Registration No:
INV - 1076KH/2006

PHNOM PENH SEZ PLC.
(INCORPORATED IN CAMBODIA)

AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
31 DECEMBER 2015

Registration No:
INV - 1076KH/2006

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

CORPORATE INFORMATION

DIRECTORS:	Lok Chumteav Oknha Lim Chhiv Ho Hiroshi Uematsu Tan Kak Khun Tan Soeun Muoy Hiroshi Otsubo Kenji Toyota Hem Sovath Kang Wei Geih
REGISTERED OFFICE:	Phnom Penh Special Economic Zone National Road 4, Sangkat Kantouk Khan Posenchey Phnom Penh Kingdom of Cambodia
PRINCIPAL BANKERS:	Cambodian Public Bank Plc. Cambodia Mekong Bank Plc. Canadia Bank Plc. ANZ Royal Bank (Cambodia) Ltd. Maybank (Cambodia) Plc. Phnom Penh Commercial Bank Mega International Commercial Bank
AUDITORS:	BDO (Cambodia) Limited

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PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

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PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal activities

The principal activities of the Company are to establish, develop and operate the Special Economic Zone in Phnom Penh and to engage in other related commercial activities. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results of operations

	Group US$	Company US$
Profit for the financial year	4,120,363	4,323,313
(KHR'000 equivalent)	*16,687,468*	*17,509,416*

Dividend

The Directors do not recommend the payment of any dividend for the current financial year.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the current financial year.

Bad and doubtful debts

Before the statements of profit or loss and other comprehensive income and statements of financial position were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that allowance need not be made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off bad debts or to make allowance for doubtful debts in the financial statements of the Group and the Company.

Current assets

Before the statements of profit or loss and other comprehensive income and statements of financial position were made out, the Directors took reasonable steps to ensure that for any current assets which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and the Company have been written down to an amount expected if realised.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

DIRECTORS' REPORT (continued)

Valuation methods

At the date of this report, the Directors are not aware of any circumstances, which have arisen and which may render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

Contingent and other liabilities

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and the Company to meet its obligations when they fall due.

Change of circumstances

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements of the Group and the Company, which would render any amount stated in the financial statements as misleading.

Items of a material and unusual nature

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and the Company for the financial year for which this report is made.

Share capital

On 29 May 2015, the Company amended its Memorandum and Articles of Incorporation to subdivide its every ordinary shares of US$100 each into 2,000,000 shares of US$0.50 each and to issue new 44,300,000 ordinary shares of US$0.50 each by way of bonus issue and re-allocate the shareholdings as disclosed in Note 14 to the financial statements.

No option to take up unissued shares in the Company was granted during the financial year and there were no shares under options at the end of the financial year in respect of shares in the Company.

Significant event during the financial year

The significant event during the financial year is disclosed in Note 29 to the financial statements.

Significant events subsequent to the end of the financial year

The significant events subsequent to the end of the financial year are disclosed in Note 30 to the financial statements.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

DIRECTORS' REPORT (continued)

Directors

The Directors who have held for office since the date of the last report are:

Lok Chumteav Oknha Lim Chhiv Ho
Hiroshi Uematsu
Tan Kak Khun
Tan Soeun Muoy
Hiroshi Otsubo
Kenji Toyota
Hem Sovath
Kang Wei Geih

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Group and of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate body.

Since the end of the previous financial year, the Directors have not received or become entitled to receive any benefit by reason of a contract made by of the Group and of the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of those transactions as disclosed in Note 25 to the financial statements.

Directors' responsibility in respect of the financial statements

The Directors are responsible to ascertain that the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of their financial performance and cash flows for the financial year then ended. In preparing these financial statements, the Directors are required to:

(a) adopt appropriate accounting policies which are supported by reasonable judgements and estimates and then apply them consistently;

(b) comply with the disclosure requirements of the Cambodian International Financial Reporting Standards ("CIFRSs") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;

(c) maintain adequate accounting records and an effective system of internal controls;

(d) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Group and the Company will continue its operations in the foreseeable future; and

(e) control and direct effectively the Group and the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Registration No:
INV - 1076KH/2006

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

DIRECTORS' REPORT (continued)

Statement by the Directors

In the opinion of the Directors, the financial statements set out on pages 7 to 53 have been drawn up in accordance with Cambodian International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board,

Lok Chumteav Oknha Lim Chhiv Ho	**Hiroshi Uematsu**
Chairwoman	Director

Phnom Penh, Cambodia
Date: 12 August 2016

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Phnom Penh
Kingdom of Cambodia

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)
(Registration No: INV - 1076KH/2006)

Report on the Financial Statements

We have audited the accompanying financial statements of Phnom Penh SEZ Plc., which comprise statements of financial position of the Group and of the Company as at 31 December 2015, and statement of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 53.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Cambodian International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)
(Registration No: INV - 1076KH/2006) (continued)

Report on the Financial Statements (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of their financial performance and cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards.

BDO Cambodia

BDO (Cambodia) Limited

Phnom Penh, Cambodia
Date: 12 August 2016

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	Group 2015 US$	Group 2015 KHR'000	Group 2014 US$	Company 2015 US$	Company 2015 KHR'000	Company 2014 US$
ASSETS							
Non-current assets							
Property, plant and equipment	7	14,110,151	57,146,110	14,076,320	14,105,302	57,126,473	14,074,325
Investment properties	8	3,407,442	13,800,140	3,592,136	3,407,442	13,800,140	3,592,136
Investments in subsidiaries	9	-	-	-	5,005,000	20,270,250	5,000
Investments in associates	10	8,161,560	33,054,318	8,174,288	8,161,560	33,054,318	8,174,288
		25,679,153	104,000,568	25,842,744	30,679,304	124,251,181	25,845,749
Current assets							
Inventories	11	13,137,053	53,205,065	10,948,582	7,758,535	31,422,067	10,948,582
Trade and other receivables	12	8,486,105	34,368,725	11,969,713	9,091,132	36,819,085	11,976,420
Cash and bank balances	13	1,165,704	4,721,101	192,555	1,141,508	4,623,107	186,680
		22,788,862	92,294,891	23,110,850	17,991,175	72,864,259	23,111,682
TOTAL ASSETS		48,468,015	196,295,459	48,953,594	48,670,479	197,115,440	48,957,431
EQUITY AND LIABILITIES							
Equity							
Share capital	14	23,150,000	93,757,500	1,000,000	23,150,000	93,757,500	1,000,000
Retained earnings		4,135,511	16,748,819	22,165,148	4,345,567	17,599,547	22,172,254
TOTAL EQUITY		27,285,511	110,506,319	23,165,148	27,495,567	111,357,047	23,172,254
LIABILITIES							
Non-current liabilities							
Borrowings	15	1,932,802	7,827,848	3,108,382	1,932,802	7,827,848	3,108,382
Deferred revenue	16	11,508,000	46,607,400	12,056,000	11,508,000	46,607,400	12,056,000
		13,440,802	54,435,248	15,164,382	13,440,802	54,435,248	15,164,382
Current liabilities							
Borrowings	15	5,017,823	20,322,183	7,500,000	5,017,823	20,322,183	7,500,000
Deferred revenue	16	548,000	2,219,400	548,000	548,000	2,219,400	548,000
Trade and other payables	17	2,172,310	8,797,855	2,408,042	2,168,287	8,781,562	2,404,963
Current tax liabilities		3,569	14,454	168,022	-	-	167,832
		7,741,702	31,353,892	10,624,064	7,734,110	31,323,145	10,620,795
TOTAL LIABILITIES		21,182,504	85,789,140	25,788,446	21,174,912	85,758,393	25,785,177
TOTAL EQUITY AND LIABILITIES		48,468,015	196,295,459	48,953,594	48,670,479	197,115,440	48,957,431

