

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 MARCH 2015**



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

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

Introduction

We have reviewed the accompanying condensed statement of financial position of Grand Twins International (Cambodia) Plc (“GTI” or the “Company”) as at 31 March 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 May 2015

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

CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited as at 31.3.2015		Audited as at 31.12.2014	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	10,153,002	40,713,538	9,114,103	37,139,970
Intangible assets		9,686	38,841	10,231	41,692
Deferred tax assets		175,233	702,684	171,642	699,440
		<u>10,337,921</u>	<u>41,455,063</u>	<u>9,295,976</u>	<u>37,881,102</u>
Current assets					
Inventories	6	8,010,166	32,120,766	8,399,133	34,226,467
Trade and other receivables	7	52,980,677	212,452,515	47,677,904	194,287,459
Cash and bank balances	8	4,697,316	18,836,237	5,786,943	23,581,793
		<u>65,688,159</u>	<u>263,409,518</u>	<u>61,863,980</u>	<u>252,095,719</u>
TOTAL ASSETS		<u>76,026,080</u>	<u>304,864,581</u>	<u>71,159,956</u>	<u>289,976,821</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	9	10,000,000	40,100,000	10,000,000	40,750,000
Share premium	10	17,280,000	69,292,800	17,280,000	70,416,000
Retained earnings		37,234,007	149,308,368	36,605,432	149,167,135
TOTAL EQUITY		<u>64,514,007</u>	<u>258,701,168</u>	<u>63,885,432</u>	<u>260,333,135</u>
LIABILITIES					
Current liabilities					
Other payables	11	2,138,549	8,575,581	2,065,168	8,415,560
Borrowings	12	4,000,000	16,040,000	-	-
Current tax liabilities		5,373,524	21,547,832	5,209,356	21,228,126
		<u>11,512,073</u>	<u>46,163,413</u>	<u>7,274,524</u>	<u>29,643,686</u>
TOTAL LIABILITIES		<u>11,512,073</u>	<u>46,163,413</u>	<u>7,274,524</u>	<u>29,643,686</u>
TOTAL EQUITY AND LIABILITIES		<u>76,026,080</u>	<u>304,864,581</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			
		31.3.2015 ⁽¹⁾		31.3.2014 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Revenue	13	14,719,945	59,026,979	15,920,200	63,919,603
Cost of sales	14	(12,512,237)	(50,174,070)	(14,978,866)	(60,140,147)
Gross profit		2,207,708	8,852,909	941,334	3,779,456
Other income	15	29,288	117,445	18,931	76,008
Administrative expenses	16	(1,088,273)	(4,363,975)	(854,655)	(3,431,440)
Distribution costs	17	(311,738)	(1,250,069)	(463,639)	(1,861,511)
Finance cost	18	(31,945)	(128,099)	(6,012)	(24,138)
Other expenses		(15,888)	(63,711)	(4,347)	(17,453)
Profit/(Loss) before tax		789,152	3,164,500	(368,388)	(1,479,078)
Tax expense	19	(160,577)	(643,914)	(544,359)	(2,185,601)
Profit/(Loss) for the period		628,575	2,520,586	(912,747)	(3,664,679)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss) for the financial period		628,575	2,520,586	(912,747)	(3,664,679)
Earnings/(Loss) per share attributable to equity holders	20				
- Basic		0.02	0.06	(0.11)	(0.46)
- Diluted		0.02	0.06	(0.11)	(0.46)

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 neither audited nor reviewed as no interim financial report was prepared for the comparative financial period concerned. Thus, the comparative figures are for information purpose only.*

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	Share capital US\$	Share premium US\$	Retained earnings US\$	Total US\$
Unaudited				
Balance as at 1 January 2015	10,000,000	17,280,000	36,605,432	63,885,432
Profit for the period, representing total comprehensive income	-	-	628,575	628,575
Balance as at 31 March 2015	<u>10,000,000</u>	<u>17,280,000</u>	<u>37,234,007</u>	<u>64,514,007</u>
<i>(KHR'000 equivalent)</i>	<u>40,100,000</u>	<u>69,292,800</u>	<u>149,308,368</u>	<u>258,701,168</u>

