

BAIRO PITE HOSPITAL (FORMERLY THE HOSPITAL OF HOPE TIMOR-LESTE)
(A COMPANY LIMITED BY GUARANTEE)

ABN 54 121 715 446

General Purpose Financial Report for the year ended 31 December 2011

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)
(A company limited by guarantee)

Annual Financial Report
For the year ended 31 December 2011

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Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

(A company limited by guarantee)

Directors' report for the year ended 31 December 2011

Directors' report

The Directors of Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) (the Company) submit herewith the annual financial report of the Company for the financial year ended 31 December 2011.

Directors

The following persons were directors of Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) during the whole or part of the financial year end up to the date of this report.

Mr Ross Taylor – appointed 20 September 2010
Assoc Prof Andrew Cochrane - appointed 13 September 2006
Dr Christopher Fenton – appointed 13 September 2006
Ms Mary-Christina Hardy - appointed 12 February 2009
Dr John Mulcahy – appointed 20 September 2010, resigned 31 October, 2011
Mr Frank Mattiussi- appointed 31 October 2011
Assoc Prof Clare Nourse - appointed 15 June 2010
Dr Daniel Murphy – appointed 1 April 2012
Ms Phillipa Blakey – appointed 1 April 2012
Ms Michelle Wilson – appointed 1 April 2012
Ms Clare Collins – appointed 1 April 2012
Ms Christine Carberry – appointed 1 April 2012

Principal activities

The Company's principal activities during the year were to establish a fully functioning hospital in Dili. During the course of the year, the Boards of the Hospital of Hope Timor-Leste and the Bairo Pite Clinic agreed to merge to form Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) and commenced the implementation process in December 2011. The Company changed its name from The Hospital of Hope Timor-Leste to Bairo Pite Hospital on 20 February 2012.

Review of operations

The surplus from the operations of the Company for the year ended 31 December 2011 was \$89,665 (2010: Surplus: \$6,973), which was due principally to donations received during the course of the year.

Dividends

The Company's constitution precludes the payment of dividends.

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 not otherwise disclosed in this report.

Going Concern

The Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) (the Company) has been set up to operate a hospital in Timor-Leste.

The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as and when they fall due is dependent upon the Company being successful in achieving sufficient future cash flows via fundraising efforts. As at 31 December 2011, the Company had an accumulated surplus and net current assets of \$95,262 (2010: \$5,597). For the year ended 31 December 2011 the Company earned a surplus of \$89,665 (2010: \$6,973). The Directors in office at 31 December 2011 have agreed to assist the Company by providing additional working capital should the Company have insufficient funds in meeting its obligations for a minimum period of twelve months from the date of this report.

As a result of these matters, there is material uncertainty that may cast significant doubt on whether the Company will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. However, the directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

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Directors' report for the year ended 31 December 2011

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Subsequent events

The Company continued to implement the merger with Bairo Pite Clinic to form Bairo Pite Hospital. On 20th February 2012, the Company changed its name to Bairo Pite Hospital from The Hospital of Hope Timor-Leste. On 1 April 2012 five (5) additional directors were appointed to the Board of Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste). The additional directors are Dr Dan Murphy, Ms Phillipa Blakey, Ms Michelle Wilson, Ms Clare Collins and Ms Christine Carberry.

No other matter or circumstance has arisen since 31 December 2011 that has significantly affected, or may significantly affect:

- (a) the Company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company's state of affairs in future financial years.

Future developments

The Company will continue to carry out the principal activities noted above.

Directors' qualifications, experience and special responsibilities

Mr Ross Taylor - Chairman

Ross Taylor is the Chief Executive Officer of Tenix Group Pty Limited. Ross was previously an executive and board director with Lend Lease Group, where he worked for 23 years. He managed Lend Lease companies around the world that focused on funds management, property development, construction and project management, and facilities management and maintenance. Mr Taylor was appointed non executive director and chairman of the Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) on 20 September 2010.

