

Registration No:
Inv.1279 E/2007

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

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 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 September 2014, 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
 14 November 2014

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

CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited as at 30.9.2014		Audited as at 31.12.2013	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	9,209,330	37,620,113	6,243,567	24,943,050
Intangible assets		10,954	44,747	13,123	52,426
Deferred tax assets		131,997	539,207	122,722	490,275
		<u>9,352,281</u>	<u>38,204,067</u>	<u>6,379,412</u>	<u>25,485,751</u>
Current assets					
Inventories	6	5,484,422	22,403,864	7,351,362	29,368,691
Trade and other receivables	7	44,310,432	181,008,115	33,718,412	134,705,056
Cash and cash equivalents	8	14,410,624	58,867,399	428,831	1,713,180
		<u>64,205,478</u>	<u>262,279,378</u>	<u>41,498,605</u>	<u>165,786,927</u>
TOTAL ASSETS		<u>73,557,759</u>	<u>300,483,445</u>	<u>47,878,017</u>	<u>191,272,678</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	9	10,000,000	40,850,000	8,000,000	31,960,000
Share premium	10	17,280,000	70,588,800	-	-
Retained earnings		35,568,730	145,298,262	33,133,651	132,368,936
TOTAL EQUITY		<u>62,848,730</u>	<u>256,737,062</u>	<u>41,133,651</u>	<u>164,328,936</u>
LIABILITIES					
Current liabilities					
Other payables	11	1,801,883	7,360,692	2,078,262	8,302,657
Borrowings	12	4,000,000	16,340,000	472,269	1,886,714
Current tax liabilities		4,907,146	20,045,691	4,193,835	16,754,371
		<u>10,709,029</u>	<u>43,746,383</u>	<u>6,744,366</u>	<u>26,943,742</u>
TOTAL LIABILITIES		<u>10,709,029</u>	<u>43,746,383</u>	<u>6,744,366</u>	<u>26,943,742</u>
TOTAL EQUITY AND LIABILITIES		<u>73,557,759</u>	<u>300,483,445</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			
		30.9.2014 ⁽¹⁾		30.9.2013 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Revenue	13	10,965,830	44,795,416	18,493,374	75,120,085
Cost of sales	14	(7,994,581)	(32,657,863)	(12,829,861)	(52,114,895)
Gross profit		2,971,249	12,137,553	5,663,513	23,005,190
Other income	15	16,775	68,526	1,042	4,233
Administrative expenses	16	(2,016,775)	(8,238,526)	(853,636)	(3,467,469)
Distribution costs	17	(257,315)	(1,051,132)	(1,242,101)	(5,045,414)
Finance cost	18	(46,204)	(188,743)	(10,780)	(43,788)
Other expenses		(11,679)	(47,709)	(10,889)	(44,231)
Profit before tax		656,051	2,679,969	3,547,149	14,408,521
Tax expense	19	(141,506)	(578,052)	(487,447)	(1,980,010)
Profit for the period		514,545	2,101,917	3,059,702	12,428,511
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the financial period		514,545	2,101,917	3,059,702	12,428,511
Earnings per share attributable to equity holders	20				
- Basic		0.02	0.06	0.38	1.55
- Diluted		0.02	0.06	0.38	1.55

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) 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 30 SEPTEMBER 2014

	Note	Share capital US\$	Share Premium US\$	Retained earnings US\$	Total US\$
Unaudited					
Balance as at 1 July 2014		10,000,000	17,280,000	35,054,185	62,334,185
Profit for the period, representing total comprehensive income		-	-	514,545	514,545
Balance as at 30 September 2014		10,000,000	17,280,000	35,568,730	62,848,730
<i>(KHR'000 equivalent)</i>		<i>40,850,000</i>	<i>70,588,800</i>	<i>145,298,262</i>	<i>256,737,062</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) 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 30 SEPTEMBER 2014

