Financial statements and independent **auditor's report**

Grand Twins International (Cambodia) Plc

31 December 2019

Contents

Report of the Board of Directors

The Board of Directors has the pleasure in submitting its report and the audited financial statements of Grand Twins International (Cambodia) Plc ("the Company") as at and for the year ended 31 December 2019 ("the year").

The Company

Grand Twins International (Cambodia) Plc ("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 its legal form to a public limited company. Thereafter, 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 at Phum Trapaingpoe, Sangkat Chom Chao, Khan Posenchey, Phnom Penh, Cambodia.

The Company's holding company is Grand Twins International Ltd, a company incorporated in the British Virgin Islands.

Principal activity

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

Results of operations

The results of the Company's operations for the year ended 31 December 2019, and the state of its affairs as at that date, are set out in the accompanying financial statements from pages 8 to 36.

On 2 August 2019, the Board of Directors approved the declaration of dividends in respect of the year ended 31 December 2018 of KHR60 per share, amounting to total dividends of KHR2,400 million (equivalent to USD600,000). The dividends were subsequently paid on 12 August 2019.

As of the reporting date, the Board of Directors has not yet declared any dividends in respect of the year ended 31 December 2019.

Board of Directors

The members of the Board of Directors of the Company during the year and to the date of this report are as follows:

Name	Position	Date of appointment
Mr. Yang Shaw Shin	Chairman	23 November 2015
Oknha Ly Kunthai	Independent Director	23 November 2015
Mr. Chen Tsung-Chi	Executive Director/ Chief Executive Officer	1 October 2019
Ms. Wang Yi Ting	Non-Executive Director	23 November 2015
Mr. Huang Tung-Fu	Non-Executive Director	21 November 2019

Auditors

The financial statements as at and for the year ended 31 December 2019 have been audited by Grant Thornton (Cambodia) Limited.

Director's interest in the Company

The directors who held office at the end of the financial year and their interests in the shares of the Company are as follows:

	31 December 2019		31 December 2018	
	Number of shares	Holding percentage	Number of shares	Holding percentage
Mr Yang Shaw Shin	1,560,000	3.90%	1,560,000	3.90%
Ohkna Ly KunThai	280,000	0.70%	280,000	0.70%
Mr Chen Tsung Chi	120,000	0.30%	120,000	0.30%

Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended. When preparing the financial statements, the Board of Directors is required to:

i. adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"), which are supported by reasonable and prudent judgements and estimates, and then apply them consistently;

ii. comply with the disclosure requirements of CIFRSs or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;

iii. maintain adequate accounting records and an effective system of internal control;

iv. prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and,

v. control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/ or instructions have been properly reflected in the financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the financial statements.

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying statements of financial position, comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards.

On behalf of the Board of Directors:

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC.
KINGDOM OF CAMBODIA

Wang Yi Ting

Mr. Chen Tsung-Chi
Chief Executive Officer

Ms. Wang Yi Ting
Non-Executive Director

Phnom Penh, Cambodia
27 March 2020

Independent auditor's report

Grant Thornton (Cambodia) Limited
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To the shareholders of Grand Twins International (Cambodia) Plc

Opinion

We have audited the financial statements of Grand Twins International Cambodia Plc ("the Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Grand Twins International (Cambodia) Plc as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for opinion

We conducted our audit in accordance with Cambodia International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a. Impairment of trade receivables

CIFRS 9 requires the Company to exercise significant judgement using subjective assumptions to estimate the Company's expected credit loss ("ECL") on its financial assets. As trade receivables form a major portion of the Company's financial assets, and due to the significance of the judgements used in determining related provision requirements under CIFRS 9, this audit area is considered a key audit risk area.

As at 31 December 2019, trade receivables amounted to USD53,728,171 which are due from companies under common control. The details of trade receivables and its credit risks have been disclosed in note 9 to the financial statements.

We have assessed the appropriateness of the Company's judgement on the non-impairment of trade receivables by performing the following audit procedures:

- Gained an understanding of the Company's CIFRS 9 based impairment provisioning policy and compared it with the requirements of CIFRS 9;
- Obtained an understanding of the Company's internal credit rating model for trade receivables;
- Checked and understood the key data sources and assumptions for data used in the ECL model used by the Company to determine impairment provisions;
- Verified the appropriateness of external credit rating used by the Company in its ECL calculations by comparing with publicly available information; and,
- Involved additional quality reviewer for the evaluation of the ECL model used by the Company to determine whether it is compliant with the requirements of CIFRS 9.

b. Revenue from contracts with customers

Revenue generated from sales is regarded as key audit matter because it is significant to the financial statements and involved large volume of transactions.

Our audit procedures to ascertain occurrence of revenues included:

- Performed walkthrough to update our understanding of the revenue recognition policy and checked for any changes from prior year;
- Analysed existing contracts with customers and considered the adherence of the Company's revenue recognition policy with CIFRS15 in the current period in respect of those revenue streams, as well as completeness and accuracy of relevant disclosures; and,
- Performed analytical procedures and inspection of revenue supporting documents, including performing cut off test.

c. Inventories valuation and existence

Inventories valuation and existence are significant audit matters as inventories may be sold at values below their cost. This situation could result in an overstatement of inventories if it is measured at its cost which is higher than the net realisable value. Furthermore, the assessment and application of inventories measurement are subject to significant Management judgement.

Our audit procedures to address the above matter included:

- Attended physical count of inventories conducted at the financial year end to assess the accuracy of control over the existence of inventories;
- Vouched to supporting documents and analysed cost and a sample of inventory items to determine if they were measured at the lower of cost or net realisable; and,
- Obtained and reviewed the Company's provision for slow moving inventories policy and assessment to assess its appropriateness and adequacy.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in its annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information prepared by Management and we will not express any form of audit assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and respond to other matter in accordance with the requirements of CISA 720 (revised).

