

KINGDOM OF CAMBODIA

Nation Religion King



The 2nd Quater Report of 2020

PPAP's Port Infrastructure Development at Container Terminal LM17



Construction of RTG lanes and concrete block yards for Phase III Expansion of the Container Yard.



Construction of New Gate

Construction of 3 hectares of Inland Container Depot (ICD)



**Your Convenience & Efficiency
Are Our Primary Concerns**

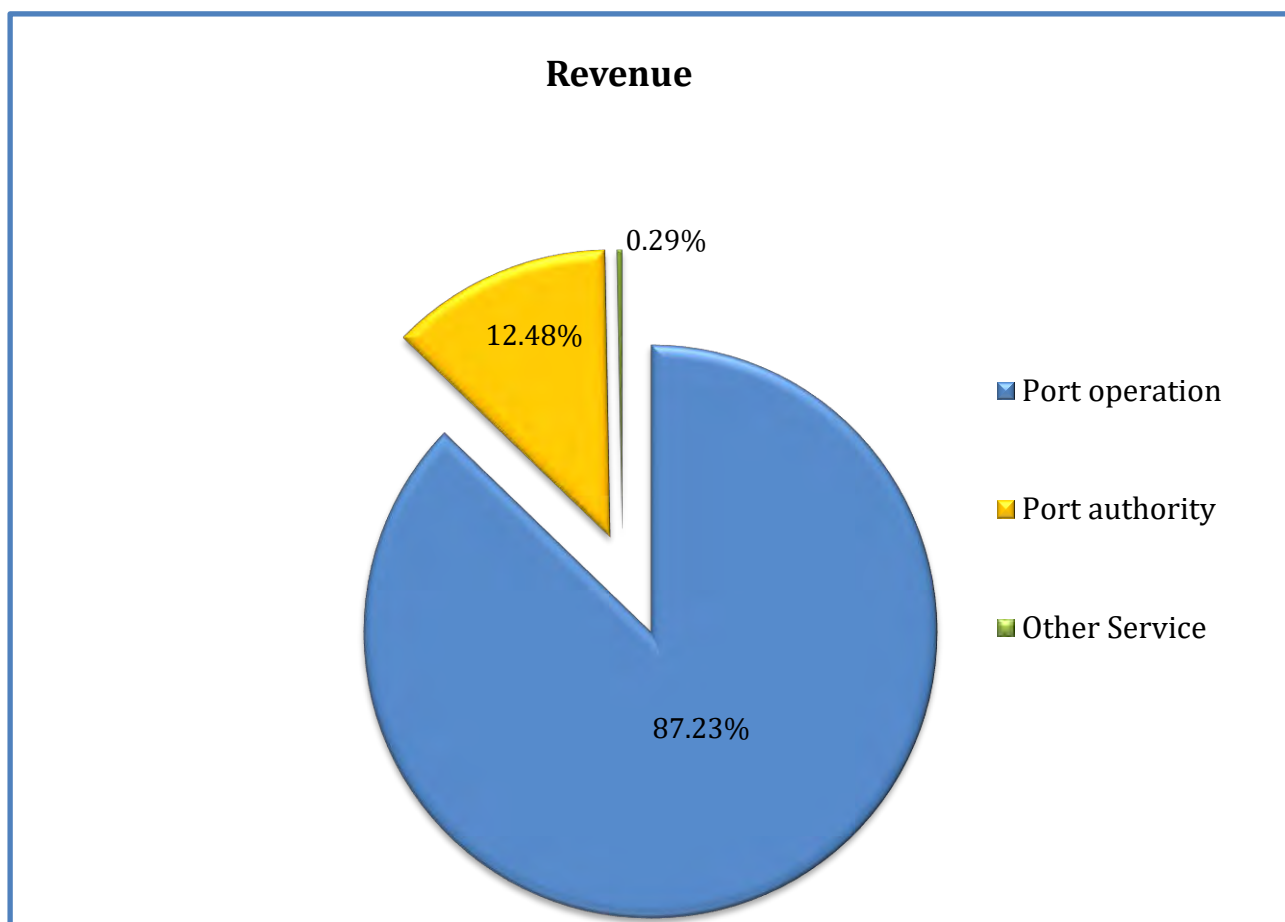
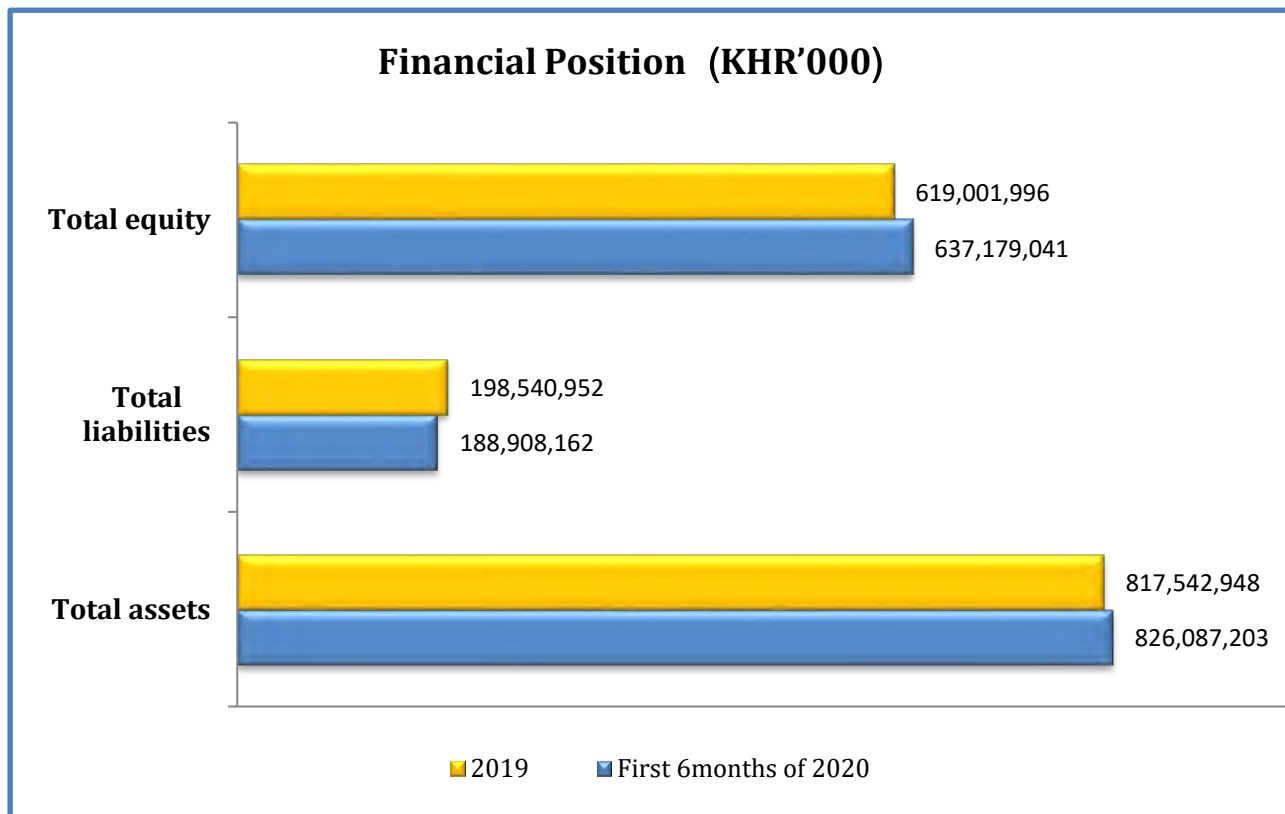
2nd Quarterly Report of 2020
(End of 30/June/2020)
Phnom Penh Autonomous Port

1. Financial Highlight, Graph of Financial Information and Stock Ownership

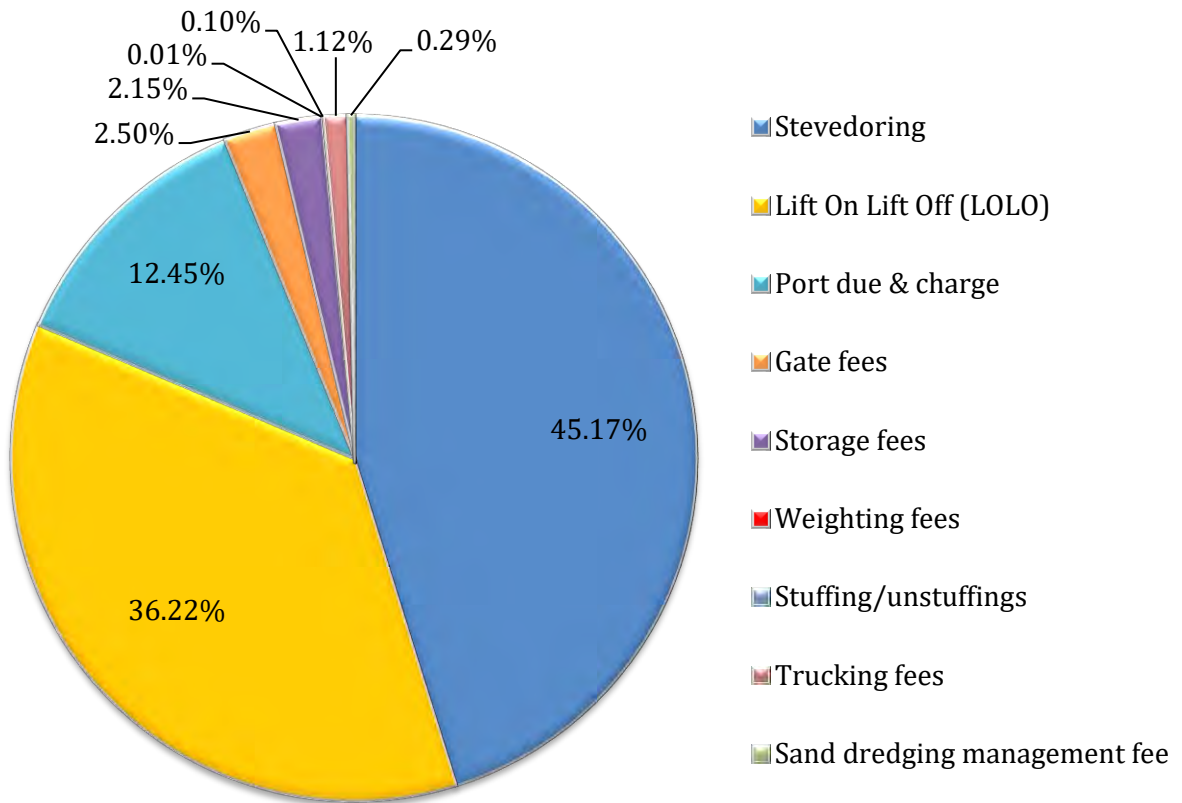
1.1. Financial Highlight

Description		30 June 2020	31 December 2019	31 December 2018
Financial Position (KHR'000)				
Total assets		826,087,203	817,542,948	751,886,705
Total liabilities		188,908,162	198,540,952	185,500,577
Total equity		637,179,041	619,001,996	566,386,128
Profit/(Loss) (KHR'000)		Q2 2020	Q2 2019	Q2 2018
Total revenues		24,034,638	23,603,768	18,887,699
Profit/(Loss) before tax		10,767,963	9,090,610	4,838,308
Profit/(Loss) after tax		8,485,275	6,944,733	4,216,704
Total comprehensive income		8,501,367	7,024,795	4,315,891
Financial Ratios		Q2 2020	2019	2018
Solvency ratio (%)		5.96	30.13	24.20
Liquidity ratio	Current Ration (times)	5.21	4.17	4.84
	Quick Ration (times)	5.21	4.17	4.84
		Q2 2020	Q2 2019	Q2 2018
Profitability ratio	Return on assets (%)	1.03	0.89	0.63
	Return on equity (%)	1.33	1.19	0.78
	Gross profit margin (%)	68.61	64.85	64.21
	Profit margin(%)	35.37	29.76	22.85
	Earning per share (Riel)	411.00	339.62	208.65
Interest coverage ratio (times)		12.10	10.63	5.30

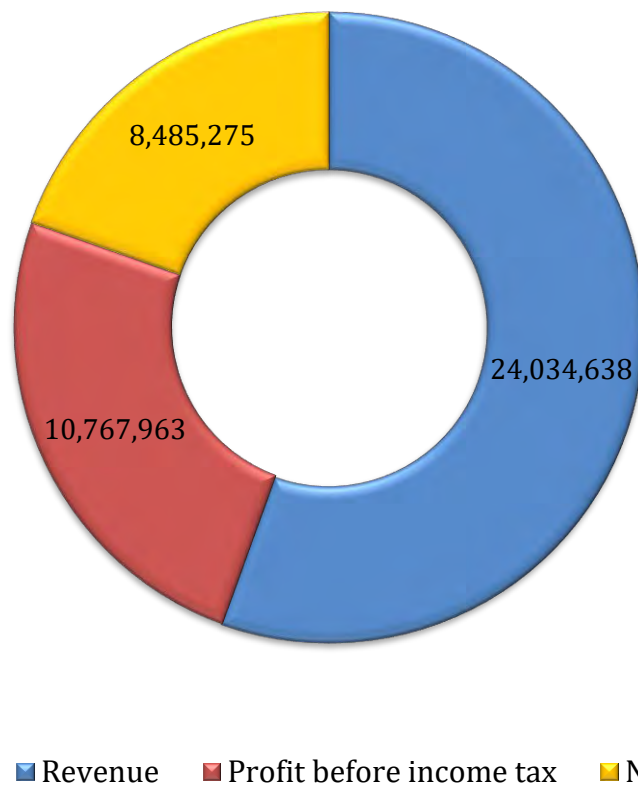
1.2. Graph of Financial Information Highlight (As of 30 June 2020)



