

Registration No:  
Inv.1279 E/2007

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

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2015**

Registration No:  
Inv.1279 E/2007

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

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

**Introduction**

We have reviewed the accompanying condensed statement of financial position of Grand Twins International (Cambodia) Plc (“GTI” or the “Company”) as at 31 December 2015, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the twelve-month period then ended, and condensed notes to the interim financial information (collectively known as “Condensed Interim Financial Information”). The Directors of the Company are responsible for the preparation of and presentation of the Condensed Interim Financial Information. Our responsibility is to express a conclusion on this Condensed Interim Financial Information based on our review.

**Scope of review**

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

**Conclusion**

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



**BDO (Cambodia) Limited**

Phnom Penh, Cambodia  
 Date: 25 February 2016

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

**CONDENSED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited as at 31.12.2015		Audited as at 31.12.2014	
		US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	11,598,357	46,973,346	9,114,103	37,139,970
Intangible assets		9,851	39,896	10,231	41,692
Deferred tax assets		-	-	171,642	699,440
		<u>11,608,208</u>	<u>47,013,242</u>	<u>9,295,976</u>	<u>37,881,102</u>
<b>Current assets</b>					
Inventories	6	8,989,075	36,405,754	8,399,133	34,226,467
Trade and other receivables	7	53,413,866	216,326,157	47,677,904	194,287,459
Cash and bank balances	8	1,260,691	5,105,799	5,786,943	23,581,793
		<u>63,663,632</u>	<u>257,837,710</u>	<u>61,863,980</u>	<u>252,095,719</u>
<b>TOTAL ASSETS</b>		<u>75,271,840</u>	<u>304,850,952</u>	<u>71,159,956</u>	<u>289,976,821</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	9	10,000,000	40,500,000	10,000,000	40,750,000
Share premium	10	17,280,000	69,984,000	17,280,000	70,416,000
Retained earnings		35,938,457	145,550,751	36,605,432	149,167,135
<b>TOTAL EQUITY</b>		<u>63,218,457</u>	<u>256,034,751</u>	<u>63,885,432</u>	<u>260,333,135</u>
<b>LIABILITIES</b>					
<b>Non-current liability</b>					
Deferred tax liabilities		237	960	-	-
<b>Current liabilities</b>					
Other payables	11	3,732,362	15,116,066	2,065,168	8,415,560
Borrowing	12	4,000,000	16,200,000	-	-
Current tax liabilities		4,320,784	17,499,175	5,209,356	21,228,126
		<u>12,053,146</u>	<u>48,815,241</u>	<u>7,274,524</u>	<u>29,643,686</u>
<b>TOTAL LIABILITIES</b>		<u>12,053,383</u>	<u>48,816,201</u>	<u>7,274,524</u>	<u>29,643,686</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>75,271,840</u>	<u>304,850,952</u>	<u>71,159,956</u>	<u>289,976,821</u>

*The Condensed Statement of Financial Position should be read in conjunction with the audited financial information for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial report.*

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

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Unaudited			
		Twelve-month period ended			
		31.12.2015 <sup>(1)</sup>		31.12.2014 <sup>(2)</sup>	
		US\$	KHR'000	US\$	KHR'000
Revenue	13	56,775,078	229,939,066	56,611,367	230,691,321
Cost of sales	14	(50,298,751)	(203,709,942)	(45,014,348)	(183,433,468)
Gross profit		6,476,327	26,229,124	11,597,019	47,257,853
Other income	15	199,243	806,934	127,711	520,422
Administrative expenses	16	(4,458,850)	(18,058,343)	(5,145,385)	(20,967,444)
Distribution costs	17	(1,258,769)	(5,098,014)	(1,994,768)	(8,128,680)
Finance cost	18	(103,266)	(418,227)	(90,430)	(368,502)
Other expenses		(68,219)	(276,287)	(55,765)	(227,242)
Profit before tax		786,466	3,185,187	4,438,382	18,086,407
Taxation	19	280,447	1,135,808	(966,601)	(3,938,899)
Profit for the period		1,066,913	4,320,995	3,471,781	14,147,508
Other comprehensive income net of tax		-	-	-	-
Total comprehensive income for the financial period		1,066,913	4,320,995	3,471,781	14,147,508
Earnings per share attributable to equity holders	20				
- Basic		0.03	0.11	0.11	0.43
- Diluted		0.03	0.11	0.11	0.43

Notes:

(1) The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial report.

