Directors' Report
Audited Financial Statements
International Care Ministries Limited
31 May 2015

Directors' report

The directors have pleasure in submitting their report and audited financial statements for the year ended 31 May 2015.

Principal activity
The principal activity of the Company is to provide care for the poor and those in need in the Philippines through strategic programs and donations of cash and goods.

Results
The results of the Company for the year ended 31 May 2015 are set out in the statement of comprehensive income on page 7.

Reserves
Movements in the reserves of the Company during the year are set out in the statement of changes in fund on page 9.

Review of the Company's business
As the 12th most populous country in the world, the Philippines is home to more than 100 million people. Despite robust economic growth in recent years, more than 25 million Filipinos still live in extreme poverty, on incomes below US$1.25 per day. The work of the Company is targeted toward those living at the absolute bottom of the economic ladder, the seven million Filipinos living in "ultrapoverty," on less than US$0.50 per day.

Living on less than US$0.50 per day means a daily battle for survival. The ultrapoor live in inadequate, crowded shelters. They suffer from chronic hunger and malnutrition. They lack access to clean water and proper sanitation making them highly prone to many types of diseases. They are particularly vulnerable to recurring natural disasters. And they lack access to networks of support that could help them. Living in ultrapoverty means living without hope for a better future. The Company's initiatives are designed specifically to meet the needs of ultrapoor households.

<u>Programs</u>
The Company does its work in the Philippines through its partner charities primarily through three programs – Transform, Jumpstart and Thrive Network. Transform is a four month holistic learning experience in the slum community where the participants live. Jumpstart kindergartens run in communities of greatest need and educate 30-40 of the most vulnerable children in these communities. The Thrive Network is a network of nearly 5,000 pastors with churches in slum communities who provide the Company the ability to reach those living in ultrapoverty cost effectively.

The Company embraces a business approach to fighting poverty, ensuring the greatest impact while at the same time keeping costs as low as possible:

Maximising Impact
The Company is dedicated to rigorous and detailed measurement of results. Since 2009, the Company has accumulated more than 50 million pre-program and post-program survey data points. This allows the Company to report with confidence that the Company is delivering real life change for the ultrapoor.

Review of the company's business (Continued)

Programs (Continued)

Minimising Cost

The Company's two decades of experience tell us that the key to progress out of poverty isn't about giving expensive assets to the poor. It's the people themselves who are the assets. The Company invites those living in ultrapoverty to hope for a better future and helps them to realise their own potential to reach it. And fortunately that is not expensive.

Staff

The work of the Company is made possible by its dedicated small team of staff in Hong Kong who works with the Company's partner charities which have a team of 471 Filipinos who serve 17 provinces from 10 bases of operations in the Visayas and Mindanao region of the Philippines.

Donors

The Company is supported generously by a wide variety of donors from different countries. The Company has diversified its donor base with the generosity of foundations, in particular through a one-time disaster relief grant of approximately HK$ 7.8 million from the UK during the year. The donations from foundations increased to HK$ 17.7 million or 35% of total donations in 2015 when compared to that in 2014 of HK$ 4.8 million or 13% of total donations. Donations from fundraising activities increased from HK$ 12.3 million which represented 33% of total donations in 2014 to HK$12.4 million, representing 24% of total donations in 2015.

In-Kind partners

An important aspect of the Company's work is its ability to provide the poor with nutritional food. In 2015, the Company's charitable partners donated 52 containers with 2.3 million packages of protein and micronutrient fortified dehydrated food representing 14 million nutritious meals for the ultrapoor. The Company paid for the shipment of these in-kind gifts from the US to the Philippines for distribution by the Company's charitable partners.

Compliance with laws and regulations

The Company is committed to compliance with all applicable laws and regulations in Hong Kong. These laws and regulations include those which apply specifically to charitable organisations, as well as those applicable to general business operation in Hong Kong. The Company encourages responsible and sustainable environmental practices in Hong Kong and in the operations of its charitable partners in the Philippines.