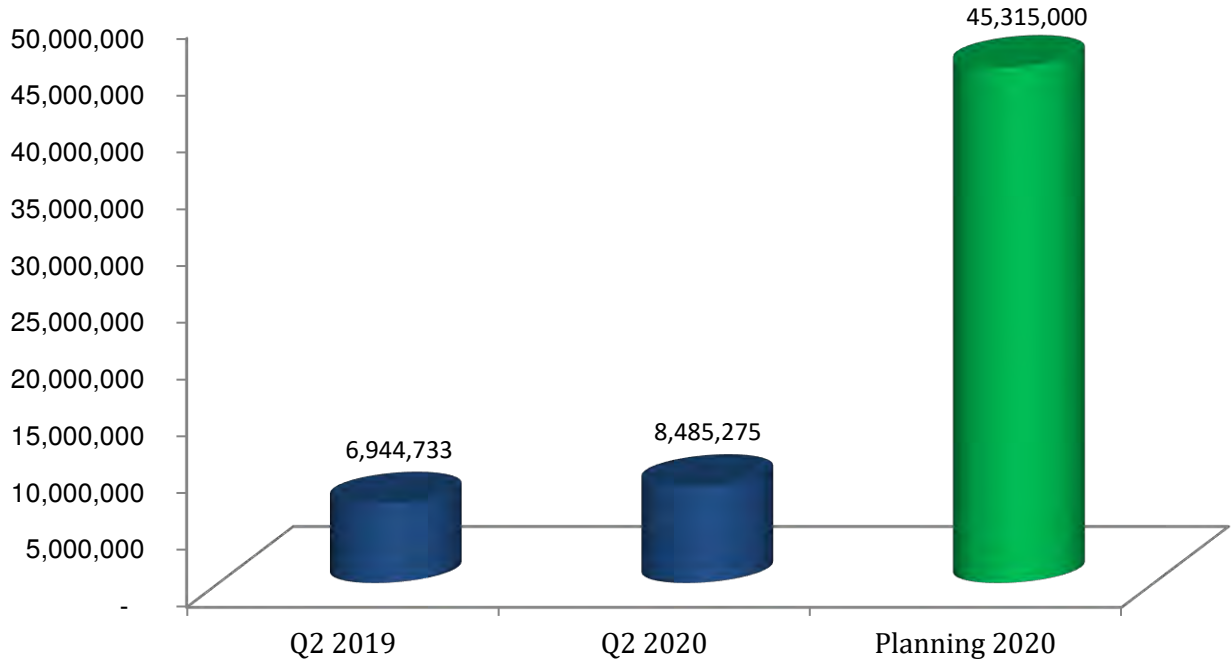
Types of Revenue Distribution Compared to Total Revenues



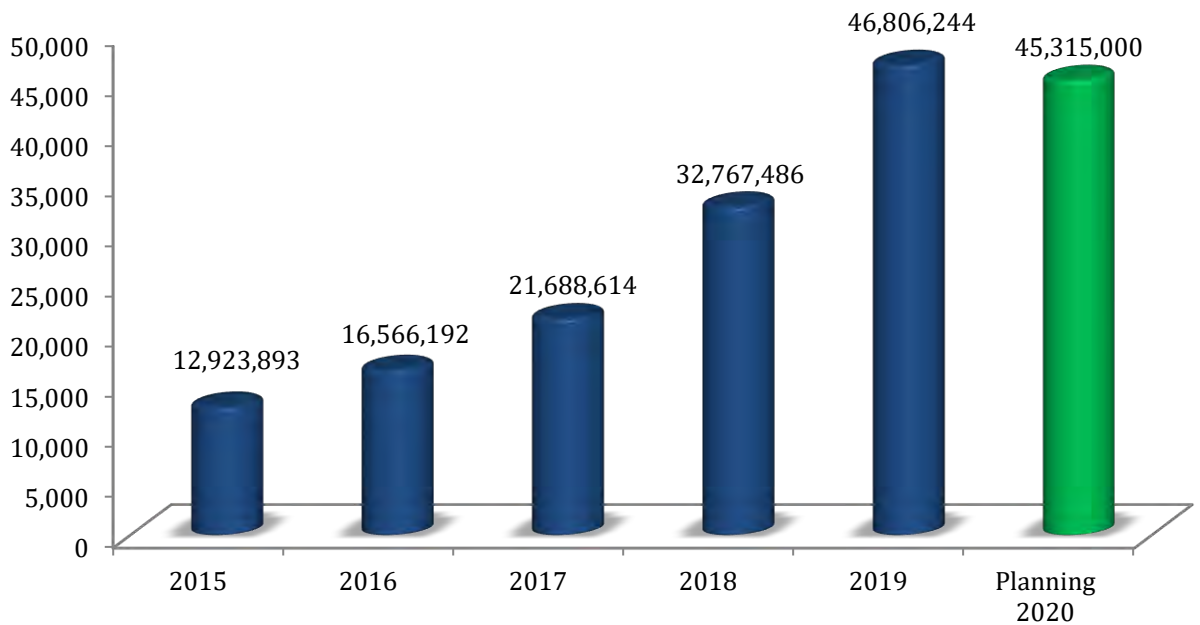
Net Profit for Q2 2020 (KHR'000)



Net Profit for Q2 2020 Compared to Planning 2020 (KHR'000)



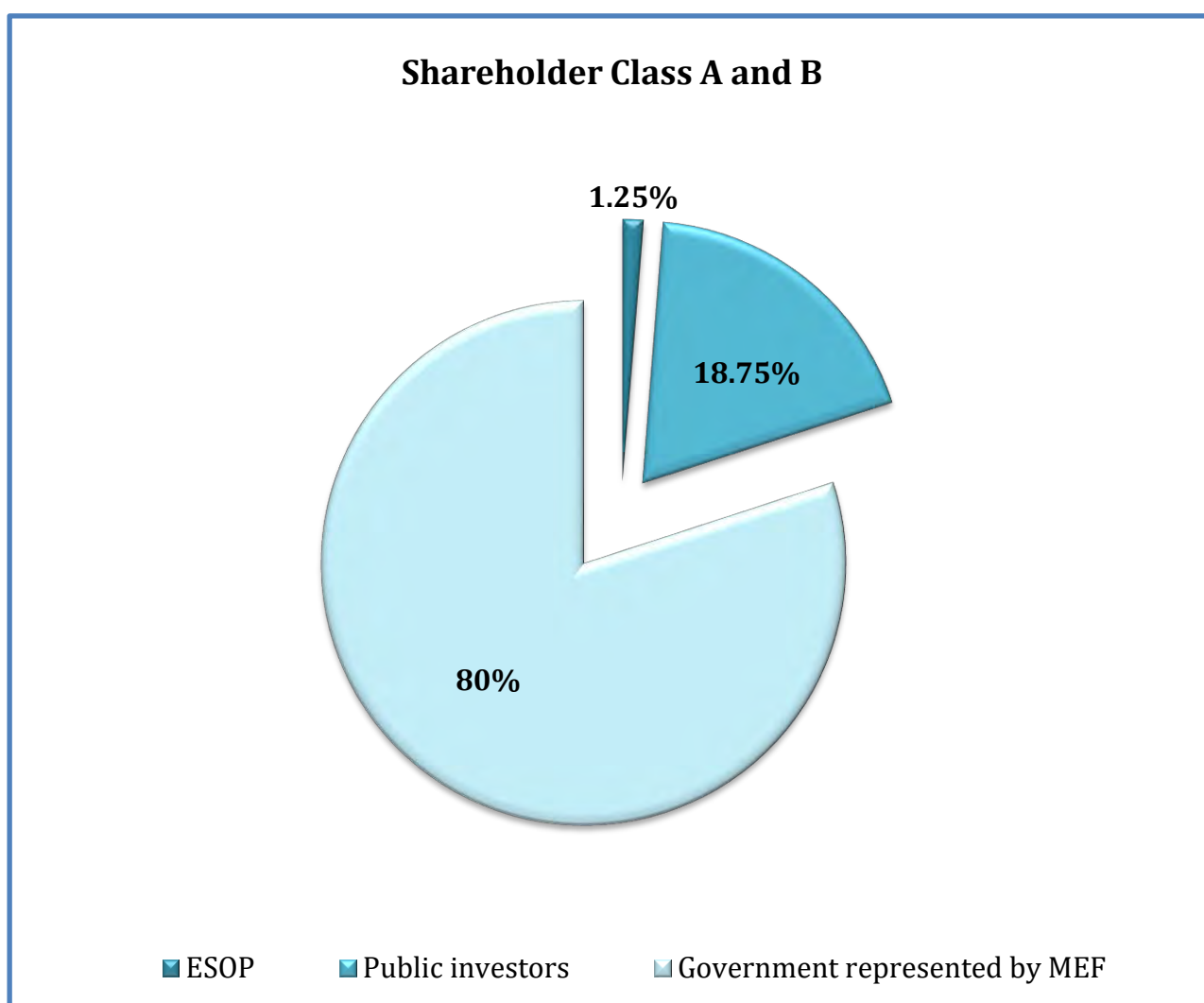
Net Profit from 2015 to 2019 and Planning 2020 (KHR'000)



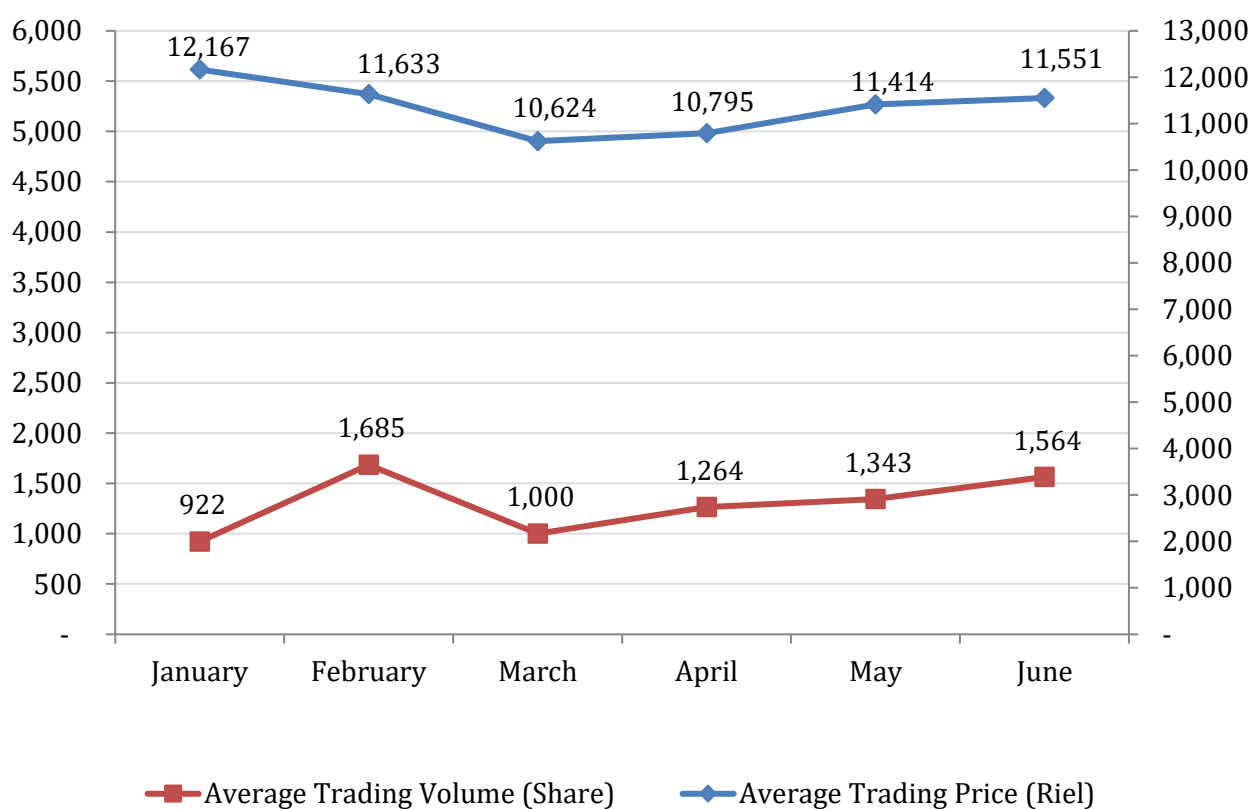
1.3. Stock Ownership (As of 30 June 2020)

Shareholders	Number of Share	Share in Percentage
Class C		
1. Government represented by MEF	93,769,120	100%
Class B		
1. Government represented by MEF	16,547,492	80%
Class A		
1. ESOP	258,863	1.25%
2. Public investors	3,878,010	18.75%
Total Shares of Class A	4,136,873	20%

* Total shares of Class A and B 20,684,365.



Average of Trading Price (Riel) and Average of Trading Volume (Share) of Class A Share



2. Board of Directors



H.E HEI Bavy
Chairman of BOD
And CEO



H.E. Suon Rachana
Member (Rep. of Ministry of
Public Works & Transport)



H.E. Ken Sambath
Member (Rep. of Ministry of
Economy & Finance)



H.E. Penn Sovicheat
Member (Rep. of Ministry of
Commerce)



Mr. Gui Anvanith
Member (Independent
Director)



Mr. Dith Sochal
Member (Non-Executive
Director, Rep. of Private
Shareholders)










Mr. Yim Choeurn
Member (Rep. of PPAP
Employees)

3. Message from Chairman and CEO

For the second quarter 2020, total revenue is KHR 24,034,638,000 (USD 5,877,762) achieved 20.46% of planning 2020 and compared to the second quarter 2019 increased by KHR 430,870,000 (USD 55,707) or 1.83%. However, net profit in the second quarter 2020 is KHR 8,485,275,000 (USD 2,075,176) reached 18.73% of planning 2020 and compared to second quarter 2019 increased to KHR 1,540,542,000 (USD 373,587) or 22.18%. For the 6months beginning of 2020, total revenue is KHR 52,445,660,000 (USD 12,866,943) achieved 44.65% of planning 2020 and compared to the 6months beginning of 2019 increased by KHR 5,325,518,000 (USD 1,174,600) or 11.30%. However, net profit in the 6months beginning of 2020 is KHR 18,410,794,000 (USD 4,516,878) reached 40.63% of planning 2020 and compared to 6months beginning of 2019 decreased to KHR 3,110,877,000 (USD 823,487) or 14.45%. Apart from this, basic earnings per share in first quarter 2020 is 411 Riels (USD 0.10).

The achievement above is because PPAP has paid the attention in providing the service of port operation with transparency and efficiency in responding confidently to the needs of customers. In fact, PPAP has utilized all the mechanisms by strengthening the service quality, expanding storage capacity, infrastructure development, work of Topo Hydrographic, and installing the new machineries and facilities.

A. The Direction of main work implementation of PPAP

-  Continue to implement the action plans as planned
-  Ensure the quality, price, transparency, efficiency and prompt delivery of services to customers
-  Expand widely the existing businesses and services and create more services related to the port and logistics sectors
-  Strengthen the capacity development of institutions and staffs to respond to the organizational development in line with globalization and efficient delivery of services
-  Strengthen the cooperation of the strategic partnership with the domestic ports and other ports in the world
-  Work hard and continue to focus on the modernization of the port operations in accordance with standards and technology
-  Increase the competitive advantages to be honest with domestic and oversea ports
-  Participate in the social activities and the local community.

B. The Work Implementation of Board of Directors (BoD)

For the 2nd Quarter of 2020, PPAP does not have the Board of Directors meeting.

C. Setting the Goal for 2020

The future version of PPAP will be set the goal for the following implementation:

- Strengthen the human resource development
- Enhance the establishment of logistics center, modern warehouse and cold warehouse
- Enhance the establishment of supporting areas for port

- Enhance the establishment of barge operators to other hub ports beside Cai Mep
- Enhance the import of second hand cargoes through PPAP
- Continue to focus on the installation of the modern facilities to strengthen the capacity of handling equipment at Container Terminal LM17
- Improve the capacity of handling of the bulk cargoes and establish the terminal for the bulk cargoes
- Modernize and expand the Passenger and Tourist Terminal (TS3)
- Enhance the establishment of multi-purposed terminal along the rivers
- Strengthen the capacity of handling of agricultural products along the terminals of the provinces located in upper Mekong River
- Maintain the navigation and dredge the Sdao Canal to facilitate the transportation of cargoes between the northeastern provinces and Phnom Penh via Mekong River and the Cambodia-Vietnam border
- Continue to promote the service of inland transportation of container between Container Terminal LM17 of PPAP and the customers' factories/ warehouses or vice-versa
- Continue to promote package services for cold fruit export via Container Terminal LM17 of PPAP.