(2) The comparative figures for the corresponding period were reviewed but not audited.

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

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2015**

	Share capital US\$	Share Premium US\$	Share earnings US\$	Total US\$
<b>Unaudited</b>				
<b>Balance as at 1 January 2015</b>	<b>10,000,000</b>	<b>17,280,000</b>	<b>36,605,432</b>	<b>63,885,432</b>
Profit for the period, representing total comprehensive income	-	-	1,066,913	1,066,913
Dividend paid	-	-	(1,733,888)	(1,733,888)
<b>Balance as at 31 December 2015</b>	<b>10,000,000</b>	<b>17,280,000</b>	<b>35,938,457</b>	<b>63,218,457</b>
<b>(KHR'000 equivalent)</b>	<b>40,500,000</b>	<b>69,984,000</b>	<b>145,550,751</b>	<b>256,034,751</b>

*Notes:*

- (1) *The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *The comparative figures for the corresponding period were reviewed but not audited.*

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

**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2015**

	Note	Unaudited			
		Twelve-month period ended		Twelve-month period ended	
		31.12.2015 <sup>(1)</sup>		31.12.2014 <sup>(2)</sup>	
		US\$	KHR'000	US\$	KHR'000
<b>Cash flows from operating activities</b>					
Profit before tax		786,466	3,185,187	4,438,382	18,086,407
Adjustments for:					
Amortisation of intangible assets		3,980	16,119	2,892	11,785
Depreciation of property, plant and equipment	5	975,707	3,951,613	646,079	2,632,772
Interest expense	18	103,266	418,227	90,430	368,502
Interest income		(175,333)	(710,099)	(107,741)	(439,045)
Property, plant and equipment written off	5	-	-	153,649	626,120
Operating profit before working capital changes		1,694,086	6,861,047	5,223,691	21,286,541
Changes in working capital					
Inventories		(589,942)	(2,389,265)	(1,047,771)	(4,269,667)
Trade and other receivables		(5,691,284)	(23,049,700)	(13,993,746)	(57,024,515)
Other payables		536,009	2,170,836	(30,310)	(123,513)
Cash used in operations		(4,051,131)	(16,407,082)	(9,848,136)	(40,131,154)
Income tax paid		(436,246)	(1,766,796)	-	-
Interest paid		(103,266)	(418,227)	(90,430)	(368,502)
Net cash used in operating activities		(4,590,643)	(18,592,105)	(9,938,566)	(40,499,656)
<b>Cash flows from investing activities</b>					
Advances from ultimate holding company		1,131,185	4,581,300	17,217	70,159
Advances (to)/from related company		(44,678)	(180,946)	34,253	139,581
Purchase of property, plant and equipment	5	(3,459,961)	(14,012,842)	(3,670,264)	(14,956,326)
Purchase of intangible assets		(3,600)	(14,580)	-	-
Dividend paid		(1,733,888)	(7,022,246)	-	-
Interest received		175,333	710,099	107,741	439,045
Net cash used in investing activities		(3,935,609)	(15,939,215)	(3,511,053)	(14,307,541)

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

**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2015 (continued)**

	Note	Unaudited			
		Twelve-month period ended			
		31.12.2015 <sup>(1)</sup>		31.12.2014 <sup>(2)</sup>	
		US\$	KHR'000	US\$	KHR'000
<b>Cash flows from financing activities</b>					
Proceeds from issuance of ordinary shares		-	-	19,280,000	78,566,000
Repayments of bank borrowings		-	-	(472,269)	(1,924,496)
Drawdown of bank borrowings		4,000,000	16,200,000	-	-
Net cash from financing activities		4,000,000	16,200,000	18,807,731	76,641,504
<b>Net (decrease)/increase in cash and cash equivalents</b>		(4,526,252)	(18,331,321)	5,358,112	21,834,307
<b>Cash and cash equivalents at beginning of period</b>		5,786,943	23,437,119	428,831	1,747,486
<b>Cash and cash equivalents at end of period</b>	8	1,260,691	5,105,798	5,786,943	23,581,793

Notes:

(1) The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.

(2) The comparative figures for the corresponding period were reviewed but not audited.