	Note	Unaudited			
		Three-month period ended			
		30.9.2014 ⁽¹⁾		30.9.2013 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Profit before tax		656,051	2,679,968	3,547,149	14,408,519
Adjustments for:					
Amortisation of intangible assets		723	2,953	988	4,013
Depreciation of property, plant and equipment		148,424	606,312	139,106	565,049
Interest expense	18	46,204	188,743	10,780	43,788
Interest income		(15,937)	(65,103)	(915)	(3,717)
Operating profit before working capital changes		835,465	3,412,873	3,697,108	15,017,652
Changes in working capital					
Inventories		(3,315,327)	(13,543,111)	(279,239)	(1,134,269)
Trade and other receivables		1,893,490	7,734,907	(9,261,433)	(37,619,941)
Other payables		(411,340)	(1,680,324)	7,441,766	30,228,453
Cash (used in)/generated from operating activities		(997,712)	(4,075,655)	1,598,360	6,492,537
Interest paid		(46,204)	(188,743)	(10,780)	(43,788)
Net cash (used in)/from operating activities		(1,043,916)	(4,264,398)	1,587,580	6,448,749
Cash flows from investing activities					
Advances to related parties		(2,523,577)	(10,308,812)	(228,696)	(928,963)
Purchase of property, plant and equipment	5	(1,726,450)	(7,052,548)	(47,467)	(192,811)
Interest received		15,937	65,103	915	3,717
Net cash used in investing activities		(4,234,090)	(17,296,257)	(275,248)	(1,118,057)

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

CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2014 (continued)

	Note	Unaudited			
		Three-month period ended		30.9.2013 ⁽²⁾	
		30.9.2014 ⁽¹⁾		US\$	KHR'000
		US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities					
Repayments of bank borrowings, representing net cash used in financing activities		-	-	(161,837)	(657,382)
Net cash used in financing activities		-	-	(161,837)	(657,382)
Net (decrease)/increase in cash and cash equivalents		(5,278,006)	(21,560,655)	1,150,495	4,673,311
Cash and cash equivalents at beginning of period		19,688,630	80,428,054	188,711	766,544
Cash and cash equivalents at end of period		14,410,624	58,867,399	1,339,206	5,439,855

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) 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
30 SEPTEMBER 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 Trapeangpoe, 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 November 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.

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

	Leasehold land US\$	Building and structure US\$	Construction in progress	Plant and machineries US\$	Motor vehicles US\$	Equipment and computers US\$	Total 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	454,636	-	66,440	3,543,803
Written-off	-	(153,649)	-	-	-	-	(153,649)
Depreciation	(28,800)	(174,139)	-	(181,148)	(1,308)	(38,996)	(424,391)
Balance at 30.9.2014	3,773,600	995,047	3,022,727	1,265,132	5,668	147,156	9,209,330
<i>(KHR'000 equivalent)</i>	<i>15,415,156</i>	<i>4,064,767</i>	<i>12,347,840</i>	<i>5,168,064</i>	<i>23,154</i>	<i>601,132</i>	<i>37,620,113</i>

As at 30 September 2014, leasehold land with a carrying amount of US\$3,773,600 (31.12.2013: US\$3,802,400) has been charged to a bank for credit facilities granted to the Company (Note 12).

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land US\$	Building and structure US\$	Plant and machineries US\$	Motor vehicles US\$	Equipment and computers US\$	Total US\$
<i>Net carrying amount</i>						
Balance at 1.1.2013	3,841,200	1,512,350	960,055	9,301	113,869	6,436,775
Additions	-	42,668	288,321	-	59,118	390,107
Depreciation	(38,800)	(232,185)	(256,733)	(2,325)	(53,272)	(583,315)
Balance at 31.12.2013	3,802,400	1,322,833	991,643	6,976	119,715	6,243,567
<i>(KHR'000 equivalent)</i>	<i>15,190,588</i>	<i>5,284,718</i>	<i>3,961,614</i>	<i>27,868</i>	<i>478,262</i>	<i>24,943,050</i>

6. INVENTORIES

	Unaudited 30.9.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
At cost				
Raw materials	1,633,362	6,672,284	3,041,488	12,150,744
Work-in-progress	1,890,029	7,720,768	1,805,426	7,212,677
Finished goods	1,961,031	8,010,812	2,504,448	10,005,270
	<u>5,484,422</u>	<u>22,403,864</u>	<u>7,351,362</u>	<u>29,368,691</u>

