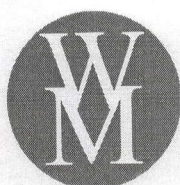


RAPHA FOUNDATION LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009



W. M. LAU & COMPANY

Certified Public Accountants

劉偉明會計師事務所

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(EXPRESSED IN HONG KONG DOLLAR)

RAPHA FOUNDATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEES
FOR THE YEAR ENDED JUNE 30, 2009

The management committees have pleasure in submitting their report together with the audited financial statements for the year ended June 30, 2009.

PRINCIPAL ACTIVITIES

Its principal activities are to provide the financial assistance to those who need but unable to afford professional counseling, to work closely with churches to equip them to provide a healing ministry for those who are wounded psychologically for the benefit of the public, and to practise a healing concept that is integrated with Christian faith for the benefit of the public. There were no significant changes in the nature of the Charity's principal activities during the year.

RESULTS

The results of the Charity for the year ended June 30, 2009 and the state of affairs of the Charity as at that date are set out in the financial statements on pages 5 to 18.

MANAGEMENT COMMITTEES

The following persons were management committees of the Charity during the year and up to date of this report were::

Kot Lam Kat Katherine	
Tsang Po Yee	
Wong Lai Wa	(Appointed on September 17, 2010)
Tsang Sou Wah	(Appointed on October 20, 2010)
Ho Sin Pan Daniel	(Appointed on January 17, 2011)

MANAGEMENT COMMITTEES' INTERESTS IN CONTRACTS

No contract of significance in relation to the Charity's business to which the Charity, and in which a management committees of the Charity had a material interest, subsisted at the end of the year or at any time during the year.

...../To be continued

RAPHA FOUNDATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEES
FOR THE YEAR ENDED JUNE 30, 2009

...../Continued

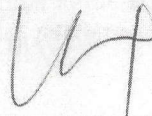
MANAGEMENTS CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Charity were entered into or existed during the year.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint W. M. Lau & Company, Certified Public Accountants.

FOR AND ON BEHALF OF THE BOARD



CHAIRMAN

Hong Kong
June 10, 2011



W. M. LAU & COMPANY 劉偉明會計師事務所

Certified Public Accountants

Unit 201, 2/F., Malaysia Building, 50 Gloucester Road, Hong Kong 香港灣仔告士打道50號馬來西亞大廈2樓201室
Tel 電話: (852) 2527 5497 Fax 傳真: (852) 2866 7997 E-mail 電郵: info@wmlaucpa.com

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

RAPHA FOUNDATION LIMITED

(Incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statements of Rapha Foundation Limited ("Charity") set out on pages 5 to 18, which comprise the balance sheet as at June 30, 2009 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management committees' responsibility for the financial statements

The management committees are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 management committees, as well as evaluating the overall presentation of the financial statements.

..... / To be continued



W. M. LAU & COMPANY 劉偉明會計師事務所

Certified Public Accountants

Unit 201, 2/F., Malaysia Building, 50 Gloucester Road, Hong Kong 香港灣仔告士打道50號馬來西亞大廈2樓201室
Tel 電話: (852) 2527 5497 Fax 傳真: (852) 2866 7997 E-mail 電郵: info@wmlaucpa.com

..... / Continued

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF

RAPHA FOUNDATION LIMITED

(Incorporated in Hong Kong with liability limited by guarantee)

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Charity's affairs as at June 30, 2009 and of its deficit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

W. M. Lau & Company.,
Certified Public Accountants

Hong Kong
June 10, 2011

RAPHA FOUNDATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2009

	Note	1/7/2008 - 30/6/2009 HK\$	5/3/2007 - 30/6/2008 HK\$
Income			
Donation received		195,827	232,728
Training course fee received		520,550	116,810
Sales of books, CDs and DVDs		321,747	135,581
Cost of sales	5	(102,442)	(88,432)
Gross profit		219,305	47,149
Bank interest income	5	5,233	2,309
Other income		30,770	--
Total income		971,685	398,996
Less: Expenditure			
Auditors' remuneration	5	4,000	4,000
Bank Charge		524	--
Bank interest		13	--
Depreciation	5	2,738	--
Entertainment		532	--
General expenses		5,000	1,868
Local traveling		8,183	--
Printing and stationery		1,552	2,966
Postage and courier		3,545	--
Provident fund contributions		7,911	--
Preliminary expenses written off	5	--	3,200
Repair and maintenance		386	--
Rental expenses		54,000	4,500
Staff costs	5	165,913	10,316
Training course expenses		67,435	43,925
Training course subsidy		53,290	66,000
Sundry expenses		879	701
Telephone		4,640	2,086
		380,541	139,562
Transfer to office building fund		591,144 (840,000)	259,434 --
(Deficit)/surplus for the year/period	5	(248,856)	259,434

