Directors' Report and
Audited Financial Statements

The Operation Hope Foundation Limited and its Subsidiary

(Co. Reg. No. 200104386W)

31 December 2012

The Operation Hope Foundation Limited and its Subsidiary
(Co. Reg. No. 200104386W)

General Information

Directors

Johnny Chee
Kee Chin Swee
Ling Swee Chan
Ong Lin
Ma Hui Hsing (Appointed on 7 May 2013)
Choo Soen Keng Joshua (Resigned on 1 November 2012)

Secretary

Sitoh Tuck Meng

Independent Auditor

B H Tan & Associates

Contents

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of The Operation Hope Foundation Limited (the "Foundation") and its subsidiary (the "Group") and balance sheet, statement of comprehensive income and statement of changes in equity of the Foundation for financial year ended 31 December 2012.

1. DIRECTORS

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

Johnny Chee
Kee Chin Swee
Ling Swee Chan
Ong Lin
Ma Hui Hsing

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end nor at any time during the financial year was the Foundation a party to any arrangement whose object is to enable the directors of the Foundation to acquire benefits by means of the subscription to or acquisition of debentures in the Foundation or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

As the Foundation is a company limited by guarantee and has no share capital, the statutory information required to be disclosed in the report of the directors under section 201(6)(g) of the Singapore Companies Act, Chapter 50 does not apply.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Foundation or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

5. SHARE OPTIONS

The Foundation is a company limited by guarantee. As such, there are no share option or unissued shares under options.

6. INDEPENDENT AUDITOR

The independent auditor, B H Tan & Associates has expressed its willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Ma Hui Hsing
Director

Kee Chin Swee
Director

Singapore
15 July 2013

The Operation Hope Foundation Limited and its Subsidiary
(Co. Reg. No. 200104386W)

Statement by Directors

We, Ma Hui Hsing and Kee Chin Swee, being two of the directors of The Operation Hope Foundation Limited, do hereby state that, in the opinion of the directors,

(a) the accompanying consolidated financial statements of the Group and the balance sheet, statement of comprehensive income and the changes in equity of the Foundation together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Foundation as at 31 December 2012 and the results of the business, changes in equity of the Group and of the Foundation and cash flows of the Group for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

On behalf of the board of directors,

Ma Hui Hsing
Director

Kee Chin Swee
Director

Singapore
15 July 2013

B H TAN & ASSOCIATES
Certified Public Accountants, Singapore

20 Peck Seah Street #05-00 Singapore 079312
Tel : (65) 6323 1928 Fax : (65) 6227 9030

Independent Auditor's Report
to the members of The Operation Hope Foundation Limited
(Co. Reg. No. 200104386W)

Report on the Financial Statements

We have audited the accompanying financial statements of The Operation Hope Foundation Limited (the "Foundation") and its subsidiary (the "Group"), which comprise the balance sheets of the Group and the Foundation as at 31 December 2012, and the statements of changes in equity of the Group, Consolidated comprehensive income, and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

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") 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 balance sheets 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 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 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 presentation of the financial statements.

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

B H TAN & ASSOCIATES
Certified Public Accountants, Singapore

20 Peck Seah Street #05-00 Singapore 079312
Tel : (65) 6323 1928 Fax : (65) 6227 9030

Independent Auditor's Report
to the members of The Operation Hope Foundation Limited – continued
(Co. Reg. No. 200104386W)

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, statement of comprehensive income and statement of changes in equity of the Foundation are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Foundation as at 31 December 2012 and the results, changes in equity and cash flows of the Group and the changes in equity of the Foundation for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Foundation have been properly kept in accordance with the provisions of the Act.

B H Tan & Associates
Public Accountants and
Chartered Accountants

Singapore
15 July 2013

The Operation Hope Foundation Limited and its Subsidiary
(Co. Reg. No. 200104386W)

Balance Sheets as at 31 December 2012

	Note	Group 2012 $	Group 2011 $	Foundation 2012 $	Foundation 2011 $
Non-current assets					
Property, plant and equipment	3	127,040	127,324	–	284
Investment in subsidiary	4	–	–	9,718	9,718
		127,040	127,324	9,718	10,002
Current assets					
Inventories	5	2,543	2,128	2,543	2,128
Trade receivables	6	18,094	13,546	18,094	13,546
Amount due from a subsidiary	7	–	–	–	–
Prepayment	8	352,669	27,560	352,669	27,560
Cash and cash equivalents		362,083	500,287	362,083	500,287
		735,389	543,521	735,389	543,521
Current liabilities					
Other payables	9	19,675	15,298	18,091	13,647
Amounts due to a director	10	3,291	13,713	3,291	3,291
		22,966	29,011	21,382	16,938
Net current assets		712,423	514,510	714,007	526,583
Net assets		839,463	641,834	723,725	536,585
Reserves					
Accumulated surplus		839,463	641,834	723,725	536,585
		839,463	641,834	723,725	536,585
Members' guarantee					
5 members at $100 each		500	500	500	500