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton

GRANT THORNTON (CAMBODIA) LIMITED
Certified Public Accountant and Auditors
Registered Auditors

Ronald C. Almera
Partner - Audit and assurance

Phnom Penh, Kingdom of Cambodia
27 March 2020

Statement of financial position

	Note	31 December 2019		31 December 2018	
		USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Assets					
Non-current					
Property, plant and equipment	6	14,223,478	57,960,673	13,625,765	55,116,219
Intangible assets	7	7,600	30,970	12,794	51,752
Non-current assets		14,231,078	57,991,643	13,638,559	55,167,971
Current					
Inventories	8	21,895,679	89,224,892	25,449,868	102,944,716
Trade and other receivables	9	57,002,230	232,284,087	48,829,661	197,515,979
Cash and cash equivalents	10	641,825	2,615,437	1,032,863	4,177,931
Current assets		79,539,734	324,124,416	75,312,392	304,638,626
Total assets		93,770,812	382,116,059	88,950,951	359,806,597
Equity and liabilities					
Equity					
Share capital	11	10,000,000	40,450,000	10,000,000	40,450,000
Share premium	12	17,280,000	69,897,600	17,280,000	69,897,600
Retained earnings		41,392,539	167,434,643	41,132,029	166,379,057
Currency translation differences		-	2,058,353	-	-
Total equity		68,672,539	279,840,596	68,412,029	276,726,657
Liabilities					
Non-current					
Deferred tax liabilities	20.3	572,107	2,331,336	427,641	1,729,808
Trade and other payables	13	1,170,000	4,767,750	1,530,000	6,188,850
Non-current liabilities		1,742,107	7,099,086	1,957,641	7,918,658
Current					
Trade and other payables	13	14,422,676	58,772,405	11,205,795	45,327,441
Borrowings	14	8,642,988	35,220,176	7,016,927	28,383,470
Income tax payables	20.2	290,502	1,183,796	358,559	1,450,371
Current liabilities		23,356,166	95,176,377	18,581,281	75,161,282
Total liabilities		25,098,273	102,275,463	20,538,922	83,079,940
Total equity and liabilities		93,770,812	382,116,059	88,950,951	359,806,597

Statement of comprehensive income

	Note	For the year ended 31 December 2019 USD	For the year ended 31 December 2019 **KHR'000** (Note 4.2)	For the year ended 31 December 2018 USD	For the year ended 31 December 2018 KHR'000 (Note 4.2)
Revenue	15	169,254,312	685,818,472	119,346,007	482,754,598
Cost of sales	16	(157,936,710)	(639,959,549)	(111,001,709)	(449,001,913)
Gross profit		11,317,602	45,858,923	8,344,298	33,752,685
Other income		272,987	1,106,143	110,157	445,585
Administrative expenses	17	(4,354,391)	(17,643,992)	(3,819,359)	(15,449,307)
Distribution costs	18	(5,663,406)	(22,948,121)	(2,401,432)	(9,713,792)
Other expenses		(92,186)	(373,538)	(117,659)	(475,931)
Operating profit		1,480,606	5,999,415	2,116,005	8,559,240
Finance income		1,846	7,480	1,378	5,574
Finance costs	19	(454,127)	(1,840,123)	(327,523)	(1,324,831)
Profit before income tax		1,028,325	4,166,772	1,789,860	7,239,983
Income tax expense	20.1	(167,815)	(679,986)	(358,538)	(1,450,287)
Profit for the year		860,510	3,486,786	1,431,322	5,789,696
Other comprehensive income		-	-	-	-
Currency translation difference		-	2,058,353	-	-
Total comprehensive income for the year		860,510	5,545,139	1,431,322	5,789,696

Earnings per share attributable to shareholders of the Company during the year are as follows:

	Note	31 December 2019 USD	31 December 2019 **KHR'000** (Note 4.2)	31 December 2018 USD	31 December 2018 KHR'000 (Note 4.2)
Basic earnings per share	22	0.022	0.139	0.036	0.145
Diluted earnings per share	22	0.022	0.139	0.036	0.145

Statement of changes in equity

	Note	Share capital USD	Share premium USD	Retained earnings USD	Total USD	KHR'000 (Note 4.2)
Balance as at 1 January 2019	11	10,000,000	17,280,000	41,132,029	68,412,029	276,726,657
Profit for the year		-	-	860,510	860,510	3,486,786
Dividends paid	21	-	-	(600,000)	(600,000)	(2,431,200)
Currency translation differences		-	-	-	-	2,058,353
Balance as at 31 December 2019		10,000,000	17,280,000	41,392,539	68,672,539	279,840,596
Balance as at 1 January 2018	11	10,000,000	17,280,000	40,300,707	67,580,707	273,363,960
Profit for the year		-	-	1,431,322	1,431,322	5,789,697
Dividends paid	21	-	-	(600,000)	(600,000)	(2,427,000)
Balance as at 31 December 2018		10,000,000	17,280,000	41,132,029	68,412,029	276,726,657