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

**NOTES TO THE CONDENSED FINANCIAL INFORMATION**  
**31 DECEMBER 2015**

**1. CORPORATE INFORMATION**

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

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

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

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

The condensed financial information were authorised for issue by the Board of the Directors on 25 February 2016.

**2. PRINCIPAL ACTIVITY**

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

**3. BASIS OF PREPARATION**

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

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

The accounting policies and methods of computation adopted are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2014 except for the adoption of the following amendments:

	<b>Effective Date</b>
Amendments to CIAS 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to CIFRSs <i>Annual Improvements 2010 – 2012 Cycle</i>	1 July 2014
Amendments to CIFRSs <i>Annual Improvements 2011 – 2013 Cycle</i>	1 July 2014

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

### 3. BASIS OF PREPARATION (continued)

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

	<b>Effective Date</b>
CIFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to CIFRS 10 and CIAS 28 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred
Amendments to CIFRS 10, CIFRS 12 and CIAS 28 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to CIAS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to CIAS 16 and CIAS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to CIFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to CIAS 16 and CIAS 41 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to CIAS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to CIFRSs <i>Annual Improvements 2012 – 2014 Cycle</i>	1 January 2016
CIFRS 9 <i>Financial Instruments</i> (issued by IASB in July 2014)	1 January 2018
CIFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018

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

### 4. SEASONALITY OR CYCLICALITY OF OPERATION

The demand for the Company's products is sensitive to seasonal changes.

### 5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land US\$	Building and structure US\$	Construction in progress US\$	Plant and machineries US\$	Motor vehicles US\$	Equipment and computers US\$	Others US\$	Total US\$
<i>Net carrying amount</i>								
<b>Balance at 1.1.2015</b>	3,763,600	944,356	3,022,727	1,197,843	44,932	140,645	-	9,114,103
Additions	-	-	1,469,546	1,893,551	-	80,409	16,455	3,459,961
Depreciation	(38,800)	(217,475)	-	(638,384)	(11,233)	(66,524)	(3,291)	(975,707)
<b>Balance at 31.12.2015</b>	<b>3,724,800</b>	<b>726,881</b>	<b>4,492,273</b>	<b>2,453,010</b>	<b>33,699</b>	<b>154,530</b>	<b>13,164</b>	<b>11,598,357</b>
<i>(KHR'000 equivalent)</i>	<u>15,085,440</u>	<u>2,943,868</u>	<u>18,193,706</u>	<u>9,934,691</u>	<u>136,481</u>	<u>625,847</u>	<u>53,314</u>	<u>46,973,346</u>

**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

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

**6. INVENTORIES**

	Unaudited 31.12.2015		Audited 31.12.2014	
	US\$	KHR'000	US\$	KHR'000
<b>At cost</b>				
Raw materials	2,597,328	10,519,178	2,745,552	11,188,124
Work-in-progress	2,985,272	12,090,352	3,377,327	13,762,608
Finished goods	3,406,475	13,796,224	2,276,254	9,275,735
	<b>8,989,075</b>	<b>36,405,754</b>	<b>8,399,133</b>	<b>34,226,467</b>

**7. TRADE AND OTHER RECEIVABLES**

	Unaudited 31.12.2015		Audited 31.12.2014	
	US\$	KHR'000	US\$	KHR'000
<b>Trade receivable</b>				
Amount owing from ultimate holding company: QMI Industrial Co., Ltd	52,138,517	211,160,994	46,925,229	191,220,308
<b>Other receivables</b>				
Amount owing due from a related company: Success Index Group	48,552	196,636	3,874	15,787
Other receivables	257	1,041	-	-
Input Valued Added Taxes	982,427	3,978,829	668,667	2,724,818
	<b>1,031,236</b>	<b>4,176,506</b>	<b>672,541</b>	<b>2,740,605</b>
Loans and receivables	53,169,753	215,337,500	47,597,770	193,960,913
Prepayments	244,113	988,657	80,134	326,546
	<b>53,413,866</b>	<b>216,326,157</b>	<b>47,677,904</b>	<b>194,287,459</b>

