

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2010**

**Liability limited by a scheme approved under
Professional Standards Legislation**

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

CONTENTS

Directors' Report	1
Auditors' Independence Declaration	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	19
Auditors' Report	20

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

DIRECTORS' REPORT

Your Directors present their report on the Company for the financial year ended 30 June 2010.

The names of the Directors in office at any time during or since the end of the year are

Darryl Hodgkinson
Katherine Hodgkinson
Ann Collins
Wyben Briones
Maureen Eddison
Antonio Jalandoni

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

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

Mrs Katherine Hodgkinson – Medical Practice Manager. Mrs Hodgkinson has worked for Operation Restore Hope Australia Limited for the past 13 years, performing management roles. Mrs Hodgkinson was appointed company secretary on 8 March 1996.

The loss of the Company for the financial year amounted to \$1,900.85.

A review of the operations of the Company during the financial year and the results of those operations found that

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

The principal activities of the Company during the financial year were provision of plastic surgery and related subspecialty surgical and medical services to persons not for profit in developing countries.

The Company also acts as trustee of The Operation Restore Hope Philippines Relief Fund, a Deductible Gift Recipient (DGR).

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

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 and the result of those operations, or the state of affairs of the Company in future financial years.

Likely developments in the operations of the Company and the expected results of those operations in future financial years are as follows

The objects of the Company to provide plastic surgery and related subspecialty surgical and medical services to persons in developing countries will be continued. The Directors expect the objects of the Company to be continued successfully.

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

No dividends were paid during the year.

The Directors do not recommend the payment of a dividend.

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

DIRECTORS' REPORT

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.

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

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.

Information on Directors

Darryl Hodgkinson	(Chairman) Director
Qualifications	Medical Practitioner
Experience	Appointed Chairman 1996. Board member since 1996.
Katherine Hodgkinson	(Secretary) Director
Qualifications	Medical Practice Manager
Experience	Board member since 1996.
Ann Collins	(Vice President) Director
Qualifications	Medical Practitioner
Experience	Board member since 1996.
Wyben Briones	Director
Qualifications	Medical Practitioner
Experience	Board member since 1996.
Maureen Eddison	Director
Qualifications	Nursing Sister
Experience	Board member since 2008.
Antonio Jalandoni	Director
Qualifications	Medical Practitioner
Experience	Board member since 2009.

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

DIRECTORS' REPORT

Meetings of Directors During the financial year 2 meetings of Directors were held.

	Number eligible to attend	Number attended
Darryl Hodgkinson	2	2
Katherine Hodgkinson	2	2
Ann Collins	2	2
Wyben Briones	2	2
Maureen Eddison	2	2
Antonio Jalandoni	2	2

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 4.

Signed in accordance with a resolution of the Board of Directors



Katherine Hodgkinson
Director



Ann Collins
Director

Dated this 11 day of October 2010

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
OPERATION RESTORE HOPE
AUSTRALIA LIMITED**

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2010 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.

CHARLES J GRACE & CO
Chartered Accountants



CHARLES JOHN GRACE
Partner

**109 PITT STREET
SYDNEY NSW 2000**

Dated this 11 day of October 2010

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
Revenue		4,326.66	7,895.05
Other expenses		<u>(6,227.51)</u>	<u>(6,545.55)</u>
(Loss) Profit for the year		<u>(1,900.85)</u>	1,349.50
Total comprehensive income for the year		<u><u>(1,900.85)</u></u>	<u><u>1,349.50</u></u>
Total comprehensive income attributable to members of the entity		(1,900.85)	1,349.50

The accompanying notes form part of these financial statements.

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	2	53,434.30	53,976.55
Trade and other receivables	3	-	1,045.16
TOTAL CURRENT ASSETS		<u>53,434.30</u>	<u>55,021.71</u>
TOTAL ASSETS		<u>53,434.30</u>	<u>55,021.71</u>
CURRENT LIABILITIES			
Trade and other payables	4	1,401.91	1,088.47
TOTAL CURRENT LIABILITIES		<u>1,401.91</u>	<u>1,088.47</u>
TOTAL LIABILITIES		<u>1,401.91</u>	<u>1,088.47</u>
NET ASSETS		<u>52,032.39</u>	<u>53,933.24</u>
EQUITY			
Retained earnings	4 6	52,032.39	53,933.24
TOTAL EQUITY		<u>52,032.39</u>	<u>53,933.24</u>

The accompanying notes form part of these financial statements.

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Retained Profits \$	Total \$
Balance at 1 July 2008		52,583.74	52,583.74
Profit attributable to the entity		1,349.50	1,349.50
Balance at 30 June 2009		<u>53,933.24</u>	<u>53,933.24</u>
Profit/(loss) attributable to the entity		(1,900.85)	(1,900.85)
Balance at 30 June 2010		<u><u>52,032.39</u></u>	<u><u>52,032.39</u></u>

The accompanying notes form part of these financial statements.

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from donations and subscriptions	2,980.00	5,896.81
Payments to suppliers	(4,601.41)	(4,787.15)
Interest received	1,346.66	1,998.24
Finance costs paid	(267.50)	(70.00)
Net cash provided by (used in) operating activities	(542.25)	3,037.90
Net increase (decrease) in cash held	(542.25)	3,037.90
Cash at beginning of financial year	53,976.55	50,938.65
Cash at end of financial year	53,434.30	53,976.55

The accompanying notes form part of these financial statements.

