



Half the Sky was created in order to enrich the lives of orphaned children in China. We provide model programs and caregiver training designed to offer loving, family-like care to children of all ages and abilities. It is our goal to ensure that every orphaned child has a caring adult in her life and a chance at a bright future.



Letter from the Chairman

Dear Friends,

It is my pleasure to introduce Half the Sky Australia's 2013 Annual Report, marking over two and a half years' work in partnership with Half the Sky Foundation in China for the benefit of orphaned and abandoned children.

We recently received much anticipated news, that we had succeeded in our application to AusAID for recognition as an Approved Organization for the Overseas Aid Gift Deduction Scheme. This puts Half the Sky Australia well on its way to achieving Deductible Gift Recipient (DGR) status, allowing Australian donors a vital tax benefit for gifts in support of our work in China.

Half the Sky Australia now looks forward to expanding its community outreach and fundraising activities throughout Australia to support further projects in China, to reach hundreds if not thousands more disadvantaged children.

In this report, you will read about our initial project at Changsha, now impacting thousands of children throughout Hunan Province. I thank our dedicated supporters who have made this work possible and I look forward to welcoming even more friends and supporters in 2014 and beyond.



Stephen Jermyn

Letter from the Executive Director

Dear Friends,

As you will see in these pages, Half the Sky Australia has seen wonderful developments as a result of our project at the Changsha Children's Welfare Institution, not only for the children living at the CWI, but for thousands more throughout Hunan Province.

More than one hundred children and caregivers are directly engaged in model Half the Sky programs for infants, preschoolers and youth, and the family village program for children who, because of their special needs, will not likely be adopted.

The Changsha model children's centre is also an integral element of the nationwide Rainbow Program that is bringing training in Half the Sky methods to orphanage directors and staff all across the country. In Hunan Province, some CWIs have adopted Half the Sky-style programs of their own as a direct result of Rainbow Training from Changsha.

Half the Sky Australia looks forward to extending its reach in Hunan and other parts of China should our tax deductible gift status come through soon as we now hope. I look forward to our work together in the year ahead.



Deanne Bevan

Bringing Rainbows to Changsha & Hunan

*A Message from Jenny Bowen
CEO & Founder, Half the Sky Foundation*

Dear Friends in Australia,

It is so gratifying to see how HTSA's support for the establishment and operation of a Model Centre in Changsha has blossomed into the upgrading of care for orphaned children in institutions all over Hunan Province.

Because of its success, the Model Centre in Changsha has become a crucial component of our nationwide Rainbow Programme that has trained 5,367 caregivers in 391 welfare institutions directly impacting nearly 27,000 children.

In this Annual Report, you'll read not only about the wonderful Model Centre in Changsha that HTSA made possible, but also about how the Child Development Expert stationed at the Centre is partnering with her government counterpart to effect change in institutions all over the province (see p. 10).

We are so lucky that HTSA is part of our international network along with organizations in Hong Kong, the USA, Canada, the United Kingdom and our new Chinese sister organization, Beijing-based ChunHui Bo' Ai Children's Foundation, which is enabling Chinese citizens to support our programs that have, over the last 15 years, impacted the lives of more than 100,000 children.

To all of Half the Sky's friends in Australia, my heartfelt thanks for your generous support for China's once forgotten children.





“Rainbow trainings are like a pebble thrown into the lake. Each of the ripples created represents a change that training brings to the institutions.

Director Liu Fang, Zhuzhou Children's Welfare Institute, Hunan Province”

Half the Sky Foundation Australia Operating Report, 2012/13

HTSA is a non-profit, non-government, public company limited by guarantee registered in Victoria. It is a community-based organization led by its elected board of directors, governed by its constitution and accountable to its members. It has a registered office in Sydney and an office in Melbourne led by its volunteer Executive Director.

Supporters and members of HTSA are those with an interest in the nurture, education and healthy future of orphaned and disadvantaged children in China and include Half the Sky Foundation (HTSF), a non-profit, non-government, registered charity in the USA. HTSA and HTSF are both entities within the international Half the Sky Network that also includes China, Hong Kong, Canada, the Netherlands and the United Kingdom.

Since incorporation in Australia in 2009, HTSA's focus has included:

- * Establishing its Australian headquarters and effective processes and operations;
- * Developing the HTSA board and its governance policies and procedures;
- * Establishing the HTSA website (<http://www.halfthesky.org.au>) and web-based information for effective communication with members, supporters and the wider community;
- * Growing its membership base;
- * Initial fundraising (mostly) among existing supporters to fund an initial development project in China and day- to-day operating expenses in Australia;
- * Initial development project in China (covered in further detail in this report and on the HTSA website at <http://halfthesky.org.au/en/node/1507>;
- * Obtaining Deductible Gift Recipient (DGR) status to underpin and develop fundraising capacity for the expansion of HTSA's work in China in the medium to longer term.