Statement of cash flows

	Note	For the year ended 31 December 2019 USD	For the year ended 31 December 2019 KHR'000 (Note 4.2)	For the year ended 31 December 2018 USD	For the year ended 31 December 2018 KHR'000 (Note 4.2)
Operating activities					
Profit before income tax		1,028,325	4,166,772	1,789,860	7,239,983
Adjustments for:					
Amortisation of intangible assets	7	5,194	21,046	9,790	39,601
Depreciation of property, plant and equipment	6	1,868,746	7,572,159	1,589,246	6,428,500
Interest expense	19	454,127	1,840,123	327,523	1,324,831
Interest income		(1,846)	(7,480)	(1,378)	(5,574)
Operating profit before working capital		3,354,546	13,592,620	3,715,041	15,027,341
Changes in working capital:					
Change in inventories	8	3,554,189	14,401,574	(11,498,518)	(46,511,505)
Change in trade and other receivables	9	(8,172,569)	(33,115,250)	5,007,479	20,255,253
Change in trade and other payables	13	2,856,881	11,576,082	6,645,105	26,879,450
Cash generated from operating activities		1,593,047	6,455,026	3,869,107	15,650,539
Income tax paid		(91,406)	(370,377)	(1,292,625)	(5,228,668)
Net cash from operating activities		1,501,641	6,084,649	2,576,482	10,421,871
Investing activities					
Purchases of property, plant and equipment	6	(2,466,459)	(9,994,092)	(892,300)	(3,609,354)
Purchases of intangible assets	7	-	-	(3,736)	(15,112)
Interest received		1,846	7,480	1,378	5,574
Net cash used in investing activities		(2,464,613)	(9,986,612)	(894,658)	(3,618,892)
Financing activities					
Interest paid	19	(454,127)	(1,840,123)	(327,523)	(1,324,831)
Repayment of bank borrowings	14	(12,333,939)	(49,977,121)	(8,349,975)	(33,775,649)
Drawdown of borrowings	14	13,960,000	56,565,920	8,400,000	33,978,000
Dividends paid	21	(600,000)	(2,431,200)	(600,000)	(2,427,000)
Net cash from/(used in) financing activities		571,934	2,317,476	(877,498)	(3,549,480)
Net change in cash and cash equivalents		(391,038)	(1,584,487)	804,326	3,253,499
Cash and cash equivalents, at the beginning of year		1,032,863	4,177,931	228,537	924,432
Currency translation difference		-	21,993	-	-
Cash and cash equivalents, at the end of year		641,825	2,615,437	1,032,863	4,177,931

Notes to the financial statements

1 General information

Grand Twins International (Cambodia) Plc ("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 its legal form to a public limited company. Thereafter, the Company was listed on the Cambodia Securities Exchange on 16 June 2014.

The Company's holding company is Grand Twins International Ltd, a company incorporated in the British Virgin Islands.

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

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

2 Basis of preparation and statement of compliance with CIFRS

The financial statements of the Company have been prepared in accordance with the Cambodian International Financial Reporting Standards ("CIFRSs").

The National Accounting Council of Cambodia, as mandated by Prakas (Circular) No. 068-MEF-Pr dated 8 January 2009 issued by the Ministry of Economy and Finance of Cambodia on the adoption of Cambodian Financial Reporting Standards, has decided to fully adopt International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") without modifications. The new standards are referred to as "Cambodian International Financial Reporting Standards" ("CIFRSs").

3 New or revised standards and interpretations

3.1 New standards adopted as at 1 January 2019

The following standard, interpretation and amendment have been effective as of 1 January 2019 and have been adopted in current year's financial statements.

CIFRS 16 'Leases'

CIFRS 16 'Leases' replaces CIAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting CIFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from CIAS 17 and IFRIC 4 and has not applied CIFRS 16 to arrangements that were previously not identified as lease under CIAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of CIFRS 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of CIFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under CIAS 17 immediately before the date of initial application.

The adoption of this new guidance did not have a significant impact on the Company's financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

The Board of Directors anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4 Summary of significant accounting policies

4.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These accounting policies have been used throughout all periods presented in these financial statements, unless otherwise stated.

4.2 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Company transacts its business and maintains its accounting records primarily in United States Dollars ("USD"), the Board of Directors has determined the USD to be the Company's currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in foreign currencies, other than USD, are translated to USD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than USD at the reporting date are translated into USD at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in the statement of comprehensive income.

The translations of USD amounts into KHR presented in the financial statements are included solely to comply with the Law on Accounting and Auditing (April 2016) and have been made using the prescribed official annual average exchange rate of USD1 to KHR4,052 for the year ended 31 December 2019 (2018: KHR4,045) and closing rate USD1 to KHR4,075 as at 31 December 2019 as announced by the General Department of Taxation ("GDT").

Such translation amounts are unaudited and should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate.

4.3 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of an asset.

Subsequent costs are included in an assets' carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

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

Depreciation is calculated to write off the cost of the assets to their residual values over the following estimated useful lives/percentage and methods:

	Estimated useful life/percentage	Method
Leasehold land	100 years	straight-line
Building and structure	10 years	straight-line
Plant and machinery	20%	declining balance
Motor vehicles	25%	declining balance
Equipment and computers	25% to 50%	declining balance

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful lives and depreciation method are reviewed at each financial period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.4 Intangible assets

Intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met. Intangible assets are initially measured at cost.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful live are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limited to the period over which the asset is expected to generate net cash inflows to the Company. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with CIAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

4.5 Impairment testing of intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, the Board of Directors estimates expected future cash flows from each cash-generating unit and determine a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the Board of Directors.

4.6 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average basis. The cost comprises all costs of purchase, cost of conversion plus other cost incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods include the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

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

4.7 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantially all risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objectives is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. None of the Company's financial instruments fall into this category.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objectives is hold to collect the associated cash flows and sell
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income will be recycled upon derecognition of the asset. None of the Company's financial instruments fall into this category.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss' (ECL) model. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction in made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and;
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Company's financial assets fall into this category.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a profitability-weighted estimate of the credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using external benchmarking method.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in the statement of comprehensive income (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income are included within finance costs or finance income.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.9 Equity, share premium, retained earnings and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings includes all current and prior period retained profits.

Interim dividends to shareholders are recognized in equity in the period in which they are declared. Final dividends are recognized upon the approval of shareholders.

4.10 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 “Income Taxes” specifies limited exemptions.

4.11 Operating leases

Accounting policy applicable from 1 January 2019

As described in note 3.1, the Company has applied CIFRS 16 using the modified retrospective approach and therefore, comparative information has not been restated. This means comparative information is still reported under CIAS 17 and IFRIC 4.

The Company as a lessee

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

i) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.

ii) the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

iii) the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in statement of comprehensive income on a straight-line basis over the lease term.