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1 Statement of Significant Accounting Policies

This financial report has been prepared in accordance with the requirements of the Corporations Act 2001, for use by the Directors and members of the Company and is a special purpose financial report. The Directors have determined that the Company is not a reporting entity as there are no users who are dependent on its general purpose financial reports.

Operation Restore Hope Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia.

Basis of Preparation

The report has been prepared in accordance with the requirements of the Corporations Act 2001, and the following Australian Accounting Interpretations:

AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110:	Events after the Balance Sheet Date
AASB 118:	Revenue
AASB 132:	Financial Instruments: Disclosure and Presentation
AASB 1031:	Materiality
AASB 1048:	Interpretation and Application of Standards

No other Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non current assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Cash and Cash Equivalents

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

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.

Dividend revenue is recognised when the right to receive a dividend has been established.

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

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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 the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgements into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Adoption of New and Revised Accounting Standards

During the current year the company adopted all the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Operation Restore Hope Australia Limited.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company

Disclosure impact

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Terminology changes ---- The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity ---- The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income ---- The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a statement of comprehensive income.

Other comprehensive income ---- The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses that are not recognized in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the company follows:

AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has not yet determined any potential impact on the financial statements.

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognized in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the company.

AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the company.

AASB 2009-8 Amendments to Australian Accounting Standards

These amendments clarify the accounting for group cash-settled payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence these two Interpretations are superseded by the amendments. These amendments are not expected to impact the company.

AASB 2009-9 Amendments to Australian Accounting Standards

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

These amendments specify requirements for entities using the full cost method in place of retrospective application of Australian Accounting Standards for oil and gas assets and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the company.

AASB 2009-10: Amendments to Australian Accounting Standards -- Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010)

The amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments are not expected to impact the company.

AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the company.

AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Interpretation is not expected to impact the company.

AASB 2009-14: Amendments to Australian Interpretation -- Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing from 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognized at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the company.

The company does not anticipate early adoption of any of the above Australian Accounting Standards.

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
2 Cash and Cash Equivalents		
Current		
Cash at Bank	<u>53,434.30</u>	<u>53,976.55</u>
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows		
Cash at Bank	<u>53,434.30</u>	<u>53,976.55</u>
3 Trade and Other Receivables		
Current		
Other Debtors	<u>-</u>	<u>1,045.16</u>
The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.		
There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.		
4 Trade and Other Payables		
Current		
Other Creditors and Accruals	<u>1,401.91</u>	<u>1,088.47</u>
5 Members Guarantee		
Operation Restore Hope Australia Limited is a not for profit Charitable Institution.		

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
<p>The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$100.00 each towards meeting any outstanding obligations of the Company. At 30 June 2010 the number of members was 128 (2009: 105).</p>		
6 Retained Earnings		
Retained earnings at the beginning of the financial year	53,933.24	52,583.74
(Net loss) Net profit attributable to members of the Company	<u>(1,900.85)</u>	<u>1,349.50</u>
Retained earnings at the end of the financial year	<u><u>52,032.39</u></u>	<u><u>53,933.24</u></u>
7 Cash Flow Information		
Reconciliation of net cash provided by operating activities to profit after income tax		
Operating profit (loss) after income tax	(1,900.85)	1,349.50
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries		
(Increase) Decrease in current receivables	-	599.93
(Increase) Decrease in non-current receivables	1,045.16	-
Increase (Decrease) in other creditors	<u>313.44</u>	<u>1,088.47</u>
	<u><u>(542.25)</u></u>	<u><u>3,037.90</u></u>

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

2010
\$

2009
\$

8 Company Details

The registered office of the Company is

20 Manning Road
Double Bay NSW 2028

The principal place of business is

20 Manning Road
Double Bay NSW 2028

**OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

DIRECTORS' DECLARATION

The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 of the financial statements.

The Directors of the Company declare that

1. The financial statements and notes, as set out on pages 1 to 18 are in accordance with the Corporations Act 2001; and
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2010 and of its performance for the year ended on that date in accordance with the accounting policy described in Note 1 of the financial statements.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Katherine Hodgkinson
Director



Ann Collins
Director

Dated this 11 day of October 2010

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

Report on the financial report

We have audited the accompanying financial report of Operation Restore Hope Australia Limited (the company), which comprises the balance sheet as at year ended 30 June 2010 and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is 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 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 judgment, 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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Directors' financial reporting under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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. We confirm that the independence declaration required by the Corporations Act 2001 provided to the Directors of Operation Restore Hope Australia Limited on 20 August 2009, would be in the same terms if provided to the Directors as at the date of this auditor's report.

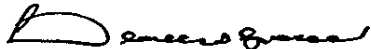
**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OPERATION RESTORE HOPE
AUSTRALIA LIMITED
ABN 14 073 125 381**

Audit Opinion

In our opinion, the financial report of Operation Restore Hope 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 2010 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the Corporation Regulations 2001.

CHARLES J GRACE & CO
Chartered Accountants



CHARLES JOHN GRACE
Partner

109 PITT STREET SYDNEY NSW 2000

Dated this 11 day of OCTOBER 2010