In October 2013, in response to HTSA's application, the Minister for Foreign Affairs, the Hon. Julie Bishop, MP, declared Half The Sky Foundation Australia Limited as an approved organization for the purposes of the Overseas Aid Gift Deduction Scheme (OAGDS), the first stage toward achieving DGR status. Subsequently, in November 2013, the ATO advised its approval of HTSA's Public Fund for DGR status, the second stage. At the end of 2013, final DGR status remained pending approval by Treasury and publication in the Government Gazette.

In the meantime, HTSA has obtained authority in all states and territories (except NT where there is no requirement) to undertake public fundraising activities. It also has a national cause page on the "Go-Fundraise" website to facilitate online volunteer fundraising.

HTSA's fundraising efforts to date have been primarily related to existing supporters, members, directors and friends of HTSA. Fundraising within these networks slowed substantially during the 2012/13 financial year pending the outcome of HTSA's application for DGR status. Total revenue was \$17,076 (down from \$188,629 in 2011/12), as shown in the audited financial statements. 66% was from private donations, with 29% from corporate and small business contributions. All Changsha project expenses and other operating expenses were covered for the year despite reduced revenue. Of expenditure for the year, 82% was applied at HTSA's development project at Changsha.

In this Report, further detail is provided about HTSA's Changsha Project (in partnership with HTSF) that enrolled children in model programs starting April 2011. Throughout the project, directors have been engaged in its ongoing management, closely monitoring and evaluating progress via regular narrative and photographic reports and ongoing communication with HTSF. In 2013, there was also a further HTSA-HTSF site visit to Changsha. Meetings and visits were held with the Changsha Children's Welfare Institution's Director, program directors, trainers, staff and children enrolled in all programs.

I wouldn't have imagined that we would have so many friends abroad in Australia who give their hands and love to us and to our children.

Director Long Huan, Changsha Social Welfare Institute

In addition, for the first time, a site visit and meetings were undertaken at the ZhuZhou Children's Welfare Institution that is implementing its own Half the Sky-inspired programs as a direct result of Rainbow Training provided from the Changsha training base. The children in ZhuZhou are now receiving similar benefits to the children directly enrolled in Half the Sky programs at Changsha, a remarkable and extremely positive development for the ultimate impact of this project.

HTSA is delighted with the progress made and the benefits now accruing to children and their communities based on the work being undertaken at Changsha. With Rainbow Training efforts now fully underway from the provincial training base, the project is beginning to impact welfare institutions throughout Hunan Province, benefitting potentially thousands of children in addition to those directly enrolled in programs at Changsha.

In an effort to keep members and supporters informed, HTSA publishes AGM minutes, audited financial statements, Annual Reports and Changsha project reports on its website (www.halfthesky.org.au); also available for inspection at HTSA's registered office.

Directors meet on a regular basis to oversee all the activities of HTSA. The board has appointed an Honorary Treasurer and an Audit and Finance Committee to oversee all financial transactions and financial reporting and an Executive Director to manage and report on the daily operations of the organization.

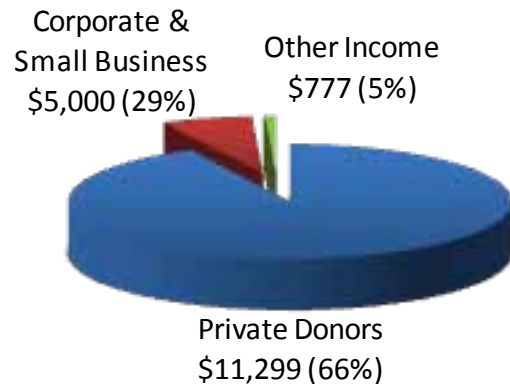
Directors welcome the involvement and participation of members, supporters and volunteers in the activities of HTSA, especially in helping raise funds and awareness in the Australian community to support development projects that benefit children in China and their communities.

HTSA is grateful to all those who make its work possible especially Australian members, directors and supporters; Half the Sky Foundation Founder & CEO, Jenny Bowen and her incredible staff; Gilbert + Tobin Lawyers, Sydney; and Freshfields Bruckhaus Deringer, China; all have generously dedicated themselves to the children.

