

ANNUAL REPORT 2012-2013

Seasons





Contents

| | |
|---|----|
| Chairman's message | 4 |
| CEO message | 7 |
| Seasons | 8 |
| Our vision | 10 |
| Supply Nation's progress | 11 |
| Supply Nation Members | 12 |
| Events & programs | 14 |
| Case study: Wesfarmers & Aboriginal Steel Art | 16 |
| Case study: Coles & Print Junction | 18 |
| | |
| Directors' report | 20 |
| Lead auditor's independence declaration | 25 |
| Statement of comprehensive Income | 26 |
| Statement of financial position | 27 |
| Statement of changes in members' funds | 28 |
| Statement of cash flows | 29 |
| Notes to the financial statements | 30 |
| Directors' declaration | 40 |
| Independent auditor's report | 41 |

Chairmans message



Stephen Roberts
Chairman, Supply Nation
& Citi Country Officer
Australia, Citi Australia

Supply Nation is one of Australia's leading forces in connecting Indigenous enterprises with companies and government agencies; the organisation has moved successfully from its pilot phase to establishing significant and lasting changes for Indigenous Australia. Supply Nation continues to ensure that Indigenous enterprise becomes a force in the Australian economy.

The number of Certified Suppliers continues to grow, and we have witnessed a significant increase in the last twelve months. This demonstrates that the Supply Nation model has really gained traction in recent years, and Indigenous communities are seeing the benefits first-hand. Our Certified Suppliers have expanded their capacity and capability; they have welcomed the challenge of supplying to large organisations, and have demonstrated their willingness to grow. As Certified Suppliers become part of the supply chains of corporate and government Australia, the positive effects flow on to the wider Indigenous communities. It encourages and inspires the younger generations, and enables Indigenous business owners to enjoy prosperity and provide support for their families. Employment opportunities open up, and knowledge is shared and passed on.

With the appointment of new CEO Charles Prouse, Supply Nation has commenced its move from pilot to an established and independent organisation. Charles brings with him significant experience in the Indigenous space, having previously been CEO of the National Aboriginal Sporting Chance Academy (NASCA) and has held roles at DEEWR and the Australian Indigenous Leadership Centre (AILC). We are very pleased to have Charles lead the organisation into its challenging but exciting new phase.

Over the past year we have seen tremendous support from corporate and government Members. They have reached out to Indigenous entrepreneurs and provided them with assistance, advice and opportunities to put their businesses on the map. Members have demonstrated great guidance and support for Certified Suppliers, and a number of exciting new partnerships have developed over the past year.

As Supply Nation continues to strive toward independence from government support, the introduction of a new fee structure has taken place. The commitment of our Members is greatly appreciated, and enables us to continue to provide high quality products and services. I hope that Supply Nation corporate and government partners have found



“The Supply Nation model has really gained traction, and Indigenous communities are seeing the benefits first-hand. Our Certified Suppliers are continuously growing and expanding their capabilities; they have welcomed the challenge of supplying to large organisations.”

value in their experience with us thus far, and that they can continue to create thriving partnerships and opportunities for Certified Suppliers.

A number of corporate and government Members reported what a great experience it has been to work with Certified Suppliers; both professionally and personally. It is an opportunity for cultural exchange and to establish not only business partnerships but also friendships. A number of our Members have had the opportunity to take on a mentor role by providing advice and direction to Certified Suppliers.

Supply Nation now has 200 corporate and government members – marginally higher than the number of Certified Suppliers. This is wonderful progress from both sides with the number of Certified Suppliers increasing each month at a pleasing rate. The increasing commitment from our existing and new members demonstrates a collective recognition that supplier diversity is a significant factor in closing the gap on disadvantage.

In the 2012-13 Financial Year, Supply Nation has surpassed its goals and is well on its way toward certifying the target number of Indigenous businesses by 2015. The dollar value of transactions between

Members and Certified Suppliers is at an astounding \$64 million, with contracts to the value of \$39 million. As buyers recognise that many Supply Nation Indigenous Certified Suppliers have the existing capabilities and potential to not only provide the goods and services required, but to surpass expectations, more opportunities open up and business partnerships really begin to take shape.

It is a challenging time for Supply Nation, as we introduce the new fee structure and continue to expand and grow as an organisation. As Supply Nation has become an integral part of supplier diversity in Australia, making significant achievements in a short space of time, we look forward to embracing these challenges and moving forward confidently.



CEO message



Charles Prouse
CEO, Supply Nation

It has been a few short months since I became the CEO of Supply Nation, and I am proud to be part of such a successful, progressive and influential organisation. Supply Nation creates significant change in the Australian business landscape, which filters through to the wider Indigenous communities. Merging corporations and government agencies with small to medium Indigenous enterprises has a truly wide-reaching effect; Supply Nation hopes to see the Indigenous business sector as a powerful force in the Australian economy, and we are well on our way to achieving this goal.

Every day, we hear more and more stories of success from our Certified Suppliers. Indigenous business owners are beginning to recognise what can be gained from the Supply Nation model, and partnerships are forming on a regular basis. Our corporate and government Members are proud to be increasing the diversity within their own supply chains; making lasting professional connections that often result in unexpected friendships.

Indigenous communities begin to notice the effects this has on their people. Younger generations are inspired to start their own businesses; they've realised that the way forward is through becoming

an entrepreneur and creating opportunities for their families and other Indigenous Australians. A vibrant and sustainable Indigenous enterprise sector is crucial if Australia is to close the gap on disadvantage, and Supply Nation recognises the significance of the role we play in achieving this goal.

As part of our commitment to advancing Supply Nation's capacity to grow diversity within the supply chain, we have introduced some new measures. A greater emphasis on programs, learning and development is underway, and we are always keen to receive feedback from our corporate and government Members and Certified Suppliers. This enables us to continue to create useful and innovative tools, resources and events.

We have an exciting range of targeted events and networking opportunities lined up for our current Members and Certified Suppliers and for those who are interested in finding out more about what we do. Along with events held locally in Sydney, the Supply Nation team will be visiting other parts of Australia in an effort to expand our reach. Our key events over the past 12 months demonstrate how Supply Nation has strengthened, in line with our strategic focus, to provide more support to our Indigenous enterprises



“Our corporate and government members are proud to be increasing the diversity within their own supply chains; making lasting professional connections that often result in unexpected friendships.”

and more opportunities to connect and do business.

The capabilities of our Certified Suppliers are extraordinary, and we are witnessing it more frequently. Corporate and government Members provide challenges to the Indigenous businesses, and time and time again we see them rise to the occasion. We’ve had feedback from our Certified Suppliers that while Supply Nation members require high standards of quality and procedure, they are supportive and provide assistance every step of the way. It is pleasing to see our Members creating opportunities for Indigenous businesses to become part of their supply chains.

