

Registration No:  
Co.7175 Et/2004

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

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2019**

Registration No:  
Co.7175 Et/2004

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

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**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 30 June 2019, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and six-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*. L

For and on behalf of the board of Directors, ✓



**Hei Bavy**  
Chairman and Chief Executive Officer

Phnom Penh, Cambodia  
Date: 09 AUG 2019

  
**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 30 June 2019, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and six-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: 9 August 2019

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

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Note	Unaudited 30 June 2019		Audited 31 December 2018	
		US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	73,051,582	297,027,732	73,809,447	296,566,358
Investment properties	5	85,024,366	345,709,072	85,026,198	341,635,264
Lease receivables	6	4,224,786	17,177,980	-	-
Other receivable	7	62,487	254,072	-	-
Deferred tax assets	8	1,113,641	4,528,064	1,126,000	4,524,268
		<u>163,476,862</u>	<u>664,696,920</u>	<u>159,961,645</u>	<u>642,725,890</u>
<b>Current assets</b>					
Trade and other receivables	7	4,371,831	17,775,865	3,172,538	12,747,258
Lease receivables	6	56,613	230,188	-	-
Cash and bank balances	9	25,312,248	102,919,600	23,995,410	96,413,557
		<u>29,740,692</u>	<u>120,925,653</u>	<u>27,167,948</u>	<u>109,160,815</u>
<b>TOTAL ASSETS</b>		<u><u>193,217,554</u></u>	<u><u>785,622,573</u></u>	<u><u>187,129,593</u></u>	<u><u>751,886,705</u></u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	10	114,453,485	457,813,940	114,453,485	457,813,940
Share premium	11	155,502	622,008	155,502	622,008
Reserves	12	25,651,419	104,298,670	18,675,142	75,036,721
Retained earnings		5,333,944	21,495,794	7,678,073	31,070,194
Currency translation difference		-	7,756,213	-	1,843,265
<b>TOTAL EQUITY</b>		<u>145,594,350</u>	<u>591,986,625</u>	<u>140,962,202</u>	<u>566,386,128</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Guaranteed dividends payable		232,556	945,573	445,453	1,789,830
Other payable	13	31,243	127,034	-	-
Borrowings	14	24,839,689	100,998,175	24,839,689	99,805,870
Provision for retirement benefits	15	703,916	2,862,122	644,644	2,590,180
Lease liabilities	16	2,816,523	11,451,983	-	-
Contract liabilities	17	14,625,000	59,465,250	14,625,000	58,763,250
		<u>43,248,927</u>	<u>175,850,137</u>	<u>40,554,786</u>	<u>162,949,130</u>

**PHNOM PENH AUTONOMOUS PORT**  
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**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019 (continued)**

	Note	Unaudited 30 June 2019		Audited 31 December 2018	
		US\$	KHR'000	US\$	KHR'000
<b>EQUITY AND LIABILITIES</b>					
<b>(continued)</b>					
<b>LIABILITIES (continued)</b>					
<b>Current liabilities</b>					
Trade and other payables	13	2,309,008	9,388,427	2,691,950	10,816,255
Borrowings	14	1,034,987	4,208,257	2,069,974	8,317,156
Lease liabilities	16	37,742	153,459	-	-
Contract liabilities	17	75,000	304,950	225,000	904,050
Current tax liabilities		917,540	3,730,718	625,681	2,513,986
		<u>4,374,277</u>	<u>17,785,811</u>	<u>5,612,605</u>	<u>22,551,447</u>
<b>TOTAL LIABILITIES</b>		<u>47,623,204</u>	<u>193,635,948</u>	<u>46,167,391</u>	<u>185,500,577</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>193,217,554</u>	<u>785,622,573</u>	<u>187,129,593</u>	<u>751,886,705</u>

*The Condensed Statement of Financial Position should be read in conjunction with the audited financial information for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.*

**PHNOM PENH AUTONOMOUS PORT**  
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**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2019**

