

RED DUST ROLE MODELS LIMITED
12 118 641 777

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DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2008.

Directors

The names of the directors in office at any time during, or since the end of the year are:

Ms Linley Margaret Frame
Mr Paul Francis Guerra appointed 3 June 2008
Mr Martin Phillip Hiron
Mr Raymond Clyde Minniecon
Mr Andrew Nathan Purcell
Mr John Leslie Van Groningen
Mr Simon Vincent McKeon appointed 11 February 2008

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The loss of the company for the financial year after providing for income tax amounted to \$10,543. (2007: profit \$109,515.)

Principal Activities

The principal activities of the company during the financial year were the promotion of health and well being of indigenous youth. Red Dust Role Models is a not for profit organisation.

Significant Change in Affairs

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

Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments

The Company will continue to promote the well being of Indigenous Youth in remote communities. There are no other significant developments in operations expected during the coming year.

Environmental Legislation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends were paid during the year and no recommendation is made as to the dividends.

The directors do not recommend the payment of a dividend.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

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DIRECTORS' REPORT

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DIRECTORS' REPORT

Indemnities and Insurance

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

Non Audit Services

During the year KPMG, the Company's auditor, has performed no other services in addition to their statutory duties.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

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

Director: _____
Mr Martin Phillip Hiron

Director: _____
Mr John Leslie Van Groningen

Dated this day of October 2008

AUDITOR'S INDEPENDENCE DECLARATION

RED DUST ROLE MODELS LIMITED
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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
Revenue	4	1,354,374	743,676
		1,354,374	743,676
Loss on sale of property, plant and equipment		(12,320)	-
Accountancy expenses		(19,050)	(1,600)
Advertising expenses		(1,248)	-
Commissions paid		(4,588)	(3,767)
Depreciation and amortisation expenses		(28,805)	(4,994)
Employee benefits expenses		(244,758)	(127,943)
Freight and cartage		(7,260)	(3,802)
Program Expenses		(584,942)	(230,556)
Consultants		(133,905)	-
Other Expenses		(328,041)	(261,499)
Total Expense		(1,364,917)	(634,161)
 Profit/(Loss) from operating activities		 (10,543)	 109,515
Income tax expense		-	-
 Profit/(Loss) after tax		 (10,543)	 109,515

The accompanying notes form part of these financial statements.

RED DUST ROLE MODELS LIMITED
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BALANCE SHEET
AS AT 30 JUNE 2008

	Note	2008 \$	2007 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	603,244	34,187
Trade and other receivables	6	32,611	12,501
Other current assets	7	19,755	11,488
TOTAL CURRENT ASSETS		<u>655,610</u>	<u>58,176</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	173,403	68,093
Intangible assets	9	40,000	40,000
TOTAL NON-CURRENT ASSETS		<u>213,403</u>	<u>108,093</u>
TOTAL ASSETS		<u>869,013</u>	<u>166,269</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	618,289	(574)
Financial liabilities	11	151,192	56,768
TOTAL CURRENT LIABILITIES		<u>769,481</u>	<u>56,194</u>
TOTAL LIABILITIES		<u>769,481</u>	<u>56,194</u>
NET ASSETS		<u>99,532</u>	<u>110,075</u>
EQUITY			
Retained earnings	12	99,532	110,075
TOTAL EQUITY		<u>99,532</u>	<u>110,075</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Retained earnings	Total
	\$	\$
Profit attributable to equity shareholders	110,075	110,075
Balance at 30 June 2007	110,075	110,075
Profit attributable to equity shareholders	(10,543)	(10,543)
Balance at 30 June 2008	99,532	99,532

The accompanying notes form part of these financial statements.

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,910,262	743,676
Interest received		14,112	-
General administration expenses and direct expenses		(1,286,161)	(659,512)
Net cash provided by operating activities	16	638,213	84,164
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(167,093)	(68,655)
Payments for intangibles		-	(40,000)
Proceeds from sales of plant & equipment		36,651	-
Net cash used in investing activities		(130,442)	(108,655)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		142,012	71,396
Repayment of borrowings		(80,726)	(14,628)
Net cash provided by financing activities		61,286	56,768
Net increase in cash held		569,057	32,277
Cash at beginning of financial year		34,187	1,910
Cash at end of financial year	5	603,244	34,187

The accompanying notes form part of these financial statements.