7. TRADE AND OTHER RECEIVABLES

	Unaudited 30.9.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Trade receivable				
Amount due from a related party: QMI Industrial Co., Ltd	<u>40,649,825</u>	<u>166,054,535</u>	<u>33,315,360</u>	<u>133,094,863</u>
Other receivables				
Amount due from a related party: Success Index Group	2,803,629	11,452,825	38,128	152,321
Other receivables	85,287	348,397	2,378	9,501
Input Valued Added Taxes	<u>639,782</u>	<u>2,613,509</u>	<u>142,149</u>	<u>567,885</u>
Loans and receivables	<u>3,528,698</u>	<u>14,414,731</u>	<u>182,655</u>	<u>729,707</u>
Prepayments	<u>131,909</u>	<u>538,849</u>	<u>220,397</u>	<u>880,486</u>
	<u>44,310,432</u>	<u>181,008,115</u>	<u>33,718,412</u>	<u>134,705,056</u>

8. CASH AND CASH EQUIVALENTS

	Unaudited 30.9.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	77,552	316,799	50,833	231,238
Cash at bank	<u>14,333,072</u>	<u>58,550,600</u>	<u>377,998</u>	<u>1,481,942</u>
	<u>14,410,624</u>	<u>58,867,399</u>	<u>428,831</u>	<u>1,713,180</u>

9. SHARE CAPITAL

	Unaudited 30.9.2014		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>204,250,000</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	-	-
	40,000,000	10,000,000	32,000,000	8,000,000
<i>(KHR'000 equivalent)</i>		<u>40,850,000</u>		<u>31,960,000</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 KHR40,850,000,000).

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 30.9.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Amount due to a related party, QMI Industrial Co., Ltd	317,846	1,298,401	21,432	85,621
Accruals	1,124,133	4,592,083	1,777,541	7,101,276
Withholding tax	358,443	1,464,240	277,920	1,110,291
Other payables	1,461	5,968	1,369	5,469
	1,801,883	7,360,692	2,078,262	8,302,657

12. BORROWINGS

	Unaudited 30.9.2014		Audited 31.12.2013	
	US\$	KHR'000	US\$	KHR'000
Term loan I	-	-	472,269	1,886,714
Term loan II	4,000,000	16,340,000	-	-
	4,000,000	16,340,000	472,269	1,886,714

12. BORROWINGS (continued)

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:

- (a) Letters of guarantee by Mr. Shen Yung Ming and Mr. Yang Shaw Shin;
- (b) 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
- (c) All present and future assets of the Company.

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

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 5); 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		30.9.2013	
	30.9.2014		30.9.2013	
	US\$	KHR'000	US\$	KHR'000
Sales of goods	10,695,985	43,693,099	18,469,996	75,025,124
Subcontract revenue	71,079	290,358	-	-
CMP revenue	198,766	811,959	23,378	94,961
	<u>10,965,830</u>	<u>44,795,416</u>	<u>18,493,374</u>	<u>75,120,085</u>

14. COST OF SALES

	Unaudited Three-month period ended			
	30.9.2014		30.9.2013	
	US\$	KHR'000	US\$	KHR'000
Direct materials	4,584,314	18,726,923	7,486,172	30,408,830
Direct labour	2,328,187	9,510,644	2,572,323	10,448,775
Overhead	1,082,080	4,420,297	2,793,198	11,345,970
	<u>7,994,581</u>	<u>32,657,863</u>	<u>12,829,861</u>	<u>52,114,895</u>

15. OTHER INCOME

	Unaudited Three-month period ended			
	30.9.2014		30.9.2013	
	US\$	KHR'000	US\$	KHR'000
Interest income	15,937	65,103	915	3,717
Others	838	3,423	127	516
	<u>16,775</u>	<u>68,526</u>	<u>1,042</u>	<u>4,233</u>

16. ADMINISTRATIVE EXPENSES

	Unaudited Three-month period ended			
	30.9.2014		30.9.2013	
	US\$	KHR'000	US\$	KHR'000
Depreciation	24,823	101,401	21,832	88,682
Donations	2,500	10,213	-	-
Entertainment expenses	3,501	14,302	5,746	23,340
Equipment rental	1,995	8,150	1,995	8,104
Personnel costs	299,683	1,224,205	228,733	929,113
Postage and stamp	9,667	39,490	10,388	42,196
Professional service fees	1,180,025	4,820,402	9,224	37,468
Property insurance	5,154	21,053	157	638
Repair and maintenance	2,666	10,891	3,985	16,187
Research and development costs	337,296	1,377,854	463,188	1,881,470
Stationeries	22,501	91,917	21,673	88,036
Traveling expenses	5,914	24,159	3,795	15,415
Utilities	980	4,003	850	3,453
Others	120,070	490,486	82,070	333,367
	<u>2,016,775</u>	<u>8,238,526</u>	<u>853,636</u>	<u>3,467,469</u>