Principal risks & uncertainties facing the Company

The Company has risks with regard to the amount, source and timing of donation income. Negative global economic developments may impact donors' ability to give. The Company seeks actively to mitigate these risks by diversifying its donor base and by maintaining good contacts with donors to improve the Company's cash flow forecasting. In recent years, the Company has increased the proportion of funding which comes as grants from overseas foundations. The Company will continue to apply for grants from selected institutional funders to develop these as an additional diversified funding source.

Review of the company's business (Continued)

Principal risks & uncertainties facing the Company (Continued)

The Philippines has an election year in 2016 and political developments have the potential to impact on the operations of the Company's charitable partners in the Philippines. The Company's charitable partners strive to reduce the risks of political developments by maintaining good relations with local government officials and agencies regardless of political affiliation. In addition, local government in the Philippines tends to view the Company's work to transform the lives of the ultrapoor in a positive light and is inclined generally to not stand in the way of these efforts.

Natural disasters, such as typhoons, landslides and earthquakes, are a fact of life across the Asian region. Such disasters have the potential to disrupt the operations of the Company and its charitable partners. The Company has policies to keep staff members safe during inclement weather and the Company's charitable partners conduct training in disaster preparedness not only for the benefit of program participants but also for the benefit and safety of staff of the Company.

Staff turnover may impact operations for the Company. The Company addresses this risk with a rigorous recruitment and staff selection process, regular performance reviews and a competitive compensation and benefits strategy commensurate with the Company's financial means.

Significant subsequent event

The Company is not aware of any significant events affecting the Company since the end of the reporting period and up to the date of this report.

Future development in the Company's business

As mentioned above, the Company will continue to diversify its sources of funding, especially through pursuit of additional foundation grants and grants from institutional funders.

The Company will continue to follow its current strategy of innovation in program development and delivery as the Company implements its business approach to fighting poverty, ensuring the greatest impact while at the same time keeping costs as low as possible.

Directors

The directors who held office during the year or during the period from the end of the year to the date of this report were:

David Kent Sutherland
Lily Ng
Jose Victor Zalamea
Malcolm Ross John Wood
Charles Brian Douglas Caldwell
Andrew Ostrognai
Khoon Tsen Kuok (appointed on 20 September 2014)

In accordance with Articles 38 to 40 of the Company's Articles of Association, Lily Ng, Malcolm Ross John Wood and Andrew Ostrognai will retire by rotation at the annual general meeting and, being eligible, will offer themselves for re-election.

Arrangements for acquisition of shares or debentures

At no time during the year was the Company a party to any arrangements to enable directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other company.

Equity-linked agreements

No equity-linked agreements into which the Company entered subsisted at any time during the year.

Permitted indemnity provisions

No permitted indemnity provision was in force during the year, or is in force at the date of this report, for the benefit of a then director or a director of the Company (whether made by the Company or otherwise).

Charitable donations

Charitable donations made by the Company during the year amounted to HK$32,337,572.

Management contracts

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

Auditor

A resolution will be submitted to the annual general meeting to re-appoint Mazars CPA Limited, *Certified Public Accountants,* as auditor of the Company.

Approved by the Board of Directors and signed on its behalf by

David Kent Sutherland
Chairman
28 December 2015

MAZARS

Independent Auditor's Report

To the members of
International Care Ministries Limited
(incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statements of International Care Ministries Limited (the "Company") set out on pages 7 to 16, which comprise the Company's statement of financial position as at 31 May 2015, and the statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standard ("HKFRS") for Private Entities issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. 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 judgement, 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 the 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 the directors, 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.