The Group as a lessor

The Company's accounting policy under CIFRS 16 has not changed from the comparative period.

As a lessor the Company classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Accounting policy applicable before 1 January 2019

The Group as a lessee

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease commitments are not recognised as liabilities until the payments become due. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Company as a lessor

Rental income is recognised on a straight-line basis over the term of the lease.
Right-of-use assets and lease liabilities have been individually disclosed on the statement of financial position.

4.12 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised in the statement of comprehensive income when the control have been transferred to the buyer, being when goods are delivered, in accordance with the terms and conditions of the customer contract. No revenue is recognised if there are significant uncertainties regarding the ultimate receipt of the proceeds, the reasonable estimation of the associated costs of the sale or the possibility of the return of the goods.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Services

Revenue in respect of cut, make and pack ("CMP") services is recognised upon completion of the services and the delivery and acceptance by customers.

Interest income

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

4.13 Employee benefits

Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Company.

Bonuses are recognised as an expense when there is present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

Termination benefits

Termination benefits are payments due to employees as a result of the termination of employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are recognised as a liability and an expense when the Company has a detailed formal plan for termination with no realistic possibility of withdrawal. In the case of voluntary redundancy, the benefits are accounted for based on the number of employees expected to accept the offer.

Where termination benefits fall due more than 12 months after the end of reporting period, they are discounted to present value based on market yields at the end of reporting period.

4.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

4.15 Administrative expenses and distribution costs

Administrative expenses and distribution costs are recognised in profit or loss upon utilisation of the service or as incurred.

4.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.17 Related parties

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between the Company and its related party, regardless of whether a price is charged.

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 ultimate holding company of the Company, or 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.
   ii. One entity is an associate or joint venture of the other entity.
   iii. Both entities are joint ventures of the same third party.
   iv. On 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 benefits of employees of either the Company or an entity related to the Company.
   vi. The entity is controlled or jointly-controlled by a person identified in (a) above.
   vii. A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
   viii. The entity, or any member of a Company of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

5 Significant Management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, the Board of Directors undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses which are summarised below:

Significant Management judgement

The significant Management judgement in applying the accounting policies of the Company that have the most significant effect on the financial statements follows:

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets
In assessing impairment, the Board of Directors estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Inventories
Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Income tax expense
Significant judgement is involved in determining the Company's provision for income taxes. The Company will recognise liabilities for expected tax expenses based on an estimate of whether the taxes are due through Management's interpretation of the various tax legislations. When the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the tax provision in the financial year in which such determination is made.

Measurement of expected credit losses
Credit losses are the difference between all contractual cash flows the Company is due to receive and the cash flows that it actually expects to receive. An expected credit loss is the probability-weighted estimate of credit losses which requires the Company's judgement. The expected credit losses are discounted at the original effective interest rate.

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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6 Property, plant and equipment

	Leasehold land USD	Building and structure USD	Plant and machineries USD	Motor vehicles USD	Equipment and computer USD	Total USD
Gross carrying amount						
Balance at 1 January 2019	3,880,000	8,971,311	15,275,873	117,420	1,828,394	30,072,998
Additions	-	-	2,369,862	-	96,597	2,466,459
Balance at 31 December 2019	3,880,000	8,971,311	17,645,735	117,420	1,924,991	32,539,457
Depreciation						
Balance at 1 January 2019	(271,600)	(4,968,309)	(9,423,515)	(108,848)	(1,674,961)	(16,447,233)
Depreciation	(38,800)	(448,566)	(1,307,927)	(3,205)	(70,248)	(1,868,746)
Balance at 31 December 2019	(310,400)	(5,416,875)	(10,731,442)	(112,053)	(1,745,209)	(18,315,979)
Carrying amount at 31 December 2019	3,569,600	3,554,436	6,914,293	5,367	179,782	14,223,478
KHR'000 (Note 4.2)	14,546,120	14,484,327	28,175,744	21,871	732,611	57,960,673

	Leasehold land USD	Building and structure USD	Plant and machineries USD	Motor Vehicles USD	Equipment and computer USD	Total USD
Gross carrying amount						
Balance at 1 January 2018	3,880,000	7,032,890	10,550,877	68,109	843,085	22,374,961
Reversal of fully depreciated assets written off in prior years	-	1,938,421	3,855,238	49,311	962,767	6,805,737
Additions	-	-	869,758	-	22,542	892,300
Balance at 31 December 2018	3,880,000	8,971,311	15,275,873	117,420	1,828,394	30,072,998
Depreciation						
Balance at 1 January 2018	(232,800)	(2,581,322)	(4,530,196)	(55,976)	(651,956)	(8,052,250)
Reversal of fully depreciated assets written off in prior years	-	(1,938,421)	(3,855,238)	(49,311)	(962,767)	(6,805,737)
Depreciation	(38,800)	(448,566)	(1,038,081)	(3,561)	(60,238)	(1,589,246)
Balance at 31 December 2018	(271,600)	(4,968,309)	(9,423,515)	(108,848)	(1,674,961)	(16,447,233)
Carrying amount at 31 December 2018	3,608,400	4,003,002	5,852,358	8,572	153,433	13,625,765
KHR'000 (Note 4.2)	14,595,978	16,192,143	23,672,788	34,674	620,636	55,116,219

Included in the net carrying amount of property, plant and equipment are right of use assets as follows:

	31 December 2019	
	USD	**KHR'000** (Note 4.2)
Leasehold land	3,569,600	14,546,120

The depreciation charges are allocated as follows:

	For the year ended 31 December 2019		For the year ended 31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Cost of sales	1,768,495	7,165,942	1,490,496	6,029,059
Administrative expenses	100,251	406,217	98,750	399,442
	1,868,746	7,572,159	1,589,246	6,428,501

7 Intangible assets

	Computer software	
	2019 USD	2018 USD
Gross carrying amount		
Balance at 1 January	224,957	87,837
Reversal of assets written off in prior years	-	133,384
Additions	-	3,736
Balance at 31 December	224,957	224,957
Amortisation		
Balance at 1 January	(212,163)	(68,989)
Reversal of assets wrongly written off in prior years	-	(133,384)
Amortisation	(5,194)	(9,790)
Balance at 31 December	(217,357)	(212,163)
Carrying amount at 31 December	7,600	12,794
Carrying amount at 31 December (KHR'000) (Note 4.2)	30,970	51,752

Computer software comprises accounting software and is amortised using the declining balance method.