	Note	Unaudited				Unaudited			
		Three-month period ended				Six-month period ended			
		30 June 2019 <sup>(1)</sup>		30 June 2018 <sup>(2)</sup>		30 June 2019 <sup>(1)</sup>		30 June 2018 <sup>(2)</sup>	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	
Revenue	19	5,822,055	23,603,768	4,668,283	18,887,699	11,692,343	47,120,142	9,326,362	37,575,912
Cost of services	20	(2,047,943)	(8,297,430)	(1,670,413)	(6,759,854)	(3,890,428)	(15,678,425)	(3,421,049)	(13,783,406)
Gross profit		3,774,112	15,306,338	2,997,870	12,127,845	7,801,915	31,441,717	5,905,313	23,792,506
Other income	21	730,561	2,992,423	246,196	995,027	2,741,508	11,048,277	428,710	1,727,273
General and administrative expenses	22	(1,733,478)	(7,022,544)	(1,748,099)	(7,065,761)	(3,259,636)	(13,136,333)	(3,081,631)	(12,415,891)
Operating profit		2,771,195	11,276,217	1,495,967	6,057,111	7,283,787	29,353,661	3,252,392	13,103,888
Finance costs	23	(540,694)	(2,185,607)	(301,333)	(1,218,803)	(816,108)	(3,288,915)	(579,674)	(2,335,507)
Profit before tax		2,230,501	9,090,610	1,194,634	4,838,308	6,467,679	26,064,746	2,672,718	10,768,381
Tax expense	24	(528,912)	(2,145,877)	(152,861)	(621,604)	(1,127,314)	(4,543,075)	(489,729)	(1,973,118)
Profit for the financial period		1,701,589	6,944,733	1,041,773	4,216,704	5,340,365	21,521,671	2,182,989	8,795,263

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**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2019 (continued)**

	Note	Unaudited				Unaudited			
		Three-month period ended				Six-month period ended			
		30 June 2019 <sup>(1)</sup>		30 June 2018 <sup>(2)</sup>		30 June 2019 <sup>(1)</sup>		30 June 2018 <sup>(2)</sup>	
		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		20,024	80,062	24,726	99,187	(6,421)	(25,877)	(789)	(3,179)
Total comprehensive income for the financial period		1,721,613	7,024,795	1,066,499	4,315,891	5,333,944	21,495,794	2,182,200	8,792,084
Earnings per share									
Basic	25	0.08	0.34	0.05	0.21	0.26	1.04	0.11	0.43
Diluted	25	0.08	0.34	0.05	0.21	0.26	1.04	0.11	0.43

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 2018 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *The comparative figures for the corresponding period were reviewed but not audited.*



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**CONDENSED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019**

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
<b>Balance as at 1 January 2019</b>		<b>114,453,485</b>	<b>155,502</b>	<b>18,675,142</b>	<b>7,678,073</b>	<b>-</b>	<b>140,962,202</b>
Profit for the financial period		-	-	-	5,340,365	-	5,340,365
Actuarial loss on retirement benefit obligation		-	-	-	(6,421)	-	(6,421)
Total comprehensive income for the financial period		-	-	-	5,333,944	-	5,333,944
<b>Transactions with owners</b>							
Transfer to reserves	12	-	-	6,976,277	(6,976,277)	-	-
Dividends		-	-	-	(701,796)	-	(701,796)
Total transactions with owners		-	-	6,976,277	(7,678,073)	-	(701,796)
<b>Balance as at 30 June 2019<sup>(1)</sup></b>		<b>114,453,485</b>	<b>155,502</b>	<b>25,651,419</b>	<b>5,333,944</b>	<b>-</b>	<b>145,594,350</b>
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>104,298,670</i>	<i>21,495,794</i>	<i>7,756,213</i>	<i>591,986,625</i>

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**CONDENSED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 (continued)**

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
<b>Balance as at 1 January 2018</b>		<b>114,453,485</b>	<b>155,502</b>	<b>13,946,283</b>	<b>5,282,062</b>	<b>-</b>	<b>133,837,332</b>
Profit for the financial period		-	-	-	2,182,989	-	2,182,989
Actuarial loss on retirement benefit obligation		-	-	-	(789)	-	(789)
Total comprehensive income for the financial period		-	-	-	2,182,200	-	2,182,200
<b>Transactions with owners</b>							
Transfer to reserves	12	-	-	4,728,859	(4,728,859)	-	-
Dividends		-	-	-	(553,203)	-	(553,203)
Total transactions with owners		-	-	4,728,859	(5,282,062)	-	(553,203)
<b>Balance as at 30 June 2018<sup>(2)</sup></b>		<b>114,453,485</b>	<b>155,502</b>	<b>18,675,142</b>	<b>2,182,200</b>	<b>-</b>	<b>135,466,329</b>
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>75,877,102</i>	<i>8,792,084</i>	<i>7,294,561</i>	<i>550,399,695</i>

*Notes:*

(1) *Should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 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**  
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**CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019**

