

Registration No:
Co.7175 Et/2004

**PHNOM PENH AUTONOMOUS PORT
(INCORPORATED IN CAMBODIA)**

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2018**

Registration No:
Co.7175 Et/2004

**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

CONTENTS	PAGE
STATEMENT BY THE DIRECTORS	1
REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION	2
CONDENSED STATEMENT OF FINANCIAL POSITION	3 - 4
CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5 - 6
CONDENSED STATEMENT OF CHANGES IN EQUITY	7 - 8
CONDENSED STATEMENT OF CASH FLOWS	9 - 10
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	11 - 32

Registration No:
Co.7175 Et/2004

1

**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

STATEMENT BY THE DIRECTORS

In the opinion of the Directors, the accompanying condensed statement of financial position of Phnom Penh Autonomous Port (“PPAP”) as at 31 December 2018, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and twelve-month period then ended, and condensed notes to the interim financial information (collectively known as “Condensed Interim Financial Information”) are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.



For and on behalf of the board of Directors,

H.E. Hei Bavy
Chairman and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
Date: 20 February 2019

A handwritten signature in blue ink, appearing to be 'Chheav Vanthea'.

Ms. Chheav Vanthea
Head of Accounting/Finance
Department

**REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)
(Registration No: Co.7175 Et/2004)**

Introduction

We have reviewed the accompanying condensed statement of financial position of Phnom Penh Autonomous Port (“PPAP”) as at 31 December 2018, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and twelve-month period then ended, and condensed notes to the interim financial information (collectively known as “Condensed Interim Financial Information”). The Directors of PPAP 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 PPAP is 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: 20 February 2019

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Unaudited 31 December 2018		Audited 31 December 2017	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	73,809,447	296,566,358	145,355,017	586,798,204
Investment properties	5	85,026,198	341,635,264	8,473,703	34,208,339
Deferred tax assets	6	1,126,000	4,524,268	-	-
		<u>159,961,645</u>	<u>642,725,890</u>	<u>153,828,720</u>	<u>621,006,543</u>
Current assets					
Trade and other receivables	7	3,172,538	12,747,258	3,009,308	12,148,576
Cash and bank balances	8	23,995,410	96,413,557	11,717,944	47,305,340
		<u>27,167,948</u>	<u>109,160,815</u>	<u>14,727,252</u>	<u>59,453,916</u>
TOTAL ASSETS		<u>187,129,593</u>	<u>751,886,705</u>	<u>168,555,972</u>	<u>680,460,459</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	9	114,453,485	457,813,940	114,453,485	457,813,940
Share premium	10	155,502	622,008	155,502	622,008
Reserves	11	18,675,142	75,036,721	13,946,283	56,301,145
Retained earnings		7,678,073	31,070,194	5,282,062	21,323,684
Currency translation difference		-	1,843,265	-	4,240,532
TOTAL EQUITY		<u>140,962,202</u>	<u>566,386,128</u>	<u>133,837,332</u>	<u>540,301,309</u>
LIABILITIES					
Non-current liabilities					
Guaranteed dividends payable		445,453	1,789,830	630,080	2,543,633
Borrowings	12	24,839,689	99,805,870	26,909,663	108,634,310
Provision for retirement benefits	13	644,644	2,590,180	619,279	2,500,029
Deferred tax liabilities	6	-	-	1,414,296	5,709,513
Contract liabilities	14	14,625,000	58,763,250	-	-
		<u>40,554,786</u>	<u>162,949,130</u>	<u>29,573,318</u>	<u>119,387,485</u>

**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018 (continued)**

	Note	Unaudited 31 December 2018		Audited 31 December 2017	
		US\$	KHR'000	US\$	KHR'000
EQUITY AND LIABILITIES					
(continued)					
LIABILITIES					
(continued)					
Current liabilities					
Trade and other payables	15	2,691,950	10,816,255	2,510,885	10,136,443
Borrowings	12	2,069,974	8,317,156	2,069,974	8,356,485
Contract liabilities	14	225,000	904,050	-	-
Current tax liabilities		625,681	2,513,986	564,463	2,278,737
		<u>5,612,605</u>	<u>22,551,447</u>	<u>5,145,322</u>	<u>20,771,665</u>
TOTAL LIABILITIES		<u>46,167,391</u>	<u>185,500,577</u>	<u>34,718,640</u>	<u>140,159,150</u>
TOTAL EQUITY AND LIABILITIES		<u>187,129,593</u>	<u>751,886,705</u>	<u>168,555,972</u>	<u>680,460,459</u>

The Condensed Statement of Financial Position should be read in conjunction with the audited financial information for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2018

	Note	Three-month period ended				Twelve-month period ended			
		Unaudited		Unaudited		Unaudited		Audited	
		31 December 2018 ⁽¹⁾		31 December 2017 ⁽²⁾		31 December 2018 ⁽¹⁾		31 December 2017 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Revenue	16	5,487,256	22,211,186	4,758,681	19,206,571	20,722,928	83,824,244	18,856,296	76,273,717
Cost of services	17	(1,908,204)	(7,724,012)	(1,616,405)	(6,523,825)	(7,234,782)	(29,264,693)	(6,460,794)	(26,133,912)
Gross profit		3,579,052	14,487,174	3,142,276	12,682,746	13,488,146	54,559,551	12,395,502	50,139,805
Other income	18	672,218	2,719,908	164,554	664,303	1,457,658	5,896,227	603,968	2,443,051
General and administrative expenses	19	(1,538,033)	(6,225,898)	(1,479,323)	(5,971,616)	(6,093,272)	(24,647,285)	(5,561,219)	(22,495,131)
Operating profit		2,713,237	10,981,184	1,827,507	7,375,433	8,852,532	35,808,493	7,438,251	30,087,725
Finance costs	20	(294,069)	(1,190,385)	(333,307)	(1,345,463)	(1,170,227)	(4,733,568)	(1,254,767)	(5,075,533)
Profit before tax		2,419,168	9,790,799	1,494,200	6,029,970	7,682,305	31,074,925	6,183,484	25,012,192
Taxation	21	(302,052)	(1,221,080)	(190,932)	(770,427)	418,433	1,692,561	(821,651)	(3,323,578)
Profit for the financial period		2,117,116	8,569,719	1,303,268	5,259,543	8,100,738	32,767,486	5,361,833	21,688,614