MAZARS

Independent Auditor's Report

To the members of
International Care Ministries Limited
(Incorporated in Hong Kong with liability limited by guarantee)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 May 2015 and of its financial performance and cash flows for the year then ended in accordance with HKFRS for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Certified Public Accountants
Hong Kong, 28 December 2015

Eunice Y M Kwok
Practising Certificate number: P04604

International Care Ministries Limited

Statement of Comprehensive Income
For year ended 31 May 2015

	Note	**2015** ***HK$***	2014 *HK$*
Revenue	*3*	**51,151,297**	37,243,793
Cost of fund raising activities		**(1,956,831)**	(1,958,803)
Gross profit		**49,194,466**	35,284,990
Other income		**20,401**	193,710
Administrative and general expenses		**(12,611,370)**	(9,399,360)
Donations to ICMMI and ICMFI	*5*	**(32,337,572)**	(24,686,677)
Overseas ministries		**(5,102,349)**	(3,264,721)
Deficit before tax	*4*	**(836,424)**	(1,872,058)
Income tax expense	*6*	-	-
Deficit for the year		**(836,424)**	(1,872,058)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		**(836,424)**	(1,872,058)

International Care Ministries Limited

Statement of Financial Position

At 31 May 2015

	Note	2015	2014
		HK$	*HK$*
ASSETS			
Current assets			
Bank balances and cash		**710,687**	1,519,438
Deposits, prepayments and other receivables		**53,053**	61,753
		763,740	1,581,191
Non-current assets			
Property, plant and equipment	*7*	**-**	40,323
Total assets		**763,740**	1,621,514
LIABILITIES			
Current liabilities			
Other payables and accruals		**10,000**	31,350
Amount due to a director	*8*	**100,000**	100,000
Total liabilities		**110,000**	131,350
FUNDS			
Accumulated surplus		**653,740**	1,490,164
Total liabilities and funds		**763,740**	1,621,514

Approved and authorised for issue by the Board of Directors on 28 December 2015 and signed on its behalf by

David Kent Sutherland
Director

Lily Ng
Director

Statement of Changes in Fund

Year ended 31 May 2015

	Accumulated surplus	
	2015	2014
	HK$	*HK$*
At beginning of year	**1,490,164**	3,362,222
Deficit for the year and total comprehensive loss for the year	**(836,424)**	(1,872,058)
At end of year	**653,740**	1,490,164

Statement of Cash Flows

Year ended 31 May 2015

	2015	2014
	HK$	*HK$*
OPERATING ACTIVITIES		
Deficit for the year	**(836,424)**	(1,872,058)
Interest income	**(32)**	(57)
Depreciation	**40,323**	61,781
Changes in working capital:		
Decrease in deposits, prepayments and other receivables	**8,700**	131,471
Decrease in other payable and accruals	**(21,350)**	10,000
Decrease in amount due to a director	**-**	(230,000)
Net cash used in operating activities	**(808,783)**	(1,898,863)
INVESTING ACTIVITIES		
Interest received	**32**	57
Net cash from investing activities	**32**	57
Net decrease in cash and cash equivalents	**(808,751)**	(1,898,806)
Cash and cash equivalents at beginning of year	**1,519,438**	3,418,244
Cash and cash equivalents at end of year, represented by bank balances and cash	**710,687**	1,519,438

1. GENERAL INFORMATION

International Care Ministries Limited was incorporated in Hong Kong on 26 June 2002 as a company limited by guarantee and not having a share capital.

Every member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up while he is a member, or within 1 year afterwards, for payment of the debts and liabilities of the Company contracted before he ceases to be a member, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding HK$100.

Its registered office is located at 21st and 23rd Floors, Siu On Building, 243-245 Des Voeux Road West, Sai Ying Pun, Hong Kong. The principal activity of the Company is to provide care for the poor and those in need in the Philippines through strategic programs and donations of cash and goods.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard ("HKFRS") for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2014 financial statements.

Revenue recognition
Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Donation income is recognised when it is received.

Interest income is recognised as it accrues using effective interest method.

Foreign currency translation
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in the currency of Hong Kong dollars, which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment
Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets held under finance leases, for which there is no reasonable certainty that the Company will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease.

