

Registration No:
Inv.1279 E/2007

**GRAND TWINS INTERNATIONAL (CAMBODIA) PLC
(INCORPORATED IN CAMBODIA)**

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2014**



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GRAND TWINS INTERNATIONAL (CAMBODIA) PLC
(Incorporated in Cambodia)

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**REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE
SHAREHOLDERS OF GRAND TWINS INTERNATIONAL (CAMBODIA) PLC
(Incorporated in Cambodia)
(Registration No: Inv.1279 E/2007)**

Introduction

We have reviewed the accompanying condensed statement of financial position of Grand Twins International (Cambodia) Plc ("GTI" or the "Company") as at 31 December 2014, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the twelve-month period then ended, and condensed notes to the interim financial information (collectively known as "Condensed Interim Financial Information"). The Directors of the Company are responsible for the preparation of and presentation of the Condensed Interim Financial Information. Our responsibility is to express a conclusion on this Condensed Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Cambodian International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Information of GTI are not presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

BDO



BDO (Cambodia) Limited

Phnom Penh, Cambodia
Date: 13 February 2015

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC
(Incorporated in Cambodia)

CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited as at 31.12.2014		Audited as at 31.12.2013	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	9,114,103	37,139,970	6,243,567	24,943,050
Intangible assets		10,231	41,692	13,123	52,426
Deferred tax assets		171,642	699,440	122,722	490,275
		<u>9,295,976</u>	<u>37,881,102</u>	<u>6,379,412</u>	<u>25,485,751</u>
Current assets					
Inventories	6	8,399,133	34,226,467	7,351,362	29,368,691
Trade and other receivables	7	47,677,904	194,287,459	33,718,412	134,705,056
Cash and bank balances	8	5,786,943	23,581,793	428,831	1,713,180
		<u>61,863,980</u>	<u>252,095,719</u>	<u>41,498,605</u>	<u>165,786,927</u>
TOTAL ASSETS		<u>71,159,956</u>	<u>289,976,821</u>	<u>47,878,017</u>	<u>191,272,678</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	9	10,000,000	40,750,000	8,000,000	31,960,000
Share premium	10	17,280,000	70,416,000	-	-
Retained earnings		36,605,432	149,167,135	33,133,651	132,368,936
TOTAL EQUITY		<u>63,885,432</u>	<u>260,333,135</u>	<u>41,133,651</u>	<u>164,328,936</u>
LIABILITIES					
Current liabilities					
Other payables	11	2,065,168	8,415,560	2,078,262	8,302,657
Borrowings	12	-	-	472,269	1,886,714
Current tax liabilities		5,209,356	21,228,126	4,193,835	16,754,371
		<u>7,274,524</u>	<u>29,643,686</u>	<u>6,744,366</u>	<u>26,943,742</u>
TOTAL LIABILITIES		<u>7,274,524</u>	<u>29,643,686</u>	<u>6,744,366</u>	<u>26,943,742</u>
TOTAL EQUITY AND LIABILITIES		<u>71,159,956</u>	<u>289,976,821</u>	<u>47,878,017</u>	<u>191,272,678</u>

The Condensed Statement of Financial Position should be read in conjunction with the audited financial information for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial report.

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC
(Incorporated in Cambodia)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Unaudited Twelve-month period ended			
		31.12.2014 ⁽¹⁾		31.12.2013 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Revenue	13	56,611,367	230,691,321	65,805,319	262,892,249
Cost of sales	14	(45,014,348)	(183,433,468)	(50,610,649)	(202,189,543)
Gross profit		11,597,019	47,257,853	15,194,670	60,702,706
Other income	15	127,711	520,422	4,071	16,264
Administrative expenses	16	(5,145,385)	(20,967,444)	(3,536,470)	(14,128,198)
Distribution costs	17	(1,994,768)	(8,128,680)	(2,380,519)	(9,510,173)
Finance cost	18	(90,430)	(368,502)	(52,912)	(211,383)
Other expenses		(55,765)	(227,242)	(69,835)	(278,991)
Profit before tax		4,438,382	18,086,407	9,159,005	36,590,225
Tax expense	19	(966,601)	(3,938,899)	(1,863,401)	(7,444,287)
Profit for the period		3,471,781	14,147,508	7,295,604	29,145,938
Other comprehensive income net of tax		-	-	-	-
Total comprehensive income for the financial period		3,471,781	14,147,508	7,295,604	29,145,938
Earnings per share attributable to equity holders	20				
- Basic		0.11	0.43	0.91	3.64
- Diluted		0.11	0.43	0.91	3.64

