

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)
Registration No. 200407361W

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2014

C. N. TIEW & Co.
Chartered Accountants of Singapore

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)
Registration No. 200407361W

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CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

REPORT OF THE DIRECTORS

The directors present the annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2014.

1. DIRECTORS

The directors in office at the date of this report are:

Richard Chia Eng Liang
Teh Kwang Hwee
Yeoh Seng Eng
Tang Kok Fai
Lee Chee Yeng
Tay Kah Poh

As the Company is limited by guarantee, the Board of Directors does not consider it necessary to report on the matters to be disclosed under Section 201 (f), (g), Section 201 (11) and 201 (12) of the Singapore Companies Act, Chapter 50.

2. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the last financial year, no director has received or become entitled to receive a benefit which is required to be disclosed by Section 201 (8) of the Singapore Companies Act, Chapter 50, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except in respect of related party transaction as disclosed in the financial statements.

3. OTHER MATTERS

As the Company is a company limited by guarantee, matters relating to the issue of shares, debentures, dividends and share options are not applicable.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

REPORT OF THE DIRECTORS

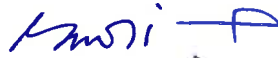
4. INDEPENDENT AUDITOR

The independent auditor, C. N. Tiew & Co., has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors



TEH KWANG HWEE
Director



YEOH SENG ENG
Director

DATED: 12 JUNE 2015

**CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)**

STATEMENT BY DIRECTORS

We, **TEH KWANG HWEE** and **YEOH SENG ENG**, state that, in the opinion of the directors:

- (a) the financial statements set out on pages 6 to 25 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014 and the results, changes in funds and cash flows of the Company for the financial year ended on that date; and
- (b) the Company is in compliance with the requirements of Regulation 7 of the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations; and
- (c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



.....
TEH KWANG HWEE
Director

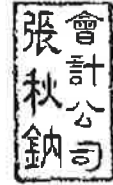


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YEOH SENG ENG
Director

DATED: 12 JUNE 2015

C. N. Tiew & Co.

Chartered Accountants of Singapore



特許會計師

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARE CHANNELS INTERNATIONAL LTD. Registration No. 200407361W

Report on the Financial Statements

We have audited the financial statements of CARE CHANNELS INTERNATIONAL LTD., which comprise the balance sheet as at 31 December 2014, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial year ended on that date, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 25.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act"), Singapore Charities Act, Chapter 37 (the "Charities Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and expenditure accounts and balance sheet and to maintain accountability of assets.

Auditor's Responsibility

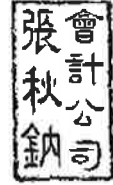
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgements, 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 auditor considers internal control relevant to the entity's preparation of financial statements that give 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 management, as well as evaluating the overall financial statements presentation.

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

C. N. Tiew & Co.

Chartered Accountants of Singapore



特許會計師

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CARE CHANNELS INTERNATIONAL LTD.
Registration No. 200407361W**

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014 and the results, changes in funds and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Acts to be kept by the Company have been properly kept in accordance with those Acts.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year, the Company has not complied with the requirements of Regulation 7 of the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations.

C. N. TIEW & CO.
Public Accountants and
Chartered Accountants
Singapore

DATED: 12 JUNE 2015

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in Republic of Singapore)

BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	2014	2013 (Restated)
		S\$	S\$
ASSETS			
Non-current assets			
Equipment	5	-	-
		-	-
Current assets			
Trade receivables	6	830	1,342
Cash and cash equivalents		989,142	846,091
		989,972	847,433
TOTAL ASSETS		989,972	847,433
FUND AND LIABILITIES			
Funds			
MILK fund - Undesignated	7	130,000	250,000
MILK fund - China, Mengzi City	8	217,305	240,266
MILK fund - Pakistan, Lahore	9	149,383	178,645
Accumulated fund		437,609	137,249
		934,297	806,160
Current liabilities			
Accruals		6,974	6,556
Amounts owing to related parties	10	48,701	34,717
		55,675	41,273
TOTAL FUND AND LIABILITIES		989,972	847,433