The following annual rate is used for the depreciation of property, plant and equipment:

Furniture and equipment	33%

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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

Employee benefits
Short-term employee benefits
Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined contribution plans
The obligations for contributions to a defined contribution retirement scheme are recognised as an expense in surplus or deficit as incurred. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Impairment of assets
At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to surplus or deficit on a straight-line basis over the term of the relevant lease.

Related parties

For the purpose of these financial statements, related party includes a person and entity as defined below:

(a) A person or a close member of that person's family is related to the Company if that person:
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company.

(b) An entity is related to the Company if any of the following conditions applies:
- (i) The entity and the Company 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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (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. REVENUE

	2015	2014
	HK$	*HK$*
Donation income	**45,412,157**	31,056,859
Fund raising activities	**5,739,140**	6,186,934
	51,151,297	37,243,793

4. DEFICIT BEFORE TAX

This is stated after charging (crediting):	2015 *HK$*	2014 *HK$*
Other items		
Auditor's remuneration	**30,000**	40,380
Depreciation of property, plant and equipment	**40,323**	61,781
Exchange loss (gain)	**59,687**	(173,653)
Operating lease payments for premises	**342,210**	309,000
Staff costs comprising:		
Contributions to defined contribution retirement plan	**259,906**	133,826
Salaries, wages and other benefits	**10,851,312**	6,435,183

5. DONATIONS TO ICMMI AND ICMFI

Donations of HK$4,480,186 and HK$27,857,386 *(2014: HK$2,938,319 and HK$21,748,358)* were paid to ICMManila, Inc. ("ICMMI") and International Care Ministries Foundation Inc. ("ICMFI") respectively during the year for provision of care for the poor and in need. Both ICMMI and ICMFI are non-stock and non-profit corporations and have been accredited in Philippines as agencies for assistance for individual in crisis situation and supplemental feeding. They are related companies of the Company with some common directors.

6. TAXATION

Hong Kong Profits Tax has not been provided as the Company, being a charitable organisation, is exempt from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

7. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment *HK$*
Cost	
At 1 June 2014 and **31 May 2015**	**185,347**
Accumulated depreciation	
At 1 June 2014	145,024
Depreciation	40,323
At 31 May 2015	**185,347**
Carrying amount	
At 31 May 2015	-

8. AMOUNT DUE TO A DIRECTOR

The amount due is unsecured, interest-free and has no fixed repayment term.

9. OPERATING LEASE COMMITMENTS

The Company rents offices under operating leases. The average period of the leases are two years, with fixed rentals over the period.

At the end of the reporting period, the Company had outstanding commitments under non-cancellable operating leases that fall due as follows:

	2015	2014
	HK$	*HK$*
Within one year	**426,000**	313,067
In the second to fifth years inclusive	**390,500**	-
	816,500	313,067

10. RELATED PARTY TRANSACTIONS

In addition to the transactions / information disclosed elsewhere in these financial statements, during the year, the Company had the following transactions with related parties:

Related party relationship	**Nature of transaction**	**2015**	2014
		HK$	*HK$*
Companies with common directors of the Company	Charitable donations	**32,337,572**	24,686,677
Companies with common director of the Company	Donation income	**16,833,716**	13,795,521
Key management personnel, excluding directors	Salaries and other benefits	**540,000**	735,000

11. INFORMATION ABOUT THE BENEFITS OF DIRECTORS

The following disclosures are presented pursuant to section 383 of the Hong Kong Companies Ordinances.

a) Directors' remuneration

There was no directors' remuneration for the year (*2014: Nil*).

b) Loans, quasi-loans and other dealings in favour of directors

There were no loans, quasi-loans or other dealings in favour of the directors of the Company that were entered into or subsisted during the year (*2014: Nil*).

c) Directors' material interests in transactions, arrangements or contracts

The directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (*2014: Nil*).