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 2014 and the accompanying explanatory notes attached to this interim financial report.*
- (2) The comparative figures for the corresponding period were neither audited nor reviewed as no interim financial report was prepared for the comparative financial period concerned. Thus, the comparative figures are for information purpose only.*

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

CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	Note	Unaudited			
		Three-month period ended			
		31.3.2015 ⁽¹⁾		31.3.2014 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Profit/(Loss) before tax		789,152	3,164,500	(368,388)	(1,479,078)
Adjustments for:					
Amortisation of intangible assets		545	2,185	723	2,903
Depreciation of property, plant and equipment		151,356	606,938	134,478	539,929
Interest expense	18	31,945	128,099	6,012	24,138
Interest income		(12,419)	(49,800)	(693)	(2,782)
Operating profit/(loss) before working capital changes		960,579	3,851,922	(227,868)	(914,890)
Changes in working capital					
Inventories		388,967	1,559,758	4,616,883	18,536,785
Trade and other receivables		(4,202,773)	(16,853,120)	(9,344,916)	(37,519,838)
Other payables		95,594	383,332	5,247,563	21,068,965
Cash (used in)/generated from operations		(2,757,633)	(11,058,108)	291,662	1,171,022
Interest paid		(31,945)	(128,099)	(6,012)	(24,138)
Net cash (used in)/from operating activities		(2,789,578)	(11,058,108)	285,650	1,146,884
Cash flows from investing activities					
Advances (to)/from ultimate holding company		(22,213)	(89,074)	21,004	84,331
Advances to related company		(1,100,000)	(4,411,000)	(18,561)	(74,552)
Purchase of property, plant and equipment		(1,190,255)	(4,772,923)	(171,944)	(690,355)
Interest received		12,419	49,800	693	2,782
Net cash used in investing activities		(2,300,049)	(9,223,197)	(168,808)	(677,764)

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

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

	Note	Unaudited			
		Three-month period ended			
		31.3.2015 ⁽¹⁾		31.3.2014 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities					
Drawdown/(Repayments) of bank borrowings		4,000,000	16,040,000	(166,605)	(668,919)
Net cash from/(used in) financing activities		4,000,000	16,040,000	(166,605)	(668,919)
Net decrease in cash and cash equivalents		(1,089,627)	(4,369,404)	(49,763)	(199,799)
Cash and cash equivalents at beginning of period		5,786,943	23,205,641	428,831	1,721,757
Cash and cash equivalents at end of period		4,697,316	18,836,237	379,068	1,521,958

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 2014 and the accompanying explanatory notes attached to this interim financial report.*
- (2) The comparative figures for the corresponding period were neither audited nor reviewed as no interim financial report was prepared for the comparative financial period concerned. Thus, the comparative figures are for information purpose only.*

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

NOTES TO THE CONDENSED FINANCIAL INFORMATION
31 March 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 May 2015.

2. PRINCIPAL ACTIVITY

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

3. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 2014.

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 these amendments.

3. BASIS OF PREPARATION (continued)

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

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

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

4. SEASONALITY OR CYCLICALITY OF OPERATION

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

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land USS	Building and structure USS	Construction in progress USS	Plant and machineries USS	Motor vehicles USS	Equipment and computers USS	Total USS
<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	-	-	909,091	279,979	-	1,185	1,190,255
Depreciation	(9,600)	(54,369)	-	(76,468)	(327)	(10,592)	(151,356)
Balance at 31.3.2015	<u>3,754,000</u>	<u>889,987</u>	<u>3,931,818</u>	<u>1,401,354</u>	<u>44,605</u>	<u>131,238</u>	<u>10,153,002</u>
<i>(KHR'000 equivalent)</i>	<u>15,053,540</u>	<u>3,568,848</u>	<u>15,766,590</u>	<u>5,619,430</u>	<u>178,866</u>	<u>526,264</u>	<u>40,713,538</u>

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land US\$	Building		Plant and machineries US\$	Motor vehicles US\$	Equipment and computers US\$		Total US\$
		structure US\$	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	3,763,600	944,356	3,022,727	1,197,843	44,932	140,645	9,114,103	
<i>(KHR'000 equivalent)</i>	15,336,670	3,848,251	12,317,613	4,881,211	183,098	573,128	37,139,970	

