarence Street, Sydney NSW 2000

T: (02) 8239 9900 F: (02) 9279 2762 E: info@aimsc.org.au W: aimsc.org.au

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