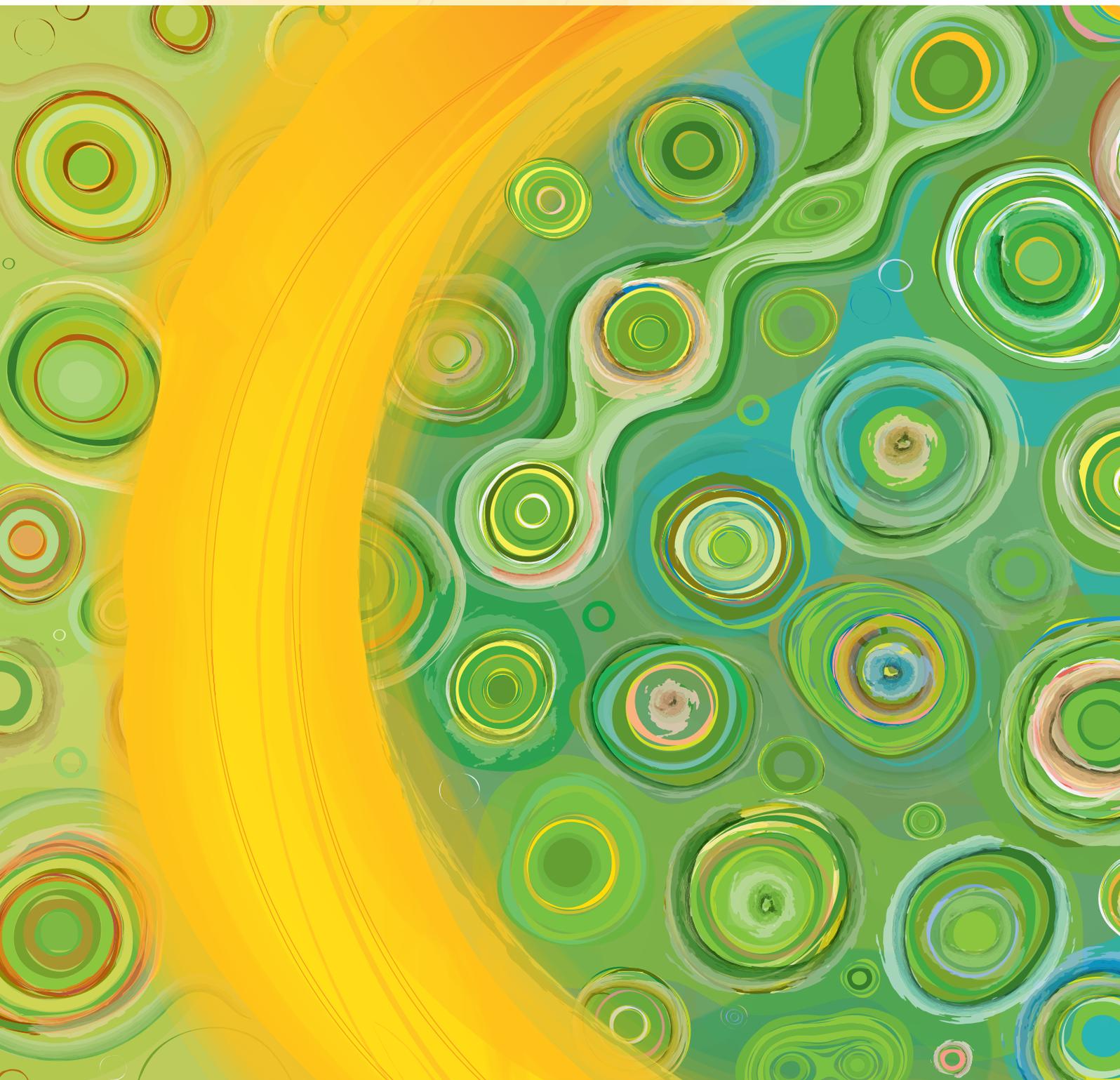
It is wonderful to see Supply Nation transform from a pilot and grow to become what it is today; a leading force in supplier diversity in Australia. This success has been made possible through the constant espousal and guidance of the Supply Nation Board. I would like to thank our Board Members and Supply Nation Chairman Stephen Roberts for providing unwavering dedication and support. The Supply Nation team are a group of industrious and talented individuals who are committed to ensuring that Supply Nation achieves its goals, and I wish to thank them for their hard work.

I look forward to continuing this journey and I wish to thank everyone involved for their commitment and support.



'Seasons'

A visual story of Supply Nation





Starting as a pilot program in 2009 under the banner of the Australian Indigenous Minority Supplier Council (AIMSC), Supply Nation has been an important conduit in developing the Indigenous business sector in Australia, connecting Certified Indigenous business Suppliers with corporate, government and non-profit Australia.

The large yellow band represents Supply Nation as an organisation, the key role it plays within the Indigenous business sector and the passion of the people working within the organisation to achieve its goals.

It is shown here as moving across the landscape of Australia, forming networks and connecting member organisations and suppliers together, providing a platform for opportunities to do business.

The colour palette of the artwork is inspired by wild flowers and depicts the change of colour in the landscape after the rain - rejuvenation, growth, new life, energy and opportunities.

This growth and development is represented by the seasons: from the dry season where opportunities exist, to after the wet season where there is an abundance of growth, new life and relationships.

Artwork created by Gilimbaa (Supply Nation Certified)

Our vision



A PROSPEROUS, VIBRANT AND SUSTAINABLE INDIGENOUS ENTERPRISE SECTOR.

Supply Nation will achieve this by:

Facilitating the integration of Indigenous businesses into the supply chain of private sector corporations and Government agencies; advocating on behalf of the Indigenous business community to foster business to business transactions and commercial partnerships between corporate Australia, Government agencies and Indigenous business; exchanging information, conducting research; and leading the integration of Indigenous business into the Australian economy.

Supply Nation's progress



| | Year One | Year Two | Year Three | Year Four | Life to Date |
|------------------------------------|-------------|-------------|--------------|---------------|---------------|
| Transactions | \$2,06m | \$9,31m | \$21,96m | \$31,27m | \$64,60m |
| Contracts | \$4,07m | \$15,56m | \$5,99m | \$13,44m | \$39,06m |
| Members | 48 | 79 | 41 | 33 | 200 |
| Certified Suppliers | 44 | 63 | 24 | 77 | 198 |
| Indigenous Employment (FTE) | 120 (58.8%) | 177 (38.7%) | 58.5 (45.7%) | 326.5 (39.9%) | 384.5 (42.7%) |

Please note that figures captured at the time of reporting are subject to alteration thereafter if a Certified Supplier or Member submits altered transaction figures or a Supplier is decertified.