The accompanying notes form an integral part of the financial statements.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group			Company		
		2015		2014	2015		2014
		US$	KHR'000	US$	US$	KHR'000	US$
Revenue	18	16,377,875	66,330,394	23,351,917	16,152,635	65,418,173	23,194,987
Cost of sales and services	19	(6,085,052)	(24,644,461)	(10,841,539)	(5,831,474)	(23,617,471)	(10,707,198)
Gross profit		10,292,823	41,685,933	12,510,378	10,321,161	41,800,702	12,487,789
Other income	20	30,163	122,160	1,288,706	30,163	122,160	1,288,706
General and administrative expenses	21	(4,154,907)	(16,827,374)	(4,959,306)	(3,986,631)	(16,145,856)	(4,931,136)
Finance costs	22	(1,056,730)	(4,279,757)	(1,143,878)	(1,056,730)	(4,279,757)	(1,143,878)
Share of loss of associates		(12,728)	(51,549)	(311,665)	(12,728)	(51,549)	(311,665)
Profit before tax		5,098,621	20,649,413	7,384,235	5,295,235	21,445,700	7,389,816
Tax expense	23	(978,258)	(3,961,945)	(1,506,964)	(971,922)	(3,936,284)	(1,505,439)
Profit for the financial year		4,120,363	16,687,468	5,877,271	4,323,313	17,509,416	5,884,377
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income for the financial year		4,120,363	16,687,468	5,877,271	4,323,313	17,509,416	5,884,377

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital US$	Retained earnings US$	Total US$
Group				
Balance as at 1 January 2014		**1,000,000**	**16,287,877**	**17,287,877**
Profit for the financial year, representing total comprehensive income		-	5,877,271	5,877,271
Balance as at 31 December 2014/1 January 2015		**1,000,000**	**22,165,148**	**23,165,148**
Profit for the financial year, representing total comprehensive income		-	4,120,363	4,120,363
Transaction with owners				
Bonus issue	14	22,150,000	(22,150,000)	-
Balance as at 31 December 2015		**23,150,000**	**4,135,511**	**27,285,511**
(KHR'000 equivalent)		*93,757,500*	*16,748,819*	*110,506,319*
Company				
Balance as at 1 January 2014		**1,000,000**	**16,287,877**	**17,287,877**
Profit for the financial year, representing total comprehensive income		-	5,884,377	5,884,377
Balance as at 31 December 2014/1 January 2015		**1,000,000**	**22,172,254**	**23,172,254**
Profit for the financial year, representing total comprehensive income		-	4,323,313	4,323,313
Transaction with owners				
Bonus issue	14	22,150,000	(22,150,000)	-
Balance as at 31 December 2015		**23,150,000**	**4,345,567**	**27,495,567**
(KHR'000 equivalent)		*93,757,500*	*17,599,547*	*111,357,047*

The accompanying notes form an integral part of the financial statements.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group			Company		
		2015		2014	2015		2014
		US$	KHR'000	US$	US$	KHR'000	US$
Cash flows from operating activities							
Profit before tax		5,098,621	20,649,413	7,384,235	5,295,235	21,445,700	7,389,816
Adjustments for:							
Depreciation of:							
- property, plant and equipment	7	985,483	3,991,206	761,681	983,867	3,984,661	760,266
- investment properties	8	193,445	783,452	175,711	193,445	783,452	175,711
Impairment on investment in an associate		-	-	1,000,000	-	-	1,000,000
Interest income		(2,129)	(8,622)	(1,129)	(2,129)	(8,622)	(1,129)
Interest expense	22	1,056,730	4,279,757	1,143,878	1,056,730	4,279,757	1,143,878
Reversal of impairment on receivable		-	-	(1,000,000)	-	-	(1,000,000)
Share of loss of associates		12,728	51,549	311,665	12,728	51,549	311,665
Waiver of debts		-	-	(259,222)	-	-	(259,222)
Operating profit before changes in working capital		7,344,878	29,746,755	9,516,819	7,539,876	30,536,497	9,520,985
Changes in working capital							
Inventories		(2,188,471)	(8,863,307)	5,356,627	3,190,047	12,919,690	5,356,627
Trade and other receivables		3,517,738	14,246,840	(5,657,046)	3,536,727	14,323,745	(5,643,085)
Trade and other payables		(358,342)	(1,451,284)	(4,276,133)	(359,867)	(1,457,460)	(4,278,631)
Cash generated from operations		8,315,803	33,679,004	4,940,267	13,906,783	56,322,472	4,955,896
Tax paid		(1,142,711)	(4,627,980)	(1,690,725)	(1,139,754)	(4,616,004)	(1,689,390)
Interest paid		(1,056,730)	(4,279,757)	(1,143,878)	(1,056,730)	(4,279,757)	(1,143,878)
Net cash from operating activities		6,116,362	24,771,267	2,105,664	11,710,299	47,426,711	2,122,628

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (continued)

	Note	Group			Company		
		2015		2014	2015		2014
		US$	KHR'000	US$	US$	KHR'000	US$
Cash flows from investing activities							
Purchases of property, plant and equipment	7	(1,019,314)	(4,128,222)	(3,799,302)	(1,014,844)	(4,110,118)	(3,795,892)
Purchase of investment properties	8	(8,751)	(35,442)	-	(8,751)	(35,442)	-
Interest received		2,129	8,622	1,129	2,129	8,622	1,129
Investment in subsidiaries	9	-	-	-	(5,000,000)	(20,250,000)	(5,000)
(Repayments to)/ Advances from related parties		(443,105)	(1,794,575)	1,153,878	(442,524)	(1,792,222)	1,153,297
Advances to associates		(16,415)	(66,481)	(1,891,701)	(16,415)	(66,481)	(1,891,701)
Advances to subsidiaries		-	-	-	(617,309)	(2,500,101)	(20,668)
Net cash used in investing activities		(1,485,456)	(6,016,098)	(4,535,996)	(7,097,714)	(28,745,742)	(4,558,835)
Cash flows from financing activities							
(Repayments)/Drawdowns of borrowings, representing net cash (used in)/from financing activities		(4,457,757)	(18,053,916)	306,212	(4,457,757)	(18,053,916)	306,212
Net increase/(decrease) in cash and cash equivalents		173,149	701,253	(2,124,120)	154,828	627,053	(2,129,995)
Cash and cash equivalents at beginning of financial year		192,555	779,848	2,316,675	186,680	756,054	2,316,675
Cash and cash equivalents at end of financial year	13	365,704	1,481,101	192,555	341,508	1,383,107	186,680

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The Company was registered on 10 May 2006 as a private limited company in the Kingdom of Cambodia. Subsequently, on 7 July 2015, the Company was converted to a public limited company.

The registered office and principal place of business of the Company is located at Phnom Penh Special Economic Zone, National Road 4, Sangkat Kantouk, Khan Posenchey, Phnom Penh, Kingdom of Cambodia.