Assoc Prof. Andrew Cochrane – Deputy chairman

Assoc Prof Andrew Cochrane is a leading cardiac surgeon from Melbourne, Victoria with 18 years experience. Since 2003, he has volunteered his time annually in Timor-Leste providing surgical care on a pro bono basis, in addition to volunteer surgical work in Pacific nations through Operation Open Heart and the Royal Australasian College of Surgeons. Assoc Prof Cochrane is an Associate Professor, Dept of Surgery, Monash University and is actively involved in the Royal Australasian College of Surgeons, serving on several committees. Assoc Prof Cochrane set up the East Timor Hospital Support Fund via the Royal Australasian College of Surgeons and was the Chair of the RACS Victorian State Committee, from 2006-2008. He is currently a member of the Cardiothoracic Board. In addition to his volunteer surgical services, Assoc Prof Cochrane is engaged in several other philanthropic activities through Monash University and University of Melbourne, including financing the Donald Cochrane Scholarship through the Faculty of Business and Economics and the Margaret Schofield Opera Scholarship through the Melba Opera Trust. He is currently a Director and Trustee of the Cochrane - Schofield Charitable Fund. As Chairman of the Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste), his special responsibilities include recruitment for the Medical Advisory Panel. Assoc Prof. Cochrane was appointed deputy chairman of the Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) on 20 September 2010.

Dr Chris Fenton – Executive director

Dr Chris Fenton (M.B.,B.S., University of Sydney, 1978) is the Founder and Managing Director of Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste). He founded Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) in 2006 after 25 years of general medical practice in Sydney's eastern suburbs. His concern about the people of Timor-Leste grew from following the mass media coverage of the troubles surrounding the 1999 self-determination election. This coincided with his decision to transition from general medical practice to use his skills in the wider community. Dr Fenton is currently the Medical Director for Papua New Guinea International SOS (Australasia) and supervises the provision of all medical services to the ExxonMobil PNG LNG project there as well as to the Lihir Goldmine project which runs a hospital carrying out 7000 consultations a month. He has previously served as a Board Member of the Sydney Medical Services Cooperative, the largest after hours medical locum Service in Sydney from 2003-2005. He was also a Visiting Medical Officer at St Vincent's Private Hospital from 1982-2003. As the Managing Director, Dr Fenton has oversight of the entire project. Dr Fenton has travelled to Timor-Leste 16 times since 2006, most recently in March 2012.

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

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Directors' report for the year ended 31 December 2011 (cont.)

Ms Christina Hardy – Non executive director

Ms Christina Hardy is Director of Business Development and Legal Affairs at the Garvan Institute of Medical Research and a non-executive director of the Bionic Ear Institute and Bionic Vision Australia which was recently awarded a Federal Government ARC grant to develop the bionic eye. In addition to technology commercialisation in medical research, she has advised senior executive and Board members on risk management/mitigation issues and strategy. She has 10 years in corporate and commercial law in Australia, the UK and Asia in the Information, Communications and Technology sector negotiating and managing complex commercial transactions with a technology emphasis. Earlier in her career she spent several years working for a Federal Senator and in public relations and media relations. Christina's formal qualifications include a Bachelor of Laws from the University of New South Wales and a Bachelor of Business – Communications (Journalism) from the Queensland University of Technology. As a non-executive director of the Board of Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste), her special responsibilities include assistance with strategy, fundraising and operational planning.