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

The Operation Hope Foundation Limited and its Subsidiary
(Co. Reg. No. 200104386W)

Statements of Comprehensive Income
for the financial year ended 31 December 2012

	Note	Group 2012 $	Group 2011 $	Foundation 2012 $	Foundation 2011 $
Incoming resources	11	818,392	586,992	818,392	586,992
Resources expended	12	(458,332)	(332,186)	(458,332)	(332,186)
Net incoming		360,060	254,806	360,060	254,806
Other operating income	13	1,250	–	1,250	–
Expenditure	14	(164,126)	(179,975)	(162,731)	(178,324)
Other credit/(charge)	15	445	(787)	(11,439)	(787)
Surplus before tax		197,629	74,044	187,140	75,695
Income tax expense	16	–	–	–	–
Surplus for the year		197,629	74,044	187,140	75,695
Other comprehensive income		–	–	–	–
Total comprehensive surplus for the year		197,629	74,044	187,140	75,695

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

The Operation Hope Foundation Limited and its Subsidiary
(Co. Reg. No. 200104386W)

Statements of Changes in Equity for the financial year ended 31 December 2012

	Accumulated surplus $
Group	
Balance at 1 January 2011	567,790
Total comprehensive surplus for the year	74,044
Balance at 31 December 2011	641,834
Total comprehensive surplus for the year	197,629
Balance at 31 December 2012	839,463
Foundation	
Balance at 1 January 2011	460,890
Total comprehensive surplus for the year	75,695
Balance at 31 December 2011	536,585
Total comprehensive surplus for the year	187,140
Balance at 31 December 2012	723,725

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

The Operation Hope Foundation Limited and its Subsidiary
(Co. Reg. No. 200104386W)

Consolidated Cash Flow Statement for the financial year ended 31 December 2012

	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	197,629	74,044
Adjustment for:		
Depreciation	393	803
Loss on disposal of plant and equipment	–	327
Plant and equipment written off	16	–
Inventory written (back)/down	(415)	460
Operating surplus before working capital changes	197,623	75,634
Decrease in inventories	–	451
Increase in trade and other receivables	(329,657)	(16,267)
Increase in other payables	4,377	347
Net cash flows (used in)/from operating activities	(127,657)	60,165
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of plant and equipment	(125)	(460)
Net cash flows used in investing activity	(125)	(460)
CASH FLOWS FROM FINANCING ACTIVITY		
(Decrease)/increase in amounts due to a director	(10,422)	2,775
Net cash flows (used in)/from financing activity	(10,422)	2,775
Net (decrease)/increase in cash and cash equivalents	(138,204)	62,480
Cash and cash equivalents at beginning of year	500,287	437,807
Cash and cash equivalents at end of year	362,083	500,287

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

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

1. CORPORATE INFORMATION

The Foundation is a company limited by guarantee incorporated and domiciled in Singapore and has no share capital. The Foundation is registered as a charity, under the Charities Act Chapter 37 of Singapore with effect from 7 September 2001.

The registered office of the Foundation is located at 55 Ayer Rajah Crescent #06-10/11 Singapore 139949.

The Foundation was formed for the purpose of relief of human suffering and advancement of standard of human life and social well being in the Third World countries regardless of religion or race, especially the poor, outcast, homeless, sick and hungry. The principal activities of the subsidiary are land holding in Cambodia.

Each member of the Foundation has undertaken to contribute such amounts not exceeding S$100 to the assets of the foundation in the event the Foundation is wound up and the monies are required for payment of the liabilities of the Foundation. The Foundation has 5 (2011: 5) members at the end of the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet, statement of comprehensive income and statement of changes in equity of the Foundation have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except where otherwise described in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest one-dollar as otherwise indicated.