The Company regards Lok Chumteav Oknha Lim Chhiv Ho, an individual of Cambodian citizenship, as the ultimate controlling party.

The consolidated financial statements comprise the Company and its subsidiaries and the interests of the Group in associates. The financial statements are presented in United States Dollar ("US$"), which is also the Company's functional currency. Additional disclosures are also made on certain items in Khmer Riel ("KHR") to meet the requirement of certain authorities in Cambodia.

The financial statements were authorised for issue by the Board of the Directors on 12 August 2016.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are to establish, develop and operate the Special Economic Zone in Phnom Penh and to engage in other related commercial activities. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs") as issued by the National Accounting Council of the Ministry of Economy and Finance.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with CIFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of accounting (continued)

Translations to Khmer Riel ("KHR") are presented in the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the notes to the financial statements as at and for the year ended 31 December 2015 of the Group and of the Company using the official rate of exchange regulated by National Bank of Cambodia as at the reporting date, which was US$1 = KHR4,050 (2014: KHR4,075). Such translation amounts should not be construed as representations that the US$ amounts represent, or have been, or could be converted into KHR at that or any other rate.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiary is consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under CIAS 39 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with CIAS 12 *Income Taxes* and CIAS 19 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with CIFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with CIFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of CIAS 39 are recognised either in profit or loss or in other comprehensive income in accordance with CIAS 39. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by CIFRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment (continued)

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods are as follows:

Building and infrastructure	20 years
Machinery	10 years
Motor vehicles, equipment and computers	3 - 5 years

Construction-in-progress represents the direct cost of infrastructure and building is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at each financial period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including transaction costs, less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the carrying amount of the investment properties or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of investment properties are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the investment properties are acquired, if applicable.

After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods for the investment properties ranges between 20 and 50 years.

At the end of each reporting period, the carrying amount of an item of the investment properties are assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Investment properties (continued)

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with CIFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with CIFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

An investment in associate is accounted for in the financial statements using the equity method of accounting. The investment in associate in the statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investments.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the Group's net investment in the associate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(b) Associates (continued)

The Group's share of the profit or loss of the associate during the financial year is included in the financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate to the extent that there is no impairment.

When the Group's share of losses in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Inventories

Inventories mainly represent the land held for sale, which are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average basis. The cost comprises all costs of purchase, infrastructure costs, cost of conversion plus other costs incurred in bringing the land held for sale to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sales.

The land held for sale is available for immediate sale in their present condition and will be recovered principally through a sale transaction rather than through continuing use.

4.8 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and associates) and inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

4.9 Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents consist of cash on hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(a) Financial assets (continued)

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(b) Financial liabilities (continued)

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of directors.

4.11 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivables, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables is reduced through the use of an allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Income taxes

Income taxes include all taxes on taxable profit. Taxes in the statement of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws and include all taxes based upon the taxable profits.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes related to the same taxation authority on either:

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amount of deferred liabilities or assets are expected to be settled or recovered.

Deferred tax will be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply for the period when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

4.13 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Provisions (continued)

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.14 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group and the Company do not recognise a contingent liability but discloses its existence in the financial statements.

4.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met, as follows:

(a) Sale of land

Revenue from sale of land is recognised when significant risk and rewards of ownership of the land are transferred to the buyer and the amount of the revenue can be measured reliably.

(b) Services

Revenue from services is mainly in respect of the provision of maintenance services, utilities, use of transmission lines and security services, which is recognised when the services are rendered.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(e) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregated cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Termination benefits

Termination benefits are payments due to employees as a result of the termination of employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are recognised as a liability and an expense when the Group has a detailed formal plan for termination with no realistic possibility of withdrawal. In the case of voluntary redundancy, the benefits are accounted for based on the number of employees expected to accept the offer.

Where termination benefits fall due more than 12 months after the end of reporting period, they are discounted to present value based on market yields at the end of reporting period.

4.17 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The national currency of Cambodia is Khmer Riel ("KHR"). However, as the Group transacts its business and maintains its accounting records primarily in United States Dollar ("US$"), management have determined United States Dollar to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Group.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rate of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.19 Fair value measurements

The fair value of an asset or a liability, except for lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW CIFRSs

5.1 New CIFRSs adopted during the financial year

The Group and Company adopted the following amendments during the financial year.

	Effective Date
Amendments to CIAS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to CIFRSs *Annual Improvements 2010 - 2012 Cycle*	1 July 2014
Amendments to CIFRSs *Annual Improvements 2011 - 2013 Cycle*	1 July 2014

There is no material impact upon the adoption of the above amendments during the financial year.

5.2 New CIFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

The following are accounting standards and amendments that have been issued but have not been early adopted by the Group and the Company.

	Effective Date
CIFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to CIFRS 10, CIFRS 12 and CIAS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to CIAS 1 *Disclosure Initiative*	1 January 2016
Amendments to CIAS 16 and CIAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to CIFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to CIAS 16 and CIAS 41 *Agriculture: Bearer Plants*	1 January 2016
Amendments to CIAS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to CIFRSs *Annual Improvements 2012 – 2014 Cycle*	1 January 2016
Amendments to CIAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to CIAS 7 *Disclosure Initiative*	1 January 2017
CIFRS 9 *Financial Instruments* (issued by IASB in July 2014)	1 January 2018
CIFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to CIFRS 15	1 January 2018
CIFRS 16 *Leases*	1 January 2019
Amendments to CIFRS 10 and CIAS 28 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	Deferred

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

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during the reporting period end and as at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on CIAS 40 *Investment Property* in making a judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately.

If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

6.3 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment of assets

Property, plant and equipment and investments in subsidiaries and associates are assessed for impairment losses whenever events or changes in circumstances indicate that the carrying amount of these assets may not be fully recoverable. Such assessment requires the Directors to make estimates of the recoverable amounts. Impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. The Directors believe that the estimates of the recoverable amounts are reasonable.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(b) Depreciation of property, plant and equipment and investment properties

The cost of property, plant and equipment and investment properties is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment and investment properties based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in market demands or service output of the assets. Changes in these factors could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(c) Write down of inventories

The Group determines the adequacy of the write down of inventories based on an assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses trend and current economic trends when making a judgement to evaluate the adequacy of the write down of inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(d) Impairment of receivables

The Group determines the adequacy of the impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(e) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 27 to the financial statements.