	Note	Unaudited Six-month period ended			
		30 June 2019 <sup>(1)</sup>		30 June 2018 <sup>(2)</sup>	
		US\$	KHR'000	US\$	KHR'000
<b>Cash flows from operating activities</b>					
Profit before tax		6,467,679	26,064,746	2,672,718	10,768,381
Adjustments for:					
Depreciation of property, plant and equipment	4	1,504,798	6,064,336	1,437,566	5,791,953
Depreciation of investment properties	5	37,885	152,677	35,482	142,957
Finance costs	23	816,108	3,288,915	579,674	2,335,507
Net impairment loss on receivables		75,968	306,151	-	-
Income from net of investment from sublease		(1,408,262)	(5,675,296)	-	-
Interest income	21	(751,534)	(3,028,682)	-	-
Loss on disposal of property, plant and equipment		-	-	52,246	210,499
Property, plant and equipment written off		-	-	8,768	35,326
Retirement benefit obligation expenses		52,851	212,990	50,557	203,694
Unrealised gain on foreign exchange		(5,426)	(21,867)	(4,032)	(16,245)
Unwinding effect of long term deposit	21	(118,757)	(478,591)	-	-
Operating profit before changes in working capital		6,671,310	26,885,379	4,832,979	19,472,072
Changes in working capital					
Trade and other receivables		(1,254,597)	(5,056,026)	(807,465)	(3,253,276)
Trade and other payables		(179,499)	(723,381)	(258,536)	(1,041,642)
Contract liabilities		(150,000)	(604,500)	-	-
Cash generated from operations		5,087,214	20,501,472	3,766,978	15,177,154
Tax paid		(823,096)	(3,317,077)	(523,191)	(2,107,937)
Retirement benefit obligation paid		-	-	(23,443)	(94,452)
Net cash from operating activities		4,264,118	17,184,395	3,220,344	12,974,765
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(782,986)	(3,155,434)	(2,447,624)	(9,861,477)
Proceeds from disposal of property, plant and equipment		-	-	34,366	138,461
Interest received		611,770	2,465,433	-	-
Placement of fixed deposits with a licensed bank		(1,000,000)	(4,030,000)	-	-
Net cash used in investing activities		(1,171,216)	(4,720,001)	(2,413,258)	(9,723,016)

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**CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 (continued)**

	Note	Unaudited			
		Six-month period ended		30 June 2018 <sup>(2)</sup>	
		30 June 2019 <sup>(1)</sup>		30 June 2018 <sup>(2)</sup>	
		US\$	KHR'000	US\$	KHR'000
<b>Cash flows from financing activities</b>					
Dividend paid		(965,370)	(3,890,441)	(315,416)	(1,270,811)
Interest paid		(775,707)	(3,126,099)	(579,593)	(2,335,180)
Repayments of borrowings		(1,034,987)	(4,170,998)	(1,034,987)	(4,169,963)
Net cash used in financing activities		(2,776,064)	(11,187,538)	(1,929,996)	(7,775,954)
<b>Net increase/(decrease) in cash and cash equivalents</b>		316,838	1,276,856	(1,122,910)	(4,524,205)
<b>Cash and cash equivalents at beginning of financial period</b>		8,995,410	36,143,557	11,717,944	47,305,340
Currency translation differences		-	443,187	-	266,488
<b>Cash and cash equivalents at end of financial period</b>	9	<u>9,312,248</u>	<u>37,863,600</u>	<u>10,595,034</u>	<u>43,047,623</u>

*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 2018 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**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**30 JUNE 2019**

**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
30 June 2019	US\$1 =	KHR4,066	KHR4,030
31 December 2018	US\$1 =	KHR4,018	KHR4,045
30 June 2018	US\$1 =	KHR4,063	KHR4,029

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 9 August 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;
- Provide dredging service and maintain navigation channel;
- 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 (“LOLO”), 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;

## 2. PRINCIPAL ACTIVITIES (continued)

- 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 2018 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 2018.

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 2018 except for the adoption of the following accounting standards, amendments and interpretations:

	<b>Effective Date</b>
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

Adoption of the above amendments, accounting standards and interpretations did not have any material effect on the financial performance or position of the Company except for the adoption of CIFRS 16 described in the following sections.

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

	<b>Effective Date</b>
Amendments to <i>References to the Conceptual Framework in CIFRS Standards</i>	1 January 2020
Amendments to CIFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to CIAS 1 and CIAS 8 <i>Definition of Material</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:

#### 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.

#### Amendments to CIFRS 3 *Definition of a Business*

The amendments change the definition of a business to help companies determine whether an acquisition made is of a business or a group of assets.

The new definition of business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

This emphasises that the output of a business is to provide goods and services to customers. This contrasts with the previous definition which focused on economic benefits to investors and others.

The amendments also clarify that, to be considered a business, an acquisition must include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include a framework to assist when evaluating when an input and substantive process are present – including for early stage companies that have not yet generated outputs.

In addition, the amendments introduced an optional “concentration test” to permit a simplified assessment of whether or not an acquired set of activities and assets is a business. The test can be applied by choice on a transaction by transaction basis. A transaction will be treated as an acquisition of assets (ie not a business) if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or groups of similar identifiable assets.