Amortisation of intangible assets is classified under cost of sales as the computer software is mainly used in production.

8 Inventories

	31 December 2019		31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Raw materials	8,949,541	36,469,380	8,780,918	35,518,813
Work-in-progress	4,269,521	17,398,298	6,449,204	26,087,030
Finished goods	8,676,617	35,357,214	10,219,746	41,338,873
	21,895,679	89,224,892	25,449,868	102,944,716

	31 December 2019		31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Recognised in profit or loss -				
Cost of sales (note 16)	157,936,710	639,959,549	111,001,709	449,001,913

9 Trade and other receivables

	31 December 2019		31 December 2018	
	USD	**KHR'000**	USD	KHR'000
		(Note 4.2)		(Note 4.2)
Trade receivables				
Amount due from related parties				
QMI Industrial Co., Ltd. (a)	53,543,145	218,188,316	44,890,500	181,582,073
Other receivables				
Amount due from related parties				
Quint Major Industrial Co., Ltd. (b)	161,927	659,853	-	-
Value-added tax receivables	1,484,102	6,047,716	998,701	4,039,745
Prepayments				
QMI Industrial Co., Ltd.	23,501	95,767	-	-
Other third parties	1,789,555	7,292,435	2,940,460	11,894,161
	3,459,085	14,095,771	3,939,161	15,933,906
	57,002,230	232,284,087	48,829,661	197,515,979

(a) Amount due from QMI Industrial Co., Ltd. is non-interest bearing and the normal trade credit terms granted by the Company is three months (2018: three months). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Amount due from Quint Major Industrial Co., Ltd. is in respect of lease of sewing machines, which are unsecured, interest-free and repayable on demand.

The ageing analysis of trade receivables of the Company is as follows:

	31 December 2019		31 December 2018	
	USD	**KHR'000**	USD	KHR'000
		(Note 4.2)		(Note 4.2)
Neither past due nor impaired	42,946,817	175,008,279	37,347,284	151,069,763
Past due, not impaired				
91 to 120 days	10,596,328	43,180,037	7,543,216	30,512,310
	10,596,328	43,180,037	7,543,216	30,512,310
	53,543,145	218,188,316	44,890,500	181,582,073

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are with a creditworthy debtor. The debtor had maintained good working relationship with the Company and there is no indication as of the end of reporting period that the debtor will not meet its payment obligations. None of the trade receivables of the Company that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Owing to the nature of the balance that as due solely from its related party which is the subcontractor of creditworthy companies, such as Adidas group, Reebok, Taylor Made, Salomon, New Balance, among others, those customers have been assessed as having no significant financial difficulties. Hence, no impairment was made in respect of these past due trade receivables. These receivables are unsecured in nature.

10 Cash and cash equivalents

	31 December 2019		31 December 2018	
	USD	**KHR'000**	USD	KHR'000
		(Note 4.2)		(Note 4.2)
Cash on hand	99,641	406,037	49,254	199,233
Cash at banks	542,184	2,209,400	983,609	3,978,698
	641,825	2,615,437	1,032,863	4,177,931

The currency exposure profile of cash and cash equivalents is shown below:

	31 December 2019		31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Khmer Riel	66,650	271,599	21,137	85,499
US Dollar	575,175	2,343,838	1,011,726	4,092,432
	641,825	2,615,437	1,032,863	4,177,931

11 Share capital

	31 December 2019		31 December 2018	
	Number	USD	Number	USD
Ordinary shares of USD 0.25 each				
Authorised	200,000,000	50,000,000	200,000,000	50,000,000
Issued and fully paid	40,000,000	10,000,000	40,000,000	10,000,000
KHR'000 (Note 4.2)		40,450,000		40,450,000

12 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 1,123,810 and 6,876,190 new ordinary shares of USD 0.25 each to the Cambodian public and selected investors, respectively, at an issue price of USD 2.41 per share on 16 June 2014.

13 Trade and other payables

	31 December 2019		31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Non-current				
Other payables	1,170,000	4,767,750	1,530,000	6,188,850
Current				
Trade payables	1,619,582	6,599,798	-	-
Amount due to a related party				
Quint Major Industrial Co., Ltd	7,954,820	32,415,892	6,685,245	27,041,816
QMI Industrial Co., Ltd	2,832,549	11,542,637	1,022,530	4,136,134
Accruals	1,659,457	6,762,287	1,351,529	5,466,935
Withholding tax payables	335,580	1,367,489	395,523	1,599,891
Other payables	20,688	84,302	1,750,968	7,082,665
	14,422,676	58,772,405	11,205,795	45,327,441
	15,592,676	63,540,155	12,735,795	51,516,291

Amount owing to related party is in respect of cash advance received during the year for the Company used in the operation. This amount is unsecured, interest-free and payable upon demand.

14 Borrowings

	31 December 2019		31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Current liabilities				
First Commercial Bank	6,400,000	26,080,000	4,400,000	17,798,000
Taiwan Cooperative Bank	2,242,988	9,140,176	2,616,927	10,585,470
	8,642,988	35,220,176	7,016,927	28,383,470

The effective interest rates of the borrowings are as follows:

	31 December 2019 %	31 December 2018 %
Current liabilities	5 – 6.13	5.35 – 6.08

14.1 Term loan with the First Commercial Bank

With reference to a loan agreement dated 28 June 2016, the Company was provided with a short-term loan of up to USD 6,400,000 (revolving loan) by First Commercial Bank, Phnom Penh Branch. The term of the loan is for one year and the maturity date is specified in each promissory note. The annual interest on the loan is the floating rate of nine months LIBOR rate plus 4.2%≥5%. Interest is calculated on the basis of 360 days per year and payable on a monthly basis.