(f) Tax expense

Significant judgement is involved in determining the Group's provision for income taxes. The Group will recognise liabilities for expected tax expenses based on an estimate of whether the taxes are due through management's interpretation of the various tax legislations. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the tax provision in the financial year in which such determination is made.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Building and infrastructure US$	Machinery US$	Motor vehicles, equipment and computers US$	Construction in progress US$	Total US$
Cost					
Balance at 1.1.2014	11,634,314	1,263,892	190,797	37,663	13,126,666
Additions	2,638,265	224,223	71,570	865,244	3,799,302
Transferred to investment properties (Note 8)	-	-	-	(669,974)	(669,974)
Transferred from inventories (Note 11)	1,723,208	-	-	-	1,723,208
Reclassification	232,933	-	-	(232,933)	-
Balance at 31.12.2014	16,228,720	1,488,115	262,367	-	17,979,202
Additions	518,824	39,960	116,446	344,084	1,019,314
Disposal	-	-	(41,066)	-	(41,066)
Balance at 31.12.2015	16,747,544	1,528,075	337,747	344,084	18,957,450
(KHR'000 equivalent)	*67,827,553*	*6,188,704*	*1,367,875*	*1,393,540*	*76,777,672*
Accumulated depreciation					
Balance at 1.1.2014	2,490,832	507,293	143,076	-	3,141,201
Depreciation for the year	578,550	154,718	28,413	-	761,681
Balance at 31.12.2014	3,069,382	662,011	171,489	-	3,902,882
Depreciation for the year	791,939	150,206	43,338	-	985,483
Disposal	-	-	(41,066)	-	(41,066)
Balance at 31.12.2015	3,861,321	812,217	173,761	-	4,847,299
(KHR'000 equivalent)	*15,638,350*	*3,289,479*	*703,733*	-	*19,631,562*
Carrying amounts					
Balance at 31.12.2015	**12,886,223**	**715,858**	**163,986**	**344,084**	**14,110,151**
(KHR'000 equivalent)	*52,189,203*	*2,899,225*	*664,142*	*1,393,540*	*57,146,110*
Balance at 31.12.2014	13,159,338	826,104	90,878	-	14,076,320

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Building and infrastructure US$	Machinery US$	Motor vehicles, equipment and computers US$	Construction in progress US$	Total US$
Cost					
Balance at 1.1.2014	11,634,314	1,263,892	190,797	37,663	13,126,666
Additions	2,638,265	224,223	68,160	865,244	3,795,892
Transferred to investment properties (Note 8)	-	-	-	(669,974)	(669,974)
Transferred from inventories (Note 11)	1,723,208	-	-	-	1,723,208
Reclassification	232,933	-	-	(232,933)	-
Balance at 31.12.2014	16,228,720	1,488,115	258,957	-	17,975,792
Additions	518,824	39,960	111,976	344,084	1,014,844
Disposal	-	-	(41,066)	-	(41,066)
Balance at 31.12.2015	16,747,544	1,528,075	329,867	344,084	18,949,570
(KHR'000 equivalent)	*67,827,553*	*6,188,704*	*1,335,962*	*1,393,540*	*76,745,759*
Accumulated depreciation					
Balance at 1.1.2014	2,490,832	507,293	143,076	-	3,141,201
Depreciation for the year	578,550	154,718	26,998	-	760,266
Balance at 31.12.2014	3,069,382	662,011	170,074	-	3,901,467
Depreciation for the year	791,939	150,206	41,722	-	983,867
Disposal	-	-	(41,066)	-	(41,066)
Balance at 31.12.2015	3,861,321	812,217	170,730	-	4,844,268
(KHR'000 equivalent)	*15,638,350*	*3,289,479*	*691,457*	-	*19,619,286*
Carrying amounts					
Balance at 31.12.2015	**12,886,223**	**715,858**	**159,137**	**344,084**	**14,105,302**
(KHR'000 equivalent)	*52,189,203*	*2,899,225*	*644,505*	*1,393,540*	*57,126,473*
Balance at 31.12.2014	13,159,338	826,104	88,883	-	14,074,325

8. INVESTMENT PROPERTIES

Group and Company	Buildings US$
Cost	
Balance as at 1.1.2014	3,408,933
Transferred from property, plant and equipment (Note 7)	669,974
Balance as at 31.12.2014	4,078,907
Additions	8,751
Balance as at 31.12.2015	4,087,658
Accumulated depreciation	
Balance as at 1.1.2014	311,060
Depreciation for the year	175,711
Balance as at 31.12.2014	486,771
Depreciation for the year	193,445
Balance as at 31.12.2015	680,216
Carrying amounts	
Balance as at 31.12.2015	**3,407,442**
(KHR'000 equivalent)	*13,800,140*
Balance as at 31.12.2014	3,592,136
Fair value	
Balance as at 31.12.2015	4,890,345
(KHR'000 equivalent)	*19,805,897*
Balance as at 31.12.2014	4,890,345

(a) Investment properties comprise a number of commercial properties that are leased to third parties. No contingent rents are charged.

(b) The fair value of investment properties is derived by the Directors based on valuation obtained from a professional valuer and estimation from available market information.

9. INVESTMENTS IN SUBSIDIARIES

	Company 2015 US$	2015 KHR'000	2014 US$
Unquoted shares, at cost	5,005,000	20,270,250	5,000

The details of the subsidiaries are as follows:

Name	Country of incorporation	Effective interest in equity 2015 %	2014 %	Principal activities
Sahas PPSEZ Co., Ltd.	Cambodia	100	100	Security services
Poi Pet PPSEZ Co., Ltd.	Cambodia	100	-	Establish, develop and operate industrial zone

10. INVESTMENTS IN ASSOCIATES

	Group and Company 2015 US$	2015 KHR'000	2014 US$
Unquoted shares, at cost	6,750,000	27,337,500	6,750,000
Share of post-acquisition reserves	2,811,560	11,386,818	2,824,288
Less: Impairment loss	(1,400,000)	(5,670,000)	(1,400,000)
	8,161,560	33,054,318	8,174,288

The details of the associate are as follows:

Name	Country of incorporation	Effective interest in equity 2015 %	2014 %	Principal activities
Colben Energy (Cambodia) PPSEZ Limited	Cambodia	51	51	Supply electricity
Bok Seng PPSEZ Dry Port Co., Ltd*	Cambodia	40	40	Dry port

* Not audited by BDO or BDO member firms

(a) Colben Energy (Cambodia) PPSEZ Limited ("CEZ") has a financial year end of 31 March 2015. In applying the equity method of accounting, the financial statements of CEZ for the financial year ended 31 March 2015 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 March 2015 and 31 December 2015.

10. INVESTMENTS IN ASSOCIATES (continued)

(b) The Company entered into a shareholder agreement with Colben Energy Holdings (PPSEZ) Limited ("CEHZ"), a shareholder of CEZ, on 6 October 2008 ("date of agreement") to clarify the matters in relation to the investment in CEZ. As at the date of agreement, CEHZ had injected a total amount of US$8.34 million in the form of a shareholder loan to CEZ. A sum of US$2.4 million out of the total shareholder loan had been converted into equity of CEZ as at the date of agreement. As the same time, the Company subscribed for the equity of CEZ amounting to US$2.55 million. Consequently, the Company and CEHZ hold 51% and 49% of equity interest respectively in CEZ.

Pursuant to the shareholder agreement, CEHZ has the sole discretion right to convert the remaining balance of the shareholder loan of US$5.94 million for 1,186,772 ordinary shares of US$5 each in CEZ. The number of shares to be converted had been subsequently revised to 1,187 ordinary shares following the change in the par value of ordinary shares of CEZ from US$5 per share to US$5,000 per share on 17 June 2009. Thus, CEHZ and the Company shall own 77% and 23% of equity interest respectively in CEZ upon the conversion of the shareholder loan to ordinary shares by CEHZ.

The Company agreed to pledge its entire shareholding in CEZ of approximately US$2.55 million to CEHZ as the collateral security for CEHZ to extend the shareholder loan to CEZ. In addition, the Directors appointed by CEHZ shall have veto rights over all matters arising out of CEZ. Consequently, the Board of Directors of CEZ is mainly dominated by the representatives from CEHZ for all the decisions made and there is no history that the Company is able to vote against any resolution proposed by CEHZ. As such, the Company considers that it does not have control over the investment despite the current equity interest of 51% but the Company still has the power to exercise significant influence and thus, has treated its interest in CEZ as an associate.