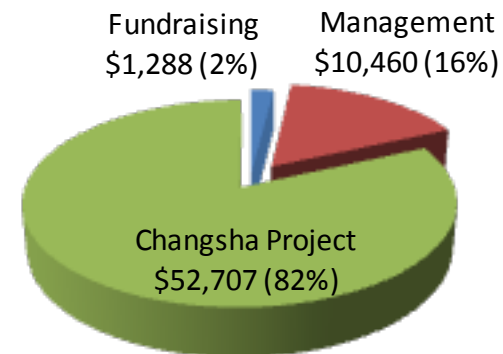
Deanne Bevan, Executive Director, HTSA

Overview - HTSA Income & Expenditure by Source, 2012/13

Income by Source



Expenditure by Source



We thank every one of our generous donors and are proud that we use your donations wisely; 82 cents of every dollar spent this fiscal year went directly to HTSA's Changsha project of model programs and caregiver training to benefit orphaned children in Hunan Province.

The Changsha Project Update



Three-year-old Yelin spent her first days crying in a corner of the preschool at the Changsha Model Children's Centre. Yelin's teachers worked patiently to coax this shattered little girl out of her isolation no matter how many times she rebuffed them. Slowly, Yelin began to respond when her teachers spoke to her. Then she started singing children's songs and playing with toys, especially her favorite one, a yellow tricycle.

After a year, Yelin now not only plays with other children but empathizes with their pain. When she sees a classmate fall down, she runs over to help, gently wiping away the child's tears while softly murmuring, "It's okay. It's okay. It's okay."

Yelin is only one of the 76 children who are receiving loving care from trained nannies, preschool teachers, foster parents and youth mentors through HTSA's Changsha Project that funded the establishment of a Model Children's Centre & Training facility at the Changsha Social Welfare Institution in Hunan Province in 2011 and continues to fund its operations.

While the impact the Project is making on the children at the Changsha Social Welfare Institution is enormous, its reach extends further because the Changsha Model Centre & Training Facility is part of Half the Sky's national Rainbow Training Programme that is helping the government re-imagine its entire child welfare system (see p. 4).

In Hunan Province, thanks to the Rainbow Programme, Wang Yanghong, a Half

the Sky Child Development Expert, is stationed at the Centre to provide training and mentoring not just for the staff and administrators at the Changsha SWI but also for caregivers and administrators throughout the provinces. To date 568 teachers and administrators impacting over 2,8000 children have



been trained.

An inspirational teacher, Wang Yanghong is transferring her excitement about each child's potential not only to caregivers and administrators but also to her government counterpart. Changsha institution trainer Bo Long says: "I am a Rainbow trainer now. I have the courage to speak out for our children, which I didn't dare do before!"



Bo Long's eyes sparkle when she talks about the phone calls she's received from orphanage directors all over Hunan after she and Wang Yanghong have conducted joint trainings. They tell Bo Long about the changes they made right after the trainings, the newly energized caregivers, the administrators and caregivers clamoring for more training, and most important, the children who are developing in ways no one at the institutions thought possible.

Just as designed, the Changsha Project is making a profound impact on the lives of institutionalized children not just in Changsha but throughout Hunan Province.

Detailed Changsha Project Reports are published on the HTSA website: <http://halfthesky.org.au/en/node/1507>.



What Half the Sky Means for the Children — Babies and Their Nannies

Lucky Girl

When two-year-old YeXiao arrived at the orphanage, she was only a few days old. Because she was wrapped so tightly in a blanket, at first I could only see her expressionless eyes. When I held her in my arms I was surprised by how light she was — she weighed only 1.75 kg.

At three months, YeXiao was enrolled in our Infant Nurture program. She was still so small that I carried her around with me throughout the day. Gradually, YeXiao and I became close. She would not let anyone else carry her around the activity room and became very good at making her desires known — though she was small, her cry was loud!

As she got older, YeXiao would stretch out her arms to ask me for a hug and a kiss, saying "Mama." Now YeXiao likes to look in the mirror and make faces, loves pretty new clothes, and spends a long time in front of the mirror admiring them.

YeXiao is lucky because although she was abandoned, she is now a healthy and lovely little girl who has a new big family and a loving "Mama."

By Half the Sky Nanny Zhuang GuiQin





Half the Sky-trained nannies pay close attention to their small charges' needs and interests, even during the most routine activities of the day—the daily human interaction that stimulates attachment, growth, curiosity and confidence.