Supply Nation Members

as at 30 June 2013

1. ABB Australia
2. Abigroup
3. Accor
4. ACT Government
5. Adelaide City Council
6. Advanced Personnel Management (APM)
7. Alexander Mann Solutions
8. Allens Linklaters
9. Alpha Electrics
10. Anglicare SA
11. APP Corporation
12. Arup
13. Ashurst
14. Attorney-General's Department
15. Aussie Home Loans
16. Australia Post
17. Australian Customs and Border Protection Service
18. Australian Human Rights Commission
19. Australian Public Service Commission
20. Australian Securities & Investment Commission
21. Australian Taxation Office
22. Australian Trade Commission (Austrade)
23. Boeing Defence Australia
24. BP Australia
25. Brookfield Multiplex
26. BT Australasia
27. Building Engineering
28. Bunzl Outsourcing Services
29. Bupa Australia
30. Bush Heritage Australia
31. Busy Inc (Busy at Work)
32. Buzz Products
33. CatholicCare
34. Central Victorian Group - Training Company
35. Cisco Systems Australia
36. Citi Australia
37. City of Fremantle
38. City of Sydney
39. Clayton Utz
40. Coles
41. Commercial Industrial Construction Group (CICG)
42. Commonwealth Bank of Australia (CBA)
43. Compass Group
44. Complete Office Supplies
45. ComSuper
46. Corrs Chambers Westgarth
47. Cox Inall Ridgeway
48. Cummins South Pacific
49. David Wirrpanda Foundation
50. Deloitte
51. Department of Aboriginal Affairs (NSW)
52. Department of Agriculture, Fisheries & Forestry
53. Department of Broadband, Communications & the Digital Economy
54. Department of Communities & Social Inclusion (SA)
55. Department of Communities, Child Safety & Disability Services (QLD)
56. Department of Defence
57. Department of Education & Communities (NSW)
58. Department of Education, Employment & Workplace Relations (DEEWR)
59. Department of Education, Training & Employment (QLD)
60. Department of Environment and Heritage Protection (QLD)
61. Department of Families, Housing, Community Services & Indigenous Affairs (FaHCSIA)
62. Department of Family & Community Services: ADHC (NSW)
63. Department of Finance & Deregulation
64. Department of Foreign Affairs & Trade
65. Department of Health & Ageing
66. Department of Human Services
67. Department of Indigenous Affairs (WA)
68. Department of Industry, Innovation, Climate Change, Science, Research & Tertiary Education
69. Department of Infrastructure & Transport
70. Department of Justice & Attorney-General (QLD)
71. Department of Parliamentary Services
72. Department of Sustainability, Environment, Water, Populations & Communities
73. Department of Transport & Main Roads (QLD)
74. Department of Veterans' Affairs
75. Donnelley Constructions
76. E-Bisprint
77. Edith Cowan University
78. Ernst & Young
79. ExxonMobil
80. Fair Work Australia
81. Fair Work Building and Construction
82. Fantastic Services
83. Five D
84. Fortescue Metals Group (FMGL)
85. Foxtel
86. Fulton Hogan
87. Future Fund
88. Gadens Lawyers
89. Generation One
90. GHD Consulting
91. Gilbert & Tobin
92. Goldman Sachs & Partners Australia
93. GrainCorp Operations
94. Grant Thornton
95. Hansen Yuncken
96. Herbert Smith Freehills
97. Hewlett Packard (HP)
98. IBM Australia
99. IHG Hotels Management (Australia)
100. Indigenous Business Australia

Supply Nation Members

as at 30 June 2013

- (IBA)
- | | | |
|---|--|--|
| 101. Information Management Integration (IMI) Solutions | 139. NRMA Motoring & Services | 177. Tango Asset Management |
| 102. Insurance Australia Group (IAG) | 140. Office of the Australian Information Commissioner | 178. Telstra |
| 103. Interior Fit / One68 | 141. Outback Spirit | 179. TFS |
| 104. IP Australia | 142. Oz Minerals | 180. The Australian Psychological Society |
| 105. Iplex Pipelines Australia | 143. Parramatta City Council | 181. The ORS Group |
| 106. ISIS Group Australia | 144. Paynter Dixon (QLD) | 182. The Royal Australasian College of Physicians (RACP) |
| 107. ISS Facility Services Australia | 145. Pfizer Australia | 183. Thiess |
| 108. Job Futures | 146. Pilbara Aboriginal Contractors Association Inc (PACA Inc) | 184. Toll Holdings |
| 109. Jobfind Centres Australia | 147. Pottinger | 185. Transfield Services |
| 110. John Holland Group | 148. Premier Global Services (PGI) | 186. Transurban |
| 111. Johnson & Johnson | 149. Preston Rowe Paterson Australasia | 187. Trippas White Group |
| 112. Kelly Services | 150. PricewaterhouseCoopers | 188. Unisys Australia |
| 113. Kiewit Australia | 151. Programmed Maintenance Services | 189. University of Technology, Sydney (UTS) |
| 114. KPMG | 152. PRT Chartered Accountants | 190. Veolia Water Australia |
| 115. Laing O'Rourke | 153. PVS Workfind (Professional Vocational Services) | 191. Victorian Government |
| 116. Leighton Contractors | 154. Q.I.T.E (Quality Innovation Training and Employment) | 192. Virgin Airlines Australia |
| 117. Leighton Holdings | 155. Qantas | 193. Voyages Indigenous Tourism Australia |
| 118. Lend Lease Group Australia | 156. Reconciliation Australia | 194. Walton Construction |
| 119. Luxottica Group | 157. Red Bean Republic | 195. Water Corporation |
| 120. Macquarie Telecom | 158. Rio Tinto Iron Ore | 196. Wesfarmers |
| 121. Manpower Services (Australia) | 159. Royal Australian Mint | 197. Westpac Banking Corporation |
| 122. Marriott International | 160. Rubicor Group | 198. Woodside Energy |
| 123. Max NetWork | 161. Salmat | 199. Woolworths |
| 124. McConnell Dowell | 162. SBS Corporation (Special Broadcasting Services) | 200. WorleyParsons Australia West |
| 125. Microsoft | 163. Schiavello | |
| 126. Mission Australia | 164. Seaforce | |
| 127. MSS Security | 165. Sebel Furniture | |
| 128. National Archives of Australia | 166. SEEK | |
| 129. National Australia Bank (NAB) | 167. Serco Sodexo Defence Services | |
| 130. National Australia Day Council | 168. Shell Australia | |
| 131. National Capital Authority | 169. Sinclair Knight Merz (SKM) | |
| 132. National Centre for Indigenous Excellence (NCIE) | 170. Skybridge (Australia) | |
| 133. National Congress of Australia's First Peoples | 171. Skywest Airlines (Australia) | |
| 134. National Rugby League (NRL) | 172. Sodexo | |
| 135. NBN | 173. Spotless Services | |
| 136. Neato Employment Services | 174. St Vincent's Health Australia | |
| 137. News Ltd | 175. Staples Australia | |
| 138. Ngarda Civil & Mining | 176. Stockland | |

Events & programs

1 July 2012 - 30 June 2013



Supply Nation NAIDOC Week Event at the G: Hawthorn v GWS Giants Match

Melbourne VIC
8 July 2012

The First Step: A supplier diversity training program for Supply Nation members

Melbourne VIC
19-20 September 2012

Supply Nation Delegation to the NMSDC Business Opportunity Fair

Denver Colorado USA
27-31 October 2012

The First Step: A supplier diversity training program for Supply Nation members

Perth WA
21-22 November 2012

Western Australia (WA) Roadshow

Perth WA
26 November 2012

Western Australia (WA) Roadshow

Port Hedland (Pilbara) WA
28 November 2012

Western Australia (WA) Roadshow

Broome (Kimberley) WA
30 November 2012

Supply Nation Rebrand Launch

Sydney NSW
5 December 2012

New Member Induction (Webinar)