Notes:

- (1) The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial report.
- (2) The comparative figures for the corresponding period were neither audited nor reviewed as no interim financial report was prepared for the comparative financial period concerned. Thus, the comparative figures are for information purpose only.

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2014

	Note	Share capital US\$	Share Premium US\$	Share earnings US\$	Total US\$
Unaudited					
Balance as at 1 January 2014		8,000,000	-	33,133,651	41,133,651
Profit for the period, representing total comprehensive income		-	-	3,471,781	3,471,781
<i>Transactions with owners</i>					
Share issue	9	2,000,000	17,280,000	-	19,280,000
Total transactions with owners		2,000,000	17,280,000	-	19,280,000
Balance as at 31 December 2014		10,000,000	17,280,000	36,605,432	63,885,432
<i>(KHR'000 equivalent)</i>		<i>40,750,000</i>	<i>70,416,000</i>	<i>149,167,135</i>	<i>260,333,135</i>

Notes:

- (1) *The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *The comparative figures for the corresponding period were neither audited nor reviewed as no interim financial report was prepared for the comparative financial period concerned. Thus, the comparative figures are for information purpose only.*

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2014

	Note	Unaudited Twelve-month period ended			
		31.12.2014 ⁽¹⁾		31.12.2013 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Profit before tax		4,438,382	18,086,407	9,159,005	36,590,225
Adjustments for:					
Amortisation of intangible assets		2,892	11,785	3,951	15,784
Depreciation of property, plant and equipment	5	646,079	2,632,772	583,315	2,330,343
Interest expense	18	90,430	368,502	52,912	211,383
Interest income		(107,741)	(439,045)	(3,044)	(12,161)
Property, plant and equipment written off	5	153,649	626,120	-	-
Operating profit before working capital changes		5,223,691	21,286,541	9,796,139	39,135,574
Changes in working capital					
Inventories		(1,047,771)	(4,269,667)	(847,428)	(3,385,475)
Trade and other receivables		(13,993,746)	(57,024,515)	(8,288,169)	(33,111,235)
Other payables		(30,310)	(123,513)	417,812	1,669,159
Cash (used in)/generated from operations		(9,848,136)	(40,131,154)	1,078,354	4,308,023
Interest paid		(90,430)	(368,502)	(52,912)	(211,383)
Net cash (used in)/from operating activities		(9,938,566)	(40,499,656)	1,025,442	4,096,640
Cash flows from investing activities					
Advances from/(to) ultimate holding company		17,217	70,159	(21,432)	(85,621)
Advances from related company		34,253	139,581	34,707	138,655
Purchase of property, plant and equipment	5	(3,670,264)	(14,956,326)	(390,107)	(1,558,477)
Interest received		107,741	439,045	3,044	12,161
Net cash used in investing activities		(3,511,053)	(14,307,541)	(373,788)	(1,493,282)

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2014 (continued)

	Note	Unaudited Twelve-month period ended			
		31.12.2014 ⁽¹⁾		31.12.2013 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	9	19,280,000	78,566,000	-	-
Repayments of bank borrowings		(472,269)	(1,924,496)	(1,143,141)	(4,566,848)
Net cash from/(used in) financing activities		18,807,731	76,641,504	(1,143,141)	(4,566,848)
Net increase/(decrease) in cash and cash equivalents		5,358,112	21,834,307	(491,487)	(1,963,490)
Cash and cash equivalents at beginning of period		428,831	1,747,486	920,318	3,676,670
Cash and cash equivalents at end of period	8	5,786,943	23,581,793	428,831	1,713,180

Notes:

- (1) *The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *The comparative figures for the corresponding period were neither audited nor reviewed as no interim financial report was prepared for the comparative financial period concerned. Thus, the comparative figures are for information purpose only.*

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION
31 DECEMBER 2014

1. CORPORATE INFORMATION

The Company was registered on 15 November 2007 as a Private Limited Liability Company in the Kingdom of Cambodia. On 19 February 2013, the Company made amendments to its Articles of Incorporation to change to a Public Limited Company. The Company was listed on the Cambodia Securities Exchange on 16 June 2014.