PPAP do believes and strongly stands to implement the daily work and the operation along the other terminals to be transparency and effective in order to improve confidence and attractiveness of port services with the modernization and standardization to the customers.

PPAP would like to express sincere thanks to the two supervised ministries, Ministry of Public Works and Transport and Ministry of Economics and Finance, as well as Security and Exchange Commission of Cambodia and the shareholders who provide the trust and strong support to PPAP.

Phnom Penh, 07 August 2020
Chairman of BOD and CEO

Hei Bavy

Signature and Stamp

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PART 1

GENERAL INFORMATION OF PPAP


A. Identity of PPAP

Name of the listed entity in Khmer: កំពង់ផែស្វយ័តភ្នំពេញ (ក. ស. ភ.)


in Latin: PHNOM PENH AUTONOMOUS PORT (PPAP)


 **Standard Code:** KH1000040001

 **Address:** #649, Preah Sisowath Street, Sangkat Sras Chork, Khan Daun Penh, Phnom Penh, Cambodia.

 **Phone number:** +855 (0) 23 427 802

 **Website:** www.ppap.com.kh **Email:** ppapmpwt@online.com.kh

 **Company registration number:** CO.7174 Et/2004 **Date:** November 23rd, 2004

 **License number:** 0014 ពណ.ចបព **Issued by:** Ministry of Commerce

Date: January 5th, 2015

 **Disclosure Document registration number issued by SECC:** 074/15/SECC

Date: November 10th, 2015

 **Representative of the listed entity:** H.E HEI Bavy

B. Nature of Business

Phnom Penh Autonomous Port (PPAP) is one of the two international ports in Cambodia. Functioning as Port Operator and Port Authority, PPAP is now providing a varieties of main port services and other relevant services.

1. Operation as Port Operator

As a port operator, PPAP has provided main services such as :

- stevedoring, storage, stuffing/unstuffing, loading/unloading, and transporting the containerized cargoes for the export and import
- services of pilotage, tug assistance, mooring/ unmooring
- berthing within Passenger and Tourist Terminal (TS1)

2. Operation as Port Authority

As the port authority, PPAP has the roles to :

- maintain navigation channels, installation of aids to navigation such as buoys and landmarks and protection of environment within its commercial zone.
- ensure the enforcement of rules and regulations related to port and water transport.

3. Other Services

Within the main services on Port Operation and Port Authority, PPAP also provides other services / businesses that can generate additional revenue such as :

- Dredging service : PPAP has 2 dredging machinces for providing the sand from dredging to customers.

- Sand management service: According to Prakas No 001 and 002 dated on the 10th of April, 2015, of Ministry of Mines and Energy, PPAP may use the sand from dredging for commercial purposes.
- Surveying and installing bouy: PPAP has the services of surveying and installing bouy according to customer needs.
- Container maintanance and repair service: PPAP has the service of container maintanance and repair according to customer needs.
- Besides the main services, PPAP also receives the additional incomes from the use of asset such as the rental of building, land and other assets.

4. Port Commercial Zone

According to Sub-Decree No. 01 ANK. BK. the of 5th January, 2009, PPAP's Commercial Zone is 166 kilometers long, stretching from Chaktumuk river : Mekong luer river 100km, Mekong krom river 60km, and Tonle Sap river 6km. As an authority within the zone, PPAP oversees the private terminals including petroleum/gas terminals and other general cargo terminals. PPAP also manage and operate our 4 main terminals such as :

4.1. Container Terminal LM17

By the first 6 months of 2020, PPAP has been countinuing the development of port infrastructure at container terminal LM17 for Phase III, Step I; the overall phase III development will expand its container capacity of 200,000 TEUs more per year. Therefore, The container yard capacity at LM17 will reach to 500,000 TEUs per year after the completion of the above project. Currently, PPAP is operating at this terminal as a main terminal for contianer cargo. The Container Terminal LM17 exists a quay with the length of 300m and the width of 22m and installs 3 traveling cargo crane, 8 RTG cranes , 5 reach stakers, 3 sky stackers, and 54 trucks.

Address	Kandal Leu Village, Banteay Deak Commune, Kean Svay District, Kandal Province
Terminal location	Located at the right bank of the Mekong River and 25km downstream from the intersection of the Chaktomuk River (11°28'23.6"N and105°08'49.8"E)
Total land size	378,368 m ²
Registered land size	346,003 m ²
Size of the processing land title	32,365m ²
Berth	3 (5,000 DWT)

Anchorage	Between 8.0m and 17.0m in depth, anchorage is available at 11°28'28.14"N and 105°9'2.32"E (mud and sand bottom, strong current during the rainy season).
Tidal effect	Ranges from +0.2m to +0.45m between February and April (as of December 2015)
Permitted draft	Varies from the minimum level of 4.5m in March to the maximum level of 5.5m in September (draft for vessels proceeding to LM17 depends on them being able to cross the bar at Cua Tieu)
Hours of Operation	24 hours/day
Handling equipment	Traveling Cargo Crane, Rubber Tyred Gantry, Reach Stacker Constacker & Sky Stacker.

4.2. Multipurpose Terminal (TS3)

Multipurpose Terminal (TS3) was PPAP's main port for general and container cargoes. Due to TS3 Terminal's limited capacity to accommodate the continual growth of container traffic, PPAP has invested in developing a new container terminal (LM17). Since the completion of LM17, TS3 has been converted into a multipurpose terminal. While it mainly handles general cargoes, it also serves as a passenger terminal. Currently, PPAP is renovating this terminal to be an international passenger cruises and tourist terminal.

Address	#649, Preah Sisowath Street, Sangkat Sras Chork, Khan Daun Penh, Phnom Penh
Terminal location	Located at the right bank of Tonle Sap, 3.2km from the intersection of the Chaktomuk River (11°34'59.68"N and 104°55'17.41"E)
Actual land size	48,438.76 m ²
Register land size*	32,854 m ²
Berth	3 (5,000 DWT)
Anchorage	Between 5m and 15m in depth, anchorage is available at 11°33'46.98"N and 104°56'34.57"E, in front of the terminal in the Tonle Sap River and also in the Chaktomuk quarter area (mud and sand bottom, strong current during the rainy season).
Tidal effect	Ranges from +0.1m to +0.35m between February and April (as of December 2015)
Permitted drafts	Varies from the minimum level of 4.5m in March to the maximum level of 5.5m in September (draft for a vessel proceeding to TS3 depends on being able to cross the bar at Cua Tieu)
Hours of Operation	24 hours/day

Handling equipment	Mobile crane, Crawler crane, and Floating crane
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Note: * The difference between registered land size and actual land size is because part of the land adjacent to the street and river bank cannot receive the ownership.

4.3. Tonle Bet Terminal (UM2)

PPAP has signed the agreement on October 22nd, 2012 with Meing Ly Heng Investment In order to cooperate and develop Tonle Bet Terminal. This agreement lasts for 20 years starting from October 22nd, 2012 until October 21st, 2032. According to the agreement, PPAP is responsible for stevedoring service while the private partner will be responsible for providing the storage facility. The revenues are charged separately based on the services provided by each entity. PPAP has not acquired the ownership of the land, but has built a pontoon and installed mobile cranes and forklifts. The terminal was constructed with a vision of it becoming a consolidation center for agricultural products and to encourage their inland waterway transport. Currently, cassava is the main product being exported via Tonle Bet Port (UM2).

Address	Doun Mau Leu Village, Tonle Bet commune, Thbong Khmom district, Thbong Khmom province
Terminal location	Located at the left bank of the Mekong River and 103km upstream from the intersection of the Chaktomuk River (11°57'47.73"N and 105°28'33.13"E)
Land Size	Small size, river shore berth of 100m (with the pontoon, mobile crane and conveyor installed)
Berth	1 (a floating pontoon with a size of 15m x 42m)
Anchorage	Between 6m to 20m in depth, anchorage is available at 11°58'43.41"N and 105°28'9.58"E (mud and sand bottom, strong current during the rainy season).
Tidal effect	None
Permitted drafts	Varies from the minimum level of 4.5m in March to the maximum level of 5.5m in September (draft for a vessel proceeding to UM2 depends on being able to cross the bar at Cua Tieu)
Channel depth	Draft of 4.5m during the dry season; subject to regular maintenance from the intersection of the Chaktomuk River to Kampong Cham via the Sdao Channel (3.5km long and 60m wide)
Hours of Operation	24 hours/day
Handling equipment	Mobile crane, Floating crane, Conveyor

4.4. Passenger & Tourist Terminal (TS1)

TS1 is the main passenger terminal for PPAP. From TS1, people can travel to many domestic ports in other provinces as well as Vietnam. . In the 2nd Quarter of 2020, the total of 1,710 passengers

transited at TS1. The figure includes all passenger travels from Phnom Penh to domestic ports, Phnom Penh to Vietnam, and tours of the Mekong River near Phnom Penh.

Address	Preah Sisowath (Street 1), Sangkat Daun Penh, Khan Daun Penh, Phnom Penh
Terminal location	Located at the right bank of Tonle Sap and approximately 2km from conjunction of the Chaktomuk quarter (11°34'32.45"N and 104°55'36.88"E)
Actual land size	6,676 square meters
Registered land size*	1,699 square meters
Berth	2
Anchorage	Between 5m and 15m in depth, anchorage is available at 11°33'46.98"N and 104°56'34.57"E, in front of the terminal in the Tonle Sap River and also in the Chaktomuk quarter area (mud and sand bottom, strong current during the rainy season).
Tidal effect	Ranges from +0.1m to 0.35m between February and April (as of December 2014)
Permitted drafts	Varies from the minimum level of 4.5m in March to the maximum level of 5.5m in September (draft for a vessel proceeding to TS3 depends on being able to cross the bar at Cua Tieu)
Hours of Operation	24 hours/day
Facilities	Two pontoons and a bridge connecting them to the shore.

Note: * The difference between registered land size and actual land size is because part of the land adjacent to the street and river bank cannot receive the ownership

C. Quarter's Key Events

As of 2nd Quarter of 2020, there has no any quarter's key events.

Part 2

Information on Bussiness Operation Performance






A. The results of the business operations, including partial business information for the second quarter of 2020

1. Catalog of Passenger Goods

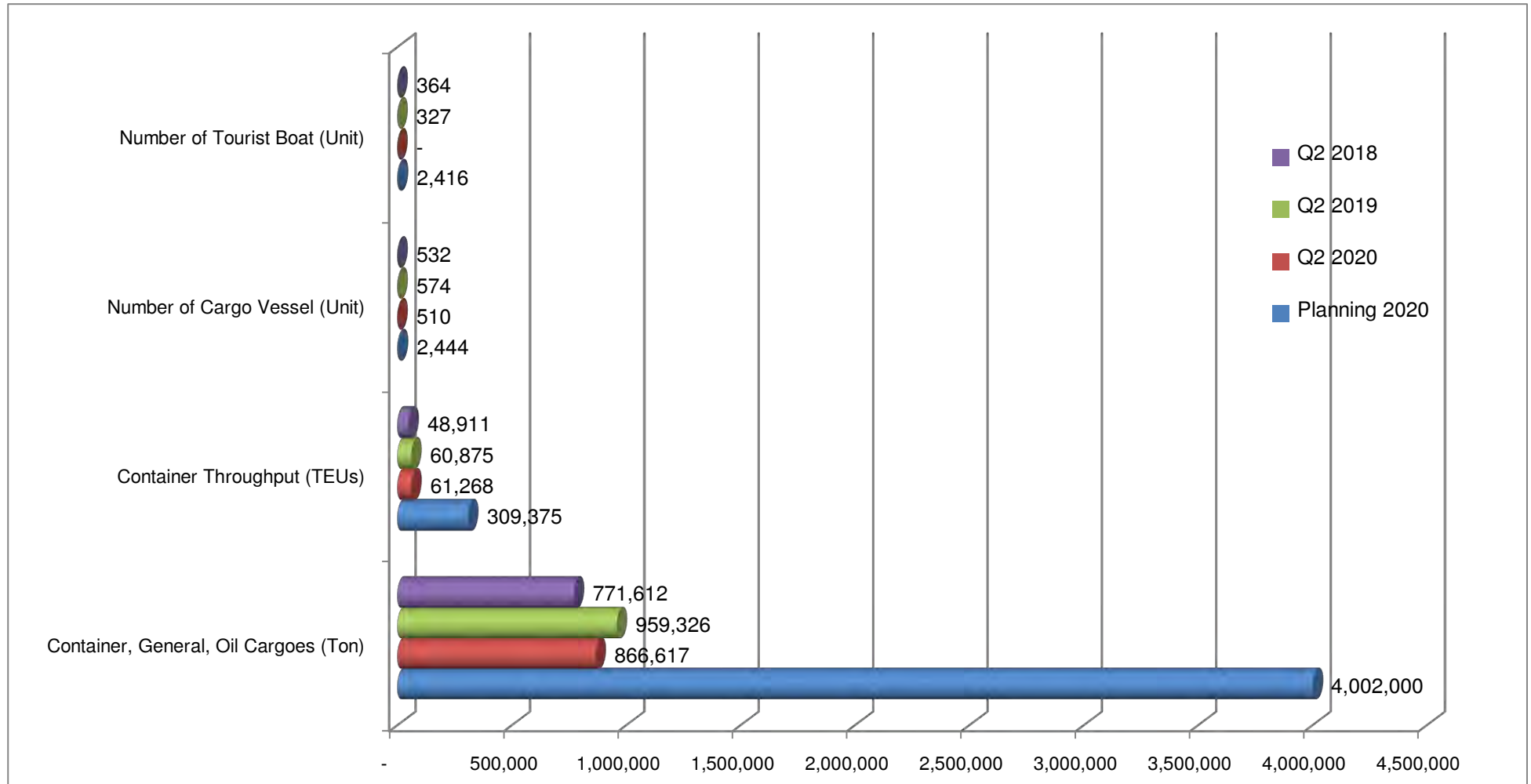
No.	Description	Unit	Planning 2020	Q2			1 st semester		Compare (%)	Up / Down (%)	
				2020	2019	2018	2020	2019		8=(2/3)-100%	9=(3/4)-100%
A	B	C	1	2	3	4	5	6	7=(5/1)		
I	<u>Container, General, Oil Cargoes</u>	Ton	<u>4,002,000</u>	<u>866,617</u>	<u>959,326</u>	<u>771,612</u>	<u>1,796,640</u>	<u>1,865,819</u>	<u>44.89%</u>	<u>-9.66%</u>	<u>+24.33%</u>
	A- <u>Container Throughput</u>	-	<u>2,174,000</u>	<u>484,084</u>	<u>498,249</u>	<u>368,565</u>	<u>976,873</u>	<u>940,154</u>	<u>44.93%</u>	<u>-2.84%</u>	<u>+35.19%</u>
	- Imported Container Cargo	-	1,413,100	356,268	348,568	254,641	660,046	624,260			
	- Exported Container Cargo	-	760,900	127,816	149,681	113,924	316,827	315,894			
	B - <u>Mobile General Cargo Handling</u>	-	<u>836,000</u>	<u>165,480</u>	<u>192,436</u>	<u>202,718</u>	<u>380,288</u>	<u>396,187</u>	<u>45.49%</u>	<u>-14.01%</u>	<u>-5.07%</u>
	- Inside Port	-	250,800	8,214	15,331	7,545	19,366	30,658			
	- Outside Port	-	585,200	157,266	177,105	195,173	360,921	365,529			
	C - <u>Imported Oil & Gas</u>	-	<u>992,000</u>	<u>217,054</u>	<u>268,641</u>	<u>200,329</u>	<u>439,480</u>	<u>529,478</u>	<u>44.30%</u>	<u>-19.20%</u>	<u>+34.10%</u>
	<u>Container Throughput (TEUs)</u>	TEU	<u>309,375</u>	<u>61,268</u>	<u>60,875</u>	<u>48,911</u>	<u>135,601</u>	<u>120,090</u>	<u>43.83%</u>	<u>+0.65%</u>	<u>+24.46%</u>
	- Laden Cargo	-	222,750	47,594	45,376	35,065	99,545	86,432			
	- Empty Cargo	-	86,625	13,674	15,499	13,846	36,056	33,658			
II	<u>Cargo Handling</u>	Ton	<u>3,010,000</u>	<u>649,564</u>	<u>690,685</u>	<u>571,283</u>	<u>1,357,161</u>	<u>1,336,341</u>	<u>45.09%</u>	<u>-5.95%</u>	<u>+20.90%</u>
	- General Cargo	-	836,000	165,480	192,436	202,718	380,288	396,187			
	- Container Throughput (Ton)	-	2,174,000	484,084	498,249	368,565	976,873	940,153			
III	<u>Number of Cargo Vessel</u>	Unit	<u>2,444</u>	<u>510</u>	<u>574</u>	<u>532</u>	<u>1,135</u>	<u>1,122</u>	<u>46.44%</u>	<u>-11.15%</u>	<u>+7.89%</u>
	- Foreign Vessels and Barge	-	1,735	375	372	368	849	715			