Assoc Prof Clare Nourse – Non executive director

Ms Clare Nourse is the Director of the Paediatric Infection Management Service at the Mater Children's and Mater Mothers' Hospitals and is Associate Professor in the Faculty of Paediatrics at the University of Queensland. She qualified in medicine from Trinity College Dublin and trained at Our Lady's Hospital for Sick Children in Dublin, Royal Children's Hospital in Melbourne and Mater Children's Hospital in Brisbane. Ms Nourse has 25 years experience in tertiary hospital medical practice including 13 years specifically in the field of tertiary clinical care for paediatric infection. She has developing country crisis experience gained with the International Committee of the Red Cross in 1991. Ms Nourse has worked at Mater Children's Hospital since 1992. Her particular clinical and research interests are in HIV infection in children, staphylococcal infection and refugee health. Ms Nourse has been a Board member of the Mater Hospital Foundation, Brisbane since 2008. The Mater Foundation is a leading philanthropic organisation that funds life changing healthcare and medical research for the Mater Hospitals and the Mater Medical Research Institute. She is also a Council member for the Australian Society for Infectious Diseases 2010, serves on the Health Committee for the Terrace Timor Network, Brisbane and a Member of Innocents Relief, Queensland. Assoc Prof Nourse was appointed non executive director of Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) on 15 June 2010.

Mr Frank Mattiussi – Non executive director

Mr Frank Mattiussi is Managing Director at Origin Securities Pty Limited advising clients on a variety of assignments including private treaty acquisitions and divestments, corporate valuations, listed company takeovers and takeover defence, and debt and equity raisings. Prior to Origin, Frank was Head of Investment Services at AIDC Ltd and Head of Corporate Finance, Sydney for Hambros Australia. His earlier career included senior roles at Wardley Australia and Price Waterhouse. Frank is a Fellow of the Institute of Chartered Accountants in Australia, Senior Fellow of the Financial Services Institute of Australia and a Fellow of the Australian Institute of Company Directors.

Dr Dan Murphy – Non executive director

Dr Dan Murphy is a medical practitioner and graduated from the University Of Iowa School Of Medicine in 1970. Dr Murphy was the founding medical director of Bairo Pite Clinic since its inception in 1999.

Ms Phillipa Blakey MBA, AICD – Non executive director

Ms Phillipa Blakey is CEO and a director of the THINK Education Group, a large national private provider of VET and Higher Education across a range of niche markets. Prior to her taking this role late in 2010, Phillipa's executive career had been in the health and aged care sector in New Zealand, the UK and Australia. As COO (Director Clinical Operations) for a NSW Area Health Service Phillipa led the management of ten hospitals; and as COO for the (then) largest for-profit Australian aged care provider Phillipa led the management of forty-five nursing homes across Australia. Phillipa holds an MBA from Massey University in New Zealand, and is a graduate and member of the Australian Institute of Company Directors.

Ms Michelle Wilson B. OccThy (Hons.), MBA, AICD – Non executive director

Ms Michelle Wilson is the Executive Director of St Vincent's Clinic, a Trustee of St Vincent's Clinic Foundation and the General Manager of Support Services, St Vincent's & Mater Health Sydney. Michelle has worked in the health care industry, in the public and private sectors in Australia and the United Kingdom as both a clinician and an administrator. She has a strong interest in programs that support social justice.

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

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Directors' report for the year ended 31 December 2011 (cont.)

Ms Clare Collins, MPRIA – Non executive director

Ms Clare Collins is Managing Director of Insight Communications, a multi award-winning public relations agency specialising in cause, culture, community and health. Clare is a multi award winning member of the Public Relations Institute of Australia (PRIA), an accredited member of PRIA's Registered Consultancy Group, the Fundraising Institute of Australia, Not-For-Profit Network, Models of Success and Sustainability and is a member of the Australian Society of Authors. Clare has over 15 years experience in working in the not-for-profit and health sectors. Before launching Insight in 2009, Clare held senior positions with a variety of organisations including The Australian Consumers' Association, The RPA Foundation - Royal Prince Alfred Hospital and the Sydney Children's Hospital Foundation. Clare is a regular guest lecturer at the University of Technology Sydney on Public Relations and Communication Management for the not-for-profit sector and a guest speaker for the PRIA in event, communication and campaign management. Clare has also been a regular guest speaker for the Australian Foundation of Peoples of Asia and the Pacific on communication and fundraising strategies for the annual AFAP Partner Workshops. Clare has worked across the arts and entertainment industry for more than 25 years, and is a founding director of the board of the newly formed National Youth Theatre Company Foundation currently under the auspices of the Sydney Theatre Company.