#### Amendments to CIAS 1 and CIAS 8 *Definition of Material*

The amendments clarify the definition of material in the context of applying CIFRS. As the concept of what is and is not material is crucial in preparing financial statements in accordance with CIFRS, a change in the definition may fundamentally affect how preparers make judgments in preparing financial statements.

The new definition of material information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

### 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

	<b>Unaudited</b> <b>30 June 2019</b> <b>US\$</b>	<b>Audited</b> <b>31 December 2018</b> <b>US\$</b>
<b>Cost</b>		
Balance at the beginning of financial period/year	89,655,803	158,588,158
Additions	782,986	8,065,559
Transfer to investment properties (Note 5)	(36,053)	(76,681,043)
Disposals	-	(239,069)
Written-off	-	(77,802)
	<u>90,402,736</u>	<u>89,655,803</u>
<b>Accumulated depreciation</b>		
Balance at the beginning of financial period/year	15,846,356	13,233,141
Depreciation for financial period/year	1,504,798	2,892,290
Transfer to investment properties	-	(57,584)
Disposals	-	(152,457)
Written-off	-	(69,034)
	<u>17,351,154</u>	<u>15,846,356</u>
	<u>73,051,582</u>	<u>73,809,447</u>
	<u>297,027,732</u>	<u>296,566,358</u>
		<i>(KHR '000 equivalent)</i>

#### 5. INVESTMENT PROPERTIES

	<b>Unaudited</b> <b>30 June 2019</b> <b>US\$</b>	<b>Audited</b> <b>31 December 2018</b> <b>US\$</b>
<b>Cost</b>		
Balance at the beginning of financial period/year	85,494,642	8,813,599
Transfer from property, plant and equipment (Note 4)	36,053	76,681,043
	<u>85,530,695</u>	<u>85,494,642</u>
<b>Accumulated depreciation</b>		
Balance at the beginning of financial period/year	468,444	339,896
Depreciation for financial period/year	37,885	70,964
Transfer from property, plant and equipment	-	57,584
	<u>506,329</u>	<u>468,444</u>
	<u>85,024,366</u>	<u>85,026,198</u>
	<u>345,709,072</u>	<u>341,635,264</u>
		<i>(KHR '000 equivalent)</i>

#### 6. LEASE RECEIVABLES

Lease receivables are in respect of 40 year leases of land to Hui Bang International Investment Group Co., Ltd. and Mekong Oriza Trading Co., Ltd.

## 7. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
<b>Non-current</b>				
<b>Other receivable</b>				
Deposit	62,487	254,072	-	-
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	3,946,915	16,048,156	2,665,112	10,708,420
Less: Impairment loss - Third parties	(419,899)	(1,707,309)	(343,931)	(1,381,915)
	3,527,016	14,340,847	2,321,181	9,326,505
<b>Other receivables</b>				
Third parties	474,543	1,929,492	474,543	1,906,714
Advances	9,756	39,668	2,688	10,800
Deposits	2,870	11,669	3,897	15,658
Other receivables	102,019	414,809	62,165	249,780
	589,188	2,395,638	543,293	2,182,952
<b>Total receivables</b>	4,116,204	16,736,485	2,864,474	11,509,457
Prepayments	255,627	1,039,380	308,064	1,237,801
	4,371,831	17,775,865	3,172,538	12,747,258

## 8. DEFERRED TAX

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

	At 1 January 2019 US\$	Recognised in profit or loss US\$	At 30 June 2019 US\$ (Unaudited)
Property, plant and equipment	(2,038,447)	(99,612)	(2,138,059)
Retirement benefit obligation	124,192	9,316	133,508
Deferred income	2,970,000	(30,000)	2,940,000
Bonus	-	91,469	91,469
Impairment loss on receivables	68,786	15,194	83,980
Unrealised exchange differences	1,469	1,274	2,743
	1,126,000	(12,359)	1,113,641
			<u>4,528,064</u>

(KHR'000 equivalent)

**8. DEFERRED TAX (continued)**

	<b>At 1 January 2018 US\$</b>	<b>Recognised in profit or loss US\$</b>	<b>At 31 December 2018 US\$</b>
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>

*(KHR'000 equivalent)*

4,524,268

**9. CASH AND BANK BALANCES**

	<b>Unaudited 30 June 2019</b>		<b>Audited 31 December 2018</b>	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	6,255	25,433	6,332	25,442
Cash at banks	4,708,566	19,145,029	3,426,195	13,766,452
Fixed deposits	20,597,427	83,749,138	20,562,883	82,621,663
	<u>25,312,248 102,919,600</u>		<u>23,995,410 96,413,557</u>	
As stated in statement of financial position				
Less:				
Deposits (maturity more than three months)	<u>(16,000,000)</u>	<u>(65,056,000)</u>	<u>(15,000,000)</u>	<u>(60,270,000)</u>
As stated in statement of cash flows	<u>9,312,248 37,863,600</u>		<u>8,995,410 36,143,557</u>	

**10. SHARE CAPITAL**

	<b>Unaudited 30 June 2019</b>		<b>Audited 31 December 2018</b>	
	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 20,684,365</u>		<u>20,684,365 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>114,453,485 114,453,485</u>		<u>114,453,485 114,453,485</u>	
<i>(KHR'000 equivalent)</i>	<u><u>457,813,940</u></u>		<u><u>457,813,940</u></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.