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2018 (continued)

	Note	Three-month period ended				Twelve-month period ended			
		Unaudited		Unaudited		Unaudited		Audited	
		31 December 2018 ⁽¹⁾		31 December 2017 ⁽²⁾		31 December 2018 ⁽¹⁾		31 December 2017 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Other comprehensive income, net of tax									
Items that will not be reclassified subsequently to profit or loss:									
Re-measurements of defined benefit liability		28,643	115,869	(28,803)	(116,513)	36,153	146,239	(27,304)	(110,445)
Total comprehensive income for the financial period		<u>2,145,759</u>	<u>8,685,588</u>	<u>1,274,465</u>	<u>5,143,030</u>	<u>8,136,891</u>	<u>32,913,725</u>	<u>5,334,529</u>	<u>21,578,169</u>
Earnings per share									
Basic	22	0.10	0.42	0.06	0.25	0.39	1.59	0.26	1.05
Diluted	22	<u>0.10</u>	<u>0.42</u>	<u>0.06</u>	<u>0.25</u>	<u>0.39</u>	<u>1.59</u>	<u>0.26</u>	<u>1.05</u>

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 2017 and the accompanying explanatory notes attached to this interim financial report.*

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

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2018

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
Balance as at 1 January 2018, as previously reported		114,453,485	155,502	13,946,283	5,282,062	-	133,837,332
Adjustments on initial application of CIFRS 9	3(a)	-	-	-	(458,818)	-	(458,818)
Balance as at 1 January 2018, as restated		114,453,485	155,502	13,946,283	4,823,244	-	133,378,514
Profit for the financial period		-	-	-	8,100,738	-	8,100,738
Actuarial gain on retirement benefit obligation		-	-	-	36,153	-	36,153
Total comprehensive income for the financial period		-	-	-	8,136,891	-	8,136,891
Transactions with owners							
Transfer to reserves	11	-	-	4,728,859	(4,728,859)	-	-
Dividends Class B	23	-	-	-	(553,203)	-	(553,203)
Total transactions with owners		-	-	4,728,859	(5,282,062)	-	(553,203)
Balance as at 31 December 2018⁽¹⁾		114,453,485	155,502	18,675,142	7,678,073	-	140,962,202
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>75,036,721</i>	<i>31,070,194</i>	<i>1,843,265</i>	<i>566,386,128</i>

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2018 (continued)

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
Balance as at 1 January 2017		114,453,485	155,502	11,308,650	3,175,671	-	129,093,308
Profit for the financial period		-	-	-	5,361,833	-	5,361,833
Actuarial loss on retirement benefit obligation		-	-	-	(27,304)	-	(27,304)
Total comprehensive income for the financial period		-	-	-	5,334,529	-	5,334,529
Transactions with owners							
Transfer to reserves	11	-	-	2,637,633	(2,637,633)	-	-
Dividends Class A		-	-	-	(52,467)	-	(52,467)
Dividends Class B		-	-	-	(538,038)	-	(538,038)
Total transactions with owners		-	-	2,637,633	(3,228,138)	-	(590,505)
Balance as at 31 December 2017⁽²⁾		114,453,485	155,502	13,946,283	5,282,062	-	133,837,332
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>56,301,145</i>	<i>21,323,684</i>	<i>4,240,532</i>	<i>540,301,309</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 2017 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *The comparative figures for the corresponding period were reviewed but not audited.*

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2018

	Note	Twelve-month period ended			
		Unaudited 31 December 2018		Audited 31 December 2017	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Profit before tax		7,682,305	31,074,925	6,183,484	25,012,192
Adjustments for:					
Depreciation of property, plant and equipment	4	2,892,290	11,699,313	2,830,665	11,450,040
Depreciation of investment properties	5	70,964	287,049	63,510	256,898
Finance costs	20	1,170,227	4,733,568	1,254,767	5,057,533
Impairment loss on receivables		(343,931)	(1,391,201)	-	-
Loss on disposal of property, plant and equipment		52,246	211,335	-	-
Property, plant and equipment written off		8,768	35,467	-	-
Rental income		(150,000)	(606,750)	-	-
Retirement benefit obligation expenses		101,091	408,913	90,982	368,022
Unrealised loss on foreign exchange		3,449	13,951	3,795	15,351
Operating profit before changes in working capital		11,487,409	46,466,570	10,427,203	42,160,036
Changes in working capital					
Trade and other receivables		(278,117)	(1,124,983)	(74,527)	(301,462)
Trade and other payables		276,664	1,119,106	178,629	722,554
Contract liabilities		15,000,000	60,675,000	-	-
Cash generated from operations		26,485,956	107,135,693	10,531,305	42,581,128
Income tax paid		(2,060,645)	(8,335,309)	(515,854)	(2,086,630)
Retirement benefit obligation paid		(39,573)	(160,073)	(32,966)	(133,348)
Net cash from operating activities		24,385,738	98,640,311	9,982,485	40,361,150
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(8,065,559)	(32,625,186)	(3,029,290)	(12,253,478)
Purchase of investment properties	5	-	-	(1,893)	(7,657)
Proceeds from disposal of property, plant and equipment		34,366	139,010	-	-
Net cash used in investing activities		(8,031,193)	(32,486,176)	(3,031,183)	(12,261,135)

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2018 (continued)

	Note	Twelve-month period ended			
		Unaudited		Audited	
		31 December 2018		31 December 2017	
		US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities					
Dividends paid		(868,619)	(3,513,564)	(825,661)	(3,339,799)
Interest paid		(1,138,486)	(4,605,176)	(1,159,186)	(4,688,907)
Repayments of borrowings		(2,069,974)	(8,373,045)	-	-
Placement of fixed deposits with a licensed bank		(11,839,376)	(47,570,613)	(153,574)	(619,978)
Net cash used in financing activities		(15,916,455)	(64,062,398)	(2,138,421)	(8,648,684)
Net increase in cash and cash equivalents		438,090	2,091,737	4,812,881	19,469,331
Cash and cash equivalents at beginning of financial period		8,557,320	34,545,901	3,744,439	15,116,300
Currency translation differences		-	(494,081)	-	(39,730)
Cash and cash equivalents at end of financial period	8	<u>8,995,410</u>	<u>36,143,557</u>	<u>8,557,320</u>	<u>34,545,901</u>

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
31 DECEMBER 2018**

1. CORPORATE INFORMATION

Phnom Penh Autonomous Port (“PPAP”) was registered under the Sub-Decree number 51 អនក្រឹត្យ on 17 July 1998 as a state-owned public enterprise supervised by the Ministry of Economy and Finance (“MEF”) and the Ministry of Public Works and Transport (“MPWT”). PPAP was listed on the Cambodia Securities Exchange on 9 December 2015 with the security certificate number 003 CSX/SC and became a state-owned public enterprise offering shares to the public.

