

Registration No:
Inv.1279 E/2007

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

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014**



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

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

Introduction

We have reviewed the accompanying condensed statement of financial position of Grand Twins International (Cambodia) Plc (“GTI” or the “Company”) as at 30 June 2014, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-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 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
14 August 2014

10/10/14

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

CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited as at 30.6.2014		Audited as at 31.12.2013	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	7,631,304	30,830,468	6,243,567	24,943,050
Intangible assets		11,677	47,175	13,123	52,426
Deferred tax assets		110,255	445,430	122,722	490,275
		<u>7,753,236</u>	<u>31,323,073</u>	<u>6,379,412</u>	<u>25,485,751</u>
Current assets					
Inventories	6	2,169,095	8,763,144	7,351,362	29,368,691
Trade and other receivables	7	43,403,937	175,351,906	33,718,412	134,705,056
Cash and cash equivalents	8	19,688,630	79,542,065	428,831	1,713,180
		<u>65,261,662</u>	<u>263,657,115</u>	<u>41,498,605</u>	<u>165,786,927</u>
TOTAL ASSETS		<u>73,014,898</u>	<u>294,980,188</u>	<u>47,878,017</u>	<u>191,272,678</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	9	10,000,000	40,400,000	8,000,000	31,960,000
Share premium	10	17,280,000	69,811,200	-	-
Retained earnings		35,054,185	141,618,907	33,133,651	132,368,936
TOTAL EQUITY		<u>62,334,185</u>	<u>251,830,107</u>	<u>41,133,651</u>	<u>164,328,936</u>
LIABILITIES					
Current liabilities					
Other payables	11	1,936,815	7,824,733	2,078,262	8,302,657
Borrowings	12	4,000,000	16,160,000	472,269	1,886,714
Current tax liabilities		4,743,898	19,165,348	4,193,835	16,754,371
		<u>10,680,713</u>	<u>43,150,081</u>	<u>6,744,366</u>	<u>26,943,742</u>
TOTAL LIABILITIES		<u>10,680,713</u>	<u>43,150,081</u>	<u>6,744,366</u>	<u>26,943,742</u>
TOTAL EQUITY AND LIABILITIES		<u>73,014,898</u>	<u>294,980,188</u>	<u>47,878,017</u>	<u>191,272,678</u>

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

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

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Unaudited			
		Three-month period ended			
		30.6.2014 ⁽¹⁾		30.6.2013 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Revenue	13	16,451,627	66,464,573	N/A	N/A
Cost of sales	14	(13,283,440)	(53,665,098)	N/A	N/A
Gross profit		3,168,187	12,799,475	N/A	N/A
Other income	15	19,446	78,562	N/A	N/A
Administrative expenses	16	(1,111,564)	(4,490,719)	N/A	N/A
Distribution costs	17	(368,731)	(1,489,673)	N/A	N/A
Finance cost	18	(21,344)	(86,230)	N/A	N/A
Other expenses		(12,289)	(49,648)	N/A	N/A
Profit before tax		1,673,705	6,761,767	N/A	N/A
Tax expense	19	(361,427)	(1,460,165)	N/A	N/A
Profit for the period		1,312,278	5,301,602	N/A	N/A
Other comprehensive income, net of tax		-	-	N/A	N/A
Total comprehensive income for the financial period		1,312,278	5,301,602	N/A	N/A
Earnings per share attributable to equity holders	20				
- Basic		0.04	0.16	N/A	N/A
- Diluted		0.04	0.16	N/A	N/A

