

Registration No:
Inv.1279 E/2007

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

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-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 three-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
ASSETS					
Non-current assets					
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>
Current assets					
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>
TOTAL ASSETS		<u>75,271,840</u>	<u>304,850,952</u>	<u>71,159,956</u>	<u>289,976,821</u>
EQUITY AND LIABILITIES					
Equity					
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
TOTAL EQUITY		<u>63,218,457</u>	<u>256,034,751</u>	<u>63,885,432</u>	<u>260,333,135</u>
LIABILITIES					
Non-current liability					
Deferred tax liabilities		237	960	-	-
Current liabilities					
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>
TOTAL LIABILITIES		<u>12,053,383</u>	<u>48,816,201</u>	<u>7,274,524</u>	<u>29,643,686</u>
TOTAL EQUITY AND LIABILITIES		<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			
		Three-month period ended		31.12.2014 ⁽²⁾	
		31.12.2015 ⁽¹⁾		US\$	KHR'000
		US\$	KHR'000	US\$	KHR'000
Revenue	13	18,479,153	74,840,570	13,273,710	54,090,368
Cost of sales	14	(21,843,164)	(88,464,814)	(9,894,150)	(40,318,661)
Gross (loss)/profit		(3,364,011)	(13,624,244)	3,379,560	13,771,707
Other income	15	6,069	24,579	90,698	369,594
Administrative expenses	16	(993,049)	(4,021,848)	(1,221,591)	(4,977,983)
Distribution costs	17	(391,075)	(1,583,854)	(905,081)	(3,688,205)
Finance cost	18	(10,998)	(44,542)	(16,870)	(68,745)
Other expenses		(22,551)	(91,332)	(27,449)	(111,855)
(Loss)/Profit before tax		(4,775,615)	(19,341,241)	1,299,267	5,294,513
Taxation	19	1,137,670	4,607,564	(262,565)	(1,069,953)
(Loss)/Profit for the period		(3,637,945)	(14,733,677)	1,036,702	4,224,560
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (loss)/ income for the financial period		(3,637,945)	(14,733,677)	1,036,702	4,224,560
(Losses)/Earnings per share attributable to equity holders	20				
- Basic		(0.09)	(0.37)	0.03	0.13
- Diluted		(0.09)	(0.37)	0.03	0.13

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 THREE-MONTH PERIOD ENDED 31 DECEMBER 2015

	Share capital US\$	Share premium US\$	Retained earnings US\$	Total US\$
Unaudited				
Balance as at 1 October 2015	10,000,000	17,280,000	39,576,402	66,856,402
Loss for the financial period, representing total comprehensive loss	-	-	(3,637,945)	(3,637,945)
Balance as at 31 December 2015	10,000,000	17,280,000	35,938,457	63,218,457
<i>(KHR'000 equivalent)</i>	<i>40,500,000</i>	<i>69,984,000</i>	<i>145,550,751</i>	<i>256,034,751</i>

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 THREE-MONTH PERIOD ENDED 31 DECEMBER 2015

	Note	Unaudited			
		Three-month period ended			
		31.12.2015 ⁽¹⁾		31.12.2014 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
(Loss)/Profit before tax		(4,775,615)	(19,341,241)	1,299,267	5,294,513
Adjustments for:					
Amortisation of intangible assets		2,345	9,497	723	2,946
Depreciation of property, plant and equipment		507,457	2,055,201	221,688	903,379
Interest expense	18	10,998	44,542	16,870	68,745
Interest income		(5,406)	(21,894)	(90,495)	(368,767)
Operating (loss)/profit before working capital changes		(4,260,221)	(17,253,895)	1,448,053	5,900,816
Changes in working capital					
Inventories		6,635,069	26,872,029	(2,914,711)	(11,877,447)
Trade and other receivables		(5,671,132)	(22,968,085)	(6,167,227)	(25,131,450)
Other payables		(221,593)	(897,452)	542,483	2,210,618
Cash used in operations		(3,517,877)	(14,247,403)	(7,091,402)	(28,897,463)
Interest paid		(10,998)	(44,542)	(16,870)	(68,745)
Net cash used in operating activities		(3,528,875)	(14,291,945)	(7,108,272)	(28,966,208)
Cash flows from investing activities					
Advances from/(to) ultimate holding company		1,142,068	4,625,375	(279,198)	(1,137,732)
Advances (to)/from related company		(48,394)	(195,996)	2,799,755	11,409,002
Purchase of property, plant and equipment		(1,808,264)	(7,323,467)	(126,461)	(515,329)
Interest received		5,406	21,894	90,495	368,767
Net cash (used in)/from investing activities		(709,184)	(2,872,194)	2,484,591	10,124,708