The registered office and principal place of business of PPAP is located at No. 649, Preah Sisowat Quay, Sangkat Sras Chork, Khan Duan Penh, Phnom Penh, Kingdom of Cambodia.

The condensed interim financial information are presented in United States Dollar (“US\$”), which is also PPAP’s functional currency. Additional disclosures are also made in Khmer Riel (“KHR”) to meet the requirement of the Law on Accounting and Auditing. PPAP uses the following official closing and average rates of exchange for the translation:

		Closing rate	Average rate
31 December 2018	US\$1 =	KHR4,018	KHR4,045
31 December 2017	US\$1 =	KHR4,037	KHR4,045

These convenience translations should not be constructed as representations that the United States Dollars amounts have been, could have been, or could be in the future be, converted into Khmer Riel at this or any other rate of exchange.

The condensed interim financial information were authorised for issue by the Board of the Directors on 20 February 2019.

2. PRINCIPAL ACTIVITIES

PPAP has responsibilities as port authority and port operator, including but not limited to:

- Provide pilotage navigating the vessel entering into or departing from port;
- Provide vessel’s berth;
- Provide a location for vessel repairing and fuel refilling;
- Monitor operation according to technical standard and ensure safety, environmental sustainability, and orders in the port’s commercial zone;
- Check ship documents in order to complete the formalities for vessel entering into-departing from the port;
- Train human resources in navigation and port sector through the Cambodia Maritime Institute;
- Develop port infrastructure through cooperation with the domestic and foreign development partners in order to expand container terminal, general/bulk cargo terminal, feeder port, and passenger/tourist terminal;
- Establish port supporting areas, including special economic zone, industrial zone, agricultural products procession zone and logistics zone;
- Take various measures in order to ensure the enforcement of laws and legal norms related to port and means of water transportation;
- Lift on- lift off, load-unload, and store cargo;
- Transport goods within port area, between the port and industrial area;
- Provide bonded warehouse service, temporary customs warehouse service and container yard;
- Provide tug-boat assistance and mooring-unmooring service;
- Provide logistics supply, pure water, and hygiene service to vessel;
- Provide container stuffing-unstuffing service;
- Provide container repair and maintenance service;
- Provide tourist/passenger terminal and domestic port service; and
- Operate other business of any kinds authorised by the laws and legal norms in force to support the growth of PPAP.

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 2017 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 PPAP since the financial year ended 31 December 2017.

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 2017 except for the adoption of the following accounting standards, amendments and interpretations:

	Effective Date
Amendments to CIFRS 1 <i>Annual Improvements to IFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
CIFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to CIFRS 15	1 January 2018
CIFRS 9 <i>Financial Instruments (issued by IASB in July 2014)</i>	1 January 2018
Amendments to CIFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to CIAS 28 <i>Annual Improvements to CIFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to CIAS 40 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to CIFRS 4 <i>Applying CIFRS 9 Financial Instruments with CIFRS 4 Insurance Contracts</i>	See CIFRS 4 Paragraphs 46 and 48

Adoption of the above amendments, accounting standards and interpretations did not have any material effect on the financial performance or position of PPAP except for the adoption of CIFRS 15 and CIFRS 9 described in the following sections.

(a) *CIFRS 9 Financial Instruments*

CIFRS 9 replaces CIAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

PPAP applied CIFRS 9 prospectively, with an initial application date of 1 January 2018. PPAP has not restated the comparative information, which continues to be reported under CIAS 39. Differences arising from the adoption of CIFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

PPAP classify their financial assets into the following measurement categories depending on the business model of PPAP for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

3. BASIS OF PREPARATION (continued)

(a) CIFRS 9 *Financial Instruments* (continued)

(i) Classification of financial assets and financial liabilities (continued)

The following summarises the key changes:

- The Available-For-Sale (“AFS”), Held-To-Maturity (“HTM”) and Loans and Receivables (“L&R”) financial asset categories were removed.
- A new financial asset category measured at Amortised Cost (“AC”) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income (“FVTOCI”) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

CIFRS 9 largely retains the existing requirements in CIAS 39 for the classification of financial liabilities.

However, under CIAS 39 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under CIFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

(ii) Impairment of financial assets

The adoption of CIFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of PPAP by replacing the incurred loss approach of CIAS 39 with a forward-looking expected credit loss approach. CIFRS 9 requires PPAP to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that PPAP expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset’s original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within CIFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

3. BASIS OF PREPARATION (continued)

(a) CIFRS 9 *Financial Instruments* (continued)

(ii) Impairment of financial assets (continued)

Impairment for receivables from related parties are recognised based on the general approach within CIFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of PPAP as at 1 January 2018:

	Classification		Carrying amount	
	Existing under CIAS 39 US\$	New under CIFRS 9 US\$	Existing under CIAS 39 US\$	New under CIFRS 9 US\$
Financial assets				
Trade and other receivables	L&R	AC	3,009,308	2,550,490
Cash and bank balances	L&R	AC	11,717,944	11,717,944
Financial liabilities				
Trade and other payables	OFL	AC	2,510,885	2,510,885
Borrowings	OFL	AC	28,979,637	28,979,637

The following tables are reconciliations of the carrying amount of the statement of financial position of PPAP from CIAS 39 to CIFRS 9 as at 1 January 2018:

	Existing under CIAS 39			New under CIFRS 9
	Carrying amount as at 31 December 2017 US\$	Reclassification US\$	Remeasurement US\$	Carrying amount as at 1 January 2018 US\$
Trade and other receivables:				
Opening balance	3,009,308	-	-	3,009,308
Increase in impairment loss	-	-	(458,818)	(458,818)
Total trade and other receivables	3,009,308	-	(458,818)	2,550,490

3. BASIS OF PREPARATION (continued)

(a) CIFRS 9 *Financial Instruments* (continued)

(iii) Classification and measurement (continued)

	Existing under CIAS 39 Carrying amount as at 31 December 2017 US\$	Reclassifi- cation US\$	Remeasure- ment US\$	New under CIFRS 9 Carrying amount as at 1 January 2018 US\$
Retained earnings:				
Opening balance	5,282,062	-	-	5,282,062
Increase in impairment loss for trade and other receivables	-	-	(458,818)	(458,818)
Total retained earnings	<u>5,282,062</u>	<u>-</u>	<u>(458,818)</u>	<u>4,823,244</u>

(b) CIFRS 15 *Revenue from Contracts with Customers*

The following summarises the impact of adopting CIFRS 15 on the statement of financial position of PPAP as at 31 December 2018 for each of the line items affected.