Webinar
20 February 2013

Certified Supplier Induction (Webinar)

Webinar
21 February 2013

Indigenous Business Growth Seminar

Redfern NSW
12 March 2013

Events & programs

1 July 2012 - 30 June 2013



New Member Induction (Webinar)

Webinar
20 March 2013

Certified Supplier Induction (Webinar)

Webinar
21 March 2013

Certified Supplier Induction (Webinar)

Webinar
24 April 2013

Melbourne: Connect 2013 - Turning Contacts into Contracts Conference

Melbourne VIC
14 & 15 May 2013

Melbourne: Connect 2013 - Turning Contacts into Contracts Tradeshow

Melbourne VIC
14 & 15 May 2013

Melbourne: Connect 2013 - Turning Contacts into Contracts Gala Dinner

Melbourne VIC
14 & 15 May 2013

Perth: Connect 2013 - Turning Contacts into Contracts Conference, Tradeshow & Reception

Perth WA
23 May 2013

Certified Supplier Induction (Webinar)

Webinar
30 May 2013

New Member Induction (Webinar)

Webinar
19 June 2013

Certified Supplier Induction (Webinar)

Webinar
20 June 2013

Case study:

Wesfarmers & Aboriginal Steel Art



The Certified Supplier: Aboriginal Steel Art

Aboriginal Steel Art first began in 2008, when Wayne McGinness made a wrought iron decoration for the sliding gate at his family's home. At the time, Wayne had been working as a welder in the Northern Territory and experimenting with his art. The feedback about the piece was very positive and completely unexpected. Wayne decided it would be worth pursuing a career as a professional artist, so the McGinness family sold up in Darwin, and moved to the area where Wayne's parents live. It was a significant risk, as they used the money from the sale of their home to relocate and start up the business. "We used that money to give the idea of me being an artist a real go; to see whether I had something or not," Wayne said. Since these humble beginnings, he has developed his own unique style of steel art and now runs the thriving business from the backyard of his family home in Kuranda, Far North Queensland. Aboriginal Steel Art became Supply Nation Certified in September, 2011.

Wayne uses good quality Australian marine-grade stainless steel to create his pieces. His steel sculptures take the form of butterflies, geckoes and crocodiles, and vary greatly in size and shape. Wayne spent much of his childhood surrounded by animals, and he was taught from a young age to look out for and respect animals – especially crocodiles. "Much of my inspiration comes from their movement. Especially with the crocodile, I try to catch the sheer power of these wonderful animals in the water; in their natural element," he explained.

The Member: Wesfarmers Resources

Wesfarmers has been a Supply Nation Member since December 2009. Wesfarmers originated in 1914 as a Western Australian farmers' cooperative. The company has grown into one of Australia's largest listed companies and employers. It has a diverse range of operations including supermarkets, department stores, home improvement and office supplies, insurance, chemicals, energy and fertilisers; and industrial and safety products. Since February 2012, Aboriginal Steel Art has been working with Wesfarmers Resources in Brisbane; a significant Australian miner, producer and supplier of coal.

Kent Beasley, Manager of Corporate Affairs and

Sustainability, discovered Wayne via the Supply Nation Certified Suppliers portal. Initially, Kent was looking to contract an Indigenous Certified Supplier to assist with meeting the requirements of the Wesfarmers Reconciliation Action Plan (RAP). Kent came across Aboriginal Steel Art, and the word 'steel' caught his eye. "There is a strong link between our business and Aboriginal Steel Art. Steel manufacture requires coal, and coal is the primary product that we produce," he said. Once this connection had been established, a number of opportunities opened up for both businesses.

The opportunities and outcomes

Kent contacted Wayne to discuss some potential artwork. They decided to begin with gifts for international customers. "We like to exchange gifts with our international business partners; like those from Japan, Taiwan and South Korea. Aboriginal Steel Art created some wonderfully unique Australian native animals – small enough to fit in your palm - and we really appreciated the natural affinity we had with Wayne and his business," he said. The recipients of the gifts were so impressed – as were Wesfarmers Resources employees – that Kent made a proposal for a large piece of art for the Brisbane office.

In NAIDOC Week in 2012, Wesfarmers Resources brought Wayne down to their Brisbane offices where he presented the staff with the commissioned piece, a beautiful steel crocodile, two metres in length. Kent was impressed with the level of service and professionalism he received from Aboriginal Steel Art. "It was a pleasure to work with Wayne. I got to know him and his wife Lucy, and it's been a very rewarding experience both professionally and personally," he said. Wayne was equally as pleased about the partnership. "Working with Wesfarmers Resources has been great, and Kent really helped to build our business – he has been a champion of our work and is always eager to recommend us to others," he said. In September 2012, Wesfarmers held a conference with 400 of their senior managers from various divisions. Kent commissioned Wayne to create 400 steel blue Ulysses butterflies as part of the Wesfarmers delegation showbag. Wayne created 450 butterflies and a small tag was attached to each one, detailing the connection of Wesfarmers Resources and Aboriginal Steel Art. The Ulysses



“It was such a big job, but we really wanted to make it work... It turned out to be a fantastic opportunity” – Wayne McGinness

butterfly proved incredibly popular, and created further opportunities for Aboriginal Steel Art. “I was a little worried at first, because it was such a big job, but we really wanted to make it work. We hired another staff member to help us. It turned out to be a fantastic opportunity,” Wayne said.

Kent promoted Aboriginal Steel Art to the broader Wesfarmers network. Wayne was then commissioned by Blackwoods and Protector Alsafe to create a set of business awards and gifts for each, and he has provided centrepieces and gifts for Blackwoods formal dinners.

How Supply Nation was able to help

Wayne found the initial stages of launching his own art business to be challenging, but becoming

Certified by Supply Nation provided him with the opportunity to commission his artwork to Australia’s largest corporate companies. Kent found the Supply Nation database an effective search tool, enabling the business relationship to grow from there. Becoming Supply Nation Certified opened doors for Wayne and his family, and gave him the chance to build up to becoming a professional artist with reputable clients. “Supply Nation has been amazing for our company. We sacrificed our house to make it happen, and with a young family it wasn’t always easy, but we’re so happy with everything that’s happened.”

Case study:

Coles & Print Junction

The Certified Supplier: Print Junction

Family owned Indigenous business, Print Junction, has been certified by Supply Nation since August 2010. They provide a complete range of services including graphic design, full colour offset, digital printing, binding and finishing. Print Junction supply corporate stationery including business cards, letterheads, with-compliments slips and envelopes. They also oversee the design and production of brochures, posters, presentation folders, annual reports, magazines and newsletters. The team has over 40 years experience collectively in the graphic design and print industry. Print Junction was awarded the Certified Supplier of the Year Award in 2012, forming part of the annual Connect Supplier Diversity Awards. The company was founded by Leon and Sheila Torzyn, and their children Leah and Nathan now manage creative direction and production for Print Junction.