...../To be continued

..... / Continued

RAPHA FOUNDATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2009

	Note	1/7/2008- 30/6/2009 HK\$	5/3/2007 - 30/6/2008 HK\$
(Deficit)/surplus for the year/period		<u>(248,856)</u>	<u>259,434</u>
<u>Books translation & printing fund</u>			
Donation received		<u>34,897</u>	<u>31,146</u>
<u>Professional counseling subsidy fund</u>			
Donation received		<u>1,700</u>	<u>125,994</u>
<u>Exchange subsidy fund</u>			
Donation received		60,422	94,442
Expenditure		<u>(115,582)</u>	<u>--</u>
		<u>(55,160)</u>	<u>94,442</u>
<u>Development fund</u>			
Donation received		<u>55,100</u>	<u>50,000</u>
<u>Course subsidy fund</u>			
Donation received		<u>24,787</u>	<u>57,111</u>
<u>Office building fund</u>			
Donation received		9,900	--
Transfer from accumulated surplus		<u>840,000</u>	<u>--</u>
		<u>849,900</u>	<u>--</u>
<u>China ministry fund</u>	8		
Donation received		277,319	--
Expenditure		<u>(69,115)</u>	<u>--</u>
		<u>208,204</u>	<u>--</u>
Total comprehensive income for the year/period		<u>870,572</u>	<u>618,127</u>

The notes on pages 10 to 18 form part of these financial statements.

RAPHA FOUNDATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2009

	Books translation and printing fund HK\$	Professional counseling subsidy fund HK\$	Exchange subsidy fund HK\$	Development fund HK\$	Course subsidy fund HK\$	Office building Fund HK\$	China ministry fund HK\$	Accumulated surplus HK\$	Total HK\$
At the date of incorporation	--	--	--	--	--	--	--	--	--
Total comprehensive income for the period	31,146	125,994	94,442	50,000	57,111	--	--	259,434	618,127
At June 30, 2008	31,146	125,994	94,442	50,000	57,111	--	--	259,434	618,127
Total comprehensive income for the year	34,897	1,700	(55,160)	55,100	24,787	849,900	208,204	(248,856)	870,572
At June 30, 2009	66,043	127,694	39,282	105,100	81,898	849,900	208,204	10,578	1,488,699

The notes on pages 10 to 18 form part of these financial statements.

RAPHA FOUNDATION LIMITED

BALANCE SHEET

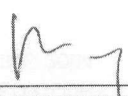
AS AT JUNE 30, 2009

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	Note	2009 HK\$	2008 HK\$
Non current assets			
Property, plant and equipment	9	10,950	--
Current assets			
Inventories		48,580	5,221
Accounts receivable	10	33,519	--
Prepayment and deposits		78,176	24,500
Cash and bank balances		1,431,924	826,428
		<u>1,592,199</u>	<u>856,149</u>
Current liabilities			
Accruals		8,200	4,000
Accounts payable		--	4,117
Receipts in advance		6,250	229,905
		<u>14,450</u>	<u>238,022</u>
Net current assets		<u>1,577,749</u>	<u>618,127</u>
Non current liabilities			
Loans	11	100,000	--
Net assets		<u>1,488,699</u>	<u>618,127</u>
Reserves			
Accumulated surplus		10,578	259,434
Books translation and printing fund		66,043	31,146
Professional counseling subsidy fund		127,694	125,994
Exchange subsidy fund		39,282	94,442
Development fund		105,100	50,000
Course subsidy fund		81,898	57,111
Office building fund		849,900	--
China ministry fund	8	208,204	--
		<u>1,488,699</u>	<u>618,127</u>

Approved and authorised for issue by the Management Committee on June 10, 2011.


MANAGEMENT COMMITTEE


MANAGEMENT COMMITTEE

The notes on pages 10 to 18 form part of these financial statements.