Half the Sky's trained teachers aim to develop the “whole child” — using young children's natural curiosity and zest for learning to foster physical, intellectual, aesthetic, and moral growth, while teaching them how to live in harmony with each other.

What Half the Sky Means for the Children – Preschoolers & Their Teachers

The Best Present Ever

I will never forget the day JiaLin entered our preschool classroom for the first time. I was just about to walk JiaLin over to the toys, when he burst into tears. As the tears poured down his face, I asked myself how I could help JiaLin overcome his fear and anxiety.

During the days that followed, I spent a lot of time with JiaLin, playing with him, kissing him and talking to him. One day JiaLin slipped when he was climbing the stairs and I quickly held his hand to save him from falling and comforted him. From then on, JiaLin did not refuse to take my hand.

Then one day JiaLin stretched his hand out to hold mine even before I held my hand out. I was so happy to see his trust in me. To see him growing past his fear was the best present I ever received.

JiaLin has become more and more attached to me. When he responds to me, I feel very encouraged and confident. Thank you, JiaLin, for helping me understand my mission and the meaning and beauty of my job.

By Half the Sky Preschool Teacher Li Shuang



What Half the Sky Means for the Children – Youth and Their Mentors



A Star is Born

When QianRu was in junior high, she came very close to being adopted, but for many reasons, did not go. Instead, she stayed in the institution while, one after another, many of her good friends were adopted. For QianRu, it was the hardest time. She spent day after day crying in her room and was not interested in anything, even basketball, which she had loved. All of QianRu's caregivers and friends stood by her. Gradually, time diluted her sorrow.

Then QianRu started taking Latin dance lessons through Youth Services. Most of the girls in the class had studied dance before, which made beginner QianRu nervous and stiff. When the bell that ended the first class rang, she was the first to rush out.

But the dance teacher praised QianRu and said she had potential, which energized her. She made so much progress that she won the prize for new star of Latin dance.

QianRu also became good friends with several girls in the class and often invites them to the institution or goes to their homes. She is proud to have friends who are not from the institution. QianRu understands that there is much bitterness in life, but she has also become so much more confident that we believe she is ready to face the road ahead.

By Youth Services Mentor Huang Ju & Field Trainer Hu QunHua





Half the Sky's trained mentors are a constant presence in young people's lives, providing guidance and hugs. With this support, young people growing up in institutions learn that it's all right to have the same big dreams as other children... and to go after them.

Half the Sky creates loving, permanent families for children with special needs who otherwise would spend their lives in institutions.



What Half the Sky Means for the Children – The Families

Airplanes, Noodles & Loving Parents

One day, my husband asked our children if they wanted to learn how to make paper airplanes. "I promise it will be no less fun than playing outdoors!" All three children shouted "Yes!"

After dinner, the children took their showers quickly and didn't even watch their usual cartoons. Instead, they gathered in the living room around their dad.

My son GuangSong asked many questions and learned quickly how to make airplanes, ships and rockets out of newspaper. My son LianJun also worked hard, though his plane looked shapeless. But when his dad told him: "Your airplane is better than the ones I could make when I was your age," LianJun laughed happily.

My son ZongGuo on the other hand got so upset that he threw away the paper because no matter how hard he tried, he couldn't make an airplane. I stopped taking photos and went to him and said, "Don't give up! You are almost there. Why don't we make an airplane together?" ZongGuo still refused to pick up the paper, but I was persistent: "If you don't like airplanes, we can try something else. How about a bowl, a boat, or you can roll the paper like this into noodles. See?" ZongGuo finally started rolling the paper into balls.

In the end, all the children—including ZongGuo, who learned not to give up—happily played with and shared their creations and they all agreed that their family night at home was as much fun as playing outside.

By Family Village Mother Wei QuanXiang



Half the Sky Australia Board of Directors, Advisory Committee & Staff

Board of Directors

Stephen Jermyn, Director and Chairman (non-executive)

21 years executive experience at McDonald's Australia Ltd, served as CFO and retired as Deputy Managing Director in 2005; current Director and former Chairman, Ronald McDonald House Charities Australia; currently Director on Australian public company boards Mortgage Choice Limited and Reverse Corp Limited as well as private company boards.

Gaetano (Guy) Russo, Director and Deputy Chairman

Managing Director of Wesfarmers-owned Kmart Australia & New Zealand; President of Half the Sky Foundation (the US entity); previous 33 years with McDonald's corporation including as President McDonald's Greater China and CEO McDonald's Australia Ltd; former Director and Chairman, Ronald McDonald House Charities Australia and Director Ronald McDonald House Charities Hong Kong. Served on the Business

Council of Australia and the board of Diabetes Australia.