The Corporate Member: Coles

Coles is a major Australian supermarket chain with over 750 stores across Australia (including a number of Bi-Lo branded stores). Coles is a division of the Wesfarmers corporation. The chain has a rich history in Australia, with the first Coles Variety store opening in Melbourne in 1914. Coles aims to give Australians a supermarket that delivers on value, quality and service. The company provides local community support across Australia, and has partnered with a number of national charities. Coles has established a Reconciliation Action Plan (RAP) to demonstrate their commitment to working with Indigenous communities. They aim to build a culture focused on creating deeper respect, better relationships and more meaningful career opportunities for Indigenous Australians.

The Opportunity

Shane Knight, Sourcing Support Manager for Operations Procurement at Coles, was seeking to engage with a Supply Nation Certified Supplier with the capability to provide printing services and a range of stationary. Since the partnership with Coles commenced, Print Junction has supplied single-page and duplicate books, incidental advertising for Coles home and car insurance and extensive print services. As Print Junction is a small family-owned enterprise, it has found the scale of work to be challenging but invaluable to its growth and development prospects.

“We’ve expanded to accumulate the premises next door to our original office space. We’ve also hired another staff member. New business opportunities have opened up with other companies that have seen what we’re capable of” says Leon Torzyn, Managing Director of Print Junction.

Shane says: “We met the Print Junction team at Connect 2012 (Supply Nation’s annual conference, tradeshow and gala dinner), and it was amazing to see a small business with a huge amount of potential. When we first met the family, it was their energy that inspired us.” Shane organised to visit the family at their headquarters in Adelaide and the business partnership grew from there. “They had to jump through a number of hoops at the start, but once that happened, we could provide them with the opportunities. The quality of work is fantastic and we’ve been really happy with it,” he says.

“Ever since the day they came to visit, the work hasn’t stopped coming. It means the world to us to have guaranteed work coming in the door” says Print Junction’s Creative Director Leah Torzyn. Coles has assisted Print Junction with freight from Adelaide to Melbourne, enabling the company to continue to supply a large quantity of product. “Coles expects a high level of efficiency and quality – it’s a very high standard that we need to adhere to, but this opportunity has really helped us to get ahead and develop an understanding of large supply chains,” says Leon Torzyn.

The Outcome

Print Junction has grown its business significantly since becoming part of the Coles supply chain. “Coles has helped us along the way, and it’s been an absolute bonus for us to work with them. It’s taken us 16 years to reach this point, and it really was hard work when we first started, but I always had a dream to do this,” says Sheila Torzyn, who is Managing Director alongside her husband Leon. Shane is equally as pleased to have Print Junction on board as a supplier. “They had to be commercially competitive to win work – and they really have been. They have a great product and we are very impressed with the quality of their work,” he says.



“It was amazing to see a small business with a huge amount of potential”

– Shane Knight

“What I’ve learned from mum and dad is that what you put in, you get out. They’ve been very hard workers for most of their lives,” says Leah. Sheila agrees that this is the key to success. “When we first started out, the phone never rang! But we didn’t think about the ‘what ifs’ – we always went forward and gave it our best shot.”

How Supply Nation was able to help

Coles and Print Junction first met at Supply Nation’s annual networking event, Connect. Connect provided an opportunity for Print Junction to have a tradeshow booth and highlight their products and services to prospective buyers. Their company’s profile was raised when they were awarded 2012 Certified Supplier of the Year. Supply Nation Certified Indigenous Suppliers undergo a rigorous assessment process to determine

their eligibility. Our corporate and government Members can search for Certified Suppliers knowing they have met the requirements and are ready and willing to become part of larger supply chains.

Directors' report

For the year ended 30 June 2013

"The Directors present their report together with the financial report of Australian Indigenous Minority Supplier Office Limited (the Company) for the financial year ended 30 June 2013 and the auditor's report thereon."

1 DIRECTORS

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. Chairperson Indigenous Business Policy Advisory Group. CEO of Reconciliation Australia. Board member of Jobs Australia Foundation.

Anthony Hollis
Director

Appointed as a director on 22 December 2008. Member of the boards of the Northern Sydney Local Health District and NSW Export & Investment Advisory Board. Executive with Kronos, the global leader in workforce management. ICT, digital and social media marketing entrepreneur. Anthony has law degrees from South Africa, Israel and Australia. Previous roles include: CEO of the Australia-Israel Chamber of Commerce, Head of Time Warner (USA) operations ANZ and President CanWest Asia Pacific (Canada) as its representative on the Board of Network Ten.

Lani Blanco-Francisc
Director
Nominations Committee
Resigned 24 October 2012

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
Director
Chair, Audit & Risk Committee
Nominations Committee
Resigned 16 May 2013

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 Federal Government Indigenous Business Policy Advisory Group. Fellow of the Australian Society of Certified Practising Accountants.

Stephen Roberts
Director, Chairman
Chair, Nominations
Committee

Appointed as director on 21 May 2009. Stephen holds a Bachelor of Economics degree from Australian National University. CEO, Citi Institutional Clients Group, Australia/New Zealand and Citi Chief 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. He is Deputy Chairman of the Australian Bankers Association, and Deputy Chairman of the Australian Financial Markets Association. He sits on the board of the Australian American Association and is Citi's representative on the Business Council of Australia. He also sits on the board of the Ponting Foundation and the Bradman Foundation and Member of the Advisory Board of the indigenous education body, Dare to Lead.

Directors' report

For the year ended 30 June 2013



Name and responsibilities

Qualifications, experience and other directorship

Elizabeth Broderick
Director
Member, Audit & Risk
Committee

Appointed as director on 11 August 2011. Elizabeth Broderick is Australia's Federal Sex Discrimination Commissioner. She has overall responsibility for advancing gender equality in Australia. Commissioner Broderick has been a key advocate for Australia's first national paid parental leave scheme, increasing women's workforce participation and recognition of domestic violence as a workplace issue. She has promoted changes to the Australian Stock Exchange Corporate Governance regime requiring all publicly listed companies to set targets for women at board and senior executive level. She has brought together Australia's senior male leaders from business, government and the military to form the Male Champions of Change Group. Elizabeth is currently leading the Review into the Treatment of Women in the Australian Defence Force. Member of the World Bank's Advisory Council on Gender and Development, member of the University of Technology Sydney (UTS) Advisory Board and the Vic Health Advisory Board. She is married with two teenage children.

Suzanne Young
Director
Member, Audit & Risk
Committee
Resigned 27 February 2013

Appointed as director on 11 August 2011. Suzanne Young was appointed Executive General Manager of Group Corporate Services at the Commonwealth Bank in August 2010, with previous senior leadership roles at Qantas and Unisys Corporation. Reporting to the CFO, Suzanne is responsible for the Group's Property and Procurement strategies and operations. Suzanne is leading major initiatives to transform these service delivery teams to be more customer-centric, efficient and compliant whilst reducing operating costs and creating sustainable value. In addition, she has also been leading the Group Advisory team and Process Excellence team within Financial Services and is actively supporting the Group's Reconciliation Action Plan and Sustainability initiatives. Suzanne is a Director of the Commonwealth Bank Group Superannuation Fund (OSF) and a non-executive director of Surf Life Saving Australia (SLSA). Suzanne serves on the Finance, Audit and Compliance Committee for SLSA and the Risk and Audit Committee for OSF.