	Amounts without adoption of CIFRS 15 US\$	Adjustments US\$	As reported US\$
Liabilities			
Deferred income	14,850,000	(14,850,000)	-
Contract liabilities	-	14,850,000	14,850,000
			<u>14,850,000</u>

3. BASIS OF PREPARATION (continued)

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

	Effective Date
CIFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to CIAS 28 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to CIFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to CIFRS 3 <i>Annual Improvements to CIFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to CIFRS 11 <i>Annual Improvements to CIFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to CIAS 12 <i>Annual Improvements to CIFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to CIAS 23 <i>Annual Improvements to CIFRS Standards 2015 – 2017 Cycle</i>	1 January 2019
Amendments to CIAS 19 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to <i>References to the Conceptual Framework in CIFRS Standards</i>	1 January 2020
CIFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to CIFRS 10 and CIAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

PPAP is in the process of making an assessment of the potential impact from the adoption of these accounting standards, amendments and interpretations hence the Directors are not yet in a position to conclude on the potential impact on the results and the financial position of PPAP.

The possible effects from the adoption of the above accounting standards, amendments and interpretations are as follows:

CIFRS 16 *Leases*

CIFRS 16, which upon the effective date will supersede CIAS 17 *Leases* and related interpretations introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under CIFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, CIAS 17.

In respect of the lessor accounting, CIFRS 16 substantially carries forward the lessor accounting requirements in CIAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

3. BASIS OF PREPARATION (continued)

The possible effects from the adoption of the above accounting standards, amendments and interpretations are as follows: (continued)

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

The Interpretation supports the requirements of CIAS 12 *Income Taxes* by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

Amendments to CIAS 28 *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that the companies account for long-term interests in an associate or joint venture, to which equity method is not applied, using CIFRS 9.

Amendments to CIFRS 9 *Prepayment Features with Negative Compensation*

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Amendments to CIFRS 3 *Annual Improvements to CIFRS Standards 2015 - 2017 Cycle*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to CIFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

3. BASIS OF PREPARATION (continued)

The possible effects from the adoption of the above accounting standards, amendments and interpretations are as follows: (continued)

Amendments to CIFRS 11 Annual Improvements to CIFRS Standards 2015 - 2017 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to CIFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Amendments to CIAS 12 Annual Improvements to CIFRS Standards 2015 - 2017 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to CIAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Amendments to CIAS 23 Annual Improvements to CIFRS Standards 2015 – 2017 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to CIAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

Amendments to CIAS 19 Plan Amendment, Curtailment or Settlement

The amendments clarify that:

- on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period; and
- the effect of the asset ceiling cost is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

Amendments to References to the Conceptual Framework in CIFRS Standards

Together with the revised *Conceptual Framework*, the IASB issued *Amendments to References to the Conceptual Framework in CIFRS Standards*, which contains amendments to CIFRS 2, CIFRS 6, CIFRS 14, CIAS 1, CIAS 8, CIAS 34, CIAS 37, CIAS 38, IC Interpretations 12, 19, 20 and 22 as well Standard Interpretations Committee-32.

3. BASIS OF PREPARATION (continued)

The possible effects from the adoption of the above accounting standards, amendments and interpretations are as follows: (continued)

CIFRS 17 Insurance Contracts

CIFRS 17 replaces CIFRS 4 and requires a current measurement model where estimates are re-measured each reporting period.

Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (“CSM”) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under CIFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the “variable fee approach” for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity’s share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Amendments to CIFRS 10 and CIAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors’ interests in the joint venture or associate.

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited	Audited
	31 December 2018	31 December 2017
	US\$	US\$
<i>Cost</i>		
Balance at the beginning of financial period/year	158,588,158	155,558,868
Additions	8,065,559	3,029,290
Transfer to investment properties	(76,681,043)	-
Disposals	(239,069)	-
Written-off	(77,802)	-
	<hr/>	<hr/>
Balance at the end of financial period/year	89,655,803	158,588,158

4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Unaudited	Audited
	31 December 2018	31 December 2017
	US\$	US\$
<i>Accumulated depreciation</i>		
Balance at the beginning of financial period/year	13,233,141	10,402,476
Depreciation for financial period/year	2,892,290	2,830,665
Transfer to investment properties	(57,584)	-
Disposals	(152,457)	-
Written-off	(69,034)	-
	<u>15,846,356</u>	<u>13,233,141</u>
Carrying amounts		
Balance at the end of financial period/year	<u>73,809,447</u>	<u>145,355,017</u>
<i>(KHR '000 equivalent)</i>	<u>296,566,358</u>	<u>586,798,204</u>

5. INVESTMENT PROPERTIES

	Unaudited	Audited
	31 December 2018	31 December 2017
	US\$	US\$
<i>Cost</i>		
Balance at the beginning of financial period/year	8,813,599	8,811,706
Additions	-	1,893
Transfer from property, plant and equipment	76,681,043	-
	<u>85,494,642</u>	<u>8,813,599</u>
<i>Accumulated depreciation</i>		
Balance at the beginning of financial period/year	339,896	276,386
Depreciation for financial period/year	70,964	63,510
Transfer from property, plant and equipment	57,584	-
	<u>468,444</u>	<u>339,896</u>
Carrying amounts		
Balance at the end of financial period/year	<u>85,026,198</u>	<u>8,473,703</u>
<i>(KHR '000 equivalent)</i>	<u>341,635,264</u>	<u>34,208,339</u>

6. DEFERRED TAX

The components and movements of deferred tax assets/(liabilities) are as follows:

	At	Recognised	At
	1 January	in profit or	31 December
	2018	loss	2018
	US\$	US\$	US\$
			(Unaudited)
Property, plant and equipment	(1,526,814)	(511,633)	(2,038,447)
Retirement benefit obligation	107,654	16,538	124,192
Deferred income	3,797	2,966,203	2,970,000
Impairment loss on receivables	-	68,786	68,786
Unrealised exchange differences	1,067	402	1,469
	<u>(1,414,296)</u>	<u>2,540,296</u>	<u>1,126,000</u>
<i>(KHR '000 equivalent)</i>			<u>4,524,268</u>

6. DEFERRED TAX (continued)

	At 1 January 2017 US\$	Recognised in profit or loss US\$	At 31 December 2017 US\$ (Audited)
Property, plant and equipment	(1,295,820)	(230,994)	(1,526,814)
Retirement benefit obligation	103,939	3,715	107,654
Deferred income	7,593	(3,796)	3,797
Unrealised exchange differences	587	480	1,067
	<u>(1,183,701)</u>	<u>(230,595)</u>	<u>(1,414,296)</u>
			<u><u>(5,709,513)</u></u>

(KHR'000 equivalent)

7. TRADE AND OTHER RECEIVABLES

	Unaudited 31 December 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Trade receivables				
Third parties	2,665,112	10,708,420	2,511,759	10,139,971
Less: Impairment loss				
- Third parties	(343,931)	(1,381,915)	-	-
	<u>2,321,181</u>	<u>9,326,505</u>	<u>2,511,759</u>	<u>10,139,971</u>
Other receivables				
Third parties	474,543	1,906,714	-	-
Advances	2,688	10,800	62,974	254,226
Deposits	3,897	15,658	-	-
Other receivables	62,165	249,780	35,436	143,055
	<u>543,293</u>	<u>2,182,952</u>	<u>98,410</u>	<u>397,281</u>
Total receivables	<u>2,864,474</u>	<u>11,509,457</u>	<u>2,610,169</u>	<u>10,537,252</u>
Prepayments	308,064	1,237,801	399,139	1,611,324
	<u>3,172,538</u>	<u>12,747,258</u>	<u>3,009,308</u>	<u>12,148,576</u>

8. CASH AND BANK BALANCES

	Unaudited 31 December 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	6,332	25,442	3,815	15,401
Cash at banks	3,426,195	13,766,452	3,019,161	12,188,353
Fixed deposits	20,562,883	82,621,663	8,694,968	35,101,586
As stated in statement of financial position	23,995,410	96,413,557	11,717,944	47,305,340
Less:				
Deposits (maturity more than three months)	(15,000,000)	(60,270,000)	(3,160,624)	(12,759,439)
As stated in statement of cash flows	<u>8,995,410</u>	<u>36,143,557</u>	<u>8,557,320</u>	<u>34,545,901</u>

9. SHARE CAPITAL

	Unaudited 31 December 2018		Audited 31 December 2017	
	Number	US\$	Number	US\$
Voting shares of US\$1 each:				
Class A	4,136,873	4,136,873	4,136,873	4,136,873
Class B	16,547,492	16,547,492	16,547,492	16,547,492
	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>
Non-voting shares of US\$1 each:				
Class C	93,769,120	93,769,120	93,769,120	93,769,120
	<u>114,453,485</u>	<u>114,453,485</u>	<u>114,453,485</u>	<u>114,453,485</u>
<i>(KHR '000 equivalent)</i>		<u>- 457,813,940</u>		<u>- 457,813,940</u>

Class A shareholders will enjoy the minimum guaranteed dividend yield of 5% per year based on the Initial Public Offering (“IPO”) price for the period of at least 5 years, starting from 2016 to 2020. The present value of these guaranteed dividends amounting to US\$936,145 is expected to be paid over five years.

Class C shareholders are not entitled to dividend but have first priority in case of PPAP’s liquidation.

10. SHARE PREMIUM

On 9 December 2015, PPAP was successfully listed on the Cambodia Securities Exchange (“CSX”). The total number of ordinary shares (voting) is 20,684,365 shares, of which 4,136,873 (Class A) shares was from the IPO with a par value of KHR4,000 per share and a premium of US\$1,136,169. After the listing, MoEF holds 80% of the total number of shares. PPAP received the proceeds from the IPO amounting to US\$5,193,915 and incurred IPO costs of US\$901,540.

The share premium mainly represents the excess amount received by PPAP over the par value of its shares pursuant to the issuance of shares, net of transaction costs directly distributable to the issuance.

11. RESERVES

	Legal reserve US\$	General reserve US\$	Development fund US\$	Total US\$
As at 1 January 2018	795,311	795,311	12,355,661	13,946,283
Transfer from retained earnings	<u>268,092</u>	<u>268,092</u>	<u>4,192,675</u>	<u>4,728,859</u>
As at 31 December 2018 (Unaudited)	<u>1,063,403</u>	<u>1,063,403</u>	<u>16,548,336</u>	<u>18,675,142</u>
<i>(KHR '000 equivalent)</i>	<u>4,272,753</u>	<u>4,272,753</u>	<u>66,491,215</u>	<u>75,036,721</u>
As at 1 January 2017	590,941	590,941	10,126,768	11,308,650
Transfer from retained earnings	<u>204,370</u>	<u>204,370</u>	<u>2,228,893</u>	<u>2,637,633</u>
As at 31 December 2017 (Audited)	<u>795,311</u>	<u>795,311</u>	<u>12,355,661</u>	<u>13,946,283</u>
<i>(KHR '000 equivalent)</i>	<u>3,210,671</u>	<u>3,210,671</u>	<u>49,879,803</u>	<u>56,301,145</u>

On 26 February 2018, the Board of Directors approved the transfer of retained earnings to reserves amounting US\$4,728,859.