Deanne Bevan, Executive Director & Company Secretary

5 years global Director of Development, Half the Sky Foundation (the US entity); 13 years executive experience McDonald's Australia and McDonald's Asia; previously with the Victorian Employers Chamber of Commerce and Industry. Has served as Director, National Center for Vocational Education Research; chaired the 1998 Review of the Affirmative Action Act and Ministerial Advisory Board for the Equal Opportunity for Women in the Workplace Agency.

Terese Jermyn, OAM, Director

25 years with Ronald McDonald House Charities Australia including as Director on the national board and Chair of Directors of the Westmead Hospital Ronald McDonald House; 15 years experience running a performing arts school, talent agency and

record and publishing company.

Di Banks, Director

Partner, Gilbert + Tobin leading commercial law firm; Di is recognized as a leader in the field of employment law with a particular interest in diversity and discrimination and is a Director of the Diversity Council of Australia.

Clinton Dines, Director

Executive Chairman Asia of Caledonia Investments Asia, based in Shanghai; total 31 years living and working in China; 21 years as BHP Billiton's senior executive in China. Previous executive experience with Jardine Matheson, Santa Fe Transport Group and Asia Securities Venture Capital.

Joanne Smith, Director & Honorary Treasurer

Chartered Accountant, Bedford Titley Pty Ltd; previous experience in accounting and tax in the small business sector and in the Big 4 and Medium Tier firms in Australia.

Has also provided accounting assistance in the non-profit sector and is currently a director on the board of a private company in the plastics industry.

Advisory Committee

Jenny Bowen, Founding Director, HTSA; Founder & CEO, Half the Sky Foundation (the US entity)

Former screenwriter and film director, writing screenplays for major Hollywood producers and writer-director on several independent films. Founded Half the Sky in 1998 after becoming an adoptive parent of her first Chinese daughter and gaining an education in early childhood development theories and practices impacting institutionalized children.

Staff

Deanne Bevan, Executive Director (voluntary)



Half the Sky Foundation Australia Limited

ABN 79 137 332 364

Independent Audit Report to the Members of Half the Sky Foundation Australia Limited

Report on the Financial Report

We have audited the accompanying financial report of Half the Sky Foundation Australia Limited, which comprises the statement of financial position as at 30 June 2013, the statement of surplus and deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Half the Sky Foundation Australia Limited

ABN 79 137 332 364

Independent Audit Report to the Members of Half the Sky Foundation Australia Limited

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Half the Sky Foundation Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of Half the Sky Foundation Australia 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 the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

HILL ROGERS SPENCER STEER
ASSURANCE PARTNERS



JOHN R WILCOX
Partner

Dated this 20th day of September 2013

Half the Sky Foundation Australia Limited ABN 79 137 332 364
Directors' Report for the Year Ended 30 June 2013

Your directors present their report on the company for the financial year ended 30 June 2013.

1. General information

(a) Directors

The names of each person who has been a director during the year and to the date of this report are:

Names	Position
Stephen Craig Jermyn	Director and Chairman (Non-Executive)
Gaetano Alfred Gerrard Russo	Director and Deputy Chairman
Deanne Maree Bevan	Secretary, Public Officer, and Executive Director
Terese Anne Jermyn	Director
Dianne Margaret Banks	Director
Clinton James Dines	Director
Joanne Elizabeth Smith	Director and Honorary Treasurer

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

(b) Company Secretary

The following person held the position of company secretary at the end of the financial year:

Deanne Maree Bevan

(c) Principal Activities

The principal activities of Half the Sky Foundation Australia Limited during the financial year were to further establish its local operations, membership and support base in Australia and the ongoing operation of its initial joint development project in China to directly benefit orphaned and disadvantaged children living in institutional care in Changsha and to establish a provincial training base in Hunan province.

Short term and long term objectives

HTSA's short term objectives are to:

- Implement model infant nurture, preschool and youth mentoring programs to directly benefit orphaned and disadvantaged children; programs develop emotional, social and intellectual wellbeing and provide early education and life skills vital for successful transition from institutional life into community schools, adoptive families and society;

- Implement model permanent foster family programs for the nurture, education and development of children with special needs that preclude prospects for adoption;
- Establish all model programs as both demonstrations of best practice and training centres for Chinese welfare institution administrators, teachers and caregivers in effective methods of nurturing care that can benefit all at risk children; and
- Expansion of support and funding in Australia for HTSA's work in China among existing networks including directors, members and individual supporters.