The accompanying notes form an integral part of the financial statements.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		S\$	(Restated) S\$
INCOME	11	1,590,962	743,844
OTHER OPERATING INCOME		8,924	6,007
		<u>1,599,886</u>	<u>749,851</u>
CHANGES IN INVENTORIES		-	(22,345)
PURCHASES AND OTHER DIRECT COSTS		(1,127,027)	(595,557)
STAFF COSTS	12	(150,053)	(152,656)
OTHER OPERATING EXPENSES		(22,446)	(36,367)
		<u>(1,299,526)</u>	<u>(806,925)</u>
SURPLUS/(DEFICIT) FOR THE YEAR	13	<u>300,360</u>	<u>(57,074)</u>
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Net movements of MILK Fund:			
- Undesignated	7	(120,000)	250,000
- China, Mengzi City	8	(22,961)	240,266
- Pakistan, Lahore	9	(29,262)	178,645
		<u>(172,223)</u>	<u>668,911</u>
TOTAL COMPREHENSIVE INCOME		<u>128,137</u>	<u>611,837</u>

The accompanying notes form an integral part of the financial statements.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR 31 DECEMBER 2014

	MILK fund			Accumulated fund	Total
	Undesignated	China, Mengzi City	Pakistan, Lahore		
	S\$	S\$	S\$		
Balance at 1 January 2014	250,000	240,266	178,645	137,249	806,160
Total comprehensive income	(120,000)	(22,961)	(29,262)	300,360	128,137
Balance at 31 December 2014	130,000	217,305	149,383	437,609	934,297

	MILK fund			Accumulated fund	Total
	Undesignated	China, Mengzi City	Pakistan, Lahore		
	(Restated) S\$	S\$	S\$		
Balance at 1 January 2013	-	-	-	194,323	194,323
Total comprehensive income	250,000	240,266	178,645	(57,074)	611,837
Balance at 31 December 2013	250,000	240,266	178,645	137,249	806,160

The accompanying notes form an integral part of the financial statements.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013 (Restated)
		S\$	S\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers and donors		1,600,398	799,115
Cash paid to beneficiary entities, suppliers and employees		(1,299,108)	(782,374)
Net Cash From/(Used In) Operating Activities		301,290	16,741
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt from related parties		13,984	29,117
Payments to a third party		-	(50,000)
Net receipts/(payments) from:			
MILK Fund - Undesignated	7	(120,000)	250,000
MILK Fund - China, Mengzi City	8	(22,961)	240,266
MILK Fund - Pakistan	9	(29,262)	178,645
Net Cash From/(Used In) Financing Activities		(158,239)	648,028
Net Increase/(Decrease) In Cash And Cash Equivalents		143,051	664,769
CASH AND CASH EQUIVALENTS			
Opening balance		846,091	181,322
Closing balance		989,142	846,091

The accompanying notes form an integral part of the financial statements.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1. GENERAL

The Company (Registration No. 200407361W), a limited by guarantee company, is domiciled and incorporated in the Republic of Singapore.

The registered office, which is also the principal place of business, is located at 1, Commonwealth Lane, #07-31, One Commonwealth, Singapore 149544.

The Company is registered as a Charity under the Singapore Charities Act, Chapter 37 since 5 November 2004.

The Company is limited by guarantee. Under Clause 7 of its Memorandum of Association, the members of the Company guarantee to contribute a sum not exceeding S\$100 to the assets of the Company in the event of its being wound up.

The financial statements were authorised for issue by the Board of Directors on 12 June 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

- Level 3 fair value measurements are those from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the balance sheet date during which the change occurred.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision only affects that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

There are no new or revised FRS that are applicable in the current financial year and relevant to the Company that have material impact on the accounting policies and figures presented in the financial statements for the financial year ended 31 December 2014.

The Company has not applied any new or revised FRS or Interpretations of FRS (INT FRS) that have been issued as of the balance sheet date but are not yet effective. The initial application of these standards and interpretations are not expected to have any material impact on the Company's financial statements. The Company has not considered the impact of any FRS or INT FRS issued after the balance sheet date.

2.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (functional currency). The financial statements are presented in Singapore Dollars (S\$), which is the Company's functional currency.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis so as to write-off the cost of the assets over their estimated useful lives, as follows:

	Number of years
Computers	3
Office equipment	3
Office furnishings	3

The residual values and useful lives of equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

Subsequent expenditure relating to equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Company and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of an item of equipment, the difference between the net disposal proceeds and its carrying amount is taken to the profit or loss.

2.4 Inventories

Inventories, comprise of finished goods, are stated at the lower of cost and net realisable value, cost being determined on the weighted average basis. In arriving at the net realisable value, due allowance is made for obsolete, damaged and slow-moving items.