Gavin Bell
Director

Appointed as director on 30 May 2012. Gavin is currently the CEO/Managing Partner of Freehills. Gavin joined Freehills in 1982 and has been a partner since 1988. He has worked in various areas within the firm, including its litigation, construction and projects groups. Gavin completed his law degree at the University of Sydney and graduated in 1982. He undertook a Master of Business Administration (Executive) degree at the Australian Graduate School of Management and graduated in 1995 winning the Directors' Prize. He is currently a member of the UNSW School of Business Advisory Council and the Business Council of Australia.

Directors' report

For the year ended 30 June 2013

Name and responsibilities

John Grant
Director
Resigned 4 January 2013

George Mifsud
Director
Chair, Audit & Risk
Committee from 1 July 2013

Qualifications, experience and other directorship

Appointed as director on 11 August 2011. John is the Australian Government Procurement Coordinator and Head of Procurement Division, Department of Finance and Deregulation. Previously the interim head of the Australian Government Information Management Office, head of the Office of Small Business, Australian Building Codes Board and GST Operations Division of the Australian Competition and Consumer Commission. John has a Bachelor of Arts from the ANU with majors in history and accounting.

Over the last 25 years George Mifsud has held senior Human Resources Executive roles covering national and international perspectives. In his role as Executive Director – Human Resources Pacific for Compass Group, George is responsible for HR/IR; Risk Management; Health, Safety, Environment and Quality; and Media Relations. George joined Compass Group, the world's largest catering, hospitality and support services organisation, in 1999 having previously worked in the contracting services and manufacturing industries originally as an electrical engineer before moving into Human Resources.

Under Mr Mifsud's leadership, Compass Group has achieved a number of milestones in its pursuit to promote Indigenous economic development including the following awards: Inaugural recipient of the Prime Minister's Corporate Leaders for Indigenous Employment Award; judged one of the 'Top Ten Best Employers in Australia'; winner of the 'Prime Minister's Employer of the Year' award; the IFAP Safe Way Gold Award and in 2010, the Australian Mines and Metals Association (AMMA) 'Industry Innovation' award in recognition of our pioneering role in implementing Indigenous joint venture and employment strategies. He is a committed advocate of sustainable outcomes in the area of both Indigenous employment and Indigenous business.

George currently holds several board positions including Restaurant and Catering Australia and Sydney Convention and Exhibition Centre (SCEC) and is also on the KIDS Foundation Industry Advisory Committee and the Australian School of Business (UNSW) HR Advisory Committee.

Directors' report

For the year ended 30 June 2013

2 DIRECTOR'S 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:

| In AUD | Board Meetings Entitled | | Audit & Risk Committee Meetings | | Nominations Committee Meetings | |
|---------------------|-------------------------|----------|---------------------------------|----------|--------------------------------|----------|
| | Attend | Entitled | Attend | Entitled | Attend | Entitled |
| Leah Armstrong | 5 | 5 | - | - | - | - |
| Anthony Hollis | 5 | 5 | - | - | - | - |
| Lani Blanco-Francis | 0 | 3 | - | - | 1 | 1 |
| Dugald Russell | 3 | 4 | 5 | 5 | 3 | 3 |
| Stephen Roberts | 5 | 5 | - | - | 1 | 3 |
| Gavin Bell | 2 | 5 | - | - | - | - |
| Elizabeth Broderick | 4 | 5 | - | - | 2 | 3 |
| John Grant | 3 | 3 | - | - | - | - |
| Suzanne Young | 4 | 4 | 2 | 4 | - | - |
| George Mifsud | 2 | 2 | - | - | - | - |

3 MEMBERSHIP LIABILITY

"The Company is a public company limited by guarantee. The extent of the liability of any member under the guarantee is a sum not exceeding \$10. The total liability of all members is \$90, should the Company be wound up."

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."

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 Supply Nation 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

- Supply Nation 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 Supply Nation will support its Members and Certified Suppliers to build commercial relationships

5 REVIEW OF OPERATIONS AND PERFORMANCE

The surplus after tax of the Company for the year ended 30 June 2013 was \$48,922 (2012: surplus \$49,404).

Measures of performance

- Value of contracts signed

Directors' report

For the year ended 30 June 2013

- 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 6 and forms part of the Directors' report for the financial year ended 30 June 2013.

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



Stephen Roberts
Chairperson

Dated at Sydney this 28th day of August 2013.

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

For the year ended 30 June 2013

To: the directors of Australian Indigenous Minority Supplier Office Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013, 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



Cameron Roan
Partner

Sydney

28 August 2013

Statement of comprehensive income

For the year ended 30 June 2013

| In AUD | Note | 2013 | 2012 |
|--|------|--------------------|--------------------|
| Revenue | | | |
| Government grants | | 2,224,433 | 1,671,668 |
| Event income | | 479,364 | 394,505 |
| Other income | 4 | 68,285 | 74,734 |
| Revenue and other income | | 2,772,082 | 2,140,907 |
| | | | |
| Personnel expenses | 5 | (1,371,426) | (952,899) |
| Equipment expenses | | (42,964) | (16,139) |
| Event management expenses | | (526,814) | (479,292) |
| Marketing expenses | | (218,996) | (109,621) |
| Travel expenses | | (142,390) | (81,041) |
| Depreciation expense | 7 | (18,844) | (22,562) |
| Administration expenses | | (107,241) | (106,667) |
| Accounting and audit fees | | (68,250) | (61,232) |
| Other professional fees | | (138,520) | (184,706) |
| Information technology costs | | (87,715) | (77,344) |
| Expenses | | (2,723,160) | (2,091,503) |
| | | | |
| Surplus before income tax | | 48,922 | 49,404 |
| | | | |
| Income tax expense | 3(g) | - | - |
| Surplus for the year | | 48,922 | 49,404 |
| | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 48,922 | 49,404 |

The notes on pages 30 to 39 are an integral part of these financial statements.

Statement of financial position

As at 30 June 2013

| In AUD | Note | 2013 | 2012 |
|----------------------------------|------|----------------|----------------|
| Assets | | | |
| Cash and cash equivalents | 6 | 98,432 | 64,722 |
| Prepayments | | 3,899 | 7,626 |
| Other receivables | | 49,019 | 9,190 |
| Goods and services tax | | - | 24,895 |
| Government grant receivable | | 240,987 | 169,299 |
| Total current assets | | 392,337 | 275,732 |
| Property, plant and equipment | 7 | 56,042 | 63,765 |
| Total non-current assets | | 56,042 | 63,765 |
| Total assets | | 448,379 | 339,497 |
| Liabilities | | | |
| Trade and other payables | 8 | 73,567 | 202,279 |
| Goods and services tax | | 39,663 | - |
| Employee benefits | 9 | 77,948 | 72,263 |
| Provisions | 10 | 22,852 | 10,028 |
| Deferred income | 11 | 130,500 | - |
| Total current liabilities | | 344,530 | 284,570 |
| Total liabilities | | 344,530 | 284,570 |
| Net assets | | 103,849 | 54,927 |
| Accumulated funds | | | |
| Retained surplus | | 103,849 | 54,927 |
| Total accumulated funds | | 103,849 | 54,927 |

The notes on pages 30 to 39 are an integral part of these financial statements.