(c) The summarised financial information of the associates are as follows:

	Group and Company		
	2015		2014
	US$	KHR'000	US$
Assets and liabilities			
Non-current assets	50,291,686	203,681,328	52,052,273
Current assets	2,016,147	8,165,395	1,577,689
Non-current liabilities	(31,660,671)	(128,225,718)	(33,039,659)
Current liabilities	(3,235,838)	(13,105,144)	(3,115,687)
	17,411,324	70,515,861	17,474,616
Results			
Revenue	11,357,226	45,996,765	9,691,586
Loss for the financial year	(17,880)	(72,414)	(674,311)
Total comprehensive loss	(17,880)	(72,414)	(674,311)
Cash flows from operating activities	1,137,146	4,635,008	318,642
Cash flows used in investing activities	(276,961)	(1,128,892)	(3,625)
Cash flows used in financing activities	(822,175)	(3,351,185)	(444,224)
Net increase/(decrease) in cash and cash equivalents	38,010	154,931	(129,207)

10. INVESTMENTS IN ASSOCIATES (continued)

(d) The reconciliation of net assets of the associates to the carrying amount of the investments in associates is as follows:

	Group and Company 2015 US$	Group and Company 2015 KHR'000	Company 2014 US$
Share of net assets/Carrying amount in the statement of financial position	8,161,560	33,054,318	8,174,288
Share of results:			
Share of loss	(12,728)	(51,549)	(311,665)
Share of other comprehensive income	-	-	-
Share of total comprehensive loss	(12,728)	(51,549)	(311,665)

11. INVENTORIES

	Group 2015 US$	Group 2015 KHR'000	Group 2014 US$	Company 2015 US$	Company 2015 KHR'000	Company 2014
Balance at beginning of year	10,948,582	44,341,758	18,028,417	10,948,582	44,341,757	18,028,417
Purchased	5,277,000	21,371,850	520,416	-	-	520,416
Land improvement	1,678,982	6,799,877	3,475,326	1,577,464	6,388,730	3,475,326
Sold (Note 19)	(4,767,511)	(19,308,420)	(9,352,369)	(4,767,511)	(19,308,420)	(9,352,369)
Transferred to property, plant and equipment (Note 7)	-	-	(1,723,208)	-	-	(1,723,208)
	13,137,053	53,205,065	10,948,582	7,758,535	31,422,067	10,948,582

The total saleable land area is as follows:

	Group 2015 Hectares	Group 2014 Hectares	Company 2015 Hectares	Company 2014 Hectares
Balance at beginning of year	115	151	115	151
Purchased	53	1	-	1
Sold	(28)	(37)	(28)	(37)
Balance at end of year	140	115	87	115

72 (2014: 93) hectares of saleable land with a carrying amount of US$1,228,597 (2014: US$3,357,514) have been pledged to Cambodian Public Bank Plc., Phnom Penh Commercial Bank and Mega International Commercial Bank Co., Ltd. as security for borrowings (Note 15).

12. TRADE AND OTHER RECEIVABLES

	Group			Company		
	2015		2014	2015		2014
	US$	KHR'000	US$	US$	KHR'000	US$
Trade receivables						
Third parties	163,648	662,774	3,681	151,945	615,377	-
Related parties	1,636,653	6,628,445	10,060	1,623,000	6,573,150	-
	1,800,301	7,291,219	13,741	1,774,945	7,188,527	-
Other receivables						
Associates	2,734,439	11,074,478	2,736,716	2,734,439	11,074,478	2,736,716
Subsidiaries	-	-	-	637,977	2,583,807	20,668
Related parties	92,264	373,669	55,857	92,264	373,669	55,857
Input Value Added taxes	428,647	1,736,020	1,280,602	421,133	1,705,589	1,280,592
Withholding tax credit	778,244	3,151,888	-	778,244	3,151,888	-
Other receivables	111,403	451,182	180,110	111,403	451,182	180,110
	4,144,997	16,787,237	4,253,285	4,775,460	19,340,613	4,273,943
Loans and receivables	5,945,298	24,078,456	4,267,026	6,550,405	26,529,140	4,273,943
Deposits and prepayments						
Deposits	1,910	7,736	5,279,040	1,830	7,412	5,278,830
Prepayments	2,538,897	10,282,533	2,423,647	2,538,897	10,282,533	2,423,647
	2,540,807	10,290,269	7,702,687	2,540,727	10,289,945	7,702,477
	8,486,105	34,368,725	11,969,713	9,091,132	36,819,085	11,976,420

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group is one to three months (2014: one to three months). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Non-trade amounts owing by related parties, associates and subsidiaries are in respect of advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) Included in prepayments is an amount of US$2,222,534 (2014: US$2,160,122) made in relation to land acquisitions.

(d) In the previous financial year, included in deposit was an amount of US$5,277,000 made in relation to the investment in Poi Pet PPSEZ Co., Ltd. ("Poi Pet PPSEZ"), a wholly-owned subsidiary, as capital contribution. The Company was in the process of finalising the capital structure of Poi Pet PPSEZ as at the end of the previous financial year.

In the current financial year, the capital structure of Poi Pet PPSEZ was finalised and the Company utilised the prepayment of US$5,000,000 as investment in Poi Pet PPSEZ.

(e) Included in prepayments is an amount of US$305,000 (2014: US$260,000) made in relation to the incorporation of Savan - Japan Joint Development Co., Ltd. The Company intends to hold 20% of the equity interest in this company and the incorporation in still ongoing as at the end of the financial year.

(f) All receivables are denominated in US$.

12. TRADE AND OTHER RECEIVABLES (continued)

(g) The ageing analysis of trade receivables of the Group and the Company is as follows:

Group	**2015 US$**	**2015 KHR'000**	**2014 US$**
Neither past due nor impaired	19,834	80,328	11,436
Past due, not impaired			
31 to 60 days	5,522	22,364	1,243
61 to 90 days	-	-	1,062
91 to 120 days	1,774,945	7,188,527	-
More than 120 days	-	-	-
	1,780,467	7,210,891	2,305
Past due and impaired	-	-	-
	1,800,301	7,291,219	13,741
Company			
Neither past due nor impaired	-	-	-
Past due, not impaired			
31 to 60 days	-	-	-
61 to 90 days	-	-	-
91 to 120 days	1,774,945	7,188,527	-
More than 120 days	-	-	-
	1,774,945	7,188,527	-
Past due and impaired	-	-	-
	1,774,945	7,188,527	-

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. These customers had maintained good working relationship with the Group and the Company and there is no indication as of the end of reporting period that the debtors will not meet their payment obligations. None of the trade receivables of the Group and the Company that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Owing to the reason that no loss event had occurred to these receivables, such as significant financial difficulties, no impairment was made in respect of these past due trade receivables. These receivables are unsecured in nature.

13. CASH AND BANK BALANCES

	Group			**Company**		
	2015		**2014**	**2015**		**2014**
	US$	**KHR'000**	**US$**	**US$**	**KHR'000**	
Cash on hand	1,056	4,277	349	1,018	4,123	176
Cash at bank	1,164,648	4,716,824	192,206	1,140,490	4,618,984	186,504
	1,165,704	4,721,101	192,555	1,141,508	4,623,107	186,680

13. CASH AND BANK BALANCES (continued)

(a) For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and cash at bank.