No.	Description	Unit	Planning 2020	Q2			1st semester		Compare (%)	Up / Down (%)	
				2020	2019	2018	2020	2019		8=(2/3)- 100%	9=(3/4)- 100%
A	B	C	1	2	3	4	5	6	7=(5/1)	8=(2/3)- 100%	9=(3/4)- 100%
	- Cambodian Vessels and Barge	-	41	-	12	14	-	28			
	- Oil Vessels and Tanker	-	668	135	190	150	286	379			
IV	<u>Number of Local Passenger Boat (In-Out)</u>	<u>Unit</u>	<u>1,979</u>	<u>326</u>	<u>390</u>	<u>540</u>	<u>896</u>	<u>834</u>	<u>45.28%</u>	<u>-16.41%</u>	<u>-27.78%</u>
	- PhnomPenh-SeimReap-PhnomPenh	-	28	-	-	-	-	-			
	- Vessels in Town	-	1,951	326	390	540	896	834			
V	<u>Number of Local Passenger (In-Out)</u>	<u>Passenger</u>	<u>11,368</u>	<u>1,710</u>	<u>2,304</u>	<u>1,639</u>	<u>3,632</u>	<u>5,171</u>	<u>31.95%</u>	<u>-25.78%</u>	<u>+40.57%</u>
	- PhnomPenh-SeimReap-PhnomPenh	-	588	-	-	-	-	-			
	- Vessels in Town	-	10,780	1,710	2,304	1,639	3,632	5,171			
VI	<u>Number of Foreign Passenger and Tourist Boat (In-Out)</u>	<u>គ្រឿង</u>	<u>2,416</u>	-	<u>327</u>	<u>364</u>	<u>692</u>	<u>1,046</u>	<u>28.64%</u>	<u>-100.00%</u>	<u>-10.16%</u>
	- PhnomPenh-ChovDok-PhnomPenh	-	1,500	-	241	286	440	691			
	- Cruise Boat	-	916	-	86	78	252	355	<u>27.51%</u>	<u>-100.00%</u>	<u>+10.26%</u>
VII	<u>Number of Foreign Passenger and Tourist (In-Out)</u>	<u>នាក់</u>	<u>53,300</u>	-	<u>5,996</u>	<u>4,631</u>	<u>18,334</u>	<u>25,611</u>	<u>34.40%</u>	<u>-100.00%</u>	<u>+29.48%</u>
	- PhnomPenh-ChovDok-PhnomPenh	-	20,200	-	2,758	1,618	8,601	9,835			
	- Tourist on Cruise Boat	-	33,100	-	3,238	3,013	9,733	15,776	<u>29.40%</u>	<u>-100.00%</u>	<u>+7.47%</u>

(Source from the Report of Department of Planning/Marketing of PPAP)




-  Cargo-fuel and gas throughput in Q2 2020: 866,617 Tons, decreased by 9.66% compared to Q2 2019 (959,326 Tons). For Semester 1 of 2020, PPAP has accomplished 44.89% compared to planning 2020 (4,002,000 Tons).
-  Cargo vessels throughput in Q2 2020: 510 Units, decreased by 11.15% compared to Q2 2019 (574 Units). For Semester 1 of 2020, PPAP has accomplished 46.44% compared to planning 2020 (2,444 Units).
-  International passengers and tourist cruises throughput via Cambodia-Vietnam in Q2 2020: 0 Voyage, decreased by 100.00% compared to Q2 2019 (326 Voyages). For Semester 1 of 2020, PPAP has accomplished 28.64% compared to planning 2020 (2,416 Units)
-  Containers throughput in Q2 2020: 61,268 TEUs, increased by 0.65% compared to Q2 2019 (60,875 TEUs). For Semester 1 of 2020, PPAP has accomplished 43.83% compared to planning 2020 (309,375 TEUs)
-  The number of international passengers and tourists throughput via Cambodia-Vietnam in Q2 2020: 00 Passenger, decreased by 100.00% compared to Q2 2019 (5,996 Passengers). For Semester 1 of 2020, PPAP has accomplished 34.40% compared to planning 2020 (53,300 Passengers).

Graphs on performance comparisons of the second quarter of 2020 - 2019 - 2018 and 2020 plan











2. The implementation of Hydrographic work and the construction of port infrastructure and machinery installation





❖ **Sand Dredging Management**

-  In the Second Quarter of 2020, the management of sand dredging for domestic use dredged from Koh Keo Canal with a total amount of 261,743 cubic meters.
-  Having dredging at Sdao Canal, located at Sdao Leu village, Sdao commune, Kang Meas district, Kampong Cham province, with total amount of 272,258 cubic meters, accomplished by 91% compared to planning 2020.
-  Having dredging at Koh Rokar canal, located at Koh Rokar village, Peam Chor district, Prey Veng province with the total amount of 42,300 cubic meters, accomplished by 21% compare to planning 2020.

❖ **The construction of port infrastructure**

-  Construction of Jetty (12m x149m), Access Bridge (8m x 32m), Foundation of FCC (9m x10 m) 2set, Asphalt Concrete Road(11,310m2) and two Electrical Lamp Poles (height 35m) at Container Terminal LM17 accomplished 1% compares to planning.
-  Construction of Barbed wired fence (950m heigh 1.5m) and Asphalt concrete road (12m x 205m) accomplished 90% compared to the project.
-  Dynamic Compaction (5,000 m2), RTG runway (1.5m x 544m) 3 lanes, Concrete Block Yard (c50) (23,150m2); Asphats Concrete road (6,230m2), two electricity light poles (height 35m), CCTV camera 2 poles (height 25m) accomplished 9% compares to planning.
-  Construction of Inland Container Depot (ICD), which is 100% completed.
-  Construction of machinery warehouse (25m x 40m) is 100 completed.
-  Construction of a new gate at Container Terminal LM17, which is 35% completed.
-  Construction of 3 trestle bridges and poontoons (15m x 42m, heigh 2.5m) replacing the movement of pontoon location from TS1 Terminal to TS3 Terminal accomplished 40% compare to the project.
-  Construction of Asphalt concrete road 10mx205m from the National Road No.1 to the back of the Administration building, which is 100% completed.

❖ **Purchase/installation of machinery or new equipment**

-  Purchased 12 Generators to equipped on the truck trailer for refeeer container transpotation.
-  Purchase 4 Rubber Tyred Gantries (RTG) (procurement implementation)
-  Installed 6 Cisco Wireless.
-  Installed 1 Cisco ISE.

B- Revenue Structure

Source of Revenue	2 nd Quarter for the Period Ended 30 June 2020		2 nd Quarter for the Period Ended 30 June 2019		2 nd Quarter for the Period Ended 30 June 2018	
	KHR'000	Compared to total revenue	KHR'000	Compared to total revenue	KHR'000	Compared to total revenue
Stevedoring	10,822,576	45.03%	10,395,862	44.04%	7,930,917	41.99%
Lift On Lift Off (LOLO)	8,726,525	36.31%	8,322,235	35.26%	6,828,969	36.16%
Port dues and charges	3,000,906	12.49%	3,353,965	14.21%	2,880,985	15.25%
Gate fees	602,682	2.51%	553,812	2.35%	742,400	3.93%
Storage fees	517,213	2.15%	858,217	3.64%	400,669	2.12%
Weighting fees	2,689	0.01%	720	0.00%	3,602	0.02%
Stuffing/unstuffings	23,946	0.10%	22,275	0.09%	15,554	0.08%
Trucking fees	268,990	1.12%	96,682	0.41%	6,185	0.03%
Repair and maintenance container service	-	0.00%	-	0.00%	72	0.00%
Sand dredging management fee	69,111	0.29%	-	0.00%	78,346	0.41%
Total:	24,034,638	100.00%	23,603,768	100.00%	18,887,699	100.00%

PART3

**Financial Statements Reviewed by
the External Auditor**

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 2020**

Registration No:
Co.7175 Et/2004

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

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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 30 June 2020, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter period and six-month 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*. *LA*

For and on behalf of the board of Directors, *LA*



Hei Bavy
Chairman and Chief Executive Officer

Phnom Penh, Cambodia
Date: *06 August 2020*

Ms. Chheav Vanthea
Head of Accounting/Finance
Department



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Phnom Penh
Kingdom of Cambodia

**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 2020, 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: 6 August 2020

BDO (Cambodia) Limited, Certified Public Accountants, a Cambodian limited liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	Unaudited 30 June 2020		Audited 31 December 2019	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	82,470,277	337,550,844	77,568,556	316,091,866
Investment properties	5	84,718,538	346,752,976	84,854,146	345,780,645
Lease receivables	6	4,317,223	17,670,394	4,323,839	17,619,644
Other receivable	7	64,986	265,988	62,487	254,635
Deferred tax assets	8	689,792	2,823,319	878,464	3,579,741
		<u>172,260,816</u>	<u>705,063,521</u>	<u>167,687,492</u>	<u>683,326,531</u>
Current assets					
Trade and other receivables	7	6,558,766	26,845,030	6,938,795	28,275,590
Lease receivables	6	13,100	53,618	12,841	52,327
Cash and bank balances	9	22,996,588	94,125,034	25,984,908	105,888,500
		<u>29,568,454</u>	<u>121,023,682</u>	<u>32,936,544</u>	<u>134,216,417</u>
TOTAL ASSETS		<u>201,829,270</u>	<u>826,087,203</u>	<u>200,624,036</u>	<u>817,542,948</u>
EQUITY AND LIABILITIES					
Equity					
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	36,539,606	149,556,607	25,651,419	104,529,532
Retained earnings		4,526,716	18,450,894	11,641,924	47,173,076
Currency translation difference		-	10,735,592	-	8,863,440
TOTAL EQUITY		<u>155,675,309</u>	<u>637,179,041</u>	<u>151,902,330</u>	<u>619,001,996</u>
LIABILITIES					
Non-current liabilities					
Guaranteed dividends payable		-	-	232,042	945,571
Other payable	13	32,493	132,994	31,243	127,315
Borrowings	14	22,769,715	93,196,443	22,769,715	92,786,589
Provision for retirement benefits	15	699,821	2,864,367	662,515	2,699,749
Lease liabilities	16	2,878,149	11,780,264	2,882,558	11,746,424
Contract liabilities	17	14,100,000	57,711,300	14,250,000	58,068,750
		<u>40,480,178</u>	<u>165,685,368</u>	<u>40,828,073</u>	<u>166,374,398</u>

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020 (continued)

	Note	Unaudited 30 June 2020		Audited 31 December 2019	
		US\$	KHR'000	US\$	KHR'000
EQUITY AND LIABILITIES					
(continued)					
LIABILITIES (continued)					
Current liabilities					
Trade and other payables	13	3,456,245	14,146,411	3,339,052	13,606,637
Borrowings	14	1,034,987	4,236,202	2,069,974	8,435,144
Lease liabilities	16	8,733	35,744	8,561	34,886
Contract liabilities	17	300,000	1,227,900	300,000	1,222,500
Current tax liabilities		873,818	3,576,537	2,176,046	8,867,387
		<u>5,673,783</u>	<u>23,222,794</u>	<u>7,893,633</u>	<u>32,166,554</u>
TOTAL LIABILITIES		<u>46,153,961</u>	<u>188,908,162</u>	<u>48,721,706</u>	<u>198,540,952</u>
TOTAL EQUITY AND LIABILITIES		<u>201,829,270</u>	<u>826,087,203</u>	<u>200,624,036</u>	<u>817,542,948</u>

The Condensed Statement of Financial Position should be read in conjunction with the audited financial information for the financial year ended 31 December 2019 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 SIX-MONTH PERIOD ENDED 30 JUNE 2020

	Note	Unaudited				Unaudited			
		Three-month period ended				Six-month period ended			
		30 June 2020 ⁽¹⁾		30 June 2019 ⁽²⁾		30 June 2020 ⁽¹⁾		30 June 2019 ⁽²⁾	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	
Revenue	19	5,877,762	24,034,638	5,822,055	23,603,768	12,866,943	52,445,660	11,692,343	47,120,142
Cost of services	20	(1,845,279)	(7,544,655)	(2,047,943)	(8,297,430)	(3,963,339)	(16,154,569)	(3,890,428)	(15,678,425)
Gross profit		4,032,483	16,489,983	3,774,112	15,306,338	8,903,604	36,291,091	7,801,915	31,441,717
Other income	21	616,632	2,520,276	730,561	2,992,423	1,242,591	5,064,800	2,741,508	11,048,277
General and administrative expenses	22	(1,738,096)	(7,107,116)	(1,733,478)	(7,022,544)	(3,796,046)	(15,472,684)	(3,259,636)	(13,136,333)
Operating profit		2,911,019	11,903,143	2,771,195	11,276,217	6,350,149	25,883,207	7,283,787	29,353,661
Finance costs	23	(277,756)	(1,135,180)	(540,694)	(2,185,607)	(554,668)	(2,260,827)	(816,108)	(3,288,915)
Profit before tax		2,633,263	10,767,963	2,230,501	9,090,610	5,795,481	23,622,380	6,467,679	26,064,746
Tax expense	24	(558,087)	(2,282,688)	(528,912)	(2,145,877)	(1,278,603)	(5,211,586)	(1,127,314)	(4,543,075)
Profit for the financial period		2,075,176	8,485,275	1,701,589	6,944,733	4,516,878	18,410,794	5,340,365	21,521,671