2.5 Financial assets

Financial assets within the scope of FRS 39 are classified as loans and receivables. Loans and receivables include "trade and other receivables" and "cash and cash equivalents".

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transactions costs. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets (continued)

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses are recognised in profit or loss.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

2.6 Receivables

Trade and other receivables are measured at initial recognition at fair value and subsequently at amortised cost using the effective interest rate method less an allowance for any uncollectible amounts.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that the receivables are impaired. An allowance for impairment is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

The carrying amounts of current receivables are assumed to approximate their fair values at the reporting date.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial liabilities

The Company classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss; and (b) financial liabilities at amortised cost.

Financial liabilities are classified as financial liabilities at fair value through profit or loss if they are incurred for the purpose of short-term repurchasing (held for trading) or designated by management on initial recognition (designated under the fair value option). The Company does not have any financial liabilities classified at fair value through profit or loss at the end of the financial year.

Financial liabilities are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest rate method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised. Net gains or losses on derivatives include exchange differences.

2.9 Payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

The carrying amounts of current payables are assumed to approximate their fair values at the reporting date.

2.10 Related parties

Related parties are entities with common direct or indirect shareholders and/or directors as that of the Company. Parties are also considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Trading transactions with related parties are carried out in the normal course of business based on terms agreed between the parties.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Income recognition

Donation income and project funding are recognised on the date of receipt since the Company has no knowledge of such income prior to their initial entry in the accounting records.

Revenue from sale of finished goods is recognised upon passing of title to customer, which generally coincides with their delivery and acceptance.

Interest income is recognised on a time proportion basis using the effective interest rate.

2.12 Impairment of non-financial assets

Equipment is reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. higher of the cash-generating unit's fair value less cost to sell and value in use) of the asset is estimated to determine the amount of the impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. If the recoverable amount of the asset (or 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. The impairment loss is recognised in profit or loss unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation reserve.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.13 Employee benefits

As required by law, the Company makes contributions to the Central Provident Fund (CPF). CPF contributions are recognised as compensation expenses in the same period as employment that gives rise to the contributions. These expenses are charged to profit or loss as and when they arise and are disclosed as part of staff costs.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Government grants

Government grants are recognised when there is reasonable assurance that the Company will comply with conditions related to them and that the grants will be received.

Grants related to income are recognised in profit or loss over the periods necessary to match them with the related costs that they are intended to compensate. The timing of such recognition in profit or loss will depend on the fulfillment of any conditions or obligations attached to the grant.

Grants related to assets are presented as deferred income (liability) in the balance sheet. Profit or loss will be affected by recognising deferred income in profit or loss systematically over the useful life of the related asset.

2.15 Foreign currencies

Transactions in foreign currencies are measured and recorded in Singapore Dollars using the exchange rate in effect at the date of the transaction. At each balance sheet date, recorded monetary balances that are denominated in a foreign currency are translated to reflect the rate at the balance sheet date. All exchange adjustments are taken to profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.16 Taxation

The Company is a registered charity under the Singapore Charities Act, Chapter 37 and is exempted from income tax under the Singapore Income Tax Act, Chapter 134.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical judgements in applying the Company's accounting policies

The management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

3.2 Useful lives of equipment

The management of the Company determines the estimated useful lives and related depreciation expense for the equipment. The management of the Company estimates useful life of the equipment by reference to expected usage of the equipment, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the market. The useful life and related depreciation expense could change significantly as a result of the changes in these factors.

3.3 Allowance for impairment of trade receivables

The policy for allowance for impairment of trade receivables of the Company is based on the evaluation of collectibility of receivables, ageing analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of the customers were to deteriorate and result in an impairment of their ability to make payments, additional allowance may be required.

4. PRINCIPAL ACTIVITIES

The principal activities of the Company are to carry on the activities of community development and relief work to the poor, aged and sick in Singapore and third world countries.