RAPHA FOUNDATION LIMITED

CASH FLOW STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

	Note	1/7/2008- 30/6/2009	5/3/2007 – 30/6/2008 HK\$
Cash flows from operating activities			
Total comprehensive income for the year/period		870,572	618,127
Adjustments for:			
Depreciation	5	2,738	--
Bank interest income	5	(5,233)	(2,309)
Operating surplus before working capital change		868,077	615,818
Increase in inventories		(43,359)	(5,221)
Increase in accounts receivable		(33,519)	--
Increase in prepayment and deposits		(53,676)	(24,500)
Increase in accruals		4,200	4,000
(Decrease)/increase in accounts payable		(4,117)	4,117
(Decrease)/increase in receipts in advance		(223,655)	229,905
Net cash from operating activities		513,951	824,119
Cash flows from financing activities			
New loan		100,000	--
Net cash from financing activities		100,000	--
Cash flows from investing activities			
Purchases of property, plant and equipment	9	(13,688)	--
Interest received		5,233	2,309
Net cash (used in)/generated from investing activities		(8,455)	2,309
Net increase in cash and cash equivalents		605,496	826,428
Cash and cash equivalents at beginning of the year/ period		826,428	--
Cash and cash equivalents at end of the year/period		1,431,924	826,428
Analysis of cash and cash equivalents			
Cash and bank balances		1,431,924	826,428

The notes on pages 10 to 18 form part of these financial statements.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

1. GENERAL INFORMATION

Rapha Foundation Limited is incorporated in Hong Kong under the Hong Kong Companies Ordinance on March 5, 2007 as a charity limited by guarantee. The address of its registered office and principal place of business is Room A, 7/F, Shun Pont Commercial Building, 5-11 Thomson Road, Wanchai, Hong Kong. Its principal activities are to provide the financial assistance to those who need but unable to afford professional counseling, to work closely with churches to equip them to provide a healing ministry for those who are wounded psychologically for the benefit of the public, and to practise a healing concept that is integrated with Christian faith for the benefit of the public.

2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, that include Hong Kong Financial Reporting Standards (HKFRSs) and the requirement of the Hong Kong Companies Ordinance. A summary of significant accounting policies is set out in note 3.

The Hong Kong Institute of Certified Public Accounts has issued certain new and revised HKFRSs and Interpretations that are first effective for the current accounting period of the Charity. Of these, the following developments are relevant to the Charity's financial statements:

		Effective date
HKAS 1 (Revised)	Presentation of Financial Statement	Accounting period beginning on 1 January 2009

HKAS 1 (Revised) prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Charity presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings.

The Charity has not applied any new standard or interpretation that is not yet effective for the current accounting period.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statement

The measurement basis used in preparing the financial statements is historical cost convention.

Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Office equipment	5 years
------------------	---------

The residual value and the useful life of an asset are reviewed at least at each financial year-end.

The Charity assesses at each reporting date whether there is any indication that any items of property, plant and equipment may be impaired and that an impairment loss recognised in prior periods for an item may have decreased. If any such indication exists, the Charity estimates the recoverable amount of the item. An impairment loss, being the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount or a reversal of impairment loss is recognised immediately in profit or loss.

Gain or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Impairment loss

At each balance sheet date, the Charity reviews carrying amount of tangible assets to determine whether the carrying amounts of its tangible asset have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its net selling price and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Charity estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment loss

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses is recognised as income immediately

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, bank overdrafts which are repayable on demand form an integral part of the charity's cash management are included as a component of cash and cash equivalents.

Accounts payable, accruals and receipts in advance

Accounts payable, accruals and receipts in advance are initially measured at fair value and, after initial recognition, at amortised cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Charity has legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the same value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Charity. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the Charity and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognised as follows:

Revenue from the sales of good is recognised when the Charity has delivered the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods.

Donation income is recognised on the cash basis.

Course fee income is recognised upon the completion of the courses for the attendants.

Bank interest income is accrued on a time proportion basis on the principal outstanding and at the interest rate applicable.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing Charity are accounted for as operating leases. Rentals payable under operating leases are recognized as an expense on the straight-line basis over the lease terms. Lease incentives received are recognized in the income and expenditure statement as an integral part of the net consideration agreed for the use of the leased asset. Contingent rentals are recognized as expenses in the accounting period in which they are incurred.