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

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2020 (continued)**

	Note	Unaudited				Unaudited			
		Three-month period ended				Six-month period ended			
		30 June 2020 ⁽¹⁾		30 June 2019 ⁽²⁾		30 June 2020 ⁽¹⁾		30 June 2019 ⁽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		3,932	16,092	20,024	80,062	9,838	40,100	(6,421)	(25,877)
Total comprehensive income for the financial period		<u>2,079,108</u>	<u>8,501,367</u>	<u>1,721,613</u>	<u>7,024,795</u>	<u>4,526,716</u>	<u>18,450,894</u>	<u>5,333,944</u>	<u>21,495,794</u>
Earnings per share									
Basic	25	0.10	0.41	0.08	0.34	0.22	0.89	0.26	1.04
Diluted	25	<u>0.10</u>	<u>0.41</u>	<u>0.08</u>	<u>0.34</u>	<u>0.22</u>	<u>0.89</u>	<u>0.26</u>	<u>1.04</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 2019 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 STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
Balance as at 1 January 2020		114,453,485	155,502	25,651,419	11,641,924	-	151,902,330
Profit for the financial period		-	-	-	4,516,878	-	4,516,878
Actuarial gain on retirement benefit obligation		-	-	-	9,838	-	9,838
Total comprehensive income for the financial period		-	-	-	4,526,716	-	4,526,716
Transactions with owners							
Transfer to reserves	12	-	-	10,888,187	(10,888,187)	-	-
Dividends	26	-	-	-	(753,737)	-	(753,737)
Total transactions with owners		-	-	10,888,187	(11,641,924)	-	(753,737)
Balance as at 30 June 2020⁽¹⁾		114,453,485	155,502	36,539,606	4,526,716	-	155,675,309
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>149,556,607</i>	<i>18,527,849</i>	<i>10,658,637</i>	<i>637,179,041</i>

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

**CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 (continued)**

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
Balance as at 1 January 2019		114,453,485	155,502	18,675,142	7,678,073	-	140,962,202
Profit for the financial year		-	-	-	5,340,365	-	5,340,365
Actuarial gain on retirement benefit obligation		-	-	-	(6,421)	-	(6,421)
Total comprehensive income		-	-	-	5,333,944	-	5,333,944
Transactions with owners							
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)
Balance as at 30 June 2019⁽²⁾		114,453,485	155,502	25,651,419	5,333,944	-	145,594,350
<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>

Notes:

- (1) Should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 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 STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

	Note	Unaudited Six-month period ended			
		30 June 2020 ⁽¹⁾		30 June 2019 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Profit before tax		5,795,481	23,622,380	6,467,679	26,064,746
Adjustments for:					
Depreciation of property, plant and equipment	4	1,276,268	5,202,068	1,504,798	6,064,336
Depreciation of investment properties	5	31,882	129,951	37,885	152,677
Finance costs		553,418	2,255,732	578,595	2,331,738
Impairment loss on receivables		130,642	532,497	75,968	306,151
Income from net of investment from sublease		-	-	(1,408,262)	(5,675,296)
Interest income		(667,212)	(2,719,556)	(751,534)	(3,028,682)
Loss on disposal of investment properties		103,376	421,361	-	-
Loss on disposal of property, plant and equipment		60,324	245,881	-	-
Net unwinding effect of long term deposit		(1,249)	(5,091)	118,756	478,587
Property, plant and equipment written off	4	125,901	513,172	-	-
Retirement benefit obligation expenses	15	54,428	221,849	52,851	212,990
Unrealised gain on foreign exchange		(2,203)	(8,979)	(5,426)	(21,867)
Operating profit before changes in working capital		7,461,056	30,411,265	6,671,310	26,885,380
Changes in working capital					
Trade and other receivables		818,796	3,337,412	(1,492,110)	(6,013,204)
Trade and other payables		(803,777)	(3,276,195)	(179,499)	(723,381)
Contract liabilities		(150,000)	(611,400)	(150,000)	(604,500)
Cash generated from operations		7,326,075	29,861,082	4,849,701	19,544,295
Tax paid		(2,392,159)	(9,750,440)	(823,096)	(3,317,077)
Retirement benefit obligation paid	15	(23,812)	(97,058)	-	-
Net cash from operating activities		4,910,104	20,013,584	4,026,605	16,227,218
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(6,366,127)	(25,948,334)	(782,986)	(3,155,434)
Proceeds from disposal of property, plant, and equipment		1,913	7,797	-	-
Proceeds from disposal of investment properties		350	1,427	-	-
Interest received		135,172	550,961	611,770	2,465,433
Withdrawal/(Placement) of fixed deposits with a licensed bank		1,200,000	4,891,200	(1,000,000)	(4,030,000)
Net cash used in investing activities		(5,028,692)	(20,496,949)	(1,171,216)	(4,720,001)

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

**CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 (continued)**

	Note	Unaudited			
		Six-month period ended			
		30 June 2020 ⁽¹⁾		30 June 2019 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities					
Dividend paid		-	-	(965,370)	(3,890,441)
Interest paid		(510,695)	(2,081,593)	(538,194)	(2,168,922)
Payment for lease liabilities		(124,050)	(505,628)	-	-
Repayments of borrowings		(1,034,987)	(4,218,607)	(1,034,987)	(4,170,998)
Net cash used in financing activities		(1,669,732)	(6,805,828)	(2,538,551)	(10,230,361)
Net(decrease)/increase in cash and cash equivalents		(1,788,320)	(7,289,193)	316,838	1,276,856
Cash and cash equivalents at beginning of financial period		9,784,908	39,873,500	8,995,410	36,143,557
Currency translation differences		-	145,727	-	443,187
Cash and cash equivalents at end of financial period	9	<u>7,996,588</u>	<u>32,730,034</u>	<u>9,312,248</u>	<u>37,863,600</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 2019 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)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
30 JUNE 2020**

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 2020	US\$1 =	KHR4,093	KHR4,076
31 December 2019	US\$1 =	KHR4,075	KHR4,052
30 June 2019	US\$1 =	KHR4,066	KHR4,030

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 Directors on 6 August 2020.

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 bussiness 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 2019 and the accompanying explanatory notes attached herein.

The explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the PPAP since the financial year ended 31 December 2019.

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 2019 except for the adoption of the following amendments:

	Effective Date
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
Amendments to CIFRS 9, CIAS 39 and CIFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendment to CIFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopted)

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.

3. BASIS OF PREPARATION (continued)

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 is 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.

Amendments to CIFRS 9, CIAS 39 and CIFRS 7 *Interest Rate Benchmark Reform*

The amendments affect entities that apply the hedge accounting requirements of CIFRS 9 or CIAS 39 to hedging relationships affected by the interest rate benchmark reform.

Pursuant to the amendments, entities would apply hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform.

The amendments apply to all hedging relationships that are directly affected by the interest rate benchmark reform.

Amendment to CIFRS 16 *Covid-19-Related Rent Concessions*

CIFRS 16 has been amended to:

- (a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and
- (b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (iii) There is no substantive change to other terms and conditions of the lease.

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

	Effective Date
CIFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to CIAS 1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2022
Annual Improvements to CIFRS Standards 2018 - 2020	1 January 2022
Amendments to CIFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to CIAS 16 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to CIAS 37 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to CIFRS 10 and CIAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

3. BASIS OF PREPARATION (continued)

PPAP is in the process of making an assessment of the potential impact from the adoption of these accounting standards and amendments 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 and amendments are as follows:

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 CIAS 1 Classification of Liabilities as Current or Non-current

CIAS 1 *Presentation of Financial Statements* has been amended to:

- Clarify that the classification of liabilities as current or non-current is based on rights that in existence at the end of the reporting period;
- Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability;
- Explain that rights are in existence if covenants are complied with at the end of the reporting period; and
- Introduce a definition of “settlement” to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

3. BASIS OF PREPARATION (continued)

Annual Improvements to CIFRS Standards 2018 – 2020

The annual improvement amend the following standards:

- CIFRS 1 *First-time Adoption of International Financial Reporting Standards* to permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.
- CIFRS 9 *Financial Instruments* to clarify the fees included in the “10 per cent” test in paragraph B3.3.6 of CIFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf are included.
- CIFRS 16 *Leases* to amend Illustrative Example 13 to remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- CIAS 41 *Agriculture* to remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Amendments to CIFRS 3 Reference to the Conceptual Framework

Amendments are made to various accounting standards to reflect the issue of the revised *Conceptual Framework for Financial Reporting* and apply to for-profit sector entities that have public accountability and are required by legislation to comply with CIFRSs and other for-profit entities that elect to apply the *Conceptual Framework*, for annual reporting periods beginning on or after 1 January 2020.

Amendments to CIAS 16 Property, Plant and Equipment - Proceeds before Intended Use

The amendments to CIAS16 *Property, Plant and Equipment* prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to CIAS 37 Onerous Contracts - Cost of Fulfilling a Contract

The amendments to CIAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to specify that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract”. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

3. BASIS OF PREPARATION (continued)

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
	30 June 2020	31 December 2019
	US\$	US\$
Cost		
Balance at the beginning of financial period/year	96,414,691	89,655,803
Additions	6,366,127	6,904,347
Transfer to investment properties (Note 5)	-	(36,053)
Disposals	(195,535)	-
Written-off	(125,901)	(109,406)
	<u>102,459,382</u>	<u>96,414,691</u>
Accumulated depreciation		
Balance at the beginning of financial period/year	18,846,135	15,846,356
Depreciation for financial period/year	1,276,268	3,043,003
Disposals	(133,298)	-
Written-off	-	(43,224)
	<u>19,989,105</u>	<u>18,846,135</u>
Carrying amounts		
Balance at the end of financial period/year	<u>82,470,277</u>	<u>77,568,556</u>
<i>(KHR'000 equivalent)</i>	<u>337,550,844</u>	<u>316,091,866</u>

5. INVESTMENT PROPERTIES

	Unaudited 30 June 2020 US\$	Audited 31 December 2019 US\$
Cost		
Balance at the beginning of financial period/year	85,318,810	85,494,642
Additions	-	53,000
Transfer from property, plant and equipment (Note 4)	-	36,053
Disposals	(132,795)	(264,885)
	<u>85,186,015</u>	<u>85,318,810</u>
Accumulated depreciation		
Balance at the beginning of financial period/year	464,664	468,444
Depreciation for financial period/year	31,882	76,954
Disposals	(29,069)	(80,734)
	<u>467,477</u>	<u>464,664</u>
Carrying amounts		
Balance at the end of financial period/year	<u>84,718,538</u>	<u>84,854,146</u>
	<u>346,752,976</u>	<u>345,780,645</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 2020		Audited 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Other receivable				
Deposit	64,986	265,988	62,487	254,635
Current				
Trade receivables				
Third parties	3,743,032	15,320,230	4,184,751	17,052,860
Less: Impairment loss				
- Third parties	(645,505)	(2,642,052)	(514,863)	(2,098,067)
	<u>3,097,527</u>	<u>12,678,178</u>	<u>3,669,888</u>	<u>14,954,793</u>
Other receivables				
Third parties	2,702,065	11,059,552	2,522,395	10,278,760
Advances	81,608	334,022	107,770	439,163
Deposits	100,870	412,861	100,870	411,045
Other receivables	171,990	703,955	193,647	789,112
	<u>3,056,533</u>	<u>12,510,390</u>	<u>2,924,682</u>	<u>11,918,080</u>
Total receivables	<u>6,154,060</u>	<u>25,188,568</u>	<u>6,594,570</u>	<u>26,872,873</u>
Prepayments	404,706	1,656,462	344,225	1,402,717
	<u>6,558,766</u>	<u>26,845,030</u>	<u>6,938,795</u>	<u>28,275,590</u>

8. DEFERRED TAX

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

	At 1 January 2020 US\$	Recognised in profit or loss US\$	At 30 June 2020 US\$ (Unaudited)
Property, plant and equipment	(2,265,028)	(181,208)	(2,446,236)
Retirement benefit obligation	122,685	4,917	127,602
Deferred income	2,916,202	(36,202)	2,880,000
Impairment loss on receivables	102,973	26,128	129,101
Unrealised exchange differences	1,632	(2,307)	(675)
	<u>878,464</u>	<u>(188,672)</u>	<u>689,792</u>
			<u>2,823,319</u>

(KHR'000 equivalent)

	At 1 January 2019 US\$	Recognised in profit or loss US\$	At 31 December 2019 US\$ (Audited)
Property, plant and equipment	(2,038,447)	(226,581)	(2,265,028)
Retirement benefit obligation	124,192	(1,507)	122,685
Deferred income	2,970,000	(53,798)	2,916,202
Impairment loss on receivables	68,786	34,187	102,973
Unrealised exchange differences	1,469	163	1,632
	<u>1,126,000</u>	<u>(247,536)</u>	<u>878,464</u>
			<u>3,579,741</u>

(KHR'000 equivalent)

9. CASH AND BANK BALANCES

	Unaudited 30 June 2020		Audited 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	4,809	19,683	4,833	19,694
Cash at banks	5,490,983	22,474,593	6,647,685	27,089,317
Fixed deposits	17,500,796	71,630,758	19,332,390	78,779,489
As stated in statement of financial position	22,996,588	94,125,034	25,984,908	105,888,500
Less:				
Deposits (maturity more than three months)	(15,000,000)	(61,395,000)	(16,200,000)	(66,015,000)
As stated in statement of cash flows	<u>7,996,588</u>	<u>32,730,034</u>	<u>9,784,908</u>	<u>39,873,500</u>

10. SHARE CAPITAL

	Unaudited 30 June 2020		Audited 31 December 2019	
	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.