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

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Note	Unaudited			
		Six-month period ended			
		30.6.2014 ⁽¹⁾		30.6.2013 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Revenue	13	32,371,827	130,782,181	N/A	N/A
Cost of sales	14	(27,125,617)	(109,587,493)	N/A	N/A
Gross profit		5,246,210	21,194,688	N/A	N/A
Other income	15	20,238	81,762	N/A	N/A
Administrative expenses	16	(1,907,019)	(7,704,357)	N/A	N/A
Distribution costs	17	(832,372)	(3,362,783)	N/A	N/A
Finance cost	18	(27,356)	(110,518)	N/A	N/A
Other expenses		(16,637)	(67,213)	N/A	N/A
Profit before tax		2,483,064	10,031,579	N/A	N/A
Tax expense	19	(562,530)	(2,272,621)	N/A	N/A
Profit for the period		1,920,534	7,758,958	N/A	N/A
Other comprehensive income, net of tax		-	-	N/A	N/A
Total comprehensive income for the financial period		1,920,534	7,758,958	N/A	N/A
Earnings per share attributable to equity holders	20				
- Basic		0.06	0.24	N/A	N/A
- Diluted		0.06	0.24	N/A	N/A

Notes:

(1) The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial report.

(2) There are no comparative figures for the corresponding periods as no interim financial report was prepared for the comparative financial periods concerned.

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

	Note	Share capital	Share Premium	Retained earnings	Total
Unaudited					
Balance as at 1 January 2014		8,000,000	-	33,133,651	41,133,651
Profit for the period, representing total comprehensive income		-	-	1,920,534	1,920,534
<i>Transactions with owners</i>					
Share issue	9	2,000,000	17,280,000	-	19,280,000
Total transactions with owners		2,000,000	17,280,000	-	19,280,000
Balance as at 30 June 2014		10,000,000	17,280,000	35,054,185	62,334,185
<i>(KHR'000 equivalent)</i>		<i>40,400,000</i>	<i>69,811,200</i>	<i>141,618,907</i>	<i>251,830,107</i>

Notes:

- (1) *The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *There are no comparative figures for the corresponding period as no interim financial report was prepared for the comparative financial period concerned.*

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

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

	Note	Unaudited			
		Six-month period ended			
		30.6.2014 ⁽¹⁾		30.6.2013 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Profit before tax		2,483,064	10,031,579	N/A	N/A
Adjustments for:					
Amortisation of intangible assets		1,446	5,842	N/A	N/A
Depreciation of property, plant and equipment	5	275,967	1,114,907	N/A	N/A
Interest expense	18	27,356	110,518	N/A	N/A
Interest income		(1,309)	(5,289)	N/A	N/A
Property, plant and equipment written off	5	153,649	620,742	N/A	N/A
Operating profit before working capital changes		2,940,173	11,878,299	N/A	N/A
Changes in working capital					
Inventories		5,182,267	20,936,359	N/A	N/A
Trade and other receivables		(9,720,009)	(39,268,836)	N/A	N/A
Other payables		(161,453)	(652,270)	N/A	N/A
Cash used in operating activities		(1,759,022)	(7,106,448)	N/A	N/A
Interest paid	18	(27,356)	(110,518)	N/A	N/A
Net cash used in operating activities		(1,786,378)	(7,216,966)	N/A	N/A
Cash flows from investing activities					
Advances from related parties		54,490	220,140	N/A	N/A
Purchase of property, plant and equipment	5	(1,817,353)	(7,342,106)	N/A	N/A
Interest received		1,309	5,289	N/A	N/A
Net cash used in investing activities		(1,761,554)	(7,116,677)	N/A	N/A

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC
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CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (continued)

	Note	Unaudited			
		Six-month period ended		30.6.2013 ⁽²⁾	
		30.6.2014 ⁽¹⁾		US\$	KHR'000
		US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	9	19,280,000	77,891,200	N/A	N/A
Repayment of bank borrowings		(472,269)	(1,907,967)	N/A	N/A
Drawdown of bank borrowings		4,000,000	16,160,000	N/A	N/A
Net cash from financing activities		22,807,731	92,143,233	N/A	N/A
Net increase in cash and cash equivalents		19,259,799	77,809,590	N/A	N/A
Cash and cash equivalents at beginning of period		428,831	1,732,477	N/A	N/A
Cash and cash equivalents at end of period	8	19,688,630	79,542,065	N/A	N/A

Notes:

- (1) The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the corresponding period as no interim financial report was prepared for the comparative financial period concerned.