6. INVENTORIES

	Unaudited 31.3.2015		Audited 31.12.2014	
	US\$	KHR'000	US\$	KHR'000
At cost				
Raw materials	2,324,196	9,320,026	2,745,552	11,188,124
Work-in-progress	5,159,559	20,689,832	3,377,327	13,762,608
Finished goods	526,411	2,110,908	2,276,254	9,275,735
	8,010,166	32,120,766	8,399,133	34,226,467

7. TRADE AND OTHER RECEIVABLES

	Unaudited 31.3.2015		Audited 31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Trade receivable				
Amount owing from ultimate holding company: QMI Industrial Co., Ltd	50,985,831	204,453,182	46,925,229	191,220,308
Other receivables				
Amount owing from a related company: Success Index Group	1,103,874	4,426,535	3,874	15,787
Other receivables	140	561	-	-
Input Valued Added Taxes	793,643	3,182,508	668,667	2,724,818
	1,897,657	7,609,604	672,541	2,740,605
Loans and receivables	52,883,488	212,062,786	47,597,770	193,960,913
Prepayments	97,189	389,728	80,134	326,546
	52,980,677	212,452,514	47,677,904	194,287,459

8. CASH AND BANK BALANCES

	Unaudited 31.3.2015		Audited 31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	107,335	430,413	63,536	258,909
Cash at bank	4,589,981	18,405,824	5,723,407	23,322,884
	<u>4,697,316</u>	<u>18,836,237</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 31.3.2015		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>200,750,000</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
	<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>40,010,000</u>		<u>40,750,000</u>

There were no issuances, cancellations, repurchases, resales and repayments of equity securities during the current financial quarter.

10. SHARE PREMIUM

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.

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.

11. OTHER PAYABLES

	Unaudited 31.3.2015		Audited 31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Amount owing to ultimate holding company: QMI Industrial Co., Ltd	16,435	65,904	38,648	157,490
Accruals	1,701,845	6,824,398	1,612,371	6,570,412
Withholding tax	418,940	1,679,949	412,780	1,682,080
Other payables	1,329	5,330	1,369	5,578
	<u>2,138,549</u>	<u>8,575,581</u>	<u>2,065,168</u>	<u>8,415,560</u>

12. BORROWINGS

	Unaudited 31.3.2015		Audited 31.12.2014	
	US\$	KHR'000	US\$	KHR'000
Term loan	4,000,000	16,040,000	-	-

With reference to the Loan Agreement dated 2 May 2014, the Company was provided with a short term loan facility of US\$6,400,000 secured by 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-month LIBOR plus 4.56%. Interest is calculated on the basis of 360 days per year and payable on a monthly basis.

The 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 (Note 5); and
- All present and future assets of the Company.

The Company had drawn down term loan amounting to US\$3,640,000 and US\$360,000 in May 2014 and June 2014 respectively, which were fully paid in November 2014.

The Company had drawn down term loan amounting to US\$4,000,000 in January 2015.

13. REVENUE

	Unaudited Three-month period ended			
	31.3.2015		31.3.2014	
	US\$	KHR'000	US\$	KHR'000
Sales of goods	14,294,455	57,320,765	15,874,215	63,734,973
Subcontract revenue	113,346	454,517	-	-
CMP revenue	312,144	1,251,697	45,985	184,630
	<u>14,719,945</u>	<u>59,026,979</u>	<u>15,920,200</u>	<u>63,919,603</u>

14. COST OF SALES

	Unaudited Three-month period ended			
	31.3.2015		31.3.2014	
	US\$	KHR'000	US\$	KHR'000
Direct materials	7,632,710	30,607,167	10,787,643	43,312,387
Direct labour	2,505,109	10,045,487	2,323,346	9,328,234
Overhead	2,374,418	9,521,416	1,867,877	7,499,526
	<u>12,512,237</u>	<u>50,174,070</u>	<u>14,978,866</u>	<u>60,140,147</u>

15. OTHER INCOME

	Unaudited Three-month period ended			
	31.3.2015		31.3.2014	
	US\$	KHR'000	US\$	KHR'000
Interest income	12,419	49,800	693	2,782
Others	16,869	67,645	18,238	73,226
	<u>29,288</u>	<u>117,445</u>	<u>18,931</u>	<u>76,008</u>