Statement of changes in members' funds

For the year ended 30 June 2013

| In AUD | Retained surplus | Total funds |
|--|------------------|-------------|
| Balance at 1 July 2011 | 5,523 | 5,523 |
| Total comprehensive income for the year | | |
| Surplus for the year | 49,404 | 49,404 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | 49,404 | 49,404 |
| Balance at 30 June 2012 | 54,927 | 54,927 |
| Balance at 1 July 2012 | 54,927 | 54,927 |
| Total comprehensive income for the year | | |
| Surplus for the year | 48,922 | 48,922 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | 48,922 | 48,922 |
| Balance at 30 June 2013 | 103,849 | 103,849 |

The notes on pages 30 to 39 are an integral part of these financial statements.

Statement of cash flows

As at 30 June 2013

| In AUD | Note | Retained surplus | Total funds |
|--|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash receipts from government grants | | 2,107,536 | 1,085,646 |
| Cash receipts from membership fees | | 130,500 | - |
| Other cash receipts | | 536,095 | 428,858 |
| Cash paid to suppliers and employees | | (2,730,854) | (2,054,442) |
| Cash generated from/(used in) operations | | 43,277 | (539,938) |
| Interest received | | 1,554 | 27,437 |
| Net cash from/(used in) operating activities | | 44,831 | (512,501) |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | | (13,540) | (77,164) |
| Disposal of property, plant and equipment | | 2,419 | - |
| Net cash used in investing activities | | (11,121) | (77,164) |
| Net increase/(decrease) in cash and cash equivalents | | 33,710 | (589,665) |
| Cash and cash equivalents at beginning of year | | 64,722 | 654,387 |
| Cash and cash equivalents at end of year | 6 | 98,432 | 64,722 |

The notes on pages 30 to 39 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2013

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 4, 529 Elizabeth Street, Surry Hills, NSW 2010. The financial statements are as at and for the year ended 30 June 2013. The Company is a not-for-profit entity."

2 BASIS OF PREPARATION

(a) Statement of compliance

"The Company early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Standards arising from Reduced Disclosure Requirements for the financial year beginning on 1 July 2011 to prepare Tier 2 general purpose financial statements."

"The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001."

The financial statements were approved by the Board of Directors on 28 August 2013.

(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

Presentation of financial statements and reduced disclosure

"Effective 30 June 2011 the Company has applied amendments to AASB 101 Presentation of Financial Statements outlined in AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project requiring presentation of transactions recognised in other comprehensive income and AASB 1054 Australian Additional Disclosures requiring additional specific Australian disclosures. These changes in accounting policies only relate to disclosures and had no impact on net surplus. The changes have been applied retrospectively and allow the Company to disclose transactions, if any, to be recognised in other comprehensive income. "

The Company early adopted reduced disclosure requirements in AASB 1053 Application of Tiers of Australian

Notes to the financial statements

For the year ended 30 June 2013

Accounting Standards, AASB 2010-2 Amendments to Australian Standards arising from Reduced Disclosure Requirements and AASB 2011-02 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements. This has resulted in a reduction of disclosures for items such as audit fees, financial instruments and reconciliation of cash flows.

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 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.

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 has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

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(c)).

(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

Notes to the financial statements

For the year ended 30 June 2013

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 classified non-derivative financial liabilities into the other financial liabilities category. 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 method.

Other financial liabilities comprise bank overdrafts, and payables (excluding accrued expenses).

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.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives for the current and comparative years are as follows:

- plant and equipment 4-5 years

Notes to the financial statements

For the year ended 30 June 2013

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(c) Impairment

(i) Non-derivative financial assets

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.

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 will enter bankruptcy, economic conditions that correlate with defaults.

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. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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 CGU.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated. "Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of assets in the CGU (or group of CGUs) 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

Notes to the financial statements

For the year ended 30 June 2013

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.

(d) 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 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."

(e) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(f) Revenue

(i) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant and are thereafter recognised in profit or loss on a systematic basis. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(ii) Funding from Department of Education, Employment and Workplace Relations - to 30 June 2013

In accordance with a funding agreement ("the Agreement") dated 30 June 2009 between the Company and Department of Education, Employment and Workplace Relations (DEEWR), the Company is entitled to receive funding in the form of government grants by satisfying the conditions specified in the Agreement until the year ended 30 June 2013

Funding from DEEWR is subject to strict terms and conditions under the Agreement itself and availability of funds. The Company obtains funds from DEEWR after it has submitted a valid GST invoice (a tax invoice) and provided Quarterly and/or Acquittal reports for each period ended specified in Schedule 2 of the Agreement.

Notes to the financial statements

For the year ended 30 June 2013

Funding is only released upon satisfaction by DEEWR that the Company has complied with all the above conditions attached to each payment. Repayment of funds may be required by the Company at Completion Date (i.e. 30 June 2013) if the Company does not spend the funds in accordance with the agreement.

Accordingly, the Company recognises these funds as revenue in the statement of comprehensive income upon receipt from DEEWR based on the amounts specified in the agreement for each financial year. Any income received in advance of the financial year is treated as deferred revenue and recognised as income in the financial year noted within the Agreement.

Where conditions attached to a DEEWR grant have been fulfilled but the grant revenue has not been received at reporting date, the amount is recognised as a grant receivable until payment is received from DEEWR.

(iii) Funding from Department of Education, Employment and Workplace Relations - from 23 October 2012

In accordance with a new funding agreement ("the Agreement") dated 23 October 2012 between the Company and Department of Education, Employment and Workplace Relations (DEEWR), the Company is entitled to receive funding in the form of government grants by satisfying the conditions specified in the Agreement until 15 August 2015.

"Funding from DEEWR under this Agreement is in the form of non-Outcome Payments and Outcome Payments. Outcome Payments under this Agreement are divided into the following four categories:

- (a) Outcome 1 - Members;
- (b) Outcome 2 - New Certifications;
- (c) Outcome 3 - Recertifications; and
- (d) Outcome 4 - Active Certified Indigenous Businesses."

Funding from DEEWR is subject to strict terms and conditions under the Agreement itself and availability of funds. The Company obtains funds from DEEWR after it has submitted a valid GST invoice (a tax invoice) and provided an Outcome Payment - Claim Form as specified at Appendix 2 of the Agreement. Funding is only released upon satisfaction by DEEWR that the Company has complied with all the above conditions attached to each payment. Repayment of funds may be required by the Company at the end of the Project Period (i.e. 15 August 2015) if the Company does not spend the funds in accordance with the Agreement.