Ms Christine Carberry B.Bus CPA AICD – Non executive director

Ms Christine Carberry is Managing Director of CC Business Solutions Lda and has been permanently based in Timor-Leste since 2010. For over 16 years to June 2010, Christine was the Financial and Systems Manager and Timor-Lester Program Manager for the Australian Foundation for the Peoples of Asia and the Pacific (AFAP). With her strong commercial program background, Christine specialises in logistics and in developing administrative systems to support disaster and emergency programs. This was critical during the Papua New Guinea Drought 1997-1998, the East Timor Crisis 1999-2001 and the Sri Lanka Tsunami Relief and Rehabilitation Program (2005) where she managed the Australian logistics for these programs. During this time, she also designed, monitored and repaired the logistics and administrative systems for AFAP's partner Non Government Organisations in Papua New Guinea, East Timor and Sri Lanka so that they could cope with large amounts of funding, substantial procurement and high workload over short periods of time. When not working on disasters, Christine provided training to AFAP in-country partners on upgrading their financial, administrative and governance systems. Christine holds several board positions and is Managing Director of CC Business Solutions Lda (Timor-Leste) and Procesplus Pty Ltd (Australia); and Treasurer of Lane Cove Community Aid Service (Australia), Foundation for the Peoples of the South Pacific International (FSPI) (Fiji), Timor Aid (Timor-Leste), Alola Foundation (Timor-Leste and Kor Timor). Christine is also chair of the Xanana Vocational Education Trust (Timor-Leste) and non executive director of Evans/Webb Associates (Australia).

Company secretary

Mr David Clark is Company Secretary and has over twenty years experience in public practice as a chartered accountant, secretary and registered tax agent. Mr Clark holds positions as Chief Financial Officer of AusTex Oil Ltd and Carbonxt Group Limited and as secretary to several private companies. Mr Clark holds a Master of Business Administration (Executive) from the Australian Graduate School of Management at the University of New South Wales. Mr Clark is also a member of the Audit, Risk & Finance Committee of the George Institute overseeing all financial matters including budgeting, audit and risk management. Mr Clark was appointed secretary of Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) on 1 November 2010.

Directors meetings

During the year ended 31 December 2011, 8 meetings of directors were held. Attendances by each director were as follows:

Board of Directors	Number Eligible to Attend	Attended
Mr Ross Taylor ¹	8	8
Assoc Prof A Cochrane	8	6
Dr C Fenton	8	8
Ms Christina Hardy	8	8
Assoc Prof C Nourse	8	8
Dr John Mulcahy ¹	6	2
Mr Frank Mattiussi ²	2	1

1: Resigned 31 October 2011

2: Appointed 31 October 2011

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

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Directors' report for the year ended 31 December 2011 (cont.)

Environmental regulation

The Company's operations are subject to environmental regulations under both Commonwealth and State legislation. The directors have not received notification nor are they aware of any breaches of environmental laws by the Company.

Proceedings on behalf of the entity

No person has applied to the Court under Section 327 of the *Corporations Act 2001* for leave to bring proceedings on or behalf of the entity, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the entity for all or part of these proceedings.

No proceedings have been brought or intervened in on behalf of the entity with leave of the Court under Section 237 of the *Corporations Act 2001*

Indemnification and insurance of officers and auditors

During the financial year there were no premiums paid by the Company to insure the board members and secretary. Instead, the Directors paid insurance premiums of \$2,100 in respect of directors' and officers' liability and legal expenses' insurance contracts for directors and officers covering the reporting period.

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 7.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.



Dr Christopher Fenton

Director

Sydney, 22 May 2012



Auditor's Independence Declaration

As lead auditor for the audit of Bairo Pite Hospital (formerly The Hospital of Hope Timor- Leste) for the year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bairo Pite Hospital (formerly The Hospital of Hope Timor- Leste) during the period.