Related parties

For the purposes of these financial statements, a party is considered to be related to the Charity if:

- i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Charity, has an interest in the Charity that gives it significant influence over the Charity, or has joint control over the Charity;
- ii) the party is an associate of the Charity;
- iii) the party is a joint venture in which the Charity is a venturer;
- iv) the party is a member of the key management personnel of the Charity or its parent;
- v) the party is a close member of the family of any individual referred to in (i) or (iv);
- vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- vii) the party is a post-employment benefit plan for the benefit of employees of the Charity, or of any entity that is a related party of the Charity.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The Charity's management makes assumptions, estimates and judgments in the process of applying the account's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgments are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgments, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

Key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out as follows:

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Charity assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimates, such differences from the original estimates will impact the depreciation charges in the year in which the estimates change.

Impairment of property, plant and equipment

Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value-in-use calculation requires the Charity to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

5. (DEFICIT)/SURPLUS FOR THE YEAR/PERIOD

	1/7/2008- 30/6/2009 HK\$	5/3/2007- 30/6/2008 HK\$
(Deficit)/surplus for the year/period is stated after charging:		
Auditors' remuneration	4,000	4,000
Cost of sales	102,442	88,432
Depreciation	2,738	--
Preliminary expenses written off	--	3,200
Staff costs	<u>165,913</u>	<u>10,316</u>
And after crediting:		
Bank interest income	<u>5,233</u>	<u>2,309</u>

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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6. MANAGEMENT COMMITTEES' REMUNERATION

Remuneration of management committees disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	1/7/2008- 30/6/2009 HK\$	5/3/2007- 30/6/2008 HK\$
Fees	--	--
Other emoluments	--	--
	<hr/>	<hr/>

7. TAXATION

No provision for Hong Kong profits tax has been made as the Charity is exempted from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance (2008:Nil).

8. CHINA MINISTRY FUND

	1/7/2008 - 30/6/2009 HK\$	5/3/2007 - 30/6/2008 HK\$
Donation received during the year	277,319	--
Expenditure paid during the year	(69,115)	--
	<hr/>	<hr/>
Balance as at June 30	208,204	--
	<hr/>	<hr/>

The fund is established and maintained for China's course expenditure.

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

9. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK\$
Cost	
At July 1, 2008	--
Additions	13,688
At June 30, 2009	13,688
Accumulated Depreciation	
At July 1, 2008	--
Charge for the year	2,738
At June 30, 2009	2,738
Carrying amount	
At June 30, 2009	10,950

10. ACCOUNTS RECEIVABLE

	2009 HK\$	2008 HK\$
Accounts receivable	33,519	--

At June 30, the ageing analysis of accounts receivable that are neither individually nor collectively considered to be impaired is as follows:

	2009 HK\$	2008 HK\$
Neither past due nor impaired		
Past due but not impaired:		
Less than 30 days	33,519	--
At June 30	33,519	--

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

11. LOANS

The loans are unsecured, interest free and not repayable within next 12 months.

12. FINANCIAL RISK MANAGEMENT

The Charity is exposed to various kinds of risks in its operation and financial instruments. The Charity's risk management objectives and policies mainly focus on minimizing the potential adverse effects of these risks on the Charity by closely monitoring the individual exposure as follows:

a. Market risk and currency risk

The Charity seldom involves in purchasing and selling of foreign currencies. The exposure currency risk is considered not significant.

b. Liquidity risk

The Charity manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

The table below summaries the maturity profile of the Charity's financial liabilities at June 30 based on contractual undiscounted payments including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date.

Year ended June 30, 2009	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 years HK\$	Over 5 years HK\$	Total HK\$
Accruals	8,200	--	--	--	--	8,200
Receipts in advance	6,250	--	--	--	--	6,250
Loans	--	--	--	--	100,000	100,000
	<u>14,450</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>100,000</u>	<u>114,450</u>

Year ended June 30, 2008	On demand HK\$	Less than 3 months HK\$	3 to 12 months HK\$	1 to 5 years HK\$	Over 5 years HK\$	Total HK\$
Accruals	4,000	--	--	--	--	4,000
Accounts payable	4,117	--	--	--	--	4,117
Receipts in advance	229,905	--	--	--	--	229,905
	<u>238,022</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>238,022</u>

RAPHA FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Cash flow interest rate risk

The Charity's exposure on cash flow interest rate risk mainly arises from its deposits with banks and cash and cash equivalents and the exposure of which is considered not significant.

13. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the Charity has purchased a property with consideration of HK\$3.8 million for its own use.