**8. CASH AND BANK BALANCES**

	<b>Unaudited 31.12.2015</b>		<b>Audited 31.12.2014</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Cash on hand	56,163	227,460	63,536	258,909
Cash at bank	1,204,528	4,878,339	5,723,407	23,322,884
	<u>1,260,691</u>	<u>5,105,799</u>	<u>5,786,943</u>	<u>23,581,793</u>

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

**9. SHARE CAPITAL**

	<b>Unaudited 31.12.2015</b>		<b>Audited 31.12.2014</b>	
	<b>Number</b>	<b>US\$</b>	<b>Number</b>	<b>US\$</b>
Ordinary shares of US\$0.25 each Authorised	200,000,000	50,000,000	200,000,000	50,000,000
<i>(KHR'000 equivalent)</i>		<u>202,500,000</u>		<u>203,750,000</u>
Issued and fully paid: At 1 January	40,000,000	10,000,000	32,000,000	8,000,000
Issued pursuant to: - new issue	-	-	8,000,000	2,000,000
At 31 December	<u>40,000,000</u>	<u>10,000,000</u>	<u>40,000,000</u>	<u>10,000,000</u>
<i>(KHR'000 equivalent)</i>		<u>40,500,000</u>		<u>40,750,000</u>

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

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

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

**10. SHARE PREMIUM**

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

**11. OTHER PAYABLES**

	Unaudited 31.12.2015		Audited 31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Amount owing to ultimate holding company: QMI Industrial Co., Ltd	1,169,833	4,737,823	38,648	157,490
Accruals	2,160,600	8,750,430	1,612,371	6,570,412
Withholding tax	395,523	1,601,868	412,780	1,682,080
Other payables	6,406	25,945	1,369	5,578
	<u>3,732,362</u>	<u>15,116,066</u>	<u>2,065,168</u>	<u>8,415,560</u>

**12. BORROWING**

	Unaudited 31.12.2015		Audited 31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Term loan	<u>4,000,000</u>	<u>16,200,000</u>	-	-

With reference to the Loan Agreement dated 20 May 2015, the Company was provided with a short term loan of up to US\$6,400,000 (revolving) from First Commercial Bank, Phnom Penh Branch.

The period of the loan is one year and the maturity date is according to the mention in each promissory note. The annual interest on the loan is the floating rate of six months LIBOR plus 4.6%. Interest is calculated on the basis of 360 days per year and payable on a monthly basis.

Term loan is secured by the following:

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

**13. REVENUE**

	Unaudited Twelve-month period ended			
	31.12.2015		31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Sales of goods	54,456,009	220,546,836	55,727,366	227,089,016
Subcontract revenue	1,103,418	4,468,843	287,701	1,172,382
CMP revenue	1,215,651	4,923,387	596,300	2,429,923
	<u>56,775,078</u>	<u>229,939,066</u>	<u>56,611,367</u>	<u>230,691,321</u>

**14. COST OF SALES**

	<b>Unaudited</b>			
	<b>Twelve-month period ended</b>			
	<b>31.12.2015</b>		<b>31.12.2014</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Direct materials	32,228,483	130,525,356	28,749,186	117,152,933
Direct labour	9,396,414	38,055,477	9,293,396	37,870,589
Overhead	8,673,854	35,129,109	6,971,766	28,409,946
	<u>50,298,751</u>	<u>203,709,942</u>	<u>45,014,348</u>	<u>183,433,468</u>

**15. OTHER INCOME**

	<b>Unaudited</b>			
	<b>Twelve-month period ended</b>			
	<b>31.12.2015</b>		<b>31.12.2014</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Interest income	175,333	710,098	107,741	439,045
Others	23,910	96,836	19,970	81,377
	<u>199,243</u>	<u>806,934</u>	<u>127,711</u>	<u>520,422</u>

**16. ADMINISTRATIVE EXPENSES**

	<b>Unaudited</b>			
	<b>Twelve-month period ended</b>			
	<b>31.12.2015</b>		<b>31.12.2014</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Depreciation	120,607	488,458	105,571	430,202
Entertainment expenses	17,951	72,702	14,159	57,698
Equipment rental	9,390	38,030	7,980	32,519
Personnel costs	1,008,013	4,082,453	963,321	3,925,533
Postage and stamp	38,812	157,189	37,563	153,069
Professional service fees	451,883	1,830,126	1,690,175	6,887,463
Property insurance	25,081	101,578	15,899	64,788
Property, plant and equipment written off	-	-	153,649	626,120
Repair and maintenance	30,322	122,804	18,494	75,363
Research and development costs	1,734,044	7,022,878	1,454,510	5,927,128
Stationeries	110,048	445,694	86,403	352,092
Traveling expenses	12,773	51,731	25,767	105,001
Others	899,926	3,644,700	571,894	2,330,468
	<u>4,458,850</u>	<u>18,058,343</u>	<u>5,145,385</u>	<u>20,967,444</u>