HTSA's long term objectives are to:

- Implement multiple model programs, training bases, mentoring relationships and training pathways within the Chinese welfare system to facilitate and support widespread and permanent adoption of Half the Sky inspired best practice models and methods of care by officials, administrators, teachers and caregivers for the long term benefit all orphaned and disadvantaged children;
- Ultimately hand over direct responsibility for and operation of all established model programs in Chinese welfare institutions to local authorities and staff to operate as their own for the long term adoption and sustainability of Half the Sky inspired best practice programs and methods of care;
- Eventual transition from providing programs directly to children to a focus on training, coaching and mentoring within the Chinese welfare system post the hand over of model programs to local stakeholders; and
- Expansion of support and funding in Australia for HTSA's work in China in the wider public, corporate and philanthropic sectors.

Strategies

To achieve its stated objectives, HTSA has adopted the following strategies:

- A strategic and practical partnership between HTSA and Half the Sky Foundation (HTS) and its Chinese government partners at national, provincial and local levels to implement HTSA's objectives on the ground in China. China based knowledge, networks and partnerships with stakeholders in China, especially government authorities, are critical to achieving HTSA's short term and long term objectives;
- Development and implementation of an initial joint HTSA HTS 5 year project in China for the creation and operation of a model Half the Sky Children's Centre and provincial training base at Changsha in Hunan province; working in partnership also with the local Changsha Welfare Institution and provincial stakeholders for long term sustainability of programs and training;

Half the Sky Foundation Australia Limited ABN 79 137 332 364

Directors' Report for the Year Ended 30 June 2013

- In Australia, establishing its office in Melbourne, expanding communications with members and supporters including creation of a website and Annual Report, undertaking membership drives, maintaining registration as a fundraising entity in all states and the ACT and active pursuit via AusAID of Approved Organization Status under the Overseas Aid Gift Deduction Scheme to ultimately seek Deductible Gift Recipient Status (DGR).

No significant change in the nature of these activities occurred during the financial year.

(d) Members guarantee

Half the Sky Foundation Australia Limited is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$ 10 each towards meeting any outstanding obligations of the entity. At 30 June 2013, the total amount that members of the company are liable to contribute if the company is wound up is \$ 70 (2012: \$ 70).

2. Business review

(a) Operating Results

The deficit from ordinary activities for the year amounted to \$ (47,379) (2012 : surplus of \$24,109).

(b) Dividends paid or declared

Under the company's constitution which is limited by guarantee no dividends are paid to members.

(c) Review of operations

A review of the operations of the company during the financial year and the results of those operations show that the company continued to engage in its principal activities the results of which are disclosed in the financial statements.

3. Other items

(a) Significant Changes in State of Affairs

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

(b) After balance day 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.

Half the Sky Foundation Australia Limited ABN 79 137 332 364

Directors' Report for the Year Ended 30 June 2013

(c) Future developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

(d) Environmental Issues

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

(e) Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out at page 19.

4. Director Information

Information on directors

Stephen Craig Jermyn

Qualifications

Experience

Director and Chairman (Non-Executive)

F CPA, Fellow of the Australian Certified Public Accountants

21 years executive experience at McDonald's Australia Ltd, served as CFO and retired as Deputy Managing Director in 2005; current Director and former Chairman Ronald McDonald House Charities Australia; currently Director on Australian public company boards Mortgage Choice Limited and Reverse Corp Limited as well as private company boards.

Gaetano Alfred Gerrard Russo

Experience

Director and Deputy Chairman

Managing Director of Wesfarmers owned Kmart Australia & New Zealand; President of Half the Sky Foundation (the US entity); previous 33 years with McDonald's corporation including as President McDonald's Greater China and CEO McDonald's Australia Ltd; former Director and Chairman Ronald McDonald House Charities Australia and Director Ronald McDonald House Charities Hong Kong. Served on the Business Council of Australia and the board of Diabetes Australia.

Deanne Maree Bevan

Qualifications

Experience

Secretary, Public Officer and Executive Director

Bachelor of Business; Master of Arts

Executive Director HTSA; Director of Development, Half the Sky Foundation (the US entity) 2006 2011; 13 years executive experience McDonald's Australia Ltd and previously at the Victorian Employers Chamber of Commerce and Industry. Former Director, National Centre for Vocational Education Research; chaired the 1998 Review Of the Comm. Affirmative Action Act and Ministerial Advisory Board for the Equal Opportunity for Women in the Workplace Agency.