In accordance with PPAP’s Articles of Incorporation, article 66, dated 5 September 2016, PPAP’s profit, after offsetting with losses carried forward (if any), can be used as follows:

- for legal reserve – 5%
- for general reserve – 5%
- the remaining balance for dividend and development fund

12. BORROWINGS

	Unaudited 31 December 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Phnom Penh Port – New Container Terminal Project (“PPPNCTP”) or Phnom Penh Port LM17	24,839,689	99,805,870	26,909,663	108,634,310
Current				
PPPNCTP or Phnom Penh Port LM17	2,069,974	8,317,156	2,069,974	8,356,485
	<u>26,909,663</u>	<u>108,123,026</u>	<u>28,979,637</u>	<u>116,990,795</u>

PPPNCTP represents an on-lending agreement between the MEF and PPAP for the lending of proceeds of the Import-Export Bank of China (“the Eximbank”) under the Preferential Buyer Credit Loan Agreement: No. (2010)29(136) dated 4 November 2010 for the Phnom Penh Port-New Container Terminal Project (“Project”)

The amount to be re-lent to PPAP shall be deemed to be simultaneously lent to PPAP on the same dates, in the same currency and the same amount as those disbursed by the Eximbank for the purposes of financing the implementation of the Project. PPAP pays interest to the MEF semi-annually at the rate of 4% per annum. The loan on-lent is for 20 years, including a grace period of not exceeding 7 years from the date of the conclusion of the Loan Agreement.

13. PROVISION FOR RETIREMENT BENEFITS

The amounts recognised in the statement of financial position are as follows:

	Unaudited 31 December 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Defined benefits obligation				
Present value of defined benefits obligation	620,961	2,495,022	597,461	2,411,950
Fair value of plan asset	-	-	-	-
	<u>620,961</u>	<u>2,495,022</u>	<u>597,461</u>	<u>2,411,950</u>
Other benefits				
National Social Security Funds	23,683	95,158	21,818	88,079
Liability recognised in statement of financial position	<u>644,644</u>	<u>2,590,180</u>	<u>619,279</u>	<u>2,500,029</u>

The movements in the defined benefits obligations during the period are as follows:

	Unaudited 31 December 2018	Audited 31 December 2017
	US\$	US\$
Balance at 1 January	597,461	514,207
Current service cost	41,288	35,536
Interest cost	36,120	33,628
Benefits paid	(17,755)	(13,214)
Re-measurement	<u>(36,153)</u>	<u>27,304</u>
Balance at 31 December	<u>620,961</u>	<u>597,461</u>
<i>(KHR'000 equivalent)</i>	<u>2,495,021</u>	<u>2,411,950</u>

13. PROVISION FOR RETIREMENT BENEFITS (continued)

The movements in the other benefits during the period are as follows:

	Unaudited 31 December 2018 US\$	Audited 31 December 2017 US\$
Balance at 1 January	21,818	19,752
Benefits paid	(21,818)	(19,752)
Additional expenses	<u>23,683</u>	<u>21,818</u>
Balance at 31 December	<u>23,683</u>	<u>21,818</u>
<i>(KHR'000 equivalent)</i>	<u>95,158</u>	<u>88,079</u>

The amounts recognised within salaries, wages and related expenses in the statement of profit or loss and other comprehensive income are as follows:

	Unaudited 31 December 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Defined benefit obligation				
Current service costs	41,288	167,010	35,536	143,743
Interest costs	36,120	146,105	33,628	136,025
Other benefits				
Additional expenses	<u>23,683</u>	<u>95,798</u>	<u>21,818</u>	<u>88,254</u>
	<u>101,091</u>	<u>408,913</u>	<u>90,982</u>	<u>368,022</u>

14. CONTRACT LIABILITIES

Contract liabilities are in respect of deferred income arising from lease of land to Chean Chhoeng Thai Group. The total consideration is amortised on a straight-line basis over the term of 50 years.

15. TRADE AND OTHER PAYABLES

	Unaudited 31 December 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Trade payables				
Third parties	<u>494,259</u>	<u>1,985,933</u>	<u>406,795</u>	<u>1,642,232</u>
Other payables				
Interest payable	397,665	1,597,818	441,422	1,782,021
Deposits from customers	350,579	1,408,626	248,114	1,001,636
Dividend payable	-	-	52,467	211,809
Guaranteed dividends payable	263,574	1,059,040	262,949	1,061,525
Other tax payables	118,807	477,367	153,355	619,094
Other payables	<u>1,067,066</u>	<u>4,287,471</u>	<u>945,783</u>	<u>3,818,126</u>
	<u>2,197,691</u>	<u>8,830,322</u>	<u>2,104,090</u>	<u>8,494,211</u>
	<u>2,691,950</u>	<u>10,816,255</u>	<u>2,510,885</u>	<u>10,136,443</u>

16. REVENUE

	Unaudited			
	Three-month period ended			
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Stevedoring	2,251,690	9,114,581	1,917,126	7,737,314
Lift On Lift Off (“LOLO”)	1,956,759	7,920,484	1,646,966	6,647,124
Port dues and charges	970,557	3,928,346	883,454	3,566,725
Gate fees	198,662	804,177	164,532	664,015
Storage fees	105,324	426,300	110,250	445,013
Weighting fee	123	537	6,810	27,365
Stuffing/Unstuffing	4,000	16,191	-	-
Survey	-	-	29,543	119,015
Repair and maintenance services	141	570	-	-
	<u>5,487,256</u>	<u>22,211,186</u>	<u>4,758,681</u>	<u>19,206,571</u>

	Unaudited			
	Twelve-month period ended			
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Stevedoring	8,746,104	35,377,991	7,737,469	31,298,062
Lift On Lift Off (“LOLO”)	7,350,987	29,734,742	6,598,109	26,689,351
Port dues and charges	3,413,797	13,808,809	3,165,619	12,804,929
Gate fees	787,397	3,185,021	670,329	2,711,481
Storage fees	369,893	1,496,217	426,073	1,723,465
Weighting fee	6,735	27,243	28,129	113,782
Stuffing/Unstuffing	14,300	57,844	-	-
Sand dredging management fee	31,346	126,795	38,475	155,631
Survey	-	-	191,146	773,186
Trucking fee	2,143	8,668	728	2,945
Repair and maintenance services	226	914	219	885
	<u>20,722,928</u>	<u>83,824,244</u>	<u>18,856,296</u>	<u>76,273,717</u>