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\$
As at 1 January 2020	1,468,440	1,468,440	22,714,539	25,651,419
Transfer from retained earnings	<u>577,570</u>	<u>577,570</u>	<u>9,733,047</u>	<u>10,888,187</u>
As at 30 June 2020 (Unaudited)	<u>2,046,010</u>	<u>2,046,010</u>	<u>32,447,586</u>	<u>36,539,606</u>
<i>(KHR'000 equivalent)</i>	<u>8,374,319</u>	<u>8,374,319</u>	<u>132,807,969</u>	<u>149,556,607</u>
As at 1 January 2019	1,063,403	1,063,403	16,548,336	18,675,142
Transfer from retained earnings	<u>405,037</u>	<u>405,037</u>	<u>6,166,203</u>	<u>6,976,277</u>
As at 31 December 2019 (Audited)	<u>1,468,440</u>	<u>1,468,440</u>	<u>22,714,539</u>	<u>25,651,419</u>
<i>(KHR'000 equivalent)</i>	<u>5,983,893</u>	<u>5,983,893</u>	<u>92,561,746</u>	<u>104,529,532</u>

12. RESERVES (continued)

On 31 March 2020, the Board of Directors approved the transfer of retained earnings to reserves amounting to US\$10,888,187.

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 2020		Audited 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Other payable				
Deposit	32,493	132,994	31,243	127,315
Current				
Trade payables				
Third parties	464,250	1,900,175	1,060,640	4,322,108
Other payables				
Interest payable	346,491	1,418,188	361,556	1,473,341
Deposits	425,176	1,740,245	438,825	1,788,212
Dividend payable	753,737	3,085,046	-	-
Guaranteed dividends payable	503,627	2,061,345	259,887	1,059,040
Deferred income	-	-	31,012	126,374
Other tax payables	255,411	1,045,397	138,740	565,365
Other payables	707,553	2,896,015	1,048,392	4,272,197
	2,991,995	12,246,236	2,278,412	9,284,529
	3,456,245	14,146,411	3,339,052	13,606,637

14. BORROWINGS

	Unaudited 30 June 2020		Audited 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Phnom Penh Port – New Container Terminal Project (“PPNCTP”) or Phnom Penh Port LM17	22,769,715	93,196,443	22,769,715	92,786,589
Current				
PPNCTP or Phnom Penh Port LM17	1,034,987	4,236,202	2,069,974	8,435,144
	23,804,702	97,432,645	24,839,689	101,221,733

14. BORROWINGS (continued)

PPNCTP 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 2020		Audited 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Defined benefits obligation				
Present value of defined benefits obligation	638,012	2,611,383	613,427	2,499,715
Fair value of plan asset	-	-	-	-
	<u>638,012</u>	<u>2,611,383</u>	<u>613,427</u>	<u>2,499,715</u>
Other benefits				
National Social Security Funds	61,809	252,984	49,088	200,034
Liability recognised in statement of financial position	<u>699,821</u>	<u>2,864,367</u>	<u>662,515</u>	<u>2,699,749</u>

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

	Unaudited 30 June 2020	Audited 31 December 2019
	US\$	US\$
Balance at 1 January	613,427	620,961
Current service costs	23,818	48,709
Interest costs	17,889	35,885
Past service costs	-	15,937
Benefits paid	(23,812)	(17,534)
Re-measurement	6,690	(90,531)
Balance at 30 June/31 December	<u>638,012</u>	<u>613,427</u>
<i>(KHR '000 equivalent)</i>	<u>2,611,383</u>	<u>2,499,715</u>

15. PROVISION FOR RETIREMENT BENEFITS (continued)

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

	Unaudited	Audited
	30 June 2020	31 December 2019
	US\$	US\$
Balance at 1 January	49,088	23,683
Benefits paid	-	-
Additional expenses	12,721	25,405
	<u>61,809</u>	<u>49,088</u>
Balance at 30 June/31 December	<u>61,809</u>	<u>49,088</u>
<i>(KHR'000 equivalent)</i>	<u>252,984</u>	<u>200,034</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		Audited	
	30 June 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Defined benefit obligation				
Current service costs	23,818	97,487	48,709	197,369
Interest costs	17,889	73,220	35,885	145,406
Past service costs	-	-	15,937	64,577
Other benefits				
Additional expenses	12,721	52,067	25,405	102,941
	<u>54,428</u>	<u>222,774</u>	<u>125,936</u>	<u>510,293</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		Audited	
	30 June 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Deferred income	14,100,000	57,711,300	14,250,000	58,068,750
Current				
Deferred income	300,000	1,227,900	300,000	1,222,500

18. CAPITAL COMMITMENTS

	Unaudited 30 June 2020		Audited 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Capital expenditure in respect of purchase of property, plant and equipment:				
Contracted but not provided	5,156,042	21,103,682	990,809	4,037,547

19. REVENUE

	Unaudited Three-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Stevedoring	2,647,688	10,822,576	2,564,749	10,395,862
Lift On Lift Off ("LOLO")	2,134,358	8,726,525	2,053,188	8,322,235
Port dues and charges	733,194	3,000,906	826,262	3,353,965
Gate fees	147,380	602,682	136,115	553,812
Storage fees	126,189	517,213	212,088	858,217
Weighting fee	659	2,689	177	720
Stuffing/Unstuffing	5,850	23,946	5,500	22,275
Sand dredging management fee	16,659	69,111	-	-
Trucking fee	65,785	268,990	23,976	96,682
	5,877,762	24,034,638	5,822,055	23,603,768

	Unaudited Six-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Stevedoring	5,429,441	22,130,402	5,061,560	20,398,087
LOLO	4,578,228	18,660,857	4,048,500	16,315,455
Port dues and charges	1,861,157	7,586,076	1,831,632	7,381,477
Gate fees	325,643	1,327,321	355,641	1,433,233
Storage fees	386,733	1,576,324	358,025	1,442,841
Weighting fee	927	3,778	479	1,930
Stuffing/Unstuffing	15,050	61,344	10,100	40,703
Sand dredging management fee	126,591	515,985	-	-
Trucking fee	127,426	519,388	26,406	106,416
Repair and maintenance container services	-	-	-	-
Logistic services	15,747	64,185	-	-
	12,866,943	52,445,660	11,692,343	47,120,142

20. COST OF SERVICES

	Unaudited			
	Three-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Crane charges	523,092	2,138,904	568,040	2,298,285
Depreciation	563,625	2,303,138	680,622	2,759,241
Fuel and gasoline	177,370	726,297	165,917	674,823
Salaries and wages	382,624	1,563,948	366,742	1,487,116
Maintenance costs	173,519	709,296	185,647	751,065
Repair and maintenance container fee	121	495	-	-
Others	24,928	102,577	80,975	326,900
	<u>1,845,279</u>	<u>7,544,655</u>	<u>2,047,943</u>	<u>8,297,430</u>

	Unaudited			
	Six-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Crane charges	1,139,570	4,644,887	946,545	3,814,576
Depreciation	1,091,175	4,447,629	1,361,241	5,485,801
Fuel and gasoline	480,724	1,959,431	423,340	1,706,060
Salaries and wages	780,107	3,179,716	747,789	3,013,590
Maintenance costs	358,297	1,460,419	306,788	1,236,356
Repair and maintenance container fee	345	1,406	-	-
Logistic costs	15,747	64,185	-	-
Others	97,374	396,896	104,725	422,042
	<u>3,963,339</u>	<u>16,154,569</u>	<u>3,890,428</u>	<u>15,678,425</u>

21. OTHER INCOME

	Unaudited			
	Three-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Rental income	180,137	737,149	218,150	884,078
Interest income from:				
- deposits with financial institutions	298,855	1,221,231	324,788	1,317,779
- lease receivables	43,324	177,066	42,530	171,734
Unwinding effect of long term deposit	2,499	10,186	118,757	478,591
Reversal of impairment loss on receivables	-	-	2,882	11,614
Others	91,817	374,644	23,454	128,627
	<u>616,632</u>	<u>2,520,276</u>	<u>730,561</u>	<u>2,992,423</u>

	Unaudited			
	Six-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Rental income	444,792	1,812,972	423,705	1,707,531
Interest income from:				
- deposits with financial institutions	580,531	2,366,244	694,921	2,800,532
- lease receivables	86,681	353,312	56,613	228,150
Unwinding effect of long term deposit	2,499	10,186	118,757	478,591
Reversal of impairment loss on receivables	-	-	2,882	11,614
Income from net of investment sublease	-	-	1,408,262	5,675,296
Others	128,088	522,086	36,368	146,563
	<u>1,242,591</u>	<u>5,064,800</u>	<u>2,741,508</u>	<u>11,048,277</u>

22. GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited			
	Three-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Salaries and other benefits	1,070,050	4,372,100	967,313	3,919,737
Utilities and fuel	122,002	498,505	113,174	458,653
Depreciation	112,959	461,565	92,179	373,623
Board of Directors' fees	61,087	249,770	52,180	211,553
Donation	102,046	416,388	154,769	624,399
Business entertainment	15,854	65,073	150,055	605,723
Repair and maintenance	27,955	114,366	49,397	200,119
Communication expenses	17,371	70,975	15,687	63,585
Professional fees	11,301	46,172	15,441	63,245
Travelling expenses	17,644	72,067	34,990	141,598
Other tax expenses	90,311	370,233	9,066	36,683
Other expenses	6,764	32,078	79,227	323,626
Impairment loss on receivables	82,752	337,824	-	-
	<u>1,738,096</u>	<u>7,107,116</u>	<u>1,733,478</u>	<u>7,022,544</u>

	Unaudited			
	Six-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Salaries and other benefits	2,031,510	8,280,435	1,861,742	7,502,820
Utilities and fuel	233,330	951,053	219,948	886,390
Depreciation	216,978	884,402	181,445	731,223
Board of Directors' fees	132,018	538,105	105,003	423,162
Donation	142,801	582,057	183,116	737,957
Office supplies	121,933	496,999	67,108	270,445
Business entertainment	56,890	231,884	191,777	772,861
Repair and maintenance	66,289	270,194	93,112	375,241
Communication expenses	32,895	134,080	30,966	124,793
Professional fees	21,222	86,501	57,844	233,111
Travelling expenses	31,288	127,530	59,487	239,733
Other tax expenses	283,566	1,155,815	15,200	61,256
Other expenses	119,722	487,987	114,038	459,575
Loss on disposal of property, plant and equipment and investment property	174,962	713,145	-	-
Impairment loss on receivables	130,642	532,497	78,850	317,766
	<u>3,796,046</u>	<u>15,472,684</u>	<u>3,259,636</u>	<u>13,136,333</u>

23. FINANCE COSTS

	Unaudited			
	Three-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Interest expense on:				
- borrowings	240,691	983,903	261,622	1,060,401
- lease liabilities	28,884	118,049	28,353	114,488
Unwinding effect of:				
- long term deposit	1,250	5,095	237,513	957,177
- guaranteed dividend	6,931	28,133	13,206	53,541
	<u>277,756</u>	<u>1,135,180</u>	<u>540,694</u>	<u>2,185,607</u>

	Unaudited			
	Six-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Interest expense on:				
- borrowings	481,729	1,963,527	514,274	2,072,525
- lease liabilities	57,788	235,544	37,741	152,096
Unwinding effect of:				
- long term deposit	1,250	5,095	237,513	957,177
- guaranteed dividend	13,901	56,661	26,580	107,117
	<u>554,668</u>	<u>2,260,827</u>	<u>816,108</u>	<u>3,288,915</u>

24. TAXATION

	Unaudited			
	Three-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current year	410,195	1,679,432	510,239	2,070,775
Deferred tax:				
Origination and reversal of temporary differences	147,892	603,256	18,673	75,102
	<u>558,087</u>	<u>2,282,688</u>	<u>528,912</u>	<u>2,145,877</u>

24. TAXATION (Continued)

	Unaudited			
	Six-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current year	1,056,077	4,304,570	1,100,002	4,433,007
Under provision in prior year	33,854	137,989	14,953	60,261
	<u>1,089,931</u>	<u>4,442,559</u>	<u>1,114,955</u>	<u>4,493,268</u>
Deferred tax expense:				
Origination and reversal of temporary differences	188,672	769,027	12,359	49,807
Total tax expense	<u>1,278,603</u>	<u>5,211,586</u>	<u>1,127,314</u>	<u>4,543,075</u>

Under the Cambodian Law on Taxation, PPAP has an obligation to pay tax on profit at 20% (2019: 20%) of the taxable profit or a minimum tax at 1% (2019: 1%) of total revenue, whichever is higher.

25. EARNINGS PER SHARE

	Unaudited			
	Three-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	2,079,108	8,501,367	1,721,613	7,024,795
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	0.41	0.08	0.34
Diluted earnings per share	<u>0.10</u>	<u>0.41</u>	<u>0.08</u>	<u>0.34</u>

	Unaudited			
	Six-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	4,526,716	18,450,894	5,333,944	21,495,794
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	0.22	0.89	0.26	1.04
Diluted earnings per share	<u>0.22</u>	<u>0.89</u>	<u>0.26</u>	<u>1.04</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

During to the 5th Annual General Shareholder Meeting held on 26 June 2020, the shareholder of PPAP approved the distribution of dividends in respect of the financial year ended 31 December 2019 to shareholders of each class of shares as follows:

- Shareholders in Class A is entitled to the additional dividend of US\$78,061 (equivalent to KHR317,711,846) on the top of total guaranteed dividend.
- Shareholders in Class B is entitled to total dividend of US\$675,676 (equivalent to KHR2,750,027,695).

These dividends will be paid on 8 July 2020.

27. RELATED PARTY DISCLOSURES

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

	Unaudited			
	Three-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	240,692	983,712	261,622	1,060,400
MEF and MPWT				
Donation and charities	3,664	15,000	11,571	46,775

	Unaudited			
	Six-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	481,729	1,963,527	514,274	2,072,524
MEF and MPWT				
Donation and charities	9,593	39,101	17,570	70,807

- (b) Compensation of key management personnel

Key management compensation during the financial period is as follows:

	Unaudited			
	Three-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Short term employee benefits	61,087	249,770	52,180	211,553

	Unaudited			
	Six-month period ended			
	30 June 2020		30 June 2019	
	US\$	KHR'000	US\$	KHR'000
Short term employee benefits	132,018	538,105	105,003	423,162

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 (2019: 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 EVENT DURING THE PERIOD

The World Health Organisation declared the 2019 Novel Coronavirus infection (“COVID-19”) a pandemic on 11 March 2020.

Based on the assessment and information available at the date of authorisation of the financial statements, PPAP has sufficient cash flows to meet its liquidity needs in the next 12 months after the end of the reporting period. PPAP does not anticipate significant supply disruptions and would continuing monitor its fund and operational needs.

Part 4
Management's Discussion and Analysis
(MD&A)

A- Overview of operations

PPAP is one of the Cambodia's two international port. The port commercial zone covered from Phnom Penh to lower Mekong River (Neak Leoung) and Phnom Penh to upper Mekong River (Tonle Bet) in accordance to the sub-decree number 01 dated 5th January 2009. PPAP has two function as a port operation and port authority. *Please refer to Section 1.2 of this First Quarter 2020 report for further information.*

The container throughput of PPAP in the second quarter 2020 has increased 393 TEUs or 0.65% compared to the second quarter 2019. For vessels in the second quarter 2020 decreased by 65 units or 11.15% compared to the second quarter 2019. However, ship (voyage) in the second quarter 2020 has decreased 327 or 100% compared to the second quarter 2019. On the other hand, general cargo in second quarter 2020 has also decreased 92,709 TONs or 9.66 % compared to second quarter 2019.