Special Responsibilities

Member of the Audit and Finance committee

Half the Sky Foundation Australia Limited ABN 79 137 332 364

Directors' Report for the Year Ended 30 June 2013

Terese Anne Jermyn	Director
Qualifications	OAM, Medal of the Order of Australia
Experience	25 years with Ronald McDonald House Charities Australia including as a Director on the national board and Chair of Directors of the Westmead Hospital Ronald McDonald House; 15 years experience running a performing arts school, talent agency and record and publishing company.
Special Responsibilities	Member of the Audit and Finance committee
Dianne Margaret Banks	Director
Qualifications	University of Sydney Arts/Law degree
Experience	Partner, Gilbert +Tobin leading commercial law firm; Dianne is recognized as a leader in the field of employment law with a particular interest in diversity and discrimination and is a Director of the Diversity Council of Australia.
Clinton James Dines	Director
Qualifications	Graduate in Asian Studies and Economics from Griffith University, Brisbane 1978; Course in International Business, INSEAD 1996
Experience	Executive Chairman Asia, Caledonia Investments Asia; total 31 years living and working in China; 21 years as BHP Billiton's senior executive in China. Previous executive experience with Jardine Matheson, Santa Fe Transport Group and Asia Securities Venture Capital.
Joanne Elizabeth Smith	Director
Qualifications	Bachelor of Financial Administration; Graduate Diploma in Taxation; Master of Accountancy; Fellow of the Institute of Chartered Accountants; Fellow of the Taxation Institute of Australia
Experience	Partner, Bedford Titley Chartered Accountants; previous experience in accounting and tax in the small business sector and in the Big 4 and Medium Tier firms in Australia. Has also provided accounting assistance in the non profit sector and is currently a director on the board of a private company in the plastics industry.
Special Responsibilities	Honorary Treasurer and Chair of the Audit and Finance Committee

Meetings of directors

During the financial year, 5 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Stephen Craig Jermyn	5	5
Gaetano Alfred Gerrard Russo	5	5
Deanne Maree Bevan	5	5
Terese Anne Jermyn	5	4
Dianne Margaret Banks	5	3
Clinton James Dines	5	2
Joanne Elizabeth Smith	5	5

Half the Sky Foundation Australia Limited ABN 79 137 332 364
Directors' Report for the Year Ended 30 June 2013

5. Indemnifying officers or auditors

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 Half the Sky Foundation Australia Limited.

6. 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.

7. Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

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

Director: 
Deanne Maree Bevan

Director: 
Gaetano Alfred Gerrard Russo

Dated 20/9/2013

Half the Sky Foundation Australia Limited ABN 79 137 332 364
Directors' Declaration for the Year Ended 30 June 2013

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 10 to 18, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion, there are reasonable grounds to believe that the entity 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
Deanne Maree Bevan

Director
Gaetano Alfred Gerrard Russo

Dated 20/9/2013

Half the Sky Foundation Australia Limited ABN 79 137 332 364
Statement of Surplus and Deficit and Other Comprehensive Income for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue	2	17,076	188,629
Project operating expenses	3	(52,707)	(160,000)
Other expenses	3	(11,748)	(4,520)
Surplus / (deficit) before income tax		(47,379)	24,109
Income tax expense		-	-
Surplus / (deficit) for the year		(47,379)	24,109
Other comprehensive income:			
Items that will not be reclassified subsequently to surplus or deficit		-	-
Items that may be reclassified subsequently to surplus or deficit		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(47,379)	24,109

Half the Sky Foundation Australia Limited ABN 79 137 332 364
Statement of Financial Position as at 30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	15,907	56,938
TOTAL CURRENT ASSETS		15,907	56,938
TOTAL ASSETS		15,907	56,938
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	10,248	3,900
TOTAL CURRENT LIABILITIES		10,248	3,900
TOTAL LIABILITIES		10,248	3,900
NET ASSETS		5,659	53,038
EQUITY			
Retained earnings		5,659	53,038
TOTAL EQUITY		5,659	53,038

Half the Sky Foundation Australia Limited ABN 79 137 332 364
Statement of Changes in Equity for the year ended 30 June 2013

2013

	Retained earnings \$	Total \$
Balance at 1 July 2012	53,038	53,038
Deficit attributable to the company	(47,379)	(47,379)
Other comprehensive income for the year	-	-
Balance at 30 June 2013	5,659	5,659

2012

	Retained earnings \$	Total \$
Balance at 1 July 2011	28,929	28,929
Surplus attributable to the company	24,109	24,109
Other comprehensive income for the year	-	-
Balance at 30 June 2012	53,038	53,038