RED DUST ROLE MODELS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1 Statement of Significant Accounting Policies

This financial report covers Red Dust Role Models Limited as an individual entity. Red Dust Role Models Limited is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were approved by the Board of Directors on October 2008

Accounting Policies

Plant & Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the assets useful lives.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Motor Vehicles	18.75

The estimated useful life for each class of depreciable assets are:

Class of Fixed Asset	Useful Life
Other Plant & Equipment	10
Computer Equipment	4
Office Furniture	15

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as fair value through profit or loss. Transaction costs related to instruments classified as fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Intangibles

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any impairment losses.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Revenue and Other Income

Donations are measured at the fair value of the consideration received or receivable.

Unconditional Government grants are recognised in the profit and loss statement as income when the grant becomes receivable.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Taxation

Red Dust Role Models Limited has designated gift recipient status. As a consequence the Company is not subject to income tax.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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 2008, but have not yet been applied in preparing this financial report.

- AASB 8 Operating Segments introduces the management approach to segment reporting. AASB 8, which becomes mandatory for the Company's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment. This standard is not expected to have a material effect in future periods.
- Revised AASB 101 Presentation of Financial Statements introduces as a financial statement (formerly primary statement) the statement of comprehensive income. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Company
- AASB 2008-1 Amendments to Australian Accounting Standard Share-based Payment: Vesting Conditions and Cancellations changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the Company's 30 June 2010 financial statements. At present, the company does not issue any share based payments and, therefore, do not expect any material impact from this standard.

2 Determination of Fair Values

Property plant and equipment

Property, plant and equipment is carried at cost and amortised over its effective life. All property, plant and equipment is subject to an annual impairment review.

Intangible assets

The fair value of intangible assets is based on cost of acquisition and is subject to an annual impairment review.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

3 Financial Risk Management

Credit Risk

All receivables relate to entities which have been transacting with the company for a number of years. Where necessary an allowance for impairment is made that represents the Company's estimate of incurred losses in respect of trade and other receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The operations of the entity are dependant on future funding and, therefore, ongoing programs are based on the level of funding received.

Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

Capital Management

The Company manages its capital based on forecast levels of donations and grants. An annual plan of programs is approved by the Board based on the level of funding provided.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
4 Revenue		
Donations		
Vodafone Foundation	880,000	275,000
Macquarie Bank	-	100,000
Fosters Foundation	75,000	40,000
Nike	60,000	55,000
Health & Community Services	-	33,000
Phillips	10,000	25,000
EIG Ansvar	20,000	20,000
Shane Warne Foundation	22,000	-
Other	74,711	109,086
	<u>1,141,711</u>	<u>657,086</u>
Government Grants	198,551	86,590
Total donations and grants	<u>1,340,262</u>	<u>743,676</u>
Interest Received	14,112	-
Total Revenue	<u>1,354,374</u>	<u>743,676</u>
5 Cash and Cash Equivalents		
Current		
Cash on Hand	1,535	-
NAB Trading Account	11,216	26,022
Cash at Bank-Gift Fund	6,383	8,165
NAB Cash Maximiser	584,110	-
	<u>603,244</u>	<u>34,187</u>
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash and cash equivalents	603,244	34,187
	<u>603,244</u>	<u>34,187</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$	
6 Trade and Other Receivables			
Current			
Other Debtors	6,761	-	
GST Clearing	25,850	12,501	
	<hr/>	<hr/>	
	32,611	12,501	
7 Other Current Assets			
Current			
Prepaid Charges	19,755	11,488	
	<hr/>	<hr/>	
8 Property, Plant and Equipment			
Plant and Equipment:			
At cost	203,531	73,089	
Accumulated depreciation	(30,128)	(4,996)	
Total Plant and Equipment	<hr/>	<hr/>	
	173,403	68,093	
Movements in Carrying Amounts			
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.			
	Plant & Equipment	Motor Vehicles	Total
	\$	\$	\$
Balance at 1 July 2007	18,459	49,634	68,093
Additions	56,402	110,691	167,093
Disposals	-	(32,978)	(32,978)
Depreciation expense	(13,746)	(15,059)	(28,805)
Carrying amount at 30 June 2008	<hr/>	<hr/>	<hr/>
	61,115	112,288	173,403