The registered office and principal place of business of the Company is located at Phum Trapaingpoe, Sangkat Chom Chao, Khan Posenchey, Phnom Penh, Cambodia.

The immediate holding company is Grand Twins International Ltd, a company incorporated in the British Virgin Islands while the ultimate holding company is QMI Industrial Co., Ltd, a company incorporated in Taiwan.

The condensed financial information are presented in United States Dollar ("US\$"), which is also the Company's functional currency.

The condensed financial information were authorised for issue by the Board of the Directors on 13 February 2015.

2. PRINCIPAL ACTIVITY

The principal activity of the Company is manufacturing of garments. There have been no significant changes in the nature of this activity during the financial period.

3. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached herein.

The explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the year ended 31 December 2013.

The accounting policies and methods of computation adopted are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2013 except for the adoption of the following amendments and interpretations:

	Effective Date
Amendments to CIFRS 10, CIFRS 12 and CIAS 27 <i>Investment Entities</i>	1 January 2014
Amendments to CIAS 32 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to CIAS 36 <i>Recoverable Amount Disclosures for Non-financial Assets</i>	1 January 2014
Amendments to CIAS 39 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
CIFRIC 21 <i>Levies</i>	1 January 2014

There is no material impact upon the adoption of these amendments and interpretations during the current financial period.

3. BASIS OF PREPARATION (continued)

The following are accounting standards, amendments and interpretations that have been issued but have not been early adopted by the Company:

	Effective Date
Amendments to CIAS 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to CIFRSs <i>Annual Improvements 2010 - 2012 Cycle</i>	1 July 2014
Amendments to CIFRSs <i>Annual Improvements 2011 - 2013 Cycle</i>	1 July 2014
CIFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to CIFRS10 and CIAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate and Joint Venture</i>	1 January 2016
Amendments to CIAS 16 and CIAS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to CIFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to CIAS 16 <i>Property, Plant and Equipment</i> and CIAS 41 <i>Agriculture</i>	1 January 2016
Amendments to CIAS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to CIFRSs <i>Annual Improvements 2012 - 2014 Cycle</i>	1 January 2016
CIFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
CIFRS 9 <i>Financial Instruments</i> (issued by IASB in July 2014)	1 January 2018

The Company is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial period.

4. SEASONALITY OR CYCLICALITY OF OPERATION

The demand for the Company's products is sensitive to seasonal changes. Revenue is generally higher from July to December as a result of higher demand for autumn and winter clothes.

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land US\$	Building and structure US\$	Construction in progress US\$	Plant and machineries US\$	Motor vehicles US\$	Equipment and computers US\$	Total US\$
<i>Net carrying amount</i>							
Balance at							
1.1.2014	3,802,400	1,322,835	-	991,644	6,976	119,712	6,243,567
Additions	-	-	3,022,727	522,636	39,700	85,201	3,670,264
Written-off	-	(153,649)	-	-	-	-	(153,649)
Depreciation	(38,800)	(224,830)	-	(316,437)	(1,744)	(64,268)	(646,079)
Balance at							
31.12.2014	3,763,600	944,356	3,022,727	1,197,843	44,932	140,645	9,114,103
<i>(KHR'000 equivalent)</i>	15,336,670	3,848,251	12,317,613	4,881,211	183,098	573,128	37,139,970

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land US\$	Building and structure US\$	Plant and machineries US\$	Motor vehicles US\$	Equipment and computers US\$	Total US\$
<i>Net carrying amount</i>						
Balance at 1.1.2013	3,841,200	1,512,350	960,055	9,301	113,869	6,436,775
Additions	-	42,668	288,321	-	59,118	390,107
Depreciation	(38,800)	(232,185)	(256,733)	(2,325)	(53,272)	(583,315)
Balance at 31.12.2013	3,802,400	1,322,833	991,643	6,976	119,715	6,243,567
<i>(KHR'000 equivalent)</i>	<i>15,190,588</i>	<i>5,284,718</i>	<i>3,961,614</i>	<i>27,868</i>	<i>478,262</i>	<i>24,943,050</i>