17. COST OF SERVICES

	Unaudited			
	Three-month period ended			
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Crane charges	476,583	1,929,037	334,338	1,348,852
Depreciation	660,247	2,672,658	641,724	2,590,173
Fuel and gasoline	255,657	1,034,716	152,466	615,357
Salaries and wages	357,325	1,446,383	308,882	1,246,760
Maintenance costs	138,038	558,742	131,391	530,718
Sand dredging management cost	-	-	184	629
Survey costs	-	-	2,164	8,736
Repair and maintenance container fee	120	485	-	-
Others	20,234	81,991	45,256	182,599
	<u>1,908,204</u>	<u>7,724,012</u>	<u>1,616,405</u>	<u>6,523,825</u>

17. COST OF SERVICES (continued)

	Twelve-month period ended			
	Unaudited		Audited	
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Crane charges	1,735,800	7,021,311	1,515,938	6,131,969
Depreciation	2,619,677	10,596,593	2,508,858	10,148,331
Fuel and gasoline	838,790	3,392,906	608,478	2,461,294
Salaries and wages	1,361,010	5,505,285	1,198,001	4,845,914
Maintenance costs	510,556	2,065,197	384,294	1,554,469
Sand dredging management cost	6,608	26,731	38,507	155,761
Survey costs			7,472	30,224
Repair and maintenance container fee	177	716	187	756
Others	162,164	655,954	199,059	805,194
	<u>7,234,782</u>	<u>29,264,693</u>	<u>6,460,794</u>	<u>26,133,912</u>

18. OTHER INCOME

	Unaudited			
	Three-month period ended			
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Rental income	197,317	798,608	79,143	319,418
Finance income	339,757	1,374,593	68,057	274,816
Others	20,257	81,989	17,354	70,069
Reversal of impairment loss on receivables	114,887	464,718	-	-
	<u>672,218</u>	<u>2,719,908</u>	<u>164,554</u>	<u>664,303</u>

	Twelve-month period ended			
	Unaudited		Audited	
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Rental income	657,553	2,659,802	317,708	1,285,129
Finance income	615,501	2,489,702	226,051	914,376
Others	69,717	282,005	60,209	243,546
Reversal of impairment loss on receivables	114,887	464,718	-	-
	<u>1,457,658</u>	<u>5,896,227</u>	<u>603,968</u>	<u>2,443,051</u>

19. GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited			
	Three-month period ended			
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Salaries and other benefits	877,585	3,552,457	786,591	3,174,682
Utilities and fuel	112,144	453,951	116,064	468,506
Depreciation	90,986	368,291	89,844	362,532
Board of Directors' fee	52,280	211,630	52,430	211,609
Donation	153,699	622,051	153,978	622,144
Office supplies	26,024	105,333	19,962	80,499
Business entertainment	38,205	154,717	24,836	99,960
Repair and maintenance	31,330	126,845	33,261	134,229
Communication expenses	14,305	57,909	13,444	54,260
Professional fees	22,438	90,779	24,800	100,237
Travelling expenses	20,264	82,004	31,597	127,576
Other tax expenses	12,945	52,417	6,834	27,572
Other expenses	85,828	347,514	125,682	507,810
	<u>1,538,033</u>	<u>6,225,898</u>	<u>1,479,323</u>	<u>5,971,616</u>

	Unaudited			
	Twelve-month period ended			
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Salaries and other benefits	3,503,802	14,172,879	3,146,171	12,726,262
Utilities and fuel	440,079	1,780,120	440,500	1,781,823
Depreciation	343,578	1,389,773	385,317	1,558,607
Board of Directors' fee	209,197	846,202	209,220	846,295
Donation	492,168	1,990,820	386,613	1,563,850
Office supplies	91,348	369,503	102,571	414,900
Business entertainment	216,254	874,747	192,023	776,733
Repair and maintenance	146,744	593,579	137,181	554,897
Communication expenses	59,578	240,993	53,846	217,807
Professional fees	39,057	157,986	51,218	207,177
Travelling expenses	56,604	228,963	109,725	443,838
Other tax expenses	67,669	273,721	30,710	124,222
Property, plant and equipment written off	8,768	35,467	-	-
Loss on disposal of property, plant and equipment	52,246	211,335	-	-
Other expenses	366,180	1,481,197	316,124	1,278,720
	<u>6,093,272</u>	<u>24,647,285</u>	<u>5,561,219</u>	<u>22,495,131</u>

20. FINANCE COSTS

	Unaudited			
	Three-month period ended			
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Interest expense on borrowings	275,077	1,113,506	309,403	1,248,985
Unwinding effect of guaranteed dividend	18,992	76,879	23,904	96,478
	<u>294,069</u>	<u>1,190,385</u>	<u>333,307</u>	<u>1,345,463</u>

20. FINANCE COSTS (continued)

	Twelve-month period ended			
	Unaudited		Audited	
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Interest expense on borrowings	1,094,729	4,428,179	1,159,185	4,688,903
Unwinding effect of guaranteed dividend	75,498	305,389	95,582	386,630
	<u>1,170,227</u>	<u>4,733,568</u>	<u>1,254,767</u>	<u>5,075,533</u>

21. TAXATION

	Unaudited			
	Three-month period ended			
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current year	<u>129,716</u>	<u>526,694</u>	<u>139,006</u>	<u>560,945</u>
Deferred tax:				
Origination and reversal of temporary differences	264,100	1,065,346	51,926	209,482
Over provision in prior year	(91,764)	(370,960)	-	-
	<u>172,336</u>	<u>694,386</u>	<u>51,926</u>	<u>209,482</u>
	<u>302,052</u>	<u>1,221,080</u>	<u>190,932</u>	<u>770,427</u>

	Twelve-month period ended			
	Unaudited		Audited	
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current year	2,181,020	8,822,226	583,791	2,361,435
(Over)/Under provision in prior year	(59,157)	(239,290)	7,265	29,386
	<u>2,121,863</u>	<u>8,582,936</u>	<u>591,056</u>	<u>2,390,821</u>
Deferred tax:				
Origination and reversal of temporary differences	(2,674,222)	(10,817,228)	230,595	932,757
Under provision in prior year	133,926	541,731	-	-
	<u>(2,540,296)</u>	<u>(10,275,497)</u>	<u>230,595</u>	<u>932,757</u>
	<u>(418,433)</u>	<u>(1,692,561)</u>	<u>821,651</u>	<u>3,323,578</u>