## 11. 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. 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.

## 12. RESERVES

	Legal reserve US\$	General reserve US\$	Development fund US\$	Total US\$
<b>As at 1 January 2019</b>	<b>1,063,403</b>	<b>1,063,403</b>	<b>16,548,336</b>	<b>18,675,142</b>
Transfer from retained earnings	<u>405,037</u>	<u>405,037</u>	<u>6,166,203</u>	<u>6,976,277</u>
<b>As at 30 June 2019 (Unaudited)</b>	<b><u>1,468,440</u></b>	<b><u>1,468,440</u></b>	<b><u>22,714,539</u></b>	<b><u>25,651,419</u></b>
<i>(KHR'000 equivalent)</i>	<u>5,970,677</u>	<u>5,970,677</u>	<u>92,357,316</u>	<u>104,298,670</u>
<b>As at 1 January 2018</b>	<b>795,311</b>	<b>795,311</b>	<b>12,355,661</b>	<b>13,946,283</b>
Transfer from retained earnings	<u>268,092</u>	<u>268,092</u>	<u>4,192,675</u>	<u>4,728,859</u>
<b>As at 31 December 2018 (Audited)</b>	<b><u>1,063,403</u></b>	<b><u>1,063,403</u></b>	<b><u>16,548,336</u></b>	<b><u>18,675,142</u></b>
<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>

On 29 March 2019, the Board of Directors approved the transfer of retained earnings to reserves amounting to US\$6,976,277.

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

## 13. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
<b>Non-current</b>				
<b>Other payable</b>				
Deposit	<u>31,243</u>	<u>127,034</u>	<u>-</u>	<u>-</u>

**13. TRADE AND OTHER PAYABLES (continued)**

	<b>Unaudited</b>		<b>Audited</b>	
	<b>30 June 2019</b>		<b>31 December 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
<b>Current</b>				
<b>Trade payables</b>				
Third parties	357,727	1,454,518	494,259	1,985,933
<b>Other payables</b>				
Interest payable	373,745	1,519,647	397,665	1,597,818
Deposits	342,557	1,392,837	350,579	1,408,626
Guaranteed dividends payable	234,051	951,651	263,574	1,059,040
Accrual	103,274	419,912	-	-
Other tax payables	230,033	935,315	118,807	477,367
Other payables	667,621	2,714,547	1,067,066	4,287,471
	<u>1,951,281</u>	<u>7,933,909</u>	<u>2,197,691</u>	<u>8,830,322</u>
	<u>2,309,008</u>	<u>9,388,427</u>	<u>2,691,950</u>	<u>10,816,255</u>

**14. BORROWINGS**

	<b>Unaudited</b>		<b>Audited</b>	
	<b>30 June 2019</b>		<b>31 December 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
<b>Non-current</b>				
Phnom Penh Port – New Container Terminal Project (“PPPNCTP”) or Phnom Penh Port LM17	<u>24,839,689</u>	<u>100,998,175</u>	<u>24,839,689</u>	<u>99,805,870</u>
<b>Current</b>				
PPPNCTP or Phnom Penh Port LM17	<u>1,034,987</u>	<u>4,208,257</u>	<u>2,069,974</u>	<u>8,317,156</u>
	<u>25,874,676</u>	<u>105,206,432</u>	<u>26,909,663</u>	<u>108,123,026</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.

## 15. PROVISION FOR RETIREMENT BENEFITS

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

	Unaudited 30 June 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
<b>Defined benefits obligation</b>				
Present value of defined benefits obligation	667,540	2,714,218	620,961	2,495,022
Fair value of plan asset	-	-	-	-
	<u>667,540</u>	<u>2,714,218</u>	<u>620,961</u>	<u>2,495,022</u>
<b>Other benefits</b>				
National Social Security Funds	<u>36,376</u>	<u>147,904</u>	<u>23,683</u>	<u>95,158</u>
Liability recognised in statement of financial position	<u>703,916</u>	<u>2,862,122</u>	<u>644,644</u>	<u>2,590,180</u>