A stylized signature of the PricewaterhouseCoopers logo, featuring a large 'P' followed by the text 'PRICEWATERHOUSECOOPERS' in a smaller, handwritten-style font.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Manoj Santiago'.

Manoj Santiago
Partner

Sydney
22 May 2012

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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General purpose financial report for the year ended 31 December 2011

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This financial report covers Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) as an individual entity. The financial report is presented in the Australian currency.

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)
65 Walker Street
North Sydney NSW 2060

A description of the nature of the Company's operations and its principal activities is included in the directors' report on page 2, which is part of the financial report.

The financial report was authorised for issue by the directors on 22 May 2012. The directors have the power to amend and reissue the financial report.

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

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Statement of comprehensive income for the year ended 31 December 2011

		31 December 2011 \$	31 December 2010 \$
	Note		
Revenues from continuing operations	2	117,793	80,333
Accounting, legal & consultancy expense		(20,185)	(67,447)
Administration expense		(3,010)	(4,354)
Foreign exchange loss		(2,817)	-
Insurance expense		(2,116)	(1,559)
Profit for the year		89,665	6,973
Other comprehensive income		-	-
Total comprehensive income attributable to members of Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)		89,665	6,973

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

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Statement of financial position for the year ended 31 December 2011

		31 December 2011 \$	31 December 2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	95,092	7,350
Trade and other receivables	4	265	770
Other assets		<u>525</u>	<u>541</u>
Total current assets		<u>95,882</u>	<u>8,661</u>
Non Current Assets			
Computer equipment	5	<u>645</u>	<u>1,290</u>
Total non current assets		<u>645</u>	<u>1,290</u>
Total Assets		<u>96,527</u>	<u>9,951</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	6	<u>1,265</u>	<u>4,354</u>
Total current liabilities		<u>1,265</u>	<u>4,354</u>
Total Liabilities		<u>1,265</u>	<u>4,354</u>
Net assets		<u>95,262</u>	<u>5,597</u>
EQUITY			
Retained profit	7	<u>95,262</u>	<u>5,597</u>
Total equity		<u>95,262</u>	<u>5,597</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

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Statement of changes in equity for the year ended 31 December 2011

	31 December 2011 \$	31 December 2010 \$
Balance at beginning of the financial year	5,597	(1,376)
Total comprehensive income for the year	<u>89,665</u>	<u>6,973</u>
Balance at the end of the financial year	<u>95,262</u>	<u>5,597</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

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Statement of cash flows for the year ended 31 December 2011

	31 December 2011 \$	31 December 2010 \$
Cash flows from operating activities		
Donations and other receipts (inclusive of goods & services tax)	117,592	80,669
Payments to suppliers (inclusive of goods & services tax)	(31,712)	(72,158)
Credit interest	202	-
GST refunded	1,660	-
Net cash inflow from operating activities	<u>87,742</u>	<u>8,511</u>
 Cash flows from investing activities		
Computer equipment	-	(1,290)
Net cash outflow from investing activities	<u>-</u>	<u>(1,290)</u>
 Cash flows from financing activities		
Net cash inflow from financing activities	<u>-</u>	<u>-</u>
 Net increase in cash and cash equivalents	87,742	7,221
Cash and cash equivalents at the beginning of the financial year	<u>7,350</u>	<u>129</u>
Cash and cash equivalents at the end of the financial year	<u>95,092</u>	<u>7,350</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to and forming the financial statements

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Notes to and forming part of the financial statements (cont.)

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

The Hospital of Hope Timor-Leste (the Company) changed its name to Bairo Pite Hospital on 20 February 2012.

The financial statements of Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) also comply with International Financial Reporting Standards issued by the International Accounting Standards Board.

The financial report is prepared in accordance with the historical cost convention as modified by the revaluation of available for sale financial assets, financial assets and liabilities at fair value through profit and loss.