6. INVENTORIES

	Unaudited 31.12.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
At cost				
Raw materials	2,745,552	11,188,124	3,041,488	12,150,744
Work-in-progress	3,377,327	13,762,608	1,805,426	7,212,677
Finished goods	2,276,254	9,275,735	2,504,448	10,005,270
	<u>8,399,133</u>	<u>34,226,467</u>	<u>7,351,362</u>	<u>29,368,691</u>

7. TRADE AND OTHER RECEIVABLES

	Unaudited 31.12.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Trade receivable				
Amount owing from ultimate holding company: QMI Industrial Co., Ltd	<u>46,925,229</u>	<u>191,220,308</u>	<u>33,315,360</u>	<u>133,094,863</u>
Other receivables				
Amount owing due from a related company: Success Index Group	3,874	15,787	38,128	152,321
Other receivables	-	-	2,378	9,501
Input Valued Added Taxes	<u>668,667</u>	<u>2,724,818</u>	<u>142,149</u>	<u>567,885</u>
	<u>672,541</u>	<u>2,740,605</u>	<u>182,655</u>	<u>729,707</u>
Loans and receivables	<u>47,597,770</u>	<u>193,960,913</u>	<u>33,498,015</u>	<u>133,824,570</u>
Prepayments	<u>80,134</u>	<u>326,546</u>	<u>220,397</u>	<u>880,486</u>
	<u>47,677,904</u>	<u>194,287,459</u>	<u>33,718,412</u>	<u>134,705,056</u>

8. CASH AND BANK BALANCES

	Unaudited 31.12.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	63,536	258,909	50,833	231,238
Cash at bank	5,723,407	23,322,884	377,998	1,481,942
	<u>5,786,943</u>	<u>23,581,793</u>	<u>428,831</u>	<u>1,713,180</u>

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and cash at bank.

9. SHARE CAPITAL

	Unaudited 31.12.2014		Audited 31.12.2013	
	Number	US\$	Number	US\$
Ordinary shares of US\$0.25 each Authorised	200,000,000	50,000,000	200,000,000	50,000,000
<i>(KHR'000 equivalent)</i>		<u>203,750,000</u>		<u>199,750,000</u>
Issued and fully paid:				
At 1 January	32,000,000	8,000,000	32,000,000	8,000,000
Issued pursuant to:				
- new issue	8,000,000	2,000,000	-	-
At 31 December	<u>40,000,000</u>	<u>10,000,000</u>	<u>32,000,000</u>	<u>8,000,000</u>
<i>(KHR'000 equivalent)</i>		<u>40,750,000</u>		<u>31,960,000</u>

In conjunction with the listing and quotation of the Company's shares on the Cambodia Securities Exchange on 16 June 2014, the Company issued 1,123,810 and 6,876,190 new ordinary shares of US\$0.25 each to the Cambodian public and selected investors respectively, at an issue price of US\$2.41 per share.

As a consequence of these share issues, the issued and fully paid-up ordinary share capital of the Company was increased to US\$10,000,000 (or equivalent to KHR40,750,000,000).

Other than the above, there were no issuances, cancellations, repurchases, resales and repayments of equity securities during the current financial period.

10. SHARE PREMIUM

The share premium mainly represents the excess amount received by the Company over the par value of its shares pursuant to the issuance of shares as mentioned in Note 9.

11. OTHER PAYABLES

	Unaudited 31.12.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Amount owing to ultimate holding company:				
QMI Industrial Co., Ltd	38,648	157,490	21,432	85,621
Accruals	1,612,371	6,570,412	1,777,541	7,101,276
Withholding tax	412,780	1,682,080	277,920	1,110,291
Other payables	<u>1,369</u>	<u>5,578</u>	<u>1,369</u>	<u>5,469</u>
	<u>2,065,168</u>	<u>8,415,560</u>	<u>2,078,262</u>	<u>8,302,657</u>

12. BORROWINGS

	Unaudited 31.12.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Term loan I	-	-	472,269	1,886,714
Term loan II	-	-	-	-

Term Loan I – US\$3,000,000

With reference to the Loan Agreement dated 1 July 2009, the Company was provided with a loan facility of US\$3,000,000 from First Commercial Bank, Phnom Penh Branch.