The following discussion and analysis of PPAP's top management on the financial position and result of operation is conducted base on the audited financial report for First Quarter ended 31 March 2019 and 2020 as *set out in Section 3 of this First Quarter Report.*

PPAP has four main revenue source:

1. **Stevedoring:** refer to revenue from the service of loading or discharging goods/containers into/from vessel and moving cargo from quay to container yard and vice versa.
2. **Lift On/Lift off (LOLO):** refer to revenue from service of loading or discharging good/containers from container yard to truck and vice versa.
3. **Port Due & Charge:** refer to revenue from maritime service and berthing service which include tonnage due, berthing due, channeling due, pilotage fee, tug boat fee, mooring/unmooring fee, open/close vessel's hatch fee, and cleaning service for vessel.
4. **Storage Fee:** refer to revenue from storage of goods/containers in the container yards or warehouse. General cargos are exempted from stroage fee for 5 days for both import and export cargos, and container cargos as exempted from storage fee for 5 days for export cargos and 7 days for import cargos.

1. Revenue Analysis

1.1 Revenue analysis

For the Second Quarter Ended 30 June 2020 Compared to Second Quarter Ended 30 June 2019

Description	2 nd Quarter for the Period Ended 30 June 2020		2 nd Quarter for the Period Ended 30 June 2019		Change		Change	
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Port Operation	5,127,909	20,964,621	4,995,793	20,249,803	132,116	2.64%	714,818	3.53%
Port Authority	733,194	3,000,906	826,262	3,353,965	(93,068)	-11.26%	(353,059)	-10.53%
Other Revenue	16,659	69,111	-	-	16,659	N/A	69,111	N/A
Total:	5,877,762	24,034,638	5,822,055	23,603,768	55,707	0.96%	430,870	1.83%

Total revenue increased by KHR 430,870,000 (USD 55,707) or 1.83% from KHR 23,603,768,000 (USD 5,822,055) in the second quarter 2019 to KHR 24,034,638,000 (USD 5,877,762) in the second quarter 2020. This increase in revenue is due to the increase of revenue from port operation and port authority such as stevedoring, lift on lift off (LOLO) and port dues and charges.

For The First 6 months of 2020 as of 30 June 2020 Compared to The First 6 months of 2019 as of 30 June 2019

Description	6 Months for the period Ended 30 June 2020		6 Months for the period Ended 30 June 2019		Change		Change	
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Port Operation	10,863,448	44,279,414	9,860,711	39,738,665	1,002,737	10.17%	4,540,749	11.43%
Port Authority	1,861,157	7,586,076	1,831,632	7,381,477	29,525	1.61%	204,599	2.77%
Other Revenue	142,338	580,170	-	-	142,338	N/A	580,170	N/A
Total:	12,866,943	52,445,660	11,692,343	47,120,142	1,174,600	10.05%	5,325,518	11.30%

Total revenue increased by KHR 5,325,518,000 (USD 1,174,600) or 11.30% from KHR 47,120,142,000 (USD 11,692,343) in the first 6 months of 2019 to KHR 52,445,660,000 (USD 12,866,943) in the first 6 months of 2020. This increase in revenue is due to the increase of revenue from port operation and port authority such as stevedoring, lift on lift off (LOLO) and port dues and charges.

1.2 Revenue by segment analysis

For The Second Quarter Ended 30 June 2020 Compared to The Second Quarter Qnded 30 June 2019

Description	2 nd Quarter for the Period Ended 30 June 2020		2 nd Quarter for the Period Ended 30 June 2019		Change		Change	
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Stevedoring	2,647,688	10,822,576	2,564,749	10,395,862	82,939	3.23%	426,714	4.10%
Lift On Lift Off (LOLO)	2,134,358	8,726,525	2,053,188	8,322,235	81,170	3.95%	404,290	4.86%
Port dues & charges	733,194	3,000,906	826,262	3,353,965	(93,068)	-11.26%	(353,059)	-10.53%
Storage Fee	126,189	517,213	212,088	858,217	(85,899)	-40.50%	(341,004)	-39.73%

For the second quarter 2020 as well as the second quarter 2019, PPAP has increased in 3 main revenue which represent 94% of total revenue. Those revenue included stevedoring, lift on lift off (LOLO) and port dues and charges.

For The First 6 months of 2020 as of 30 June 2020 Compared to The First 6 months of 2019 as of 30 June 2019

Description	6 Months for the period Ended 30 June 2020		6 Months for the period Ended 30 June 2019		Change		Change	
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Stevedoring	5,429,441	22,130,402	5,061,560	20,398,087	367,881	7.27%	1,732,315	8.49%
Lift On Lift Off (LOLO)	4,578,228	18,660,857	4,048,500	16,315,455	529,728	13.08%	2,345,402	14.38%
Port dues & charges	1,861,157	7,586,076	1,831,632	7,381,477	29,525	1.61%	204,599	2.77%
Storage Fee	386,733	1,576,324	358,025	1,442,841	28,708	8.02%	133,483	9.25%

For the first 6 months of 2020 as well as the first 6 months of 2019, PPAP has increased in 3 main revenue which represent 92% of total revenue. Those revenue included stevedoring, lift on lift off (LOLO) and port dues and charges.

2. Gross profit margin analysis

Gross profit is presented in the statement of profit or loss of PPAP came from the total revenue minus the cost of services (operating costs).

For The Second Quarter Ended 30 June 2020 Compared to The Second Quarter Ended 30 June 2019

Description	2 nd Quarter for the Period Ended 30 June 2020		2 nd Quarter for the Period Ended 30 June 2019		Change		Change	
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Revenue	5,877,762	24,034,638	5,822,055	23,603,768	55,707	0.96%	430,870	1.83%
Cost of Service								
Depreciation	563,625	2,303,138	680,622	2,759,241	(116,997)	-17.19%	(456,103)	-16.53%
Crane charge	523,092	2,138,904	568,040	2,298,285	(44,948)	-7.91%	(159,381)	-6.93%
Salaries and wage	382,624	1,563,948	366,742	1,487,116	15,882	4.33%	76,832	5.17%
Fuel and gasoline	177,370	726,297	165,917	674,823	11,453	6.90%	51,474	7.63%
Maintenance costs	173,519	709,296	185,647	751,065	(12,128)	-6.53%	(41,769)	-5.56%
Repair and maintenance container fee`	121	495	-	-	121	N/A	495	N/A
Others	24,928	102,577	80,975	326,900	(56,047)	-69.22%	(224,323)	-68.62%
Total Cost of Service	1,845,279	7,544,655	2,047,943	8,297,430	(202,664)	-9.90%	(752,775)	-9.07%
Gross profit	<u>4,032,483</u>	<u>16,489,983</u>	<u>3,774,112</u>	<u>15,306,338</u>	<u>258,371</u>	<u>6.85%</u>	<u>1,183,645</u>	<u>7.73%</u>
Gross Profit Margin	68.61%	68.61%	64.82%	64.85%				

For the second quarter 2020 Cost of Service decreased by KHR 752,775,000 (USD 202,664) or 9.07% compared to the second quarter 2019.

- Gross Profit Margin Analysis

Gross Profit Margin increased by 3.76% from 64.85% in the second quarter 2019 to 68.61% in the second quarter 2020. The increase is mainly due to the increase of total revenue by KHR 430,870,000 (USD 55,707) or 1.83%. However, the total Cost of Service decreased by KHR 752,775,000 (USD 202,664) or 9.07% is because of the slightly increase of crane charge, maintenance costs, fuel and gasoline, and other expenses.

For The First 6 months of 2020 as of 30 June 2020 Compared to The First 6 months of 2019 as of 30 June 2019

Description	6 Months for the period Ended 30 June 2020		6 Months for the period Ended 30 June 2019		Change		Change	
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Revenue	12,866,943	52,445,660	11,692,343	47,120,142	1,174,600	10.05%	5,325,518	11.30%
Cost of Service								
Depreciation	1,091,175	4,447,629	1,361,241	5,485,801	(270,066)	-19.84%	(1,038,172)	-18.92%
Crane charge	1,139,570	4,644,887	946,545	3,814,576	193,025	20.39%	830,311	21.77%
Salaries and wage	780,107	3,179,716	747,789	3,013,590	32,318	4.32%	166,126	5.51%
Fuel and gasoline	480,724	1,959,431	423,340	1,706,060	57,384	13.56%	253,371	14.85%
Maintenance costs	358,297	1,460,419	306,788	1,236,356	51,509	16.79%	224,063	18.12%
Repair and maintenance container fee`	345	1,406	-	-	345	N/A	1,406	N/A
Logistic costs	15,747	64,185	-	-	15,747	N/A	64,185	N/A
Others	97,374	396,896	104,725	422,042	(7,351)	-7.02%	(25,146)	-5.96%
Total Cost of Service	3,963,339	16,154,569	3,890,428	15,678,425	72,911	1.87%	476,144	3.04%
Gross profit	<u>8,903,604</u>	<u>36,291,091</u>	<u>7,801,915</u>	<u>31,441,717</u>	<u>1,101,689</u>	<u>14.12%</u>	<u>4,849,374</u>	<u>15.42%</u>
Gross Profit Margin	69.20%	69.20%	66.73%	66.73%				

For the first 6months of 2020 Cost of Service increased by KHR 476,144,000 (USD 72,911) or 3.04% compared to the first 6months of 2019.

- Gross Profit Margin Analysis

Gross Profit Margin increased by 2.47% from 66.73% in the first 6months of 2019 to 69.20% in the first 6months of 2020. The increase is mainly due to the increase of total revenue by KHR 5,325,518,000 (USD 1,174,600) or 11.30%. However, the total Cost of Service increased by KHR 476,144,000 (USD 72,911) or 3.04% is because of the slightly increase of crane charge, maintenance costs, fuel and gasoline, and other expenses.

3. Profit before tax analysis

Profit before income tax derived from gross profit plus other income, minus general administration and selling expenses and finance costs.

For The Second Quarter Ended 30 June 2020 Compared to The Second Quarter Qnded 30 June 2019

Description	2 nd Quarter for the Period Ended 30 June 2020		2 nd Quarter for the Period Ended 30 June 2019		Change		Change	
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Gross profit	4,032,483	16,489,983	3,774,112	15,306,338	258,371	6.85%	1,183,645	7.73%
Other income	616,632	2,520,276	730,561	2,992,423	(113,929)	-15.59%	(472,147)	-15.78%
General administration and selling expenses								
Salaries and other benefits	1,070,050	4,372,100	967,313	3,919,737	102,737	10.62%	452,363	11.54%
Donation expenses	102,046	416,388	154,769	624,399	(52,723)	-34.07%	(208,011)	-33.31%
Utilities and fuel	122,002	498,505	113,174	458,653	8,828	7.80%	39,852	8.69%
Depreciation	112,959	461,565	92,179	373,623	20,780	22.54%	87,942	23.54%
Repairs and maintenance	27,955	114,366	49,397	200,119	(21,442)	-43.41%	(85,753)	-42.85%
Business entertainments	15,854	65,073	150,055	605,723	(134,201)	-89.43%	(540,650)	-89.26%
Travelling expenses	17,644	72,067	34,990	141,598	(17,346)	-49.57%	(69,531)	-49.10%

Professional fee	11,301	46,172	15,441	63,245	(4,140)	-26.81%	(17,073)	-27.00%
Board of Directors' fee	61,087	249,770	52,180	211,553	8,907	17.07%	38,217	18.06%
Communication expenses	17,371	70,975	15,687	63,585	1,684	10.74%	7,390	11.62%
Other tax expenses	90,311	370,233	9,066	36,683	81,245	896.15%	333,550	909.28%
Others	6,764	32,078	79,227	323,626	(72,463)	-91.46%	(291,548)	-90.09%
Impairment loss on receivable	82,752	337,824	-	-	82,752	N/A	337,824	N/A
Total general administration and selling expenses	1,738,096	7,107,116	1,733,478	7,022,544	4,618	0.27%	84,572	1.20%
Operating profit	<u>2,911,019</u>	<u>11,903,143</u>	<u>2,771,195</u>	<u>11,276,217</u>	<u>139,824</u>	<u>5.05%</u>	<u>626,926</u>	<u>5.56%</u>
Finance costs	(277,756)	(1,135,180)	(540,694)	(2,185,607)	262,938	-48.63%	1,050,427	-48.06%
Profit before income tax	2,633,263	10,767,963	2,230,501	9,090,610	402,762	18.06%	1,677,353	18.45%

For the second quarter 2020 General and Administrative expenses increased by KHR 84,572,000 (USD 4,618) or 1.20% compared to the second quarter 2019.

For The First 6 months of 2020 as of 30 June 2020 Compared to The First 6 months of 2019 as of 30 June 2019

Description	6 Months for the period Ended 30 June 2020		6 Months for the period Ended 30 June 2019		Change		Change	
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Gross profit	8,903,604	36,291,091	7,801,915	31,441,717	1,101,689	14.12%	4,849,374	15.42%
Other income	1,242,591	5,064,800	2,741,508	11,048,277	(1,498,917)	-54.67%	(5,983,477)	-54.16%
General administration and selling expenses								

Salaries and other benefits	2,031,510	8,280,435	1,861,742	7,502,820	169,768	9.12%	777,615	10.36%
Donation expenses	142,801	582,057	183,116	737,957	(40,315)	-22.02%	(155,900)	-21.13%
Utilities and fuel	233,330	951,053	219,948	886,390	13,382	6.08%	64,663	7.30%
Depreciation	216,978	884,402	181,445	731,223	35,533	19.58%	153,179	20.95%
Repairs and maintenance	66,289	270,194	93,112	375,241	(26,823)	-28.81%	(105,047)	-27.99%
Business entertainments	56,890	231,884	191,777	772,861	(134,887)	-70.34%	(540,977)	-70.00%
Travelling expenses	31,288	127,530	59,487	239,733	(28,199)	-47.40%	(112,203)	-46.80%
Professional fee	21,222	86,501	57,844	233,111	(36,622)	-63.31%	(146,610)	-62.89%
Board of Directors' fee	132,018	538,105	105,003	423,162	27,015	25.73%	114,943	27.16%
Office supplies	121,933	496,999	67,108	270,445	54,825	81.70%	226,554	83.77%
Communication expenses	32,895	134,080	30,966	124,793	1,929	6.23%	9,287	7.44%
Other tax expenses	283,566	1,155,815	15,200	61,256	268,366	1765.57%	1,094,559	1786.86%
Others	119,722	487,987	114,038	459,575	5,684	4.98%	28,412	6.18%
Loss on disposal of property, plant and equipment	174,962	713,145	-	-	174,962	N/A	713,145	N/A
Impairment loss on receivable	130,642	532,497	78,850	317,766	51,792	65.68%	214,731	67.58%
Total general administration and selling expenses	3,796,046	15,472,684	3,259,636	13,136,333	536,410	16.46%	2,336,351	17.79%
Operating profit	<u>6,350,149</u>	<u>25,883,207</u>	<u>7,283,787</u>	<u>29,353,661</u>	<u>(933,638)</u>	<u>-12.82%</u>	<u>(3,470,454)</u>	<u>-11.82%</u>
Finance costs	(554,668)	(2,260,827)	(816,108)	(3,288,915)	261,440	-32.03%	1,028,088	-31.26%

Profit before income tax	5,795,481	23,622,380	6,467,679	26,064,746	(672,198)	-10.39%	(2,442,366)	-9.37%
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For the first 6 months of 2020 General and Administrative expenses increased by KHR 2,336,351,000 (USD 536,410) or 17.79% compared to the first 6 months of 2019.