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

	Unaudited	Audited
	30 June 2019 US\$	31 December 2018 US\$
Balance at 1 January	620,961	597,461
Current service cost	22,011	41,288
Interest cost	18,147	36,120
Benefits paid	-	(17,755)
Re-measurement	<u>6,421</u>	<u>(36,153)</u>
Balance at 30 June/31 December	<u>667,540</u>	<u>620,961</u>
<i>(KHR'000 equivalent)</i>	<u>2,714,218</u>	<u>2,495,022</u>

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

	Unaudited	Audited
	30 June 2019 US\$	31 December 2018 US\$
Balance at 1 January	23,683	21,818
Benefits paid	-	(21,818)
Additional expenses	<u>12,693</u>	<u>23,683</u>
Balance at 30 June/31 December	<u>36,376</u>	<u>23,683</u>
<i>(KHR'000 equivalent)</i>	<u>147,904</u>	<u>95,158</u>

## 15. PROVISION FOR RETIREMENT BENEFITS (continued)

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

	Unaudited 30 June 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
<b>Defined benefit obligation</b>				
Current service costs	22,011	88,704	41,288	167,010
Interest costs	18,147	73,132	36,120	146,105
<b>Other benefits</b>				
Additional expenses	12,693	51,154	23,683	95,798
	<u>52,851</u>	<u>212,990</u>	<u>101,091</u>	<u>408,913</u>

## 16. LEASE LIABILITIES

Lease liabilities are in respect of a 40 year lease of land from Green Trade Co., Ltd.

## 17. CONTRACT LIABILITIES

	Unaudited 30 June 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
<b>Non-current</b>				
Deferred income	<u>14,625,000</u>	<u>59,465,250</u>	<u>14,625,000</u>	<u>58,763,250</u>
<b>Current</b>				
Deferred income	<u>75,000</u>	<u>304,950</u>	<u>225,000</u>	<u>904,050</u>

## 18. COMMITMENTS

(a) Operating lease commitments

### PPAP as lessor

PPAP has entered into non-cancellable lease arrangements on certain investment properties for a term of 50 years. The leases do not include a clause to enable upward revision of the rental charge on an annual basis depending on prevailing market conditions.

	Unaudited 30 June 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Not later than one year	300,000	1,219,800	300,000	1,205,400
Later than one year and not later than five years	1,500,000	6,099,000	1,500,000	6,027,000
More than five years	<u>12,900,000</u>	<u>52,451,400</u>	<u>13,050,000</u>	<u>52,434,900</u>
	<u>14,700,000</u>	<u>59,770,200</u>	<u>14,850,000</u>	<u>59,667,300</u>

**18. COMMITMENTS (continued)**

(b) Capital commitments

	<b>Unaudited</b>		<b>Audited</b>	
	<b>30 June 2019</b>		<b>31 December 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Capital expenditure in respect of purchase of property, plant and equipment:				
Contracted but not provided	129,239	525,485	478,824	1,923,915

**19. REVENUE**

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Stevedoring	2,564,749	10,395,862	1,960,180	7,930,917
LOLO	2,053,188	8,322,235	1,688,297	6,828,969
Port dues and charges	826,262	3,353,965	711,486	2,880,985
Gate fees	136,115	553,812	183,557	742,400
Storage fees	212,088	858,217	99,080	400,669
Weighting fee	177	720	870	3,602
Stuffing/Unstuffing	5,500	22,275	3,850	15,554
Sand dredging management fee	-	-	19,410	78,346
Trucking fee	23,976	96,682	1,535	6,185
Repair and maintenance services	-	-	18	72
	<u>5,822,055</u>	<u>23,603,768</u>	<u>4,668,283</u>	<u>18,887,699</u>

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Stevedoring	5,061,560	20,398,087	3,922,024	15,801,835
LOLO	4,048,500	16,315,455	3,265,969	13,158,589
Port dues and charges	1,831,632	7,381,477	1,558,993	6,281,183
Gate fees	355,641	1,433,233	351,182	1,414,912
Storage fees	358,025	1,442,841	185,854	748,806
Weighting fee	479	1,930	6,537	26,338
Stuffing/Unstuffing	10,100	40,703	6,350	25,584
Sand dredging management fee	-	-	27,900	112,408
Trucking fee	26,406	106,416	1,535	6,185
Repair and maintenance services	-	-	18	72
	<u>11,692,343</u>	<u>47,120,142</u>	<u>9,326,362</u>	<u>37,575,912</u>



## 20. COST OF SERVICES

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Crane charges	568,040	2,298,285	401,076	1,621,284
Depreciation	680,622	2,759,241	654,927	2,649,770
Fuel and gasoline	165,917	674,823	146,220	592,833
Salaries and wages	366,742	1,487,116	330,580	1,337,398
Maintenance costs	185,647	751,065	121,570	492,094
Others	80,975	326,900	16,040	66,475
	<u>2,047,943</u>	<u>8,297,430</u>	<u>1,670,413</u>	<u>6,759,854</u>