The period of the loan was five years, and the maturity date was according to the mention in each promissory note. The annual interest on the loan was the floating rate of six months LIBOR plus 4.41%. Interest was calculated on the basis of 360 days per year and compounded daily commencing on the date of the loan disbursement, 31 August 2009 and payable on a monthly basis.

Term loan was secured by the following:

- (a) Letters of guarantee by Mr. Shen Yung Ming and Mr. Yang Shaw Shin;
- (b) Charges on the long term leasehold land of the Company located at Phum Chum Pou Voin, Tropaing Por, Sangkat Chom Chao, Khan Dangkor, Phnom Penh, Cambodia; and
- (c) All present and future assets of the Company.

The Company had fully repaid the term loan in May 2014.

Term Loan II – US\$6,400,000

With reference to the Loan Agreement dated 2 May 2014, the Company was provided with a short term loan secured US\$6,400,000 (revolving) from First Commercial Bank, Phnom Penh Branch.

The period of the loan is one year, and the maturity date is according to the mention in each promissory note. The annual interest on the loan is the floating rate of six months LIBOR plus 4.2%. Interest is calculated on the basis of 360 days per year and payable on a monthly basis.

Term loan was secured by the following:

- (a) Letters of guarantee by Mr. Yang Shaw Shin;
- (b) First Mortgage on the land of title deed No. 12050501-0119, dated on 9 April 2013 located at Phum Chum Pou Voin, Tropaing Por, Sangkat Chom Chao, Khan Dangkor, Phnom Penh, Cambodia (Note 5); and
- (c) All present and future assets of the Company.

The Company has drawdown term loan II amounting to US\$3,640,000 and US\$360,000 in May 2014 and June 2014 respectively.

The Company had fully repaid the term loan in November 2014.

13. REVENUE

	Unaudited Twelve-month period ended			
	31.12.2014		31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Sales of goods	55,727,366	227,089,016	63,748,137	254,673,807
Subcontract revenue	287,701	1,172,382	58,789	234,862
CMP revenue	596,300	2,429,923	1,998,393	7,983,580
	<u>56,611,367</u>	<u>230,691,321</u>	<u>65,805,319</u>	<u>262,892,249</u>

14. COST OF SALES

	Unaudited Twelve-month period ended			
	31.12.2014		31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Direct materials	28,749,186	117,152,933	32,334,457	129,176,156
Direct labour	9,293,396	37,870,589	9,436,573	37,699,109
Overhead	6,971,766	28,409,946	8,839,619	35,314,278
	<u>45,014,348</u>	<u>183,433,468</u>	<u>50,610,649</u>	<u>202,189,543</u>

15. OTHER INCOME

	Unaudited Twelve-month period ended			
	31.12.2014		31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Interest income	107,741	439,045	3,044	12,161
Others	19,970	81,377	1,027	4,103
	<u>127,711</u>	<u>520,422</u>	<u>4,071</u>	<u>16,264</u>

16. ADMINISTRATIVE EXPENSES

	Unaudited Twelve-month period ended			
	31.12.2014		31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Depreciation	105,571	430,202	95,155	380,144
Donations	2,599	10,591	604	2,413
Entertainment expenses	14,159	57,698	30,695	122,627
Equipment rental	7,980	32,519	7,980	31,880
Personnel costs	963,321	3,925,533	869,399	3,473,249
Postage and stamp	37,563	153,069	45,759	182,807
Professional service fees	1,690,175	6,887,463	119,428	477,115
Property insurance	15,899	64,788	658	2,629
Property, plant and equipment written off	153,649	626,120	-	-
Repair and maintenance	18,494	75,363	11,840	47,301
Research and development costs	1,454,510	5,927,128	1,649,143	6,588,325
Stationeries	86,403	352,092	95,673	382,214
Traveling expenses	25,767	105,001	21,285	85,034
Utilities	7,964	32,453	3,000	11,985
Others	561,331	2,287,424	585,851	2,340,475
	<u>5,145,385</u>	<u>20,967,444</u>	<u>3,536,470</u>	<u>14,128,198</u>