21. TAXATION (continued)

Under the Cambodian Law on Taxation, PPAP has an obligation to pay tax on profit at 20% (2017: 20%) of the taxable profit or a minimum tax at 1% (2017: 1%) of total revenue, whichever is higher. Having successfully listed on the CSX, PPAP is entitled to tax incentives as follows:

- A reduction on tax on profit and withholding tax by 50% respectively (specifically withholding tax on interest and/or dividend resulting from holding and/or buying-selling government, equity and debt securities) for the period of three years in accordance with the Sub-decree no. 1៣៩៧.០៧ of the Royal Government of Cambodia dated 8 January 2015. On 11 February 2016, the Securities and Exchange Commission of Cambodia (“SECC”) submitted a letter to the General Department of Taxation (“GDT”) suggesting that PPAP will be entitled to the tax incentives starting from 2016.
- On 12 December 2016, PPAP submitted a letter to SECC requesting for their assistance in facilitating with the GDT for the written approval on the 50% reduction on tax on profit of PPAP for financial year ended 2016. The SECC, subsequently on 30 December 2016, submitted a letter to the GDT requesting for the written approval for the said tax incentive. This request was approved by the GDT on 8 February 2017 with the tax incentive of three years starting from 2016.
- A temporary postponement on the prepayment of profit tax for the period three years in accordance with the Prakas number 855 ស្រីល.០៧ of the MEF dated 24 July 2015. On 11 February 2016, PPAP submitted a letter to the GDT through SECC requesting the written approval for the said tax incentive. This request was approved by the GDT on 10 June 2016.

22. EARNINGS PER SHARE

	Unaudited			
	Three-month period ended			
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	2,145,759	8,685,588	1,274,465	5,143,030
Weighted average number of ordinary shares in issue	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>
Basic earnings per share	0.10	0.42	0.06	0.25
Diluted earnings per share	<u>0.10</u>	<u>0.42</u>	<u>0.06</u>	<u>0.25</u>
	Twelve-month period ended			
	Unaudited		Audited	
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	8,136,891	32,913,725	5,334,529	21,578,169
Weighted average number of ordinary shares in issue	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>
Basic earnings per share	0.39	1.59	0.26	1.05
Diluted earnings per share	<u>0.39</u>	<u>1.59</u>	<u>0.26</u>	<u>1.05</u>

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.

PPAP 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.

23. DIVIDENDS

On 26 February 2018, the Board of Directors of PPAP resolved to distribute the dividends in respect to the financial year ended 31 December 2017 to shareholders of each class of shares as follows:

- Shareholders in Class A is entitled to total guaranteed dividend of US\$262,949 (equivalent to KHR1,051,796,000) and this dividend was paid on 16 March 2018. The additional dividend to Class A shareholders of US\$52,467 was also paid on the same date. These dividends were approved by the Board of Directors on 27 October 2017.
- Shareholders in Class B is entitled to total dividend of US\$553,203 (equivalent to KHR2,242,708,000) and this dividend was paid on 11 July 2018.

24. OPERATING LEASE COMMITMENTS

PPAP as lessee

PPAP had entered into non-cancellable lease agreements for office spaces, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates. At year-end, PPAP has outstanding commitments under non-cancellable operating leases that fall due, as follows:

	Unaudited		Audited	
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Not later than one year	2,324	9,338	55,767	225,131
Later than one year and not later than five years	-	-	2,633	10,629
	<u>2,324</u>	<u>9,338</u>	<u>58,400</u>	<u>235,760</u>

25. RELATED PARTY DISCLOSURES

- (a) PPAP had the following transactions with related parties during the financial period.

	Unaudited			
	Three-month period ended			
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	275,077	1,113,506	309,403	1,248,985
MEF and MPWT				
Donation and charities	<u>4,582</u>	<u>18,572</u>	<u>15,227</u>	<u>61,415</u>
	Unaudited			
	Twelve-month period ended			
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	1,094,729	4,428,179	1,159,185	4,688,903
MEF and MPWT				
Donation and charities	<u>41,813</u>	<u>169,134</u>	<u>74,276</u>	<u>300,445</u>

25. RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel

Key management compensation during the financial period is as follows:

	Unaudited			
	Three-month period ended			
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Short term employee benefits	52,280	211,630	52,430	211,609

	Unaudited			
	Twelve-month period ended			
	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Short term employee benefits	209,197	846,202	209,220	846,295

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of PPAP 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 PPAP. 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 PPAP if a counter party to a financial instrument fails to perform as contracted. It is PPAP's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that PPAP is exposed to minimal credit risk.

PPAP's primary exposure to credit risk arises through its receivables. The credit period for trade receivables is one to three months (2017: one to three months) and PPAP 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 PPAP's management of working capital. It is the risk that PPAP will encounter difficulty in meeting its financial obligations when due.

PPAP 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, PPAP maintains a level of cash and cash equivalents deemed adequate to finance PPAP'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 PPAP would fluctuate because of changes in market interest rates.

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

27. TAXATION CONTINGENCIES

Law on taxation in Cambodia including Sub Decree, Prakas, Circular and Notification is frequently changing based on the amendment of tax authorities and subject to interpretation. Often, differing interpretations on law of taxation exist among relevant parties and this could result in higher tax risks. Taxes are subject to review and investigation by a number of authorities who are enabled by law to impose severe fines, penalties and interest charges. Management believes that it has adequately provided tax liabilities based on its interpretation of tax legislation.

28. SEASONALITY OR CYCLICALITY OF OPERATIONS

The demand for PPAP services is subject to seasonal fluctuation as a result of the high demand for mainly, garment commodity, rice, textile raw materials and construction materials. Historically, peak demand is in the third quarter of the year and attributed to the high volume of export to America and import from China.

29. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

	Audited			
	31 December 2017			
	As restated		As previously stated	
	US\$	KHR'000	US\$	KHR'000
Statement of financial position				
Equity				
Reserves	13,946,283	56,301,145	-	-
Legal reserve	-	-	795,311	3,210,671
General reserve	-	-	795,311	3,210,671
Development fund	-	-	12,355,661	49,879,803

	Audited			
	Twelve-month period ended			
	31 December 2017			
	As restated		As previously stated	
	US\$	KHR'000	US\$	KHR'000
Statement of cash flows				
Net cash from operating activities	9,982,485	40,361,150	8,823,299	35,690,243
Net cash used in financing activities	(2,138,421)	(8,648,684)	(825,661)	(3,339,799)