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

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

	Note	Unaudited Three-month period ended			
		31.12.2015 ⁽¹⁾		31.12.2014 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities					
Drawdown/(Repayments) of bank borrowing, representing net cash from/(used in) financing activities		4,000,000	16,200,000	(4,000,000)	(16,300,000)
Net decrease in cash and cash equivalents		(238,059)	(964,139)	(8,623,681)	(35,141,500)
Cash and cash equivalents at beginning of period		1,498,750	6,069,938	14,410,624	58,723,293
Cash and cash equivalents at end of period	8	1,260,691	5,105,799	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 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)

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 Trapeangpoe, 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.

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:

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

There is no material impact upon the adoption of the above amendments during the 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.

	Effective Date
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>								
Balance at 1.1.2015	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)
Balance at 31.12.2015	3,724,800	726,881	4,492,273	2,453,010	33,699	154,530	13,164	11,598,357
<i>(KHR'000 equivalent)</i>	<i>15,085,440</i>	<i>2,943,868</i>	<i>18,193,706</i>	<i>9,934,691</i>	<i>136,481</i>	<i>625,847</i>	<i>53,314</i>	<i>46,973,346</i>

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

6. INVENTORIES

	Unaudited 31.12.2015		Audited 31.12.2014	
	US\$	KHR'000	US\$	KHR'000
At cost				
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
	<u>8,989,075</u>	<u>36,405,754</u>	<u>8,399,133</u>	<u>34,226,467</u>

7. TRADE AND OTHER RECEIVABLES

	Unaudited 31.12.2015		Audited 31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Trade receivable				
Amount owing from ultimate holding company:				
QMI Industrial Co., Ltd	52,138,517	211,160,994	46,925,229	191,220,308
Other receivables				
Amount owing 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
	<u>1,031,236</u>	<u>4,176,506</u>	<u>672,541</u>	<u>2,740,605</u>
Loans and receivables	<u>53,169,753</u>	<u>215,337,500</u>	<u>47,597,770</u>	<u>193,960,913</u>
Prepayments	<u>244,113</u>	<u>988,657</u>	<u>80,134</u>	<u>326,546</u>
	<u>53,413,866</u>	<u>216,326,157</u>	<u>47,677,904</u>	<u>194,287,459</u>

8. CASH AND BANK BALANCES

	Unaudited 31.12.2015		Audited 31.12.2014	
	US\$	KHR'000	US\$	KHR'000
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

	Unaudited 31.12.2015		Audited 31.12.2014	
	Number	US\$	Number	US\$
Ordinary shares of US\$0.25 each Authorised	200,000,000	50,000,000	200,000,000	50,000,000
<i>(KHR'000 equivalent)</i>		<u>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 quarter.

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>	<u>-</u>	<u>-</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:

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

13. REVENUE

	Unaudited			
	Three-month period ended			
	31.12.2015		31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Sales of goods	17,739,324	71,844,262	12,899,410	52,565,096
Subcontract revenue	127,874	517,890	216,622	882,734
CMP revenue	611,955	2,478,418	157,678	642,538
	<u>18,479,153</u>	<u>74,840,570</u>	<u>13,273,710</u>	<u>54,090,368</u>

14. COST OF SALES

	Unaudited			
	Three-month period ended			
	31.12.2015		31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Direct materials	15,111,401	61,201,175	6,007,527	24,480,672
Direct labour	3,404,000	13,786,200	2,091,023	8,520,919
Overhead	3,327,763	13,477,439	1,795,600	7,317,070
	<u>21,843,164</u>	<u>88,464,814</u>	<u>9,894,150</u>	<u>40,318,661</u>

15. OTHER INCOME

	Unaudited			
	Three-month period ended			
	31.12.2015		31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Interest income	5,406	21,894	90,495	368,767
Others	663	2,685	203	827
	<u>6,069</u>	<u>24,579</u>	<u>90,698</u>	<u>369,594</u>