17. DISTRIBUTION COSTS

	Unaudited Twelve-month period ended			
	31.12.2014		31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Commission	-	-	50,000	199,750
Freight outwards	904,350	3,685,226	1,183,176	4,726,788
Custom fee and document fee	1,035,638	4,220,225	1,147,343	4,583,635
Others	54,780	223,229	-	-
	<u>1,994,768</u>	<u>8,128,680</u>	<u>2,380,519</u>	<u>9,510,173</u>

18. FINANCE COST

	Unaudited Twelve-month period ended			
	31.12.2014		31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Interest expense on: - term loan	90,430	368,502	52,912	211,383

19. TAX EXPENSE

	Unaudited Twelve-month period ended			
	31.12.2014		31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current period	1,015,521	4,138,248	1,914,428	7,648,140
Deferred tax expense:				
Origination and reversal of temporary differences	(48,920)	(199,349)	(51,027)	(203,853)
Total tax expense	966,601	3,938,899	1,863,401	7,444,287

Under the Cambodian Law on Taxation, the Company has an obligation to pay tax on profit at 20% (2013: 20%) of the taxable profit or a minimum tax at 1% (2013: 1%) of total revenue, whichever is higher.

20. EARNINGS PER SHARE

	Unaudited Twelve-month period ended			
	31.12.2014			
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	3,471,781	14,147,508	7,295,604	29,145,938
Weighted average number of ordinary shares in issue	32,612,022	32,612,022	8,000,000	8,000,000
Basic earnings per share	0.11	0.43	0.91	3.64
Diluted earnings per share	0.11	0.43	0.91	3.64

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company had no dilutive potential ordinary shares as at the period end. As such, the diluted earnings per share were equivalent to the basic earnings per share.

21. RELATED PARTY TRANSACTIONS

The Company had the following transactions with related parties during the financial period.

	Unaudited Twelve-month period ended 31.12.2014			
	US\$	KHR'000	US\$	KHR'000
<u>Ultimate holding company</u>				
QMI Industrial Co., Ltd				
Sales	55,727,365	227,089,014	63,748,137	254,673,806
Purchases	25,103,112	102,295,183	29,984,438	119,787,828
Off-set with trade payables	25,103,112	102,295,183	29,984,438	119,787,828
Off-set with trade receivable	25,103,112	102,295,183	29,984,438	119,787,828
Payments on behalf by the Company	458,570	1,868,672	470,663	1,880,299
Off-set with other payables	475,787	1,938,830	449,231	1,794,678
<u>Common control</u>				
Success Index Group				
Service fees (Cut, Make & Pack)	596,300	2,429,923	1,998,393	7,983,580
Payments on behalf by the Company	94,347	384,464	99,857	398,929
Off-set with other payables	128,600	524,047	101,375	404,993
Advances to the Company	3,849,985	15,688,689	33,189	132,590
Repayment of advances by the Company	3,849,985	15,688,689	-	-

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Company is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from volatility of the financial markets.

The Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principles approved by the Directors.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to perform as contracted. The Company is mainly exposed to credit risk from credit sales. It is the Company's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Company is exposed to minimal credit risk.

The Company's primary exposure to credit risk arises through its trade receivables from its customers. The credit period is three months and the Company seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risk

Liquidity and cash flow risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations when due.

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Company maintains a level of cash and cash equivalents deemed adequate to finance the Company's activities.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Company would fluctuate because of changes in market interest rates.

The exposure of the Company to interest rate risk arises primarily from borrowings. The Company manages its interest rate exposure by closely monitoring the debt market and where necessary, maintaining a prudent mix of fixed and floating rate borrowings. The Company does not use derivative financial instruments to hedge any debt obligations.

23. CAPITAL COMMITMENTS

At the end of the current financial period, the Company has commitment on capital expenditure in respect of:

	Unaudited 31.12.2014	
	US\$	KHR'000
Properties, plant and equipment	3,325,000	13,549,375