The accounting policies have been consistently applied by the Group and the Foundation and are consistent with those used in the previous financial year except in the current financial year, the Group and the Foundation has adopted all applicable new and revised FRS and INT FRS that are relevant to its operations and effective for annual periods beginning on or after 1 January 2012. The adoption of these new and revised FRS and INT FRS does not result in any changes to the Group and the Foundation's accounting policies and have no material effect on the amounts reported for the current or prior financial years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

	Effective for annual periods beginning on or after 1 January 2012, unless otherwise stated
Amendment to FRS 1 Presentations of Items of Other Comprehensive Income	1 July 2012
FRS 19 Employee benefits	1 January 2013
Revised FRS 27 Separate Financial Statements	1 January 2014
FRS 110 Consolidated financial statements	1 January 2014
FRS 112 Disclosure of interests in other entities	1 January 2014
FRS 113 Fair value measurements	1 January 2013
Improvements to FRSs 2012:	
-Amendment to FRS 1 *Presentation of Financial Statements*	1 January 2013
-Amendment to FRS 16 *Property, Plant and Equipment*	1 January 2013
-Amendment to FRS 32 *Financial Statements: Presentation*	1 January 2013

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments is described below.

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* (OCI) is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

Standards issued but not yet effective (continued)

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

FRS 113 *Fair Value Measurement*

FRS 113 *Fair Value Measurement* provides guidance on how to measure fair values for both financial and non-financial items and introduces significantly enhanced disclosures about fair values. It does not address or change the requirements on when fair values should be used. When measuring fair value, an entity is required to use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. It establishes a fair value hierarchy for doing this. This FRS is to be applied for annual periods beginning on or after 1 January 2013. The Group is in the process of assessing the impact on the financial statements. As for the disclosures, it will not have any impact on the financial performance or the financial position of Group when implemented.

(b) *Basis of consolidation and business combinations*

(i) *Basis of consolidation*

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Foundation and its subsidiary as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Foundation. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Basis of consolidation and business combinations (continued)*

(ii) *Basis of consolidation (continued)*

Basis of consolidation from 1 January 2010 (continued)

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Foundation.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Basis of consolidation and business combinations (continued)*

(ii) *Business combinations*

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Basis of consolidation and business combinations (continued)*

(ii) *Business combinations (continued)*

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method.

Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

(c) *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Foundation, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Foundation.

Changes in the Foundation's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Significant accounting estimates and judgements*

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(i) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- *Useful life of plant and equipment*

  The cost of plant and equipment is depreciated on a straight-line basis over the plant and equipment's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 1 to 3 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the plant and equipment at the end of each reporting period is disclosed in Note 3 to the financial statements.

(ii) *Judgments made in applying accounting policies*

There were no material judgments made by management in the process of applying the Foundation's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(e) *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Property, plant and equipment (continued)*

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computers	–	1 year
Furniture and fittings	–	3 years
Office equipment	–	3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(f) *Subsidiary*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Subsidiary is consolidated from the date of acquisition being the date on which the Group obtains control, and continued to be consolidated until the date such control ceases.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Foundation's separate financial statements, investment in subsidiary is accounted for at cost less any impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provision of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When a financial asset is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

(ii) *Held-to-maturity investment*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investments to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) *Financial assets (continued)*

Subsequent measurement (continued)

(iii) *Loans and receivables*

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

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investment classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses arising from changes in the fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Derecognition

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 had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) ***Impairment of financial assets***

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) *Impairment of financial assets (continued)*

(ii) *Financial assets carried at cost*

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) the impairment loss is recognised and the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial assets is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

(i) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

When a financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) *Financial liabilities (continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) *Other financial liabilities*

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

(j) *Inventories*

Inventories are stated at the lower of cost and net realisable value. The cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. Cost is accounted for as follows:

- Handicrafts – purchase cost on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) *Inventories (continued)*

The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurred.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(k) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank.

(l) *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) *Employee benefits*

(i) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

In particular, the Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) *Employee benefits (continued)*

(ii) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(n) *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Donation*

Donations are recognised when received.

(ii) *Sales of goods*

Revenue from sale is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(o) *Government Grant – Special employment credit*

Cash grant received from the government in relation to the Special employment credit is recognised as income upon receipt.

(p) *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Foundation if that person:
   - (i) Has control or joint control over the Foundation;
   - (ii) Has significant influence over the Foundation; or
   - (iii) Is a member of the key management personnel of the Group or the Foundation, or of a parent of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) *Related parties (continued)*

(b) An entity is related to the Group and the Foundation if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $	Computers $	Furniture and fittings $	Office equipment $	Total $
Cost:					
At 1 January 2011	127,040	2,142	803	1,566	131,551
Additions	–	460	–	–	460
Disposals	–	–	–	(788)	(788)
At 31 December 2011 and 1 January 2012	127,040	2,602	803	778	131,223
Additions	–	125	–	–	125
Written off	–	–	–	(48)	(48)
At 31 December 2012	127,040	2,727	803	730	131,300
Accumulated depreciation:					
At 1 January 2011	–	2,142	268	1,147	3,557
Charge for the year	–	460	267	76	803
Disposals	–	–	–	(461)	(461)
At 31 December 2011 and 1 January 2012	–	2,602	535	762	3,899
Charge for the year	–	125	268	–	393
Written off	–	–	–	(32)	(32)
At 31 December 2012	–	2,727	803	730	4,260
Net carrying amount:					
At 31 December 2011	127,040	–	268	16	127,324
At 31 December 2012	127,040	–	–	–	127,040