4. Profit after tax analysis

PPAP is subject to the Law on Commercial Enterprise for taxation sector and value added tax (VAT), thus PPAP has the obligation to pay tax at 20% of taxable profit. However, from 2019 onward PPAP will have obligation to pay tax as normal after received 50% reduction on the tax on profit for three year (from 2016 to 2018).

For The Second Quarter Ended 30 June 2020 Compared to The Second Quarter Qnded 30 June 2019

Description	2nd Quarter for the Period Ended 30 June 2020		2nd Quarter for the Period Ended 30 June 2019		Change		Change	
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Profit before income tax (a)	2,633,263	10,767,963	2,230,501	9,090,610	402,762	18.06%	1,677,353	18.45%
Income tax expense (b)	558,087	2,282,688	528,912	2,145,877	29,175	5.52%	136,811	6.38%
Net profit for the year	2,075,176	8,485,275	1,701,589	6,944,733	373,587	21.96%	1,540,542	22.18%
Other comprehensive income	2,079,108	8,501,367	1,721,613	7,024,795	357,495	20.77%	1,476,572	21.02%
Effective tax rate (b)/(a)	21.19%	21.20%	23.71%	23.61%				

PPAP earns profit after tax KHR 8,485,275,000 (USD 2,075,176) in the second quarter 2020 and KHR 6,944,733,000 (USD 1,701,589) in the second quarter 2019, representing a increase of KHR 1,540,542,000 (USD 373,587) or 22.18%. This increase is because of the increase in revenue KHR 430,870,000 (USD 55,707) or 1.83% and the decrease in cost of services KHR 752,775,000 (USD 202,664) or 9.07%. The decrease of effective tax rate of 2.41% from 23.61% in the second quarter 2019 to 21.20% in the second quarter 2020, due to the increased in income tax expense KHR 136,811,000 (USD 29,175) or 6.38%.

For The First 6 months of 2020 as of 30 June 2020 Compared to The First 6 months of 2019 as of 30 June 2019

Description	6 Months for the period Ended 30 June 2020		6 Months for the period Ended 30 June 2019		Change		Change	
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Profit before income tax (a)	5,795,481	23,622,380	6,467,679	26,064,746	(672,198)	10.39%	(2,442,366)	-9.37%
Income tax expense (b)	1,278,603	5,211,586	1,127,314	4,543,075	151,289	13.42%	668,511	14.71%
Net profit for the year	4,516,878	18,410,794	5,340,365	21,521,671	(823,487)	-15.42%	(3,110,877)	-14.45%
Other comprehensive income	4,526,716	18,450,894	5,333,944	21,495,794	(807,228)	-15.13%	(3,044,900)	-14.17%
Effective tax rate (b)/(a)	22.06%	22.06%	17.43%	17.43%				

PPAP earn profit after tax KHR 18,410,794,000 (USD 4,516,878) in the first 6months of 2020 and KHR 21,521,671,000 (USD 5,340,365) in the first 6months of 2019, representing a decrease of KHR 3,110,877,000 (USD 823,487) or 14.45%. This decrease is because of the increase in general administration and selling expenses for 17.79% in the first 6months of 2020 . The decrease of effective tax rate of 4.63% from 17.43% in the first 6months of 2019 to 22.06% in the first 6months of 2020, due to the increased in income tax expense KHR 668,511,000 (USD 151,289) or 14.71%.

5. Factors and trends analysis affecting financial conditions and results

5.1. Level of regional, global trade and globalization

The financial condition and results of PPAP are dependent on throughput volumes and transshipment activity at ports. There rely heavily on the domestic, and global trade volume as well as the regional export and import. These may be significantly affected by the changes in regional and global economic, financial and political condition that are beyond PAPP's control.







5.2. Capacity at the Container Terminal LM17

The main handling operation is conducted at the Container Terminal LM17. PPAP has container cargo handling capacity of approximately 281,045 TEUs annually as at 31st December, 2019. In order to accommodate this increase, PPAP has plan to finish the Phase III of port infrastructure project which will increase its capacity more 200,000 TEUs/year of the handling capacity at Container terminal LM17.

Description	Output				
	2016	2017	2018	2019	Planning 2020
Container Terminal LM17 (TEUs)	151,781	184,805	213,571	281,045	309,375

5.3. Operation Efficiency

In order to increase the efficiency of operation, PPAP seeks to reduce its costs and achieve optimal operating efficiency by utilizing its existing resources and install the modern equipment and handling machinery. PPAP, therefore, has the following methods to increase the efficiency of operation:

-  Continue introducing new handling machinery in order to speed up the process of cargo handling and reduce wait time cause by the malfunction of machinery.
-  Improving capability of operation by providing employee training.
-  Expand the terminal in order to ensure that vessels are quickly and efficiently transport cargo to and from PPAP.
-  Utilizing external depot to increase the container storage capacity at LM17 such as the ICD depot, KM6 Terminal, Multipurpose Terminal TS3, and Mekong Sentosa Logistic (MSL).
-  Efficiently managing the container yard by reducing the duration of storage of container at the container yard.
-  Efficiently utilizing the terminal by formulating a clear the berthing plan.

5.4. Price

In order to retain existing customers and attract more new customers, PPAP Has offered favorable tariffs on cruise ships, cruise ships, retail and container ships and other types of freight

vessels. PPAP also offers preferential prices for both freight services at both inside and outside of the container terminal. In addition to the preferential shipping costs, PPAP also offers preferential package prices for container service (Stevedore) to all container carriers based on the volume of containers that are shipped. This means that if the container carrier of any company shipping more containers will receive a much higher discount.

5.5. Connection to Feeder Port

The connection to feeder port plays an important role when Transport Company selecting a port to transport cargo. Efficient connectivity enable shipper to reduce shipping time. Efficient transportation between feeder-ports depend on the service of other feeder port that managing the flow of transportation. PPAP's location in Phnom Penh Capital is advantageous in consolidating cargo for waterway transshipment.

5.6. Depreciation

Depreciation arise from the depreciated of property, plant and equipment of PPAP such as quay, storage facilities, and handling machinery. The useful lives is estimated on key assets such as harbours and building (10-50 years), plants and machinery (10-15 years), furniture and fixtures (5 years), computer (5-15years), office equipment and others (5-15 years), moto vehicles (8-15 years). Depreciation method, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

B- Significant factors affecting profit

1. Demand and supply conditions analysis

Cargo volume of PPAP is directly related to the national, Regional and Global Economy. PPAP must conduct analysis on the economy and trade in order to recognize the trend of increase or decline in the demand of transportation. It is the base for a timely response on the matters as well as creating proper investment plan on the port insfrastructure and machinery. It can avert losses on the expenditure of capital by avoiding excessive investment over the demand of transporation.

2. Fluctuation in prices of cost of service analysis

Maintaining competitiveness in the market is an important factors for the long-term growth of PPAP which include the quality and price of service provided. To ensure quality and competitiveness of our service, PPAP focus on the management of some operating expense as below:

2.1. Staff salaries and other benefits

A large portion of the company's expense is related to staff salaries and other benefits, which is **24.70%** (6.51% from operation staff and 18.19 % from administration staff and other benefits) of total revenue in the second quarter 2020 which recorded in Cost of Services and General Administration Expense. However, PPAP have plan which arrange appropriate human resource

according to the scope of work and pay salaries base on the number of container throughput (TEU) in order to ensure that staff cost will not significantly affect our profit.

2.2. Crane Charge

Another large portion of cost of service is crane charges which is 8.90% of total revenue in the second quarter 2020. PPAP has signed contract with three business partner in using the Traveling Cargo Crane to provide the handling service. According to the contracts, the percentage of revenue sharing to the business partners drop to 80% after 3 to 4 years of operation. PPAP expect that crane charge will increase as the number of container throughput is also expected to increase. However, crane charge will not significantly affect our profit because the increase in container throughput also lead to the increase in revenue. Table below shows the revenue sharing scheme with the business partners:

Crane Owner	Crane Name	Unit	Capacity (Ton)	% of Revenue To Crane Owner	% of Revenue To PPAP	Date
Sovereign	Floating Crane 1	1	80	80%	20%	01/02/2019-31/01/2020
	Floating Crane 2	1	60	80%	20%	
Jeong Myeong International Co.,Ltd	Traveling Cargo Crane 1	1	41	90%	10%	01/01/2013-31/12/2013
				85%	15%	01/01/2014-31/12/2014
				80%	20%	01/01/2015-31/12/2024

* Sung Kwang Co.,Ltd have changed company name to *Jeong Myeong International Co., Ltd.*

3. Tax analysis

PPAP is subject to the Law on Commercial Enterprise for matter of taxation. PPAP has an obligation to pay tax as stipulated in the laws and regulation in force. The General Department of Taxation require PPAP to pay tax under the real regime tax system and is a large taxpayer.

3.1. Tax on profit

PPAP has the obligation to pay tax at 20% of taxable profit by preparing tax, by preparing tax on a monthly basis based on 1% of monthly turnover. This prepayment tax of 1% turnover will be settled with the payment of 20% profit tax at the end of fiscal year. PPAP's share was officially listed on the 9th of December 2015. According to Anukret No.01 ANK.BK dated on the 8th of January 2015 on Tax Incentive in Securities Sector, Listed enterprise will received 50% reduction on the tax on profit for three year from the date of the Anukret enforce. Therefore, from 2019 onward PPAP will not received Tax Incentive in Securities Sector, thus PPAP will have obligation to pay tax as normal.

3.2. Value added tax (VAT)

PPAP is a VAT registered company. PPAP has to charge VAT of 10% on invoice amount when issuing invoice to its customers. This tax is collected for the government as an output VAT. This output VAT is settled with the 10% input VAT that PPAP has to pay to its supplier when making purchase.

3.3. Tax withheld on Interest Income

PPAP has an obligation to pay withholding tax on interest income at the rate of 4% on deposit and 6% on fixed deposit. PPAP has fixed deposit at the Foreign Trade Bank (FTB) and Advanced Bank of Asia (ABA).

3.4. Import Tax

PPAP has an obligation to pay import tax on materials and raw materials at rates ranging from 7% to 35%, depending on the type of goods, as determined by the General Department of Customs and Excise. According to the Project of Port infrastructure at LM17 in 2019, PPAP will import additional container handling equipment. As such, the expense on import tax will rise.

C- Material changes in sales and revenue

The main revenue from PPAP are from handling container cargo service such as Stevedor, LOLO and Port Due & Charge which represent more than **94%** of the total revenue in the second quarter 2020. This revenue increase mainly contributed by the increase of container throughput and number of vessel which mainly due the growth of construction of industry and other commercial industries such as textile, apparel & footwear manufacturing industry. Moreover, the opening of Cap Mei Hub Port in Vietnam also contribute to the increase of container throughput from our terminals as it provide a more direct and faster route to East pacific country and U.S West.

D- Impact of exchange rate, interest rate and commodity prices

1. Impact of Exchange Rate

PPAP maintain its accounting record in USD which is its functional currency because most of the revenue from the business is USD currency. In addition, most of the payment on machinery maintaining, fuel and gasoline, and other expense is also in USD currency except salary and tax expense. Therefore, the impact from exchange rate is minimum for PPAP.

2. Impact of Interest Rate

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 fixed deposits. PPAP manages its interest rate exposure by closely monitoring the market interest rate. PPAP does not use derivative financial instruments to hedge any debt obligations.

3. Impact of Flunctuation of Gasoline Price

The operation of PPAP depend heavily on the machinery which require high consumption of gasoline. The flunctuation of gasoline price will impact on the cost of service. Hence, PPAP is work to improve our operation by efficient management of container yard which can lead to the reduction of gasoline usage, reduction in unnecessary movement of machinery. Therefore, PPAP equipped with modern marchinery in lifting by substitute to electicity base machinery.

E- Impact on Inflation

Increase in inflation rate may impact the expenditure and investment of the company because of the increase in price of commodity, thus diminish in purchasing power. According to Worldbank.org, the Cambodia inflation rate is averaging 3.8% from year 2011 to 2014 which we believe that it will not materially impact our financial position and operation of PPAP.

F- Governmental/ Economic/ Fiscal/ Monetary Policy of Royal Government

PPAP is benefiting from the some of the government policy as the following:

- ❖ Rice Export policy of Cambodia is showing positive effect by increasing the export of rice via PPAP.
- ❖ The government policy which exempt the import tax on agriculture equipment/machinery which encourage investment in agriculture sector.
- ❖ The government's effort to establish quota or exemption with trade-partner country encourages high volume of export.
- ❖ The establishment of Special Economic Zone and Bonded Warehouse attracted direct investment from foreign country.
- ❖ Cambodia Development Industrial Policy 2015 – 2025 is attracting investment in Cambodia and large entriprise as well as some small and medium size enterprise.
- ❖ Government policy to encourage waterway transportation.
- ❖ The National Bank of Cambodia continued the adoption of tight monetary policy and managed floating exchange rate system. It has boosted public confidence in the macroeconomic environment of Cambodia and facilitated the private sector in carrying out business.

The tax incentive in securities sectors which provided to the listed enterprise in Cambodia is encouraging more private and public enterprise to goes IPO. This will contributed to the development of Cambodia economy.

Part 5

Other Necessary Information for Investor Protection

For the 2nd Quarter of 2020, PPAP does not have the necessary information for the investor protection.

Signature of Board of Directors of PPAP

14th August, 2020
Read and Approved

Soun Rachana

Signature
Soun Rachana
Member
(Rep. of Ministry of Public Works & Transport)

14th August, 2020
Read and Approved

Gui Anvanith

Signature
Gui Anvanith
Member
(Independent Director)



Address

Container Terminal LM17

Kandal Leu Village, Bantey Dek Commune,
Kien Svay District, Kandal Province.

Multipurposed Terminal TS3

#649, Street 1 (Preah Sisowath), Sras Chork Commune,
Daun Penh District, Phnom Penh City.

Passenger and Tourist Terminal TS1

Street 1 (Preah Sisowath), Wat Phnom Commune,
Daun Penh District, Phnom Penh City.

Tonle Bet Port UM2

Tonle Bet Village, Tonle Bet Commune,
Thbong Khmoum District, Thbong Khmoum Province.

Construction Materials Supply Center (CMSC)

Boeung Salang Village, Reusseykeo Commune
Reusseykeo District, Phnom Penh City.

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