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

NOTES TO THE CONDENSED FINANCIAL INFORMATION
30 JUNE 2014

1. CORPORATE INFORMATION

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

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

The Company regards Grand Twins International Ltd, a company **incorporated in the British Virgin Islands** with registered office located at **Portcullis TrustNet (BVI) Limited**, Portcullis TrustNet Chambers, P.O. Box 12345 Road Town, Tortola, British **Virgin Islands**, as the holding company.

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 14 August 2014.

2. PRINCIPAL ACTIVITY

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

3. BASIS OF PREPARATION

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

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

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

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

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

3. BASIS OF PREPARATION (continued)

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

Amendments to CIAS 16, CIAS 24 and CIAS 38 <i>Annual Improvements to IASs 2010 - 2012 Cycle</i>	1 July 2014
Amendments to CIAS 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to CIAS 40 <i>Annual Improvements to CIASs 2011 - 2013 Cycle</i>	1 July 2014
Amendments to CIFRS 2, CIFRS 3 and CIFRS 8 <i>Annual Improvements to CIFRSs 2010 - 2012 Cycle</i>	1 July 2014
Amendments to CIFRS 3 and CIFRS 13 <i>Annual Improvements to CIFRSs 2011 - 2013 Cycle</i>	1 July 2014
Amendments to CIFRS 9 <i>Mandatory Effective Date of CIFRS 9 and Transition Disclosures</i>	1 January 2015
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
CIFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
CIFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
CIFRS 9 <i>Financial Instruments – Classification of Financial Assets and Financial Liabilities</i>	1 January 2018

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

4. SEASONALITY OR CYCLICALITY OF OPERATION

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

5. PROPERTY, PLANT AND EQUIPMENT

	Building		Construction in progress	Equipment		Total	
	Leasehold land	and structure		Plant and machineries	Motor vehicles and computers		
	US\$	US\$		US\$	US\$	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	-	-	1,600,000	157,802	-	59,551	1,817,353
Written-off	-	(153,649)	-	-	-	-	(153,649)
Depreciation	(19,200)	(116,093)	-	(115,303)	(872)	(24,499)	(275,967)
Balance at 30.6.2014	3,783,200	1,053,093	1,600,000	1,034,143	6,104	154,764	7,631,304
<i>(KHR'000 equivalent)</i>	15,284,128	4,254,496	6,464,000	4,177,938	24,659	625,247	30,830,468

As at 30 June 2014, leasehold land with a carrying amount of US\$3,783,200 (31.12.2013: US\$3,802,400) has been charged to a bank for credit facilities granted to the Company (Note 9).

6. INVENTORIES

	Unaudited 30.6.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
At cost				
Raw materials	234,381	946,899	3,041,488	12,150,744
Work-in-progress	962,306	3,887,716	1,805,426	7,212,677
Finished goods	972,408	3,928,529	2,504,448	10,005,270
	<u>2,169,095</u>	<u>8,763,144</u>	<u>7,351,362</u>	<u>29,368,691</u>

7. TRADE AND OTHER RECEIVABLES

	Unaudited 30.6.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Trade receivable				
Amount due from a related party, QMI Industrial Co., Ltd	43,068,591	173,997,108	33,315,360	133,094,863
Other receivables				
Amount due from a related party, Success Index Group	3,644	14,722	38,128	152,321
Other receivables	738	2,981	2,378	9,501
Input Valued Added Taxes	207,101	836,688	142,149	567,885
Loans and receivables	211,483	854,391	182,655	729,707
Prepayments	123,863	500,407	220,397	880,486
	<u>43,403,937</u>	<u>175,351,906</u>	<u>33,718,412</u>	<u>134,705,056</u>

8. CASH AND CASH EQUIVALENTS

	Unaudited 30.6.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	48,150	194,526	50,833	231,238
Cash at bank	19,640,480	79,347,539	377,998	1,481,942
	<u>19,688,630</u>	<u>79,542,065</u>	<u>428,831</u>	<u>1,713,180</u>