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

(b) Going Concern

The Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) has been setup to operate a hospital in Timor-Leste.

The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as and when they fall due is dependent upon the Company being successful in achieving sufficient future cash flows via fundraising efforts. As at 31 December 2011, the Company had an accumulated surplus and net current assets of \$95,262 (2010: \$5,597). For the year ended 31 December 2011 the Company earned a surplus of \$89,665 (2010: \$6,973). The Directors in office at 31 December 2011 have agreed to assist the Company by providing additional working capital should the Company have insufficient funds in meeting its obligations for a minimum period of twelve months from the date of this report.

As a result of these matters, there is material uncertainty that may cast significant doubt on whether the Company will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. However, the directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

(c) Revenue

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Revenue is recognised for the major business activities as follows:

Donations: Comprises donations received for the Company's objective of establishing medical services in East Timor. Donation revenue is recognised when the Company obtains control of the donation or the right to receive the donation. It is probable that the economic benefits comprising the donation will flow to the entity, the amount of the donation can be measured reliably and the Company intends to comply with all donation conditions.

Other Income: Comprises bank interest and reimbursement of director's insurance costs and is recognised when the right to receive payment is established.

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

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Notes to and forming part of the financial statements (cont.)

(d) Expenditure

All expenditure is accounted for on an accruals basis.

(e) Cash

For the purposes of the financial statements, cash includes cash on hand, at bank and on short term deposit.

(f) Plant and Equipment

Plant and equipment are measured at cost less depreciation and impairment losses.

Depreciation

The depreciable amount of plant and equipment is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Computer Equipment	50%
Plant and Equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Income tax

As a charitable institution, the Company is not liable to income tax by virtue of Sections 50-50 and 50-52 of the Income Tax Assessment Act, 1997.

(j) Foreign currency

Transactions in foreign currencies are initially recorded by applying the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date and any gain or loss is realised in the statement of comprehensive income.

(k) Related Party Transactions

As a not for profit company, limited by guarantee, Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste) is exempt from disclosing related party transactions under AASB 124.

(l) Adoption of new and revised accounting standards

The Company has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires a separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Company had to change the presentation of its financial statements. Comparative information has been represented so that it is also in conformity with the revised statement.

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

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Notes to and forming part of the financial statements (cont.)

2 Revenue from continuing operations

	31 December 2011 \$	31 December 2010 \$
Donor income	115,841	80,319
Other income		
Reimbursement of insurance costs	1,750	-
Credit interest	202	-
Membership fees	-	14
	<u>117,793</u>	<u>80,333</u>

3 Cash and cash equivalents

	31 December 2011 \$	31 December 2010 \$
Cash at bank	<u>95,092</u>	<u>7,350</u>

Cash held is restricted for use in relation to a project to fund the appointment of a doctor and nurse in a surgical post-operative care program in 2012.

4 Trade debtors and other receivables

	31 December 2011 \$	31 December 2010 \$
Other receivables	<u>265</u>	<u>770</u>

5 Plant and equipment

	31 December 2011 \$	31 December 2010 \$
Computer equipment		
At cost	1,290	1,290
Accumulated depreciation	645	-
Balance at end of year	<u>645</u>	<u>1,290</u>
Movement		
Balance at beginning of year	1,290	-
Additions	-	1,290
Balance at end of year	<u>1,290</u>	<u>1,290</u>
Accumulated depreciation		
Balance at beginning of year	-	-
Depreciation charge	645	-
Balance at end of year	<u>645</u>	<u>-</u>

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

(A company limited by guarantee)

Notes to and forming part of the financial statements (cont.)

6 Trade and other payables

	31 December 2011	31 December 2010
	\$	\$
Trade and other payables	<u>1,265</u>	<u>4,354</u>

The Company's exposure to currency and liquidity risks relating to trade and other payables is disclosed in Note 11.