17. DISTRIBUTION COSTS

	Unaudited Three-month period ended			
	30.9.2014		30.9.2013	
	US\$	KHR'000	US\$	KHR'000
Freight outwards	18,183	74,278	898,092	3,648,050
Custom fee and document fee	231,632	946,217	344,009	1,397,364
Rental-Housing	7,500	30,637	-	-
	<u>257,315</u>	<u>1,051,132</u>	<u>1,242,101</u>	<u>5,045,414</u>

18. FINANCE COST

	Unaudited Three-month period ended			
	30.9.2014		30.9.2013	
	US\$	KHR'000	US\$	KHR'000
Interest expense on: - term loan	<u>46,204</u>	<u>188,743</u>	<u>10,780</u>	<u>43,788</u>

19. TAX EXPENSE

	Unaudited Three-month period ended			
	30.9.2014		30.9.2013	
	US\$	KHR'000	US\$	KHR'000
Income tax expense: Current period	163,248	666,868	478,607	1,944,102
Deferred tax expense: Origination and reversal of temporary differences	<u>(21,742)</u>	<u>(88,816)</u>	<u>8,840</u>	<u>35,908</u>
Total tax expense	<u>141,506</u>	<u>578,052</u>	<u>487,447</u>	<u>1,980,010</u>

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 30.9.2014		Unaudited Three-month period ended 30.9.2013	
	US\$	KHR'000	US\$	KHR'000
	Profit attributable to ordinary equity holders	514,545	2,101,917	3,059,702
Weighted average number of ordinary shares in issue	<u>32,612,022</u>	<u>32,612,022</u>	<u>8,000,000</u>	<u>8,000,000</u>
Basic earnings per share	0.02	0.06	0.38	1.55
Diluted earnings per share	<u>0.02</u>	<u>0.06</u>	<u>0.38</u>	<u>1.55</u>

20. EARNINGS PER SHARE (continued)

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			
	30.9.2014		30.9.2013	
	US\$	KHR'000	US\$	KHR'000
<u>Holding company</u>				
QMI Industrial Co., Ltd.				
Sales	10,695,985	43,693,099	18,469,996	75,025,124
Purchases	6,810,623	27,821,395	7,237,467	29,398,591
Cash collection	6,304,128	25,752,363	8,928,439	36,267,319
Off set with trade payables	6,810,623	27,821,395	10,602,955	43,069,203
Payments on behalf	335,143	1,369,059	60,867	247,242
Off set with other payables	58,735	239,932	289,405	1,175,563
<u>Common Control</u>				
Success Index Group				
Service revenue (Cut, Make & Pack)	198,763	811,947	23,378	94,961
Cash collections	198,763	811,947	368,462	1,496,693
Payments on behalf	90,000	367,650	66,202	268,913
Off set with other payables	90,000	367,650	66,044	268,271
Advances	2,799,985	11,437,939	-	-

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.