The loan was renewed on 6 July 2018 for a one-year term. The annual interest on the loan is the floating rate of six months LIBOR rate plus 3.8%≥5%.

The loan was subsequently renewed on 4 September 2019 for another one-year term. The annual interest on the loan is the floating rate of six months LIBOR rate plus 3%≥5%. Monthly interest payable is calculated on the basis of 360 days per year.

The short-term loan is secured by the following:
(a) Letter of guarantee by Mr. Yang Shaw Shin, Director of the Company;
(b) First mortgage on the land owned by Mr. Yang Shaw Shin with title deed No. 12050501-0119, dated on 9 April 2013 located at Phum Chum Pou Voin, Trapaing Por, Sangkat Chom Chao, Khan Dangkor, Phnom Penh, Cambodia; and,
(c) All present and future assets of the Company.

As at 31 December 2019, the outstanding borrowing with First Commercial Bank is USD6,400,000.

14.2 Term loan with the Taiwan Cooperative Bank

The Company entered into a loan agreement with the Taiwan Cooperative Bank on 6 November 2017 for USD3,000,000 payable for 84 months starting from the date of first drawdown. On 29 November 2017 and 22 December 2017, the Company drewdown USD2,000,000 and USD1,000,000, respectively.

The annual interest rate of the loan is six months LIBOR rate plus 3.5795%. Interest is payable on a monthly basis, starting from the date of loan disbursement.

The term loan is secured by the following:

a. Letters of guarantee by Mr. Yang Shaw Shin, Director of the Company;
b. First-rank hypothec over the real properties owned by Mr. Yang Shaw Shin (including land(s) and all constructions) as following:
    - Certificate of land title 005315 (lxii 0019/21090908-0001) issued on 27 February 2014 of 226,697m^2, locate at Phum Chorm Pol, Khum Porpel, Srok Tram Kak, Takeo province, Cambodia
    - Certificate of land title 005366 (lxii 0020/21090908-0002) issued on 23 July 2014 of 14,871 m^2, locate at Phum Chorm Pol, Khum Porpel, Srok Tram Kak, Takeo province, Cambodia.

The term loan (classified as non-current during the year) is subject to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Company has not met all the key financial ratios as at 31 December 2019, hence the bank is contractually entitled to request immediate repayment of the outstanding loan amount of USD2,242,988. Accordingly, outstanding balance is presented as current liabilities as at 31 December 2019.

The bank has not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors.

15 Revenue

	For the year ended 31 December 2019		For the year ended 31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Sales of goods	169,254,312	685,818,472	118,512,716	479,383,936
Cut, make and pack revenue	-	-	833,291	3,370,662
	169,254,312	685,818,472	119,346,007	482,754,598

16 Cost of sales

	For the year ended 31 December 2019		For the year ended 31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Direct materials	110,403,314	447,354,228	79,833,426	322,926,208
Direct labour	14,347,198	58,134,846	12,310,112	49,794,403
Overhead	33,186,198	134,470,475	18,858,171	76,281,302
	157,936,710	639,959,549	111,001,709	449,001,913

17 Administrative expenses

	For the year ended 31 December 2019		For the year ended 31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Research and development costs	1,914,035	7,755,670	1,482,660	5,997,360
Personnel costs	1,703,900	6,904,203	1,580,065	6,391,363
Stationeries	103,837	420,748	76,312	308,682
Depreciation	100,251	406,217	98,750	399,444
Professional service fees	78,558	318,317	96,249	389,327
Tax and other expenses	54,343	220,198	54,553	220,667
Traveling	36,598	148,295	29,399	118,919
Repairs and maintenance	34,998	141,812	51,924	210,033
Postage and stamp	32,681	132,423	30,419	123,045
Property insurance	23,799	96,434	38,217	154,588
Equipment rental*	16,980	68,803	15,160	61,322
Donation	10,000	40,520	148	599
Entertainment	6,310	25,568	8,198	33,161
Utilities	4,200	17,018	3,700	14,967
Others	233,901	947,766	253,605	1,025,830
	4,354,391	17,643,992	3,819,359	15,449,307

*Represents low value assets charged to profit and loss.

18 Distribution costs

	For the year ended 31 December 2019		For the year ended 31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Custom and document fees	2,842,038	11,515,938	1,890,357	7,646,494
Freight outwards	2,821,368	11,432,183	511,075	2,067,298
	5,663,406	22,948,121	2,401,432	9,713,792

19 Finance costs

This amount represents the interest expense on the outstanding borrowings.

20 Taxation

20.1 Income tax expense

Under the Cambodian Law on Taxation, the Company has an obligation to pay tax on income at the rate of 20% of the taxable income or a minimum tax of 1%, whichever is higher. Owing to its qualified investment project status, the Company is exempt from paying minimum tax. As of the reporting date, the Company is still in the process of obtaining Certificate of Compliance from the Council for the Development of Cambodia for the year ended 2018. The Management strongly believes that the certificate can be obtained which will enable the Company to enjoy exemption from minimum tax.

The Company is also exempt from paying prepayment tax on income as the imposition of this tax is temporarily suspended until the end of year 2022 as per Prokas No. 1130MEF.Prk dated on 27 October 2017 issued by the Ministry of Economy and Finance.

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations for many types of transactions is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

On 27 March 2019, the Company has submitted a request letter to the General Department of Taxation ("GDT") to delay the payment of income tax balance for the year ended 31 December 2018 amounted to KHR1,173,051,595 (USD293,762) until May 2019. The request was approved by the GDT via a letter dated 12 April 2019.