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Foundation	Computers $	Furniture and fittings $	Office equipment $	Total $
Cost:				
At 1 January 2011	2,142	803	1,566	4,511
Additions	460	–	–	460
Disposal	–	–	(788)	(788)
At 31 December 2011 and 1 January 2012	2,602	803	778	4,183
Additions	125	–	–	125
Written off	–	–	(48)	(48)
At 31 December 2012	2,727	803	730	4,260
Accumulated depreciation:				
At 1 January 2011	2,142	268	1,147	3,557
Charge for the year	460	267	76	803
Disposal	–	–	(461)	(461)
At 31 December 2011 and 1 January 2012	2,602	535	762	3,899
Charge for the year	125	268	–	393
Written off	–	–	(32)	(32)
At 31 December 2012	2,727	803	730	4,260
Net carrying amount:				
At 31 December 2011	–	268	16	284
At 31 December 2012	–	–	–	–

4. INVESTMENT IN SUBSIDIARY

	Foundation 2012 $	Foundation 2011 $
Unquoted equity shares, at cost	9,718	9,718

Name and principal activities	Country of incorporation	Cost of investments 2012 $	Cost of investments 2011 $	Percentage of equity held 2012 %	Percentage of equity held 2011 %
Hope Holding Co. Ltd * (Land holding)	Cambodia	9,718	9,718	100	100

* Not required to be audited by law in the country of incorporation.

5. INVENTORIES

	Group		Foundation	
	2012	**2011**	**2012**	**2011**
	$	$	$	$
Handicrafts	2,543	2,128	2,543	2,128
Statement of comprehensive income:				
Inventories recognised as an expense in cost of sales	–	451	–	451
Including in other charges:				
- Inventories written down	(415)	460	(415)	460

6. TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

The Group and the Foundation assesses at the end of each reporting period whether there is objective evidence that trade and other receivables are impaired.

The Group and the Foundation has trade receivables amounting to $18,094 (2011: $13,138) that are past due at the end of reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of reporting period is as follow:

Trade receivables past due but not impaired:				
Not more than 30 days	12,964	13,138	12,964	13,138
More than 60 days	5,130	–	5,130	–
	18,094	13,138	18,094	13,138

7. AMOUNTS DUE FROM A SUBSIDIARY

Non-trade	–	–	11,838	–
Less: Allowance for impairment	–	–	(11,838)	–
	–	–	–	–
The movement in allowances accounts used to record the impairment as follows:				
Balance at beginning of year	–	–	–	–
Charge for the year	–	–	11,838	–
Balance at end of the year	–	–	(11,838)	–

The amounts due are unsecured, interest-free, repayable upon demand and to be settled in cash.

8. PREPAYMENT

Included in prepayment is subvention payment support for projects in Thailand amounted to $351,816 (2012: $Nil).

9. OTHER PAYABLES

	Group		Foundation	
	2012	2011	2012	2011
	$	$	$	$
Accrual liabilities	2,300	3,750	2,300	3,750
Advance receipts	7,837	385	7,837	385
Amounts due to a council member	668	668	668	668
Salaries and CPF payables	2,371	8,464	2,371	8,464
Sundry payables	6,499	2,031	4,915	380
	19,675	15,298	18,091	13,647

The amounts due to a council member are non-trade related, unsecured, interest free, repayable on demand and to be settled in cash.

10. AMOUNTS DUE TO A DIRECTOR

The amounts due are non-trade related, unsecured, interest free, repayable on demand and to be settled in cash.