**17. DISTRIBUTION COSTS**

	<b>Unaudited</b>			
	<b>Twelve-month period ended</b>			
	<b>31.12.2015</b>		<b>31.12.2014</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Commission	94,123	381,198	-	-
Freight outwards	191,138	774,109	904,350	3,685,226
Custom fee and document fee	943,508	3,821,207	1,035,638	4,220,225
Others	30,000	121,500	54,780	223,229
	<u>1,258,769</u>	<u>5,098,014</u>	<u>1,994,768</u>	<u>8,128,680</u>

**18. FINANCE COST**

	<b>Unaudited</b>			
	<b>Twelve-month period ended</b>			
	<b>31.12.2015</b>		<b>31.12.2014</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Interest expense on term loan	103,266	418,227	90,430	368,502

**19. TAXATION**

	<b>Unaudited</b>			
	<b>Twelve-month period ended</b>			
	<b>31.12.2015</b>		<b>31.12.2014</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Income tax expense:				
Current period	126,949	514,145	1,015,521	4,138,248
Over provision in prior year	(579,275)	(2,346,062)	-	-
	<u>(452,326)</u>	<u>(1,831,917)</u>	<u>1,015,521</u>	<u>4,138,248</u>
Deferred tax expense:				
Origination and reversal of temporary differences	171,879	696,110	(48,920)	(199,349)
Total	<u>(280,447)</u>	<u>(1,135,807)</u>	<u>966,601</u>	<u>3,938,899</u>

Under the Law on Taxation, the Company has an obligation to pay tax on profit at 10% (2014: 20%) of taxable profit or minimum tax at 1% (2014: 1%) of total turnover, whichever is higher. The reduction of 10% to the applicable tax rate is an incentive given by the General Department of Taxation for three years from 2014 to 2016. The tax rate will revert to 20% for the financial year ending 31 December 2017.

## 20. EARNINGS PER SHARE

	Unaudited Twelve-month period ended 31.12.2015			
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	1,066,913	4,320,995	3,471,781	14,147,508
Weighted average number of ordinary shares in issue	40,000,000	40,000,000	32,612,022	32,612,022
Basic earnings per share	0.03	0.11	0.11	0.44
Diluted earnings per share	0.03	0.11	0.11	0.44

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

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

## 21. RELATED PARTY TRANSACTIONS

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

	Unaudited Twelve-month period ended 31.12.2014			
	US\$	KHR'000	US\$	KHR'000
<u>Ultimate holding company</u>				
QMI Industrial Co., Ltd				
Sales	54,789,109	221,895,891	55,727,365	227,089,014
Purchases	28,651,350	116,037,968	25,103,112	102,295,183
Adjustment	333,100	1,349,055	-	-
Off-set with trade payables	28,651,350	116,037,968	25,103,112	102,295,183
Off-set with trade receivable	28,651,350	116,037,968	25,103,112	102,295,183
Payments on behalf for the Company	1,802,600	7,300,530	458,570	1,868,672
Off-set with other payables	671,415	2,719,230	475,787	1,938,831
<u>Common control</u>				
Success Index Group				
Service fees (Cut, Make & Pack)	1,211,777	4,907,698	596,300	2,429,923
Payments on behalf by the Company	44,836	181,586	94,347	384,466
Off-set with other payables	158	640	128,600	524,047
Advances to the Company	1,100,000	4,455,000	3,849,985	15,688,689
Repayments of advances by the Company	1,100,000	4,455,000	3,849,985	15,688,689



## 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

### (a) Credit risk

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

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

### (b) Liquidity and cash flow risk

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

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

### (c) Interest rate risk

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

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

## 23. CAPITAL COMMITMENTS

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

	Unaudited 31.12.2015	
	US\$	KHR'000
Property, plant and equipment	142,500	577,125