On 23 and 30 July 2019, the Company has submitted a request letter to the GDT to offset the income tax balance for the year ended 31 December 2018 abovementioned with the VAT credit and overpayment amounting to KHR4,162,728,512 (USD1,040,682) and KHR235,505 (USD58,876), respectively. The Management strongly believes that the request will be approved by the GDT, hence the income tax balance remain unpaid as of the reporting date.

A reconciliation between accounting profit before tax and estimated taxable income for the years ended 31 December 2019 and 2018 follows:

	For the year ended 31 December 2019 USD	For the year ended 31 December 2019 **KHR'000** (Note 4.2)	For the year ended 31 December 2018 USD	For the year ended 31 December 2018 KHR'000 (Note 4.2)
Profit before income tax	1,028,325	4,166,772	1,789,860	7,239,984
Income tax expense at applicable tax rate of 20% (2018: 20%)	205,665	833,354	357,972	1,447,997
Tax effects in respect of:				
Non-allowable expenses	15,751	63,823	566	2,290
Other movements	(53,601)	(217,191)	-	-
Income tax expense	167,815	679,986	358,538	1,450,287
Tax expense comprise:				
Estimated current income tax expense	23,349	94,610	249,475	1,009,126
Deferred tax expense	144,466	585,376	109,063	441,161
	167,815	679,986	358,538	1,450,287

20.2 Income tax payables

	31 December 2019 USD	31 December 2019 **KHR'000** (Note 4.2)	31 December 2018 USD	31 December 2018 KHR'000 (Note 4.2)
Opening balance	358,559	1,450,371	1,401,709	5,669,913
Income tax expense	23,349	679,986	249,475	1,009,126
Income tax paid	(91,406)	(370,377)	(1,292,625)	(5,228,668)
Currency translation differences	-	(576,184)	-	-
	290,502	1,183,796	358,559	1,450,371

20.3 Deferred tax liabilities

The movements of deferred tax liabilities in respect of property, plant and equipment as well as intangible assets during the financial year are as follow:

	31 December 2019 USD	31 December 2019 **KHR'000** (Note 4.2)	31 December 2018 USD	31 December 2018 KHR'000 (Note 4.2)
Balance at 1 January	427,641	1,729,808	318,578	1,288,647
Recognised in profit or loss (Note 20.1)	144,466	585,376	109,063	441,161
Exchange differences	-	16,152	-	-
	572,107	2,331,336	427,641	1,729,808

20.4 Taxation contingencies

As at the reporting date, The Company has not yet received notification of any tax reassessment audit for the financial periods from 31 December 2014 to 2017.

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

21 Dividends

	For the year ended 31 December 2019			For the year ended 31 December 2018		
	Dividend per share	Amount of dividend		Dividend per share	Amount of dividend	
	KHR	**KHR'000**	USD	KHR	KHR'000	USD
Dividends paid	60	2,400,000	600,000	60	2,400,000	600,000

On 2 August 2019, the Board of Directors approved the declaration of dividends in respect of the year ended 31 December 2018 of KHR60 per share, amounting to a total dividend of KHR2,400 million (equivalent to USD600,000). The dividends were subsequently paid on 12 August 2019.

22 Earnings per share

	For the year ended 31 December 2019		For the year ended 31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Profit attributable to ordinary equity holders	860,510	5,545,139	1,431,322	5,789,697
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	0.022	0.139	0.036	0.145
Diluted earnings per share	0.022	0.139	0.036	0.145

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 year end. As such, the diluted earnings per share were equivalent to the basic earnings per share.

23 Related party balance and transactions

The following balances are outstanding with the related parties:

	Relationship		31 December 2019 USD	31 December 2019 **KHR'000** (Note 4.2)	31 December 2018 USD	31 December 2018 KHR'000 (Note 4.2)
Amounts due from						
QMI Industrial Co., Ltd	Common control	Trade receivables	53,543,145	218,188,316	44,890,500	181,582,073
		Non-trade receivables	23,501	95,767	-	-
Quint Major Industrial Co., Ltd.	Common control	Trade receivables	161,927	659,853	-	-
			53,728,573	218,943,936	44,890,500	181,582,073
Amounts due to						
Quint Major Industrial Co., Ltd	Common control	Trade payables	7,954,820	32,415,892	6,685,245	27,041,816
QMI Industrial Co., Ltd	Common control	Trade payables	2,832,549	11,542,637	1,022,530	4,136,134
			10,787,369	43,958,529	7,707,775	31,177,950

The outstanding balances are unsecured, free of interest with no fixed terms of repayment.

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

	For the year ended 31 December 2019		For the year ended 31 December 2018	
	USD	**KHR'000**	USD	KHR'000
		(Note 4.2)		(Note 4.2)
Common control				
QMI Industrial Co., Ltd				
Sales	169,254,312	685,818,472	118,512,716	479,383,938
Purchases of raw materials	98,883,936	400,677,709	83,673,267	338,458,364
Purchases of machinery	2,319,925	9,400,336	852,658	3,449,002
Purchases fixed assets	12,143	49,202	-	-
Cash collection	61,535,026	249,339,925	38,044,897	153,891,608
Cash payment	-	-	432,614	1,749,925
Off-set with trade receivables	99,066,640	401,418,025	83,987,522	339,729,527
Off-set with trade payables	98,874,440	400,639,231	83,987,522	339,729,527
Payments on behalf for the Company	2,587,481	10,484,473	1,034,880	4,186,091
Payments on behalf by the Company	213,163	863,737	1,058,667	4,282,307
Off-set with other payables	-	-	-	-
Advances to the Company	1,191,000	4,825,932	1,336,000	5,404,120
Repayment of advances by the Company	1,211,000	4,906,972	1,366,000	5,525,470
Quint Major Industrial Co., Ltd.				
Subcontract cost	16,239,575	65,802,758	6,924,314	28,008,851
Rental income	161,927	656,128	-	-
Repayment	14,970,000	60,658,440	239,069	967,033
Success Index Group (Cambodia) Ltd				
Service fees (CMP)	-	-	833,290	3,370,660
Advance to the Company	-	-	50,000	202,250
Off-set with other payables	-	-	1,439,143	5,821,333
Repayments of advance by the Company	-	-	1,587,405	6,421,053