16. ADMINISTRATIVE EXPENSES

	Unaudited			
	Three-month period ended			
	31.12.2015		31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Depreciation	74,609	302,166	35,598	145,062
Entertainment expenses	5,048	20,444	5,320	21,679
Equipment rental	2,505	10,145	1,995	8,130
Personnel costs	271,628	1,100,093	217,292	885,465
Postage and stamp	9,586	38,823	9,641	39,287
Professional service fees	56,958	230,680	408,984	1,666,610
Property insurance	6,497	26,313	5,400	22,005
Repair and maintenance	5,172	20,947	5,529	22,531
Research and development costs	494,152	2,001,316	356,838	1,454,115
Stationeries	26,655	107,953	22,779	92,824
Traveling expenses	2,104	8,521	5,556	22,640
Others	38,135	154,447	146,659	597,635
	<u>993,049</u>	<u>4,021,848</u>	<u>1,221,591</u>	<u>4,977,983</u>

17. DISTRIBUTION COSTS

	Unaudited			
	Three-month period ended			
	31.12.2015		31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Commission	26,798	108,532	-	-
Freight outwards	51,323	207,858	625,594	2,549,296
Custom fee and document fee	305,454	1,237,089	271,987	1,108,347
Others	7,500	30,375	7,500	30,562
	<u>391,075</u>	<u>1,583,854</u>	<u>905,081</u>	<u>3,688,205</u>

18. FINANCE COST

	Unaudited			
	Three-month period ended			
	31.12.2015		31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Interest expense on term loan	<u>10,998</u>	<u>44,542</u>	<u>16,870</u>	<u>68,745</u>

19. TAXATION

	Unaudited			
	Three-month period ended			
	31.12.2015		31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Income tax expense: (Over)/Under provision in prior periods	(1,137,670)	(4,607,564)	302,210	1,231,506
Deferred tax expense: Origination and reversal of temporary differences	<u>-</u>	<u>-</u>	<u>(39,645)</u>	<u>(161,553)</u>
Total	<u>(1,137,670)</u>	<u>(4,607,564)</u>	<u>262,565</u>	<u>1,069,953</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. (LOSSES)/EARNINGS PER SHARE

	Unaudited			
	Three-month period ended			
	31.12.2015		31.12.2014	
	US\$	KHR'000	US\$	KHR'000
(Loss)/Profit attributable to ordinary equity holders	(3,637,945)	(14,733,677)	1,036,702	4,224,560
Weighted average number of ordinary shares in issue	<u>40,000,000</u>	<u>40,000,000</u>	<u>32,612,022</u>	<u>32,612,022</u>
Basic (losses)/earnings per share	(0.09)	(0.37)	0.03	0.13
Diluted (losses)/earnings per share	<u>(0.09)</u>	<u>(0.37)</u>	<u>0.03</u>	<u>0.13</u>

Diluted (losses)/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 (losses)/earnings per share were equivalent to the basic (losses)/earnings per share.

21. RELATED PARTY TRANSACTIONS

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

	Unaudited			
	Three-month period ended			
	31.12.2015		31.12.2014	
	US\$	KHR'000	US\$	KHR'000
<u>Ultimate holding company</u>				
QMI Industrial Co., Ltd				
Sales	17,739,324	71,844,262	12,899,410	52,565,098
Purchases	8,862,471	35,893,008	6,313,477	25,727,420
Off-set with trade payables	8,862,471	35,893,008	6,313,477	25,727,420
Off-set with trade receivable	8,862,471	35,893,008	6,313,477	25,727,420
Payments on behalf by the Company	371,550	1,504,777	313,608	1,277,953
Off-set with other payables	1,513,618	6,130,153	34,410	140,221
<u>Common control</u>				
Success Index Group				
Service fees (Cut, Make & Pack)	611,955	2,478,418	150,491	613,251
Payments on behalf for the Company	-	-	588	2,398
Advances to the Company	611,955	2,478,418	1,050,000	4,278,750
Repayments of advances by the Company	<u>563,561</u>	<u>2,282,422</u>	<u>3,850,343</u>	<u>15,690,148</u>

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 quarter, 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