Accordingly, the Company recognises these funds as revenue in the statement of comprehensive income upon receipt from DEEWR based on the amounts specified in the agreement for each financial year. Any income received in advance of the financial year is treated as deferred revenue and recognised as income in the financial year noted within the Agreement.

Where conditions attached to a DEEWR grant have been fulfilled but the grant revenue has not been received at reporting date, the amount is recognised as a grant receivable until payment is received from DEEWR.

(iv) Membership fees

Membership fees are recognised as revenue over the period to which they relate. Membership fees received in advance of the financial year to which they relate are recognised as deferred income.

Notes to the financial statements

For the year ended 30 June 2013

(v) In-kind donations

"In-kind donations received by the Company relates to goods and/or services provided by third parties and are measured, when provided, at their fair values during the financial year through profit or loss.

In-kind donation are recognised when the Company obtains control of the contribution, or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the entity and the amount of the contribution can be measured reliably. "

(vi) Other income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Event income is received by the Company through holding sponsorship events and gatherings. This income is recognised upon receipt in the profit or loss.

(g) Income tax

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

(h) 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."

4 Other income

| In AUD | 2013 | 2012 |
|---------------------------|---------------|---------------|
| Interest income | 1,554 | 27,437 |
| In-kind donations | 10,000 | 30,000 |
| Other event income | 43,840 | 5,388 |
| Other income | 12,891 | 11,909 |
| | 68,285 | 74,734 |

5 Personnel expenses

| In AUD | 2013 | 2012 |
|---|------------------|----------------|
| Wages and salaries | 1,258,195 | 864,236 |
| Contributions to defined contribution plans | 108,434 | 77,171 |
| Increase in liability for annual leave | 6,020 | 7,722 |
| (Decrease)/increase in liability for long service leave | (1,223) | 3,770 |
| | 1,371,426 | 952,899 |

Notes to the financial statements

For the year ended 30 June 2013

6 Cash and cash equivalents

| In AUD | 2013 | 2012 |
|--------------------------|--------|--------|
| Cash at bank and on hand | 98,432 | 64,722 |

7 Property, plant and equipment

| In AUD | Plant & Equipment | Total |
|------------------------------------|-------------------|---------------|
| Cost or deemed cost | | |
| Balance at 1 July 2012 | 89,890 | 12,726 |
| Additions | 13,540 | 77,164 |
| Disposals | (27,622) | - |
| Balance at 30 June 2013 | 75,808 | 89,890 |
| Depreciation and impairment losses | | |
| Balance at 1 July 2012 | 26,125 | 3,563 |
| Depreciation for the year | 18,844 | 22,562 |
| Disposals | (25,203) | - |
| Balance at 30 June 2013 | 19,766 | 26,125 |
| Carrying amounts | | |
| At 1 July 2012 | 63,765 | 9,163 |
| At 30 June 2013 | 56,042 | 63,765 |

8 Trade and other payables

| In AUD | 2013 | 2012 |
|-----------------------|--------|---------|
| Trade payables | - | 4,221 |
| Accrued expenses | 73,567 | 184,365 |
| Other payables | - | 13,693 |
| | 73,567 | 202,279 |

9 Employee benefits

| In AUD | 2013 | 2012 |
|---|--------|--------|
| Current | | |
| Salary, wages, and superannuation accrued | 31,287 | 30,399 |
| Liability for annual leave | 44,114 | 38,094 |
| Liability for long-service leave | 2,547 | 3,770 |
| | 77,948 | 72,263 |

10 Provisions

| In AUD | 2013 | 2012 |
|-------------------------------------|--------|--------|
| Provision for lease straight-lining | 22,852 | 10,028 |

Notes to the financial statements

For the year ended 30 June 2013

11 Deferred income

| In AUD | 2013 | 2012 |
|---------------------------------------|---------|------|
| Membership income received in advance | 130,500 | - |

12 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

| In AUD | 2013 | 2012 |
|----------------------------|---------|---------|
| Less than one year | 131,020 | 113,953 |
| Between one and five years | 256,951 | 387,972 |
| More than five years | - | - |
| | 387,971 | 501,925 |

13 Capital and other commitments

| In AUD | 2013 | 2012 |
|--|--------|------|
| Capital expenditure commitments | | |
| Plant and equipment | | |
| Contracted but not provided for | | |
| Within one year | 9,334 | - |
| One year or later and no later than five | 5,017 | - |
| | 14,351 | - |

14 Related parties

Key management personnel compensation

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

| In AUD | 2013 | 2012 |
|------------------------------|---------|---------|
| Short-term employee benefits | 217,672 | 266,034 |
| Post-employment benefits | 17,234 | 21,628 |
| | 234,906 | 287,662 |

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

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

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 \$6,224 at arms length commercial rates (2012: \$1,034). 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 2013 (2012: \$nil).

During the year the Company acquired legal services from Freehills to the value of \$29,257 (2012: \$20,000) at arm's length commercial rates (2012: as an in-kind donation). The Company's Director, Gavin Bell is the Chief Executive Officer of Freehills.

Notes to the financial statements

For the year ended 30 June 2013

During the year the Company acquired hospitality services from Compass Group to the value of \$602 (2012: nil) at arms length commercial rates. The Company's Director, George Mifsud is the Human Resources Director of Compass Group.

During the prior year the Company acquired staff recruitment services from LBF Consulting to the value of \$8,093 at arms length commercial rates. The Company's Director, Lani Bianco Francis is also a Director of LBF Consulting. There were no balances outstanding as at 30 June 2013 (2012: \$nil).

"The Company also utilised meeting rooms at Citi Australia from time to time throughout the year for no cost. The Company's Director, Stephen Roberts is the Chief Executive Officer of Citi Institutional Clients Group, Australia / New Zealand and Citi Chief Country Officer Australia."

"All other transactions between the Company and its key management personnel in the ordinary course of business have been conducted on an arms length basis."

15 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 2013."

16 Company status

"The Company is a public company limited by guarantee. The extent of the liability of any member under the guarantee is a sum not exceeding \$10. The total liability of all members is \$90."

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 7 to 20 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 2013 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Regulations 2001; and

(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 the directors:



Stephen Roberts
Director Dated at Sydney this 28th day of August 2013



Independent auditor's report to the members of Australian Indigenous Minority Supplier Office Limited

Report on the financial report

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 2013, and the statement of comprehensive income, statement of changes in member's funds and statement of cash flows for the year ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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 of the financial report that gives a true and fair view 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 – Reduced Disclosure Requirements, a true and fair 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 the financial report of Australian Indigenous Minority Supplier Office Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for



Independent auditor's report to the members of Australian Indigenous Minority Supplier Office Limited

the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

KPMG

Cameron Roan
Partner



Sydney
28 August 2013

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Liability limited by a scheme approved under Professional Standards Legislation.





 www.supplynation.org.au

PO Box 524, Strawberry Hills NSW 2012
Phone: 1300 055 298
Email: info@supplynation.org.au