	Group			Company		
	2015		2014	2015		2014
	US$	KHR'000	US$	US$	KHR'000	
Cash on hand	1,056	4,277	349	1,018	4,123	176
Cash at bank	1,164,648	4,716,824	192,206	1,140,490	4,618,984	186,504
Bank overdraft (included in borrowings)	(800,000)	(3,240,000)	-	(800,000)	(3,240,000)	-
	365,704	1,481,101	192,555	341,508	1,383,107	186,680

(b) Cash and bank balances are denominated in US$.

14. SHARE CAPITAL

	Group and Company				
	2015			2014	
	Number of share of US$100 each	Number of share of US$0.50 each	US$	Number of share of US$100 each	US$
Ordinary shares:					
Authorised:					
At 1 January	10,000	-	1,000,000	10,000	1,000,000
Sub-divided	(10,000)	2,000,000	-	-	-
	-	2,000,000	1,000,000	10,000	1,000,000
Created during the current financial year	-	44,300,000	22,150,000	-	-
	-	46,300,000	23,150,000	10,000	1,000,000
Issued and fully paid:					
Balance as at 1 January	10,000	-	1,000,000	10,000	1,000,000
Sub-divided	(10,000)	2,000,000	-	-	-
	-	2,000,000	1,000,000	10,000	1,000,000
Bonus issue	-	44,300,000	22,150,000	-	-
Balance as at 31 December	-	46,300,000	23,150,000	10,000	1,000,000
(KHR'000 equivalent)	-	-	*93,757,500*	-	*4,075,000*

On 29 May 2015, the Company amended its Memorandum and Articles of Incorporation to subdivide its every ordinary shares of US$100 each into 2,000,000 shares of US$0.50 each and to issue new 44,300,000 ordinary shares of US$0.50 each by way of bonus issue and re-allocate the shareholdings as follows:

(i) 32,410,000 ordinary shares of US$0.50 each to Lok Chumteav Oknha Lim Chhivho;
(ii) 10,186,000 ordinary shares of US$0.50 each to Zephyr Co., Ltd.;
(iii) 1,852,000 ordinary shares of US$0.50 each to Ms. Lim Sreypeou; and
(iv) 1,852,000 ordinary shares of US$0.50 each to Ms. An Muy Korn.

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

15. BORROWINGS

	Group and Company 2015 US$	2015 KHR'000	2014 US$
Non-current			
Term loan I	1,932,802	7,827,848	3,108,382
Current			
Term loan I	717,823	2,907,183	-
Term loan II	3,500,000	14,175,000	7,500,000
Bank overdraft (Note 13)	800,000	3,240,000	-
	5,017,823	20,322,183	7,500,000
	6,950,625	28,150,031	10,608,382

(a) Term loan I - US$4,000,000 term loan from Cambodian Public Bank Plc. This term loan bears interest at a rate of 10% per annum and repayable by monthly installments of U$74,384 commencing one month after full release of loan and further subject to quarterly reduction of US$50,000 with effect three months from the date of drawdown.

Term loan I is secured by a mortgage over the inventory as disclosed in Note 11 to the financial statements, together with personal guarantees from Lok Chumteav Okhna Lim Chhiv Ho, the ultimate controlling party and from Mr. Tan Kak Khun, a Director of the Company.

(b) Term loan II - US$4,500,000 term loan from Phnom Penh Commercial Bank. This term loan bears interest at a rate of 11% per annum and repayable within 6 months commencing 30 June 2014. This loan is secured by a mortgage over the inventories as disclosed in Note 11 to the financial statements.

(c) Bank overdraft - US$800,000 overdraft facility from Mega International Commercial Bank Co., Ltd. with a limit of US$800,000, bearing interest at a rate of LIBOR plus 6.3% per annum. The Company has reached the upper limit of the overdraft facility and is currently servicing the interest on the overdraft. This overdraft is secured by a mortgage over the inventories as disclosed in Note 11 to the financial statements.

(d) Information on remaining maturity is disclosed in Note 27 to the financial statements.

(e) Borrowings are denominated in US$.

16. DEFERRED REVENUE

Deferred revenue is in respect of granting the right of use on the transmission lines of the Company to Colben Energy (Cambodia) PPSEZ Limited ("CEZ") pursuant to the transfer agreement with CEZ on 31 August 2012. The total consideration is amortised on a straight-line basis over the term of 25 years.

17. TRADE AND OTHER PAYABLES

	Group			Company		
	2015		2014	2015		2014
	US$	KHR'000	US$	US$	KHR'000	US$
Trade payables						
Associates	33,665	136,343	33,420	33,665	136,343	33,420
Other payables						
Associate	12,964	52,504	31,656	12,964	52,504	31,656
Related parties	737,309	2,986,101	1,143,426	737,309	2,986,102	1,143,426
Deposits received from customers	600,838	2,433,394	691,476	600,838	2,433,394	691,476
Output Value Added Taxes	3,124	12,652	1,900	-	-	-
Other payables	784,410	3,176,861	506,164	783,511	3,173,219	504,985
	2,138,645	8,661,512	2,374,622	2,134,622	8,645,219	2,371,543
	2,172,310	8,797,855	2,408,042	2,168,287	8,781,562	2,404,963

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one to three months (2014: one to three months).

(b) Non-trade amounts owing to related parties and associates are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) Trade and other payables are denominated in US$.

18. REVENUE

	Group			Company		
	2015		2014	2015		2014
	US$	KHR'000	US$	US$	KHR'000	US$
Sale of land	13,640,864	55,245,499	21,029,915	13,640,864	55,245,499	21,029,915
Services rendered	1,917,080	7,764,174	1,664,818	1,693,155	6,857,278	1,507,888
Rental income	819,931	3,320,721	657,184	818,616	3,315,396	657,184
	16,377,875	66,330,394	23,351,917	16,152,635	65,418,173	23,194,987

19. COST OF SALES AND SERVICES

	Group			Company		
	2015		2014	2015		2014
	US$	KHR'000	US$	US$	KHR'000	US$
Cost of land sold						
Land cost (Note 11)	4,767,511	19,308,420	9,352,369	4,767,511	19,308,420	9,352,369
Other cost	35,862	145,241	441,781	35,862	145,241	441,781
	4,803,373	19,453,661	9,794,150	4,803,373	19,453,661	9,794,150
Cost of services rendered	1,088,234	4,407,348	871,678	834,656	3,380,358	737,337
Depreciation	193,445	783,452	175,711	193,445	783,452	175,711
	1,281,679	5,190,800	1,047,389	1,028,101	4,163,810	913,048
	6,085,052	24,644,461	10,841,539	5,831,474	23,617,471	10,707,198

20. OTHER INCOME

	Group			Company		
	2015		2014	2015		2014
	US$	KHR'000	US$	US$	KHR'000	US$
Interest income	2,129	8,622	1,129	2,129	8,622	1,129
Reversal of impairment on receivable	-	-	1,000,000	-	-	1,000,000
Others	28,034	113,538	287,577	28,034	113,538	287,577
	30,163	122,160	1,288,706	30,163	122,160	1,288,706