7 Retained profits

Retained profits	31 December 2011	31 December 2010
Movements in retained profits were as follows	\$	\$
Opening retained profit	5,597	(1,376)
Surplus for the year	<u>89,665</u>	<u>6,973</u>
Balance at 31 December	<u>95,262</u>	<u>5,597</u>

8 Remuneration of auditor

During the year no fees were paid or payable for services provided by the auditor, its related practices and non-related audit firms.

9 Members' guarantee

The Company is limited by guarantee. If the Company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$1 each toward meeting any outstanding obligations of the Company. At 31 December 2011 the number of members was 18 (2010 – 14).

10 Reconciliation of net cash flows from operating activities to operating surplus/(loss)

	31 December 2011	31 December 2010
	\$	\$
Operating surplus	89,665	6,973
Add back non-cash items in operating surplus		
Depreciation	645	-
Changes in assets and liabilities		
(Increase)/Decrease in Trade and other receivables	505	(770)
(Increase)/Decrease in Other assets	16	(541)
(Decrease)/Increase in trade and other payables	<u>(3,089)</u>	<u>2,849</u>
Net cash from operating activities	<u>87,742</u>	<u>8,511</u>

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

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Notes to and forming part of the financial statements (cont.)

11 Risk exposure and responses

The Company's principal financial instrument is cash. The main risks arising from the Company's financial instruments are interest rate risk, credit risk, liquidity risk and currency risk. The effects of these risks are not significant and are explained below.

Interest rate risk

The Company's exposure to market interest rates relates primarily to the Company's cash and cash equivalents. At balance date, the Company had the following financial assets exposed to Australian variable interest rates risk that are not hedged:

	31 December 2011 \$	31 December 2010 \$
Cash and Cash Equivalents	<u>95,092</u>	<u>7,350</u>

Any movement in interest rates will not have a material impact in the Company.

Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents. The Company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The exposure to the Company at balance date is not significant due to the minimal cash balance on hand, and the cash is maintained by a reputable financial institution.

Liquidity Risk

The Company maintains minimal cash balances on hand. The Directors therefore prepare annual operating budgets in order to ensure that there is enough working capital to allow operations to continue for the next 12 months, and monitor the performance of the Company throughout the year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risks in respect of its undertaking to establish a medical facility in Timor-Leste. At reporting date, there were no trade creditors and other payables amounts in US dollars (2009 - nil). The Company has a USD dollar account at balance date in the sum of USD \$90,574.

12 Directors' remuneration

No director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company, with the director or with a firm of which the director is a member, or with an entity in which the director has a substantial financial interest.

Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

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Director's declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance for the financial year ended on that date, 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, and

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

On behalf of the directors



Dr Christopher Fenton

Director

Sydney

22 May 2012



Independent auditor's report to the members of Bairo Pite Hospital (formerly The Hospital of Hope Timor-Leste)

Report on the financial report

We have audited the accompanying financial report of Bairo Pite Hospital (formerly The Hospital of Hope Timor- Leste) (the company), which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We 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*.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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Auditor's opinion

In our opinion:

- (a) the financial report of Bairo Pite Hospital (formerly The Hospital of Hope Timor- Leste) is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*

Emphasis of Matter – Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, above, we draw attention to Note 1(b) in the financial report, which comments on the potential consequences to the company of ongoing discussions with the East Timor government. The ability of the company to continue as a going concern and meet its debts and commitments as they fall due is dependent upon the company being successful in achieving sufficient future cash flows. Accordingly there is a material uncertainty about whether the company will continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

A stylized signature of the PricewaterhouseCoopers logo, with the letters 'P', 'R', 'I', 'C', 'E', 'W', 'A', 'T', 'E', 'R', 'H', 'O', 'U', 'S', 'E', 'C', 'O', 'O', 'P', 'E', 'R', 'S' written in a cursive, handwritten style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Manoj Santiago'.

Manoj Santiago
Partner

22 May 2012