16. ADMINISTRATIVE EXPENSES

	Unaudited Three-month period ended			
	31.3.2015		31.3.2014	
	US\$	KHR'000	US\$	KHR'000
Depreciation	20,809	83,444	22,575	90,639
Donations	300	1,203	-	-
Entertainment expenses	2,865	11,489	3,116	12,511
Equipment rental	1,995	8,000	1,995	8,010
Personnel costs	248,325	995,783	221,837	890,676
Postage and stamp	10,058	40,333	9,920	39,829
Professional service fees	192,260	770,963	38,470	154,457
Property insurance	5,583	22,388	172	691
Repair and maintenance	2,939	11,785	4,538	18,220
Research and development costs	345,692	1,386,225	376,033	1,509,772
Stationeries	24,056	96,465	20,227	81,211
Traveling expenses	6,961	27,914	6,754	27,117
Utilities	900	3,609	900	3,613
Others	225,530	904,375	148,118	594,694
	<u>1,088,273</u>	<u>4,363,976</u>	<u>854,655</u>	<u>3,431,440</u>

17. DISTRIBUTION COSTS

	Unaudited Three-month period ended			
	31.3.2015		31.3.2014	
	US\$	KHR'000	US\$	KHR'000
Freight outwards	99,550	399,196	168,976	678,439
Custom and document fee	204,688	820,799	294,663	1,183,072
Others	7,500	30,074	-	-
	<u>311,738</u>	<u>1,250,069</u>	<u>463,639</u>	<u>1,861,511</u>

18. FINANCE COST

	Unaudited Three-month period ended			
	31.3.2015		31.3.2014	
	US\$	KHR'000	US\$	KHR'000
Interest expense on term loan	31,945	128,099	6,012	24,138

19. TAX EXPENSE

	Unaudited			
	Three-month period ended		31.3.2014	
	31.3.2015	KHR'000	US\$	KHR'000
Income tax expense:				
Current period	164,168	658,314	556,589	2,234,643
Deferred tax expense:				
Origination and reversal of temporary differences	(3,591)	(14,340)	(12,230)	(49,042)
Total tax expense	160,577	643,914	544,359	2,185,601

Under the Cambodian Law on Taxation, the Company has an obligation to pay tax on profit at 20% (2015: 20%) of the taxable profit or a minimum tax at 1% (2014: 1%) of total revenue, whichever is higher.

20. EARNINGS/(LOSS) PER SHARE

	Unaudited			
	Three-month period ended		31.3.2014	
	31.3.2015	KHR'000	US\$	KHR'000
Profit/(Loss) attributable to ordinary equity holders	628,575	2,520,586	(912,747)	(3,664,679)
Weighted average number of ordinary shares in issue	40,000,000	40,000,000	8,000,000	8,000,000
Basic earnings/(loss) per share	0.02	0.08	(0.11)	(0.46)
Diluted earnings/(loss) per share	0.02	0.08	(0.11)	(0.46)

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			
	31.3.2015		31.3.2014	
	US\$	KHR'000	US\$	KHR'000
<u>Ultimate holding company</u>				
QMI Industrial Co., Ltd				
Sales	14,627,555	58,656,496	15,874,216	63,734,975
Purchases	6,983,610	28,004,276	5,442,116	21,850,096
Off-set with trade receivable	3,583,343	14,369,205	18,468,012	74,149,068
Payments on behalf by the Company	241,242	967,380	26,670	107,080
Off-set with other payables	219,029	878,306	47,674	191,411
<u>Common control</u>				
Success Index Group				
Service fees (Cut, Make & Pack)	312,144	1,251,696	53,174	213,494
Off-set with other payables	312,144	1,251,696	16,228	65,128
Advances by the Company	1,412,144	5,662,696	34,789	139,680

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. The credit period is three months and the Company seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risk

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

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

(c) Interest rate risk

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

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

23. CAPITAL COMMITMENTS

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

	Unaudited 31.3.2015	
	US\$	KHR'000
Property, plant and equipment	425,000	1,706,375