24 Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities are presented as follows:

	1 January 2019	31 December 2019 Cash flows Drawdown	31 December 2019 Cash flows Repayment	31 December 2019	
	USD	USD	USD	USD	**KHR'000**
					(Note 4.2)
Borrowings					
First Commercial Bank	4,400,000	13,960,000	(11,960,000)	6,400,000	26,080,000
Taiwan Cooperative Bank	2,616,927	-	(373,939)	2,242,988	9,140,176
	7,016,927	13,960,000	(12,333,939)	8,642,988	35,220,176

	1 January 2018	31 December 2018 Cash flows Drawdown	31 December 2018 Cash flows Repayment	31 December 2018	
	USD	USD	USD	USD	KHR'000
					(Note 4.2)
Borrowings					
First Commercial Bank	4,000,000	8,400,000	(8,000,000)	4,400,000	17,798,000
Taiwan Cooperative Bank	2,966,902	-	(349,975)	2,616,927	10,585,470
	6,966,902	8,400,000	(8,349,975)	7,016,927	28,383,470

25 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost under CIFRS 9 and financial liabilities categorised as other liabilities measured at amortised cost:

	For the year ended 31 December 2019		For the year ended 31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Financial assets				
Amortised cost				
Trade and other receivables*	53,705,072	218,848,169	44,890,500	181,582,073
Cash and cash equivalents	641,825	2,615,437	1,032,863	4,177,931
	54,346,897	221,463,606	45,923,363	185,760,004

** Excludes VAT receivables and prepayments*

	For the year ended 31 December 2019		For the year ended 31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Financial liabilities				
Amortised cost				
Trade and other payables**	15,257,096	62,172,666	12,340,272	49,916,400
Borrowings	8,642,988	35,220,176	7,016,927	28,383,470
	23,900,084	97,392,842	19,357,199	78,299,870

*** Excludes withholding tax payables*

26 Transactions with key management personnel

Key management's (i.e., Chairman, Chief Executive officer, Chief Finance Officer and directors) remuneration for the year ended 31 December 2019 amounted to USD81,200 (KHR 329,022,400) (2018: USD81,200).

27 Commitments

At the end of the current financial year, the Company has commitments for capital expenditure in respect of the construction of a new research office building entered into with TACC (C.R) Ltd amounting to USD5,913,044 (31 December 2018: USD5,133,778). As of 31 December 2019, the construction of the building where the research office will be located is still in progress.

28 Financial risk management objectives and policies

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

The Board of Directors is 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 Board of Directors.

The main areas of financial risks faced by the Company and its policies in respect of the major areas of treasury activities are set out below:

28.1 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 its 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 the Management.

Receivables

The net carrying amount of receivables is considered a reasonable approximation of fair value.

The Company applies the CIFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed individually by benchmarking the risk characteristics of customers to external rating as published by international credit rating agency, and the corresponding default rates are being used to compute ECL.

The customers have been rated as "AAA" as the Company did not incur any losses from this customer in the past hence a 0% default rate is used. As such, the ECL is nil as at 31 December 2019 and 2018.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable local banks.

28.2 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 they fall 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.

The maturity analysis for financial liabilities that shows the remaining contractual maturities based on undiscounted cash flows is as follows:

	On demand or within one year USD	One to five years USD	Over five years USD	Total USD	**KHR'000** (Note 4.2)
31 December 2019					
Borrowings	6,930,913	2,079,407	-	9,010,320	36,717,054
Trade and other payables	14,447,096	810,000	-	15,257,096	62,172,666
	21,378,009	2,889,407	-	24,267,416	98,889,720

	On demand or within one year USD	One to five years USD	Over five years USD	Total USD	KHR'000 (Note 4.2)
31 December 2018					
Borrowings	4,514,153	2,056,612	985,458	7,556,223	30,564,922
Trade and other payables	10,810,272	1,530,000	-	12,340,272	49,916,400
	15,324,425	3,586,612	985,458	19,896,495	80,481,322

28.3 Interest rate risk

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

The exposure of the Company to interest rate risk arises primarily from loans and 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.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Company if interest rates at the end of reporting period changed by 10 basis points with all other variables held constant:

	For the year ended 31 December 2019		For the year ended 31 December 2018	
	USD	**KHR'000** (Note 4.2)	USD	KHR'000 (Note 4.2)
Profit net of tax				
- Increased by 0.1% (2018: 0.1%)	(861)	(5,545)	(1,431)	(5,790)
- Decreased by 0.1% (2018: 0.1%)	861	5,545	1,431	5,790

28.4 Foreign currency risk

The foreign currency exchange risk of the Company arises from the transactions denominated in foreign currencies.

During the year ended 31 December 2019, the Company's exposure to risk normally from changes in foreign currency exchange rates is minimal as most of its transactions are conducted in USD.

29 Capital management

The primary objective of the Company's capital management is to ensure that the Company would be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Company remains unchanged from that in the previous financial year.

The Company manages its capital structure and makes adjustments to it, in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return of capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2019.

The Company monitors and maintains a prudent level of total debts and to ensure compliance with any externally imposed capital requirements.

30 Fair value measurement

30.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

30.2 Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of their fair value, 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.

(ii) Non-current payable

The fair value of this financial instruments is estimated by discounting expected future cash flows at market incremental leading rate for similar types of instrument at the end of the reporting period.

31 Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the 31 December 2019 reporting date and the date of authorisation of these financial statements.

32 Authorisation of the financial statements

The financial statements as at and for the year ended 31 December 2019 were approved for issue by the Board of Directors on 27 March 2020.

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