9. SHARE CAPITAL

	Unaudited 30.6.2014		Audited 31.12.2013	
	Number	US\$	Number	US\$
Ordinary shares of US\$0.25 each				
Authorised	200,000,000	50,000,000	200,000,000	50,000,000
<i>(KHR'000 equivalent)</i>		<u>202,000,000</u>		<u>199,750,000</u>
Issued and fully paid:				
At 1 January	32,000,000	8,000,000	32,000,000	8,000,000
Issued pursuant to:				
- new issue	8,000,000	2,000,000	-	-
	<u>40,000,000</u>	<u>10,000,000</u>	<u>32,000,000</u>	<u>8,000,000</u>
<i>(KHR'000 equivalent)</i>		<u>40,400,000</u>		<u>31,960,000</u>

9. SHARE CAPITAL (continued)

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 USD0.25 each to the Cambodian public and selected investors respectively, at an issue price of USD2.41 per share.

As a consequence of these share issues, the issued and fully paid-up ordinary share capital of the Company was increased to USD10,000,000 (or equivalent to KHR40,400,000,000).

Other than the above, there were no issuances, cancellations, repurchases, resales and repayments of equity securities during the financial current 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 30.6.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Amount due to a related party, QMI Industrial Co., Ltd	41,438	167,409	21,432	85,621
Accruals	1,577,996	6,375,104	1,777,541	7,101,276
Withholding tax	315,766	1,275,695	277,920	1,110,291
Other payables	1,615	6,525	1,369	5,469
	<u>1,936,815</u>	<u>7,824,733</u>	<u>2,078,262</u>	<u>8,302,657</u>

12. BORROWINGS

	Unaudited 30.6.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Term loan I	-	-	472,269	1,886,714
Term loan II	4,000,000	16,160,000	-	-
	<u>4,000,000</u>	<u>16,160,000</u>	<u>472,269</u>	<u>1,886,714</u>

Term Loan I – US\$3,000,000

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

The period of the loan is five years, 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 4.41%. Interest is calculated on the basis of 360 days per year and compounded daily commencing on the date of the loan disbursement, 31 August 2009 and payable on a monthly basis.

Term Loan is secured by the following:

- Letters of guarantee by Mr. Shen Yung Ming and Mr. Yang Shaw Shin;
- Charges on the long term leasehold land of the Company located at Phum Chum Pou Voin, Tropaing Por, Sangkat Chom Chao, Khan Dangkor, Phnom Penh, Cambodia (Note 4); and
- All present and future assets of the Company.

The Company has fully repaid term loan I in May 2014.

12. BORROWINGS (continued)

Term Loan II - US\$6,400,000

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

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

Term Loan 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 (Note 4); and
- (c) All present and future assets of the Company.

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

13. REVENUE

	Unaudited Three-month period ended 30.6.2014		Unaudited Six-month period ended 30.6.2014	
	US\$	KHR'000	US\$	KHR'000
	Sales of goods	16,257,755	65,681,330	32,131,971
CMP revenue	193,872	783,243	239,856	969,018
	<u>16,451,627</u>	<u>66,464,573</u>	<u>32,371,827</u>	<u>130,782,181</u>

14. COST OF SALES

	Unaudited Three-month period ended 30.6.2014		Unaudited Six-month period ended 30.6.2014	
	US\$	KHR'000	US\$	KHR'000
	Direct materials	8,946,745	36,144,850	18,157,345
Direct labour	2,550,840	10,305,394	4,874,186	19,691,711
Overhead	1,785,855	7,214,854	4,094,086	16,540,108
	<u>13,283,440</u>	<u>53,665,098</u>	<u>27,125,617</u>	<u>109,587,493</u>

15. OTHER INCOME

	Unaudited Three-month period ended 30.6.2014		Unaudited Six-month period ended 30.6.2014	
	US\$	KHR'000	US\$	KHR'000
	Interest income	615	2,485	1,309
Others	18,831	76,077	18,929	76,473
	<u>19,446</u>	<u>78,562</u>	<u>20,238</u>	<u>81,762</u>