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

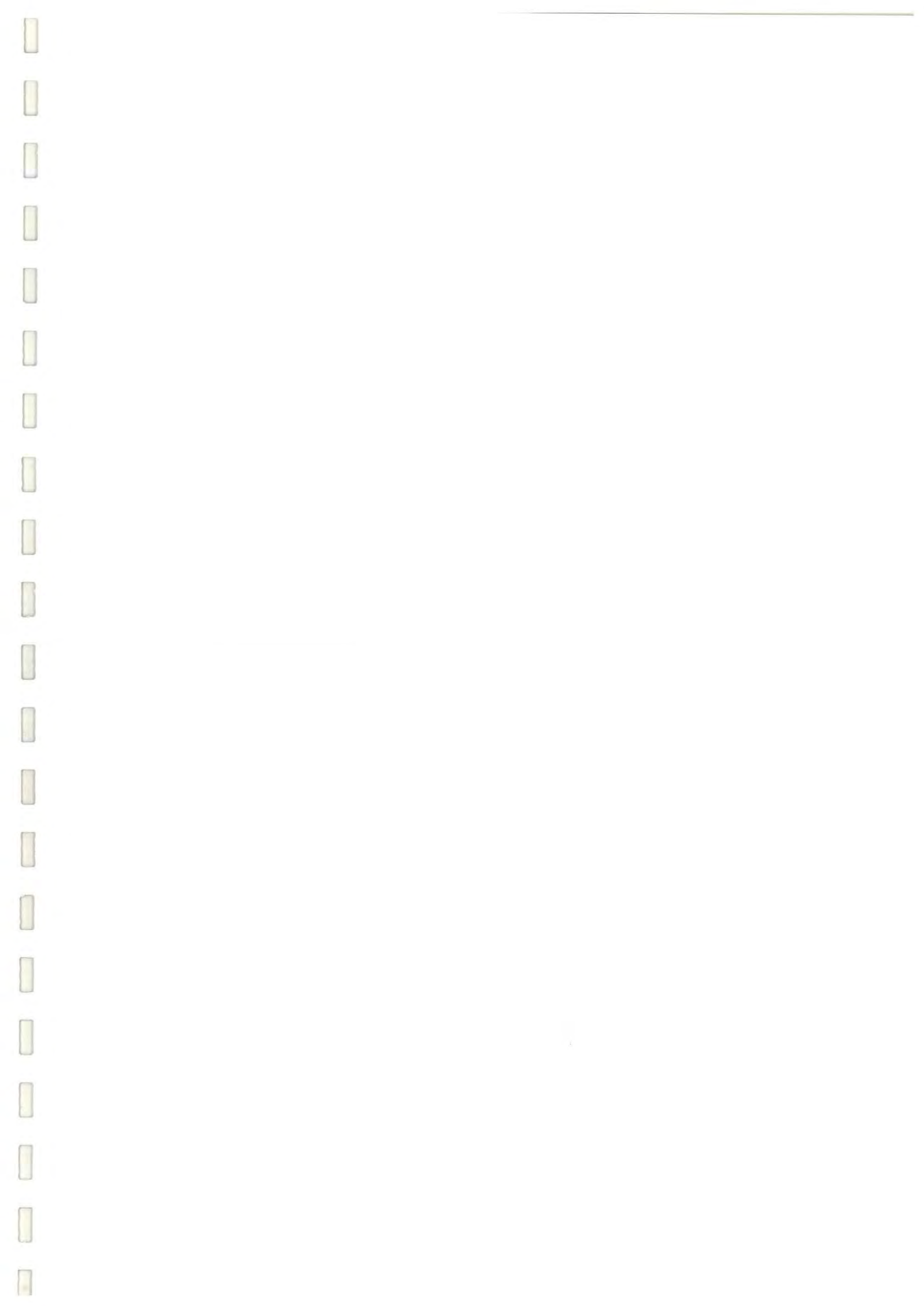
Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Company would fluctuate because of changes in market interest rates.

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 30.9.2014	
	US\$	KHR'000
Building construction	1,295,455	5,291,932



**ក្រុមហ៊ុន ហ្គេណូ ធីន អ៊ិនវេសមេនសិនណាល (ខេមបូឌា) ភីអិលស៊ី
(ចុះបញ្ជីពាណិជ្ជកម្មនៅព្រះរាជាណាចក្រកម្ពុជា)**

**ព័ត៌មានហិរញ្ញវត្ថុសង្ខេបត្រូវបាន
សម្រាប់រយៈពេល ៣ខែ គិតត្រឹមថ្ងៃទី ៣០ កញ្ញា ២០១៤**

ព័ត៌មានហិរញ្ញវត្ថុសង្ខេបបណ្តោះអាសន្ន គឺជាការប្រែសម្រួលជាភាសាខ្មែរ
ពីរបាយការណ៍ជាភាសាអង់គ្លេស។ ក្នុងករណីមានភាពមិនស្របគ្នារវាងភាសាទាំងពីរ
ឯកសារជាភាសាអង់គ្លេសត្រូវបានយកជាគោល។