21. GENERAL AND ADMINISTRATIVE EXPENSES

	Group			Company		
	2015		2014	2015		2014
	US$	KHR'000	US$	US$	KHR'000	US$
Depreciation of property, plants and equipment	985,483	3,991,206	761,681	983,867	3,984,661	760,266
Electricity	36,084	146,140	30,262	36,084	146,140	30,262
Impairment loss on investment in an associate			1,000,000	-	-	1,000,000
Handling fee	119,473	483,866	97,609	111,916	453,260	97,609
Maintenance	459,308	1,860,197	514,612	458,571	1,857,213	511,419
Professional fees	523,877	2,121,702	474,964	544,893	2,206,817	474,964
Personnel costs	1,409,499	5,708,471	1,177,268	1,405,348	5,691,659	1,174,423
Selling and marketing expenses	176,689	715,590	355,435	176,689	715,591	355,435
Other expenses	444,494	1,800,202	547,475	269,263	1,090,515	526,758
	4,154,907	16,827,374	4,959,306	3,986,631	16,145,856	4,931,136

22. FINANCE COSTS

	Group and Company		
	2015		2014
	US$	KHR'000	US$
Interest expense on term loans	1,056,730	4,279,757	1,143,878

23. TAX EXPENSE

	Group 2015 US$	Group 2015 KHR'000	Group 2014 US$	Company 2015 US$	Company 2015 KHR'000	Company 2014 US$
Income tax expense:						
Current year	978,258	3,961,945	1,440,964	971,922	3,936,284	1,439,439
Under provision in prior year	-	-	66,000	-	-	66,000
	978,258	3,961,945	1,506,964	971,922	3,936,284	1,505,439

Pursuant to letter no. 1712/08 CDC dated 8 July 2008 issued by the Council for the Development of Cambodia ("CDC"), the Company's business activity is considered a Qualified Investment Project and is entitled to the exemption from corporate income tax for a trigger period plus three years and three years priority period as approved by the Ministry of Economy and Finance ("MOEF") of Cambodia. The trigger period starts from 19 April 2006 and ends on the earlier of the last day of the financial year before the Company begins generating profit or the end of the third year after the Company begins generating income. During the exempted period, the Company has no obligation to pay either monthly prepaid tax or minimum tax, but the Company has an obligation to submit monthly and annual taxes in accordance with the Cambodian Law on Taxation.

However, pursuant to tax reassessment letter no.449 dated 11 July 2014 issued by the General Department of Taxation, effective for the financial year ended 31 December 2012, the Company is obliged to pay corporate income tax either at the tax rate of 20% of taxable profit, or at the minimum tax rate of 1% of total revenue, whichever is higher.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company is as follows:

	Group 2015 US$	Group 2015 KHR'000	Group 2014 US$	Company 2015 US$	Company 2015 KHR'000	Company 2014 US$
Profit before tax	5,098,621	20,649,413	7,384,235	5,295,235	21,445,700	7,389,816
Tax at Cambodian statutory tax rate of 20% (2014: 20%)	1,019,724	4,129,883	1,476,847	1,059,047	4,289,140	1,477,963
Tax effects in respect of:						
Non-allowable expenses	239,260	969,019	243,477	206,722	837,224	242,873
Tax incentives and allowance	(294,199)	(1,191,505)	(281,568)	(293,847)	(1,190,080)	(281,397)
Utilisation of previously unrecognised tax losses	(683)	(2,784)	-	-	-	-
Deferred tax asset not recognised during the year	14,156	57,332	683	-	-	-
Statutory minimum tax	-	-	1,525	-	-	-
	978,258	3,961,945	1,440,964	971,922	3,936,284	1,439,439
Under provision of income tax in prior year	-	-	66,000	-	-	66,000
Total tax expense	978,258	3,961,945	1,506,964	971,922	3,936,284	1,505,439

23. TAX EXPENSE (continued)

The amount of temporary differences for which no deferred tax asset has been recognised in the statement of financial position of the Group is as follows:

	Group 2015 US$	Group 2014 US$
Unused tax losses		
- Expire by 31 December 2019	-	3,415
- Expire by 31 December 2020	70,780	-
	70,780	3,415

Deferred tax asset has not been recognised in respect of this item as it is not probable that taxable profits of the Group would be available against which the deductible temporary differences could be utilised.

24. COMMITMENTS

(a) Operating leases commitments - the Group as lessor

The Group and the Company has entered into lease arrangements on its investment properties. The Group and the Company has aggregate future minimum lease receivables as at the end of the reporting period, as follows:

	Group			Company		
	2015		2014	2015		2014
	US$	KHR'000	US$	US$	KHR'000	US$
Not later than one year	563,280	2,281,284	581,280	563,280	2,281,284	581,280
Later than one year and not later than five years	836,280	3,386,934	1,381,560	836,280	3,386,934	1,381,560
Later than five years	3,000	12,150	21,000	3,000	12,150	21,000
	1,402,560	5,680,368	1,983,840	1,402,560	5,680,368	1,983,840

(b) Capital commitments

	Group			Company		
	2015		2014	2015		2014
	US$	KHR'000	US$	US$	KHR'000	US$
Capital expenditure in respect of purchase of:						
Property, plant and equipment:						
- Approved but not contracted for	-	-	95,000	-	-	95,000

25. RELATED PARTY DISCLOSURES

(a) Parties are considered related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

Key management personnel comprises persons (including the Directors of the Group) having the authority and responsibility for planning, directing and controlling the activities of the Group directly and indirectly.

(b) The Group and the Company had the following transactions with related parties during the financial year.

	Group			Company		
	2015		2014	2015		2014
	US$	KHR'000	US$	US$	KHR'000	US$
Associates						
Colben Energy (Cambodia) PPSEZ Limited						
Advances provided	(13,157)	(53,286)	(1,891,701)	(13,157)	(53,286)	(1,891,701)
Utility charged	12,694	51,411	4,840	12,694	51,411	4,840
Purchase of electricity	(380,827)	(1,542,349)	(380,250)	(380,827)	(1,542,349)	(380,250)
Security services charged	4,785	19,379	2,317	-	-	-
Bok Seng PPSEZ Dry Port Co., Ltd.						
Utility charged	16,794	68,016	22,657	16,794	68,016	22,657
Advances provided	(3,258)	(13,195)	-	(3,258)	(13,195)	-
Shareholders						
Lok Chumteav Oknha Lim Chhiv Ho						
Repayments made	-	-	(89,900)	-	-	(89,900)
Security services charged	9,130	36,977	8,800	-	-	-
Common control						
Attwood Investment Group Co., Ltd.						
Infrastructure costs	(359,318)	(1,455,238)	(280,040)	(359,318)	(1,455,238)	(280,040)
Security services charged	8,470	34,304	2,025	-	-	-
(Repayments made)/ Advances received	(280,621)	(1,136,515)	439,177	(280,040)	(1,134,162)	438,596

25. RELATED PARTY DISCLOSURES (continued)

(b) The Group and the Company had the following transactions with related parties during the financial year. (continued)

	Group			Company		
	2015		2014	2015		2014
	US$	KHR'000	US$	US$	KHR'000	US$
Common control						
LCH Development Co., Ltd.						
Sale of land	-	-	6,900,000	-	-	6,900,000
Construction costs	(6,194,857)	(25,089,171)	(5,549,268)	(6,194,857)	(25,089,171)	(5,549,268)
(Repayments made)/ advances received	(162,484)	(658,060)	804,601	(162,484)	(658,060)	804,601
Utility charged	254,366	1,030,182	3,327	254,366	1,030,182	3,327
Security services charged	47,732	193,315	24,153	-	-	-
Director						
Tan Soeun Muoy						
Security services charged	4,950	20,048	840	-	-	-
Subsidiaries						
Sahas PPSEZ Co., Ltd.						
Utility charged	-	-	-	1,115	4,516	2,236
Security services paid	-	-	-	(84,178)	(340,921)	(97,794)
Office rental	-	-	-	1,200	4,860	1,200
Repayments received/ (Advances provided)	-	-	-	81,834	331,428	(20,668)
Poi Pet PPSEZ Co., Ltd.						
Advances provided	-	-	-	(699,143)	(2,831,529)	-

Balances with related parties at the end of the reporting period are disclosed in Note 12 and Note 17 to the financial statements.