16. ADMINISTRATIVE EXPENSES

	Unaudited Three-month period ended 30.6.2014		Unaudited Six-month period ended 30.6.2014	
	US\$	KHR'000	US\$	KHR'000
Depreciation	45,150	182,406	45,150	182,406
Donations	99	400	99	400
Entertainment expenses	2,223	8,981	5,338	21,565
Equipment rental	1,995	8,060	3,990	16,120
Personnel costs	224,510	907,020	446,346	1,803,238
Postage and stamp	8,911	36,000	18,255	73,750
Professional service fees	62,696	253,292	101,166	408,711
Property insurance	5,172	20,895	5,345	21,594
Property, plant and equipment written off	153,649	620,742	153,649	620,742
Repair and maintenance	5,761	23,274	10,299	41,608
Research and development costs	384,341	1,552,738	760,376	3,071,919
Stationeries	20,896	84,420	41,123	166,137
Traveling expenses	7,543	30,474	14,297	57,760
Utilities	900	3,636	1,800	7,272
Others	187,718	758,381	299,786	1,211,135
	<u>1,111,564</u>	<u>4,490,719</u>	<u>1,907,019</u>	<u>7,704,357</u>

17. DISTRIBUTION COSTS

	Unaudited Three-month period ended 30.6.2014		Unaudited Six-month period ended 30.6.2014	
	US\$	KHR'000	US\$	KHR'000
Freight outwards	91,596	370,048	260,573	1,052,715
Custom fee and document fee	237,355	958,914	532,019	2,149,257
Rental-Housing	7,500	30,300	7,500	30,300
Sundries purchase	32,280	130,411	32,280	130,411
	<u>368,731</u>	<u>1,489,673</u>	<u>832,372</u>	<u>3,362,783</u>

18. FINANCE COST

	Unaudited Three-month period ended 30.6.2014		Unaudited Six-month period ended 30.6.2014	
	US\$	KHR'000	US\$	KHR'000
Interest expense on: - term loan	21,344	86,230	27,356	110,518

19. TAX EXPENSE

	Unaudited Three-month period ended 30.6.2014		Unaudited Six-month period ended 30.6.2014	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current period	348,960	1,409,798	550,063	2,222,254
Deferred tax expense:				
Origination and reversal of temporary differences	12,467	50,367	12,467	50,367
Total tax expense	361,427	1,460,165	562,530	2,272,621

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

20. EARNINGS PER SHARE

	Unaudited Three-month period ended 30.6.2014		Unaudited Six-month period ended 30.6.2014	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	1,312,278	5,301,602	1,920,534	7,758,958
Weighted average number of ordinary shares in issue	33,230,769	33,230,769	32,612,022	32,612,022
Basic earnings per share	0.04	0.16	0.06	0.24
Diluted earnings per share	0.04	0.16	0.06	0.24

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 Three-month period ended 30.6.2014		Unaudited Six-month period ended 30.6.2014	
	US\$	KHR'000	US\$	KHR'000
<u>Holding company</u>				
QMI Industrial Co., Ltd.				
Sales	16,257,755	65,681,330	32,131,971	129,813,163
Purchases	6,536,896	26,409,060	11,979,012	48,395,208
Cash collection	3,833,000	15,485,320	10,322,000	41,700,880
Off set with trade payable	11,979,012	48,395,208	11,979,012	48,395,208
Payments on behalf	53,300	215,332	100,975	407,939
Off set with other payable	54,299	219,368	80,969	327,115
<u>Common Control</u>				
Success Index Group				
Service revenue (Cut, Make & Pack)	193,872	783,243	247,046	998,066
Cash collections	246,776	996,975	246,776	996,975
Payments on behalf	3,698	14,940	3,846	15,538

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

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

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

(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 30.6.2014	
	US\$	KHR'000
Machinery	295,000	1,191,800
Building construction	4,150,000	16,766,000
	<u>4,445,000</u>	<u>17,957,800</u>