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
9 Intangible Assets		
Intellectual Property	40,000	40,000
Total	<u>40,000</u>	<u>40,000</u>
 Reconciliation of Patents		
Intellectual Property	40,000	40,000
Closing carrying value at 30 June 2008	<u>40,000</u>	<u>40,000</u>
 10 Trade and Other Payables		
Current		
Prepaid Income	570,000	-
Sundry Creditors	3,462	-
NAB Visa Account	28,718	(4,511)
PAYG Accrual	<u>16,109</u>	<u>3,937</u>
	<u>618,289</u>	<u>(574)</u>
 11 Financial Liabilities		
Current		
HP - Damilier Chrysler	-	56,768
Toyota Finance Ltd	48,844	-
Toyota Finance Ltd	45,581	-
Chrysler Finance	<u>56,767</u>	<u>-</u>
	<u>151,192</u>	<u>56,768</u>
 12 Retained Earnings		
Retained earnings at the beginning of the financial year	110,075	560
(Net loss) Net profit attributable to members of the company	<u>(10,543)</u>	<u>109,515</u>
Retained earnings at the end of the financial year	<u>99,532</u>	<u>110,075</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

13 Auditors Remuneration

Audit Services

KMPG	3,000	-
Other Auditors	-	3,000
	3,000	3,000

No other fees were paid to the auditor for audits or other services during the financial year.

14 Segmental Reporting

The Company only operates in one segment which is the provision of health and well being services to Indigenous Youth

15 Key Management Personnel

Key Management Personnel include persons with responsibility for planning, directing and controlling activities of the company, directly or indirectly during the financial year as follows:-

John Van Groningen

Other key management personnel

There were no other persons with responsibility for planning, directing and controlling activities of the company, directly or indirectly during the financial year.

Key management personnel compensation

The key management personnel compensation included in employee benefits expenses is as follows:-

Short-term employee benefits

John Van Groningen	125,000	85,314
		-
Total compensation	136,250	85,314

Other long-term benefits

John Van Groningen - Superannuation	11,250	-
		-
Total compensation	136,250	85,314

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Related parties

Transactions with Related Parties

The Company entered into transactions with Directors, or their related parties, during the course of the year.

The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

Related party transactions	Transactions value	Transactions value
Linley Frame – Ambassador	10,625	-
Raymond Minniecon – Dunji Consultancies – Cultural Adviser	10,000	-
Total compensation	20,625	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

16 Cash Flow Information

**Reconciliation of Cash Flow from Operations with
Profit after Income Tax**

(Loss) Profit after income tax	(10,543)	109,515
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Non-cash flows in profit:

Loss on sale of non-current assets	12,320	-
Depreciation	28,805	4,994
Financing flows in operating profits	17,145	3,524

**Changes in assets and liabilities, net of the effects
of purchase and disposals of subsidiaries**

(Increase) Decrease in current receivables	(20,110)	(10,861)
(Increase) Decrease in prepaid borrowing expenses	(8,267)	(15,012)
Increase (Decrease) in sundry creditors	3,462	(5,989)
Increase (Decrease) in other creditors	45,401	(2,007)
Increase (Decrease) in income in advance	570,000	-
	638,213	84,164

Financial Risk Management

Financial Risk Management Policies

The company's financial instruments consists primarily of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases.

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These included the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations.

The company does not have any derivative instruments at 30 June 2008 (30 June 2007 : 0).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Interest rate risk

The Company is not exposed to any significant interest rate risk. All deposits are held on the basis of floating rate interest.

Credit Risk

The Company is not exposed to any significant credit risk. Credit risk is limited to the value of receivables held in the balance sheet.

Foreign Currency Risk

The Company is not exposed to foreign exchange risk.

Liquidity Risk

The Company is not exposed to significant liquidity risk.

The contractual maturities of the Company's financial liabilities are as follows:-

30 June 2008	Carrying	Contractual	6 mths or	6-12 mths	1-2 years	2-5 years	More than 5
	amount	cash flows	less				years
	\$	\$	\$	\$	\$	\$	\$
Non-derivative financial liabilities							
Finance lease liabilities	151,192	(151,192)	24,381	24,381	48,763	53,667	-
30 June 2007							
Non-derivative financial liabilities							
Finance lease liabilities	56,768	(56,768)	6,611	6,611	13,222	30,324	-

RED DUST ROLE MODELS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

18 Commitments or Contingencies

There are no commitments or contingencies as at 30 June 2008 (30 June 2007 : \$0)

19 Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the result of those operations, or the state of affairs of the company in future financial years.

20 Company Details

The registered office of the company is:

Red Dust Role Models Limited

Suite 2, 70 Lincoln Road
Essendon VIC 3040

The principal place of business is:

1/ 52 Brunswick Street
Fitzroy VIC 3065

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 21, are in accordance with the Corporations Act 2001 including:
 - (a) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Company's financial position as at 30 June 2008 and of the performance for the year ended on that date of the company; and
 - (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director: _____

Mr Martin Phillip Hirons

Director: _____

Mr John Leslie Van Groningen

Dated this day of October 2008