Half the Sky Foundation Australia Limited ABN 79 137 332 364
Statement of Cash Flows for the year ended 30 June 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Individual donations received		11,299	174,626
Corporation and small business donations received		5,000	12,500
Interest received		777	1,503
Project operating expenses - Changsha Development Project		(52,707)	(160,000)
Payments to suppliers		(5,400)	(4,492)
Net cash provided by (used in) operating activities	7	(41,031)	24,137
Net increase (decrease) in cash and cash equivalents held		(41,031)	24,137
Cash and cash equivalents at beginning of year		56,938	32,801
Cash and cash equivalents at end of financial year	5	15,907	56,938

1 Summary of significant accounting policies

(a) General information

The financial report is for Half the Sky Foundation Australia Limited as an individual entity, incorporated and domiciled in Australia. Half the Sky Foundation Australia Limited is a company limited by guarantee.

(b) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

Half the Sky Foundation Australia Limited has elected to early adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. Accordingly, the entity has also early adopted AASB 2011–2: Amendments to Australian Accounting Standards arising from the Trans Tasman Convergence Project – Reduced Disclosure Requirements and AASB 2012–7: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements in respect of AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets and AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

(c) 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.

(d) Income tax

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(e) Revenue and other income

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

Half the Sky Foundation Australia Limited ABN 79 137 332 364
Notes to the Financial Statements for the year ended 30 June 2013

Donation income is recognised when received.

All revenue is stated net of the amount of goods and services tax.

(f) Comparative Figures

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

	2013 \$	2012 \$
2 Revenue: Donations received and other income		
Donations received:		
- individual donations	11,299	174,626
- corporate and small business	5,000	12,500
Total donations received	16,299	187,126
Other income:		
- interest received	777	1,503
Total other income	777	1,503
Total donations received and other income	17,076	188,629
3 Expenses: Project operating and other expenses		
Project operating expenses:		
- Changsha Development Project and HuNan CDE and training	52,707	160,000
Total project operating expenses	52,707	160,000
Other expenses:		
- fundraising	1,289	400
- management	10,459	4,120
Total other expenses	11,748	4,520
Total project operating and other expenses	64,455	4,520
4 Auditors' remuneration		
Remuneration of the auditor of the company for:		
- auditing or reviewing the financial statements	3,850	3,850

Half the Sky Foundation Australia Limited ABN 79 137 332 364
Notes to the Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
5 Cash and cash equivalents		
Cash at bank	15,907	56,938
	<u>15,907</u>	<u>56,938</u>
6 Trade and other payables		
CURRENT		
Trade payables and accrued expenses	10,248	3,900
	<u>10,248</u>	<u>3,900</u>
7 Cash flow information		
(a) Reconciliation of cash flow from operations with surplus for the year		
Surplus / (deficit) for the year	(47,379)	24,109
Changes in assets and liabilities:		
- Increase in trade payables and accruals	6,348	28
Cashflow from operations	<u>(41,031)</u>	<u>24,137</u>
(b) Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	15,907	56,938
	<u>15,907</u>	<u>56,938</u>

8 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

All the directors of the company acted in an honorary capacity and did not receive any remuneration.

Di Banks, a director of the company, is a partner in law firm Gilbert + Tobin, which is handling the company's Deductible Gift Recipient status application. These services are provided to the company on a pro bono basis.

Half the Sky Foundation Australia Limited ABN 79 137 332 364

Notes to the Financial Statements for the year ended 30 June 2013

During the year Half the Sky Foundation (Asia) Limited incurred trademark application costs on behalf of the company. The company has a payable of \$6,306 (2012: \$NIL) to Half the Sky Foundation (Asia) Limited being the company's share of the total cost of trademark application.

9 Events after the end of the reporting period

There were no significant events occurring subsequent to the reporting date that require adjustments or disclosure in the financial statements at 30 June 2013.

10 Company details

The registered office of the company is:
Half the Sky Foundation Australia Limited
c/ Bedford Titley Pty Ltd
Level 6, 141 Walker Street,
North Sydney NSW 2060

Half the Sky Foundation Australia Limited
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the 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.

HILL ROGERS SPENCER STEER

ASSURANCE PARTNERS



JOHN R WILCOX
Partner

Dated this 20th day of September 2013

*"All the children who are held and loved will know how to love others...
spread these virtues in the world. Nothing more need be done."*

Meng Zi c. 300 B.C.



Half The Sky Foundation Australia Ltd
PO Box 8850
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