CARE CHANNELS INTERNATIONAL LTD.
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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

5. EQUIPMENT

	At 01.01.14	Additions	Disposal	At 31.12.14
	S\$	S\$	S\$	S\$
Cost				
Computers	2,214	-	-	2,214
Office equipment	1,869	-	-	1,869
Office furnishings	5,019	-	-	5,019
	<u>9,102</u>	<u>-</u>	<u>-</u>	<u>9,102</u>

	At 01.01.14	Additions	Disposal	At 31.12.14
	S\$	S\$	S\$	S\$
Accumulated depreciation				
Computers	2,214	-	-	2,214
Office equipment	1,869	-	-	1,869
Office furnishings	5,019	-	-	5,019
	<u>9,102</u>	<u>-</u>	<u>-</u>	<u>9,102</u>

	At 01.01.13	Additions	Disposal	At 31.12.13
	S\$	S\$	S\$	S\$
Cost				
Computers	2,214	-	-	2,214
Office equipment	1,869	-	-	1,869
Office furnishings	5,019	-	-	5,019
	<u>9,102</u>	<u>-</u>	<u>-</u>	<u>9,102</u>

	At 01.01.13	Additions	Disposal	At 31.12.13
	S\$	S\$	S\$	S\$
Accumulated depreciation				
Computers	2,214	-	-	2,214
Office equipment	1,869	-	-	1,869
Office furnishings	5,019	-	-	5,019
	<u>9,102</u>	<u>-</u>	<u>-</u>	<u>9,102</u>

	At 31.12.14	At 31.12.13
	S\$	S\$
Carrying amount		
Computers	-	-
Office equipment	-	-
Office furnishings	-	-
	<u>-</u>	<u>-</u>

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

6. TRADE RECEIVABLES

	2014	2013
	S\$	S\$
Related parties	-	900
Third parties	830	442
	830	1,342
	830	1,342

7. MILK FUND – UNDESIGNATED

	2014	2013
	S\$	S\$
Opening balance	250,000	-
Donations received	-	250,000
Less:		
Utilisations		
Payments to fund development of Davao Farm	120,000	-
	120,000	-
	(120,000)	250,000
Closing balance	130,000	250,000

The MAINLY I LOVE KIDS Fund – Undesignated (MILK Fund – Undesignated) was set up to support philanthropic efforts to help the poor move out of their poverty. The donor recognises that the needs evolve and the funds may be needed for some other more pressing areas and have given the Board of Directors the discretion to re-channel the Fund to other more pressing areas should the need arise.

On 24 June 2014, the Board of Directors resolved to utilise S\$120,000 from the MILK Fund - China to support the development of the Davao's farm project (Philippines).

CARE CHANNELS INTERNATIONAL LTD.
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8. MILK FUND – CHINA, MENGZI CITY

	2014 S\$	2013 S\$
Opening balance	240,266	-
Donations received	-	355,000
Less:		
Utilisations		
Payments of operating expenditure	22,961	44,734
Capital remittance for the setting up of an eye care centre in Mengzi	-	70,000
	22,961	114,734
	(22,961)	240,266
Closing balance	217,305	240,266

The MAINLY I LOVE KIDS Fund – China, Mengzi City (MILK Fund – China, Mengzi City) was set up to support philanthropic efforts to help the poor move out of their poverty, in particular, for the benefits of children in Mengzi City in Yunnan Province, China. The donor recognises that the needs evolve and the funds may be needed for some other more pressing areas and have given the Board of Directors the discretion to re-channel the Fund to other more pressing areas should the need arise.

9. MILK FUND – PAKISTAN, LAHORE

	2014 S\$	2013 S\$
Opening balance	178,645	-
Donations received	-	349,376
Less:		
Utilisations		
Payments of operating expenditure	29,262	170,731
	29,262	170,731
	(29,262)	178,645
Closing balance	149,383	178,645

The MAINLY I LOVE KIDS Fund – Pakistan, Lahore (MILK Fund – Pakistan, Lahore) was set up to support philanthropic efforts to help the poor move out of their poverty, in particular, for the benefits of children in Lahore City in Punjab Province, Pakistan. The donor recognises that the needs evolve and the funds may be needed for some other more pressing areas and have given the Board of Directors the discretion to re-channel the Fund to other more pressing areas should the need arise.

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10. AMOUNTS OWING TO RELATED PARTIES

The amounts owing to related parties are non-trade related, unsecured, non-interest bearing and will be repayable on demand.

11. INCOME

	2014	2013
	S\$	S\$
Contributions for staff support	95,236	84,750
Donations	1,230,287	446,258
Projects funding	228,039	163,607
Sale of goods	37,400	49,229
	<u>1,590,962</u>	<u>743,844</u>

During the financial year, the Company did not conduct any fund-raising appeal which requires disclosure in accordance with Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations.