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Crane charges	946,545	3,814,576	715,694	2,883,531
Depreciation	1,361,241	5,485,801	1,306,038	5,262,027
Fuel and gasoline	423,340	1,706,060	364,678	1,469,288
Salaries and wages	747,789	3,013,590	653,577	2,633,262
Maintenance costs	306,788	1,236,356	256,219	1,032,306
Others	104,725	422,042	124,843	502,992
	<u>3,890,428</u>	<u>15,678,425</u>	<u>3,421,049</u>	<u>13,783,406</u>

## 21. OTHER INCOME

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Rental income	218,150	884,078	148,214	598,731
Interest income from:				
- deposits with financial institutions	324,788	1,317,779	80,708	326,552
- lease receivables	42,530	171,734	-	-
Unwinding effect of long term deposit	118,757	478,591	-	-
Reversal of impairment loss on receivables	2,882	11,614	-	-
Others	23,454	128,627	17,274	69,744
	<u>730,561</u>	<u>2,992,423</u>	<u>246,196</u>	<u>995,027</u>

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Rental income	423,705	1,707,531	241,006	971,013
Interest income from:				
- deposits with financial institutions	694,921	2,800,532	161,871	652,178
- lease receivables	56,613	228,150	-	-
Unwinding effect of long term deposit	118,757	478,591	-	-
Reversal of impairment loss on receivables	2,882	11,614	-	-
Income from net investment in sublease	1,408,262	5,675,296	-	-
Others	36,368	146,563	25,833	104,082
	<u>2,741,508</u>	<u>11,048,277</u>	<u>428,710</u>	<u>1,727,273</u>

**22. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Salaries and other benefits	967,313	3,919,737	860,587	3,481,984
Utilities and fuel	113,174	458,653	113,978	460,939
Depreciation	92,179	373,623	83,948	339,638
Board of Directors' fees	52,180	211,553	52,297	211,600
Donation	154,769	624,399	231,769	934,379
Office supplies	43,380	175,391	19,179	77,759
Business entertainment	150,055	605,723	118,884	479,430
Repair and maintenance	49,397	200,119	26,782	108,309
Communication expenses	15,687	63,585	15,014	60,743
Professional fees	15,441	63,245	8,629	34,871
Travelling expenses	34,990	141,598	19,692	79,435
Other tax expenses	9,066	36,683	38,094	153,622
Other expenses	35,847	148,235	98,232	397,227
Property, plant and equipment written off	-	-	8,768	35,326
Loss on disposal of property, plant and equipment	-	-	52,246	210,499
	<u>1,733,478</u>	<u>7,022,544</u>	<u>1,748,099</u>	<u>7,065,761</u>

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Salaries and other benefits	1,861,742	7,502,820	1,724,037	6,946,145
Utilities and fuel	219,948	886,390	215,284	867,379
Depreciation	181,445	731,223	167,010	672,883
Board of Directors' fees	105,003	423,162	105,014	423,101
Donation	183,116	737,957	265,976	1,071,617
Office supplies	67,108	270,445	47,793	192,558
Business entertainment	191,777	772,861	145,089	584,564
Repair and maintenance	93,112	375,241	50,544	203,642
Communication expenses	30,966	124,793	29,826	120,169
Professional fees	57,844	233,111	14,786	59,573
Travelling expenses	59,487	239,733	25,362	102,183
Other tax expenses	15,200	61,256	46,425	187,046
Other expenses	114,038	459,575	183,471	739,206
Property, plant and equipment written off	-	-	8,768	35,326
Loss on disposal of property, plant and equipment	-	-	52,246	210,499
Impairment loss on receivables	78,850	317,766	-	-
	<u>3,259,636</u>	<u>13,136,333</u>	<u>3,081,631</u>	<u>12,415,891</u>

### 23. FINANCE COSTS

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Interest expense on:				
- borrowings	261,622	1,060,401	282,552	1,142,810
- lease liabilities	28,353	114,488	-	-
Unwinding effect of:				
- long term deposit	237,513	957,177	-	-
- guaranteed dividend	13,206	53,541	18,781	75,993
	<u>540,694</u>	<u>2,185,607</u>	<u>301,333</u>	<u>1,218,803</u>

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Interest expense on:				
- borrowings	514,274	2,072,525	541,816	2,182,977
- lease liabilities	37,741	152,096	-	-
Unwinding effect of:				
- long term deposit	237,513	957,177	-	-
- guaranteed dividend	26,580	107,117	37,858	152,530
	<u>816,108</u>	<u>3,288,915</u>	<u>579,674</u>	<u>2,335,507</u>