11. INCOMING RESOURCES

Donation income	763,392	583,384	763,392	583,384
Fund raising dinner	55,000	3,200	55,000	3,200
Income from sales of handicraft and wine	–	408	–	408
	818,392	586,992	818,392	586,992

12. RESOURCES EXPENDED

Opening inventories	2,128	3,039	2,128	3,039
Cost of sales of handicraft and wine	415	(460)	415	(460)
Donation for orphanage in Nepal	28,102	30,845	28,102	30,845
Fund raising dinner	6,930	2,622	6,930	2,622
Subvention payment support for projects in Cambodia	290,246	298,268	290,246	298,268
Subvention payment support for projects in Thailand	133,054	–	133,054	–
Closing inventories	(2,543)	(2,128)	(2,543)	(2,128)
	458,332	332,186	458,332	332,186

13. OTHER OPERATING INCOME

	Group		Foundation	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Government grant – Special employment credit	1,230	–	1,230	–
Sundry income	20	–	20	–
	1,250	–	1,250	–

14. EXPENDITURE

	Group 2012 $	Group 2011 $	Foundation 2012 $	Foundation 2011 $
Accounting fee	1,200	1,200	1,200	1,200
Advertisement fee	–	435	–	435
Auditors' remuneration	2,000	2,000	2,000	2,000
Bank charges	1,752	1,586	1,752	1,586
Central provident fund	16,301	18,062	16,301	18,062
Computer expenses	6,625	384	6,625	384
Depreciation	393	804	393	804
Filing fee	1,415	1,721	20	70
Foreign worker levy	730	1,024	730	1,024
General expenses	433	250	433	250
Insurance	1,132	1,226	1,132	1,226
Medical fee	674	345	674	345
Penalty	–	485	–	485
Postage and courier	551	896	551	896
Printing and stationery	1,744	1,351	1,744	1,351
Professional fee	1,720	1,090	1,720	1,090
Repair and maintenance	648	18	648	18
Salaries and bonus	120,132	139,091	120,132	139,091
Secretarial fee	500	500	500	500
Skill development fund	289	300	289	300
Telecommunication	649	430	649	430
Transportation	881	548	881	548
Travelling	4,357	6,229	4,357	6,229
	164,126	179,975	162,731	178,324

15. OTHER CREDIT/(CHARGES)

	Group		Foundation	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Allowance for impairment of amount due from a subsidiary	–	–	(11,838)	–
Foreign exchange adjustments, gain	46	–	–	–
Loss on disposal of plant and equipment	–	(327)	–	(327)
Plant and equipment written off	(16)	–	(16)	–
Inventory written back/(down)	415	(460)	415	(460)
	445	(787)	(11,439)	(787)

16. INCOME TAX EXPENSE

The Foundation is a non-profit organisation registered with the Commissioner of Charities under the Charities Act 1994. The Foundation enjoys automatic income tax exemption, effectively from Year of Assessment 2008.

17. EMPLOYEE BENEFITS

	Group	
	2012	**2011**
	$	**$**
Salaries and other benefits	120,132	139,091
Central provident fund	16,301	18,062
	136,433	157,153

18. RELATED PARTY DISCLOSURES

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Foundation and related parties that took place at terms agreed between the parties during the financial year:

(i) *Significant related party transactions*

Subvention payment-support for projects in Cambodia	290,246	298,268
Subvention payment support for projects in Thailand	484,870	–

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk and credit risk. The Group's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimise potential adverse effects on the financial performance of the Group. The Group does not have any written financial risk management policies and guidelines and there has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Group's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for the management of these risks.

(i) ***Foreign currency risk***

The Group buys its products in several countries and, as a result, is exposed to movements in foreign currency exchange rates. The Group does not use forward exchange contracts or purchase currency options for trading purposes.

As at the end of the reporting period, the Group foreign currency exposures are insignificant. Accordingly, the foreign exchange sensitivity analysis is not prepared.

(ii) ***Credit risk***

Credit risk arising from the inability of a customer to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the customer's obligations exceed the obligations of the Group. It is the Group's policy to sell to a diversity of creditworthy customers so as to reduce concentration of credit risk. Therefore, the Group does not expect to incur material credit losses on its risk management or other financial instruments.

- ***Exposure to credit risk***

  At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet. No other financial assets carry a significant exposure to credit risk.

- ***Credit risk concentration profile***

  There is no significant concentration of credit risk as at end of reporting period.

- ***Financial assets that are neither past due nor impaired***

  Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group.

20. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories.

	Group		Foundation	
	2012	**2011**	**2012**	**2011**
	$	$	$	$
Loans and receivables				
Trade receivables	18,094	13,546	18,094	13,546
Cash and cash equivalents	362,083	500,287	362,083	500,287
	380,177	513,833	380,177	513,833
Financial liabilities at amortised cost				
Other payables	19,675	15,298	10,254	13,262
Amount due to a director	3,291	13,713	3,291	3,291
	22,966	29,011	13,545	16,553

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The carrying amount of financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

However, the Group does not anticipate that the carrying amounts recorded at the end of reporting period would be significantly different from the values that would eventually be received or settled.

At the end of the reporting period, the Group does not have any other financial instruments carried at fair value.

22. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 15 July 2013.