The related party transactions described above were carried out on negotiated commercial terms.

(c) Compensation of key management personnel

	Group			Company		
	2015		2014	2015		2014
	US$	KHR'000	US$	US$	KHR'000	US$
Short term employee benefits	806,477	3,266,232	673,000	806,477	3,266,232	673,000

26. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that the Group would be able to continue as a going concern whilst maximising the return to its shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it, in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

The Group monitors and maintains a prudent level of total debts and to ensure compliance with any externally imposed capital requirements.

(b) Categories of financial instruments

			Loan and receivables
	2015		**2014**
Group	**US$**	**KHR'000**	**US$**
Financial assets			
Trade and other receivables	5,945,298	24,078,456	4,267,026
Cash and bank balances	1,165,704	4,721,101	192,555
	7,111,002	28,799,557	4,459,581
Company			
Financial assets			
Trade and other receivables	6,550,405	26,529,140	4,273,943
Cash and bank balances	1,141,508	4,623,107	186,680
	7,691,913	31,152,247	4,460,623

			Other financial liabilities
	2015		**2014**
Group	**US$**	**KHR'000**	**US$**
Financial liabilities			
Borrowings	6,950,625	28,150,031	10,608,382
Trade and other payables	2,172,310	8,797,855	2,408,042
	9,122,935	36,947,886	13,016,424
Company			
Financial liabilities			
Borrowings	6,950,625	28,150,031	10,608,382
Trade and other payables	2,168,287	8,781,562	2,404,963
	9,118,912	36,931,593	13,013,345

26. FINANCIAL INSTRUMENTS (continued)

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables as well as trade and other payables, are reasonable approximation of fair value due to their short-term nature.

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

(ii) Fixed rate term loans

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing at the end of the reporting period.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables set out the financial instruments not carried at fair values for which fair value is disclosed, together with their carrying amounts shown in the statement of financial position.

	Fair values of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1	Level 2	Level 3		
	US$	US$	US$	US$	US$
Group and Company					
At 31.12.2015					
Financial liability					
Fixed rate term loans	-	-	5,711,669	5,711,669	6,150,625
(KHR'000 equivalent)			*23,132,260*	*23,132,260*	*24,910,031*
At 31.12.2014					
Financial liability					
Fixed rate term loans	-	-	9,785,328	9,785,328	10,608,382

26. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

There were no transfer between Level 1, Level 2 and Level 3 fair value measurement during the financial years ended 31 December 2015 and 31 December 2014.

(e) The Group has established guidelines in respect to the measurement of fair values of financial instruments. The management regularly reviews significant unobservable inputs and valuation adjustments.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from volatility of the financial markets.

The Directors are responsible for setting the objectives and underlying principles of financial risk management for the Group. 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.

Information on the management of the related exposure is detailed below:

(a) Credit risk

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

The Group's primary exposure to credit risk arises through its receivables. The credit period for trade receivables is one to three months (2014: one to three months) and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

<u>Exposure to credit risk and credit risk concentration profile</u>

The maximum exposure to credit risk for the Group is represented by the carrying amounts of each financial asset.

At the end of the reporting period, approximately 53% (2014: 23%) of the Group's trade and other receivables were due from related parties and associates.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade and other receivables that neither past due nor impaired is disclosed in Note 12. Bank balances are placed with reputable financial institutions with good standing. The Directors believe that the possibility of non-performance by the financial institution is remote on the basis of its financial strength.

<u>Financial assets that are either past due or impaired</u>

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 12.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risk

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

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

The maturity analysis for financial liabilities that shows the remaining contractual maturities based on undiscounted cash flows is as follows:

	On demand or within one year US$	One to five years US$	Over five years US$	Total US$
Group				
At 31.12.2015				
Borrowings	6,812,886	2,266,236	-	9,079,122
Trade and other payables	2,172,310	-	-	2,172,310
Total	8,985,196	2,266,236	-	11,251,432
(KHR'000 equivalent)	*36,390,044*	*9,178,256*	-	*45,568,300*
At 31.12.2014				
Borrowings	8,560,838	3,816,170	-	12,377,008
Trade and other payables	2,408,042	-	-	2,408,042
Total	10,968,880	3,816,170	-	14,785,050
Company				
At 31.12.2015				
Borrowings	6,812,886	2,266,236	-	9,079,122
Trade and other payables	2,168,287	-	-	2,168,287
Total	8,981,173	2,266,236	-	11,247,409
(KHR'000 equivalent)	*36,373,750*	*9,178,256*	-	*45,552,006*
At 31.12.2014				
Borrowings	8,560,838	3,816,170	-	12,377,008
Trade and other payables	2,404,963	-	-	2,404,963
Total	10,965,801	3,816,170	-	14,781,971

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk

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

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

<u>Sensitivity analysis for interest rate risk</u>

The following table demonstrates the sensitivity analysis of the Group and the Company if interest rates at the end of reporting period changed by 10 basis points with all other variables held constant:

	2015 US$	**2014 US$**
Profit net of tax		
- Increased by 0.1% (2014: 0.1%)	(8,867)	(10,455)
- Decreased by 0.1% (2014: 0.1%)	8,867	10,455

The sensitivity is lower in 2015 than in 2014 because of the repayment of the borrowings during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

The following tables set out the carrying amounts as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and the Company that are exposed to interest rate risk:

	Note	Weighted average effective interest rate %	Within 1 year US$	1 - 2 years US$	2 - 3 years US$	3 – 4 years US$	4 - 5 years US$	More than 5 years US$	Total US$
Group and Company									
As at 31.12.2015									
Fixed rates									
Term loans	15	10.0	4,217,823	793,180	877,703	261,919	-	-	6,150,625
Floating rates									
Bank overdraft	15	10.0	800,000	-	-	-	-	-	800,000
As at 31.12.2014									
Fixed rates									
Term loans	15	10.4	7,500,000	892,608	892,608	892,608	430,558	-	10,608,382

28. TAXATION CONTINGENCIES

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. 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. These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

29. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 7 July 2015, the Company was converted to a public limited company.

30. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 6 May 2016, the Group entered into a contract to purchase one plot of development land measuring 130,272 square meters located at Poi Pet City, Banteay Meanchey Province, Cambodia, for a consideration of US$2,214,624.

(b) On 30 May 2016, the Company was listed on the Cambodia Securities Exchange and in conjunction with the listing, the Company issued 11,575,000 new ordinary shares of US$0.50 each to the public, at an issue price of KHR2,860 per share.