### 24. TAX EXPENSE

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Income tax expense:				
Current year	<u>510,239</u>	<u>2,070,775</u>	<u>147,214</u>	<u>594,681</u>
Deferred tax expense:				
Origination and reversal of temporary differences	18,673	75,102	13,688	55,346
Over provision in prior year	-	-	(8,041)	(28,423)
	<u>18,673</u>	<u>75,102</u>	<u>5,647</u>	<u>26,923</u>
Total tax expense	<u>528,912</u>	<u>2,145,877</u>	<u>152,861</u>	<u>621,604</u>

**24. TAX EXPENSE (continued)**

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Income tax expense:				
Current year	1,100,002	4,433,007	297,851	1,200,042
Under/(Over) provision in prior year	14,953	60,261	(59,157)	(238,343)
	<u>1,114,955</u>	<u>4,493,268</u>	<u>238,694</u>	<u>961,699</u>
Deferred tax expense:				
Origination and reversal of temporary differences	12,359	49,807	25,345	102,114
Under provision in prior year	-	-	225,690	909,305
	<u>12,359</u>	<u>49,807</u>	<u>251,035</u>	<u>1,011,419</u>
Total tax expense	<u><u>1,127,314</u></u>	<u><u>4,543,075</u></u>	<u><u>489,729</u></u>	<u><u>1,973,118</u></u>

Under the Cambodian Law on Taxation, PPAP has an obligation to pay tax on profit at 20% (2018: 20%) of the taxable profit or a minimum tax at 1% (2018: 1%) of total revenue, whichever is higher.

**25. EARNINGS PER SHARE**

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Profit attributable to ordinary equity holders	1,721,613	7,024,795	1,066,499	4,315,891
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	0.08	0.34	0.05	0.21
Diluted earnings per share	<u>0.08</u>	<u>0.34</u>	<u>0.05</u>	<u>0.21</u>

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Profit attributable to ordinary equity holders	5,333,944	21,495,794	2,182,200	8,792,084
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	0.26	1.04	0.11	0.43
Diluted earnings per share	<u>0.26</u>	<u>1.04</u>	<u>0.11</u>	<u>0.43</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.

## 26. DIVIDENDS

On 29 March 2019, the Board of Directors of PPAP resolved to distribute the dividends in respect to the financial year ended 31 December 2018 to shareholders of each class of shares as follows:

- Shareholders in Class A is entitled to the additional dividend of US\$79,131 (equivalent to KHR317,711,846) on the top of total guaranteed dividend.
- Shareholders in Class B is entitled to total dividend of US\$622,665 (equivalent to KHR2,500,000,000).

These dividends were paid on 10 April 2019.

## 27. RELATED PARTY DISCLOSURES

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

	Unaudited			
	Three-month period ended			
	30 June 2019		30 June 2018	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	261,622	1,060,400	282,552	1,142,810
MEF and MPWT				
Donation and charities	<u>11,571</u>	<u>46,775</u>	<u>20,434</u>	<u>82,499</u>

	Unaudited			
	Six-month period ended			
	30 June 2019		30 June 2018	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	514,274	2,072,524	541,816	2,182,977
MEF and MPWT				
Donation and charities	<u>17,570</u>	<u>70,807</u>	<u>30,461</u>	<u>122,727</u>

- (b) Compensation of key management personnel

Key management compensation during the financial period is as follows:

	Unaudited			
	Three-month period ended			
	30 June 2019		30 June 2018	
	US\$	KHR'000	US\$	KHR'000
Short term employee benefits	<u>52,180</u>	<u>211,553</u>	<u>52,297</u>	<u>211,601</u>

	Unaudited			
	Six-month period ended			
	30 June 2019		30 June 2018	
	US\$	KHR'000	US\$	KHR'000
Short term employee benefits	<u>105,003</u>	<u>423,162</u>	<u>105,014</u>	<u>423,101</u>

## **28. 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 (2018: 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.

## **29. 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.

## **30. 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.

### **31. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD**

On 15 February 2019, PPAP entered into a 40 year lease agreement with Green Trade Co., Ltd. (“Green Trade”) for the lease of land from Green Trade at Kilometre No. 6 Commune, Khan Russeykeo and Sihanouk Ville measuring 70,424.24 metre square.

On 15 March 2019, PPAP entered into a 40 year lease agreement with Hui Bang International Investment Group Co., Ltd. (“Hui Bang”) for the lease of land to Hui Bang at Kilometre No. 6 Commune, Khan Russeykeo and Sihanouk Ville measuring 40,000 metre square.

On 15 March 2019, PPAP entered into a 40 year lease agreement with Mekong Oriza Trading Co., Ltd. (“Mekong Oriza”) for the lease of land to Mekong Oriza at Kilometre No. 6 Commune, Khan Russeykeo measuring 17,000 metre square.