12. STAFF COSTS

	2014	2013
	S\$	S\$
Staff salaries	130,910	133,193
Staff CPF contributions	12,933	13,870
Other staff costs	6,210	5,593
	<u>150,053</u>	<u>152,656</u>

No staff received more than S\$100,000 in annual remunerations.

13. SURPLUS/(DEFICIT) FOR THE YEAR

	2014	2013
	S\$	S\$
This is determined after charging/(crediting):		
Bad debts written off, trade	-	1,950
Foreign exchange (gain)/loss	(2,815)	(3,794)
Government grant	(912)	(1,808)
	<u>(3,727)</u>	<u>(3,652)</u>

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14. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, there were significant related party transactions, at terms agreed between the parties, as follows:

	2014	2013
	S\$	S\$
Accounting services rendered by a related party	12,000	6,600
Collections on behalf for a related party by the Company	116,175	7,703
Expenses paid on behalf by a related party for the Company	-	600
Sales to directors	2,528	23,282
Purchases from related parties	13,548	30,414
Project costs paid to related parties	<u>1,225,126</u>	<u>564,112</u>

15. FINANCIAL INSTRUMENTS

Categories of financial instruments

The financial instruments as at the balance sheet date were:

	2014	2013
	S\$	S\$
Financial assets, loans and receivables	989,972	847,433
Financial liabilities, at amortised cost	<u>55,675</u>	<u>41,273</u>

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15. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management

The main risks arising from the Company's financial instruments are currency risk, liquidity risk, and credit risk. The policies for managing each of these risks were summarised as follows:

15.1 Currency risk

Currency risk is the risk to earnings and value of financial instruments caused by fluctuation in foreign exchange rates.

The Company's main exposures arise from certain of its cash flow transactions that are denominated in foreign currencies. At the balance sheet date, the Company does not use derivative financial instruments to hedge its currency risk. The exchange rates are monitored regularly.

The Company's currency exposures based on information provided to key management were as follows:

	2014	2013
	S\$	S\$
Cash and cash equivalents		
Denominated in Malaysian Ringgit	27,463	27,657
Denominated in United States Dollars	50,308	71,081

At the balance sheet date, if the Malaysian Ringgit (MYR) and United States Dollar (US\$) strengthened/weakened against the Singapore Dollar by 10% (2013: 10%), with all other variables being held constant, the surplus of the Company will be increased/decreased by S\$2,746 (2013: S\$2,766), and S\$5,031 (2013: S\$7,108) respectively.

15.2 Liquidity risk

Liquidity risk is the risk the Company is unable to meet its cash flow obligations as and when they fall due.

The Company monitors its cash flow actively by maintaining a level of cash and cash equivalents. The management expects the high level of cash and cash equivalents to be adequate to ensure liquidity.

Payables are non-interest bearing and are normally settled on 30 days' terms.

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15. FINANCIAL INSTRUMENTS (CONTNUED)

Financial risk management (continued)

15.3 Credit risk

Credit risk is the potential loss arising from any failure by the customers or debtors to fulfill their obligations as and when these obligations fall due.

As the Company does not hold any collateral, the carrying amounts of the financial assets represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

At the balance sheet date, concentration of credit risk with respect to trade receivables were as follows:

	2014	2013
	S\$	S\$
Top 1 customer	571	900
Top 2 customers	817	1,272

Credit risk on bank deposits is limited as these balances are placed with financial institutions which are regulated. Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good collection track record with the Company.

There is no other class of financial assets that is past due and/or impaired except for trade receivables. At the balance sheet date, the age analysis of trade receivables past due but not impaired were as follows:

	2014	2013
	S\$	S\$
Past due less than 3 months	-	1,342

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The management is of the opinion that there is no significant collection losses associated with its debtor balances as the management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

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16. RESERVES POLICY

The Company's reserves position at the balance sheet date were:

	2014	2013	Increase/ (Decrease)
	S\$	S\$	
Unrestricted fund	437,609	137,249	218.84%
Restricted/Designated Fund:			
MILK Fund - Undesignated	130,000	250,000	
MILK Fund - China, Mengzi City	217,305	240,266	
MILK Fund - Pakistan, Lahore	149,383	178,645	
	<u>934,297</u>	<u>806,160</u>	
 Ratio of unrestricted funds to annual operating expenditure	 <u>0.34</u>	 <u>0.17</u>	

The reserves that the Company has set aside provide financial stability and the means for the development of its principal activities. The Company reviews annually the amount of reserves that are required to ensure that they are adequate to fulfill their continuing obligations.