

Registration No:
INV - 1076KH/2006

PHNOM PENH SEZ PLC.
(INCORPORATED IN CAMBODIA)

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

Registration No:
INV - 1076KH/2006

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

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PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)


STATEMENT BY THE DIRECTORS

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

Signed on behalf of the Board,



Lok Chumteav Oknha Lim Chhiv Ho
Chairwoman



Hiroshi Uematsu
Director

Phnom Penh, Cambodia
Date: 15 February 2019

**REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)
(Registration No: INV - 1076KH/2006)**

Introduction

We have reviewed the accompanying condensed statements of financial position of Phnom Penh SEZ Plc. (“the Company”) and its subsidiaries (“the Group”) as at 31 December 2018, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and twelve-month period then ended, and condensed notes to the interim financial information (collectively known as “Condensed Interim Financial Information”). The Directors of the Company are responsible for the preparation and presentation of the Condensed Interim Financial Information. Our responsibility is to express a conclusion on this Condensed Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Cambodian International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Information of the Group and of the Company are not presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.


BDO (Cambodia) Limited

Phnom Penh, Cambodia
Date: 15 February 2019

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group		Audited 31.12.2017 US\$	Company		Audited 31.12.2017 US\$
		Unaudited 31.12.2018 US\$	KHR'000		Unaudited 31.12.2018 US\$	KHR'000	
ASSETS							
Non-current assets							
Property, plant and equipment	4	13,992,106	56,220,282	13,598,128	12,832,935	51,562,733	13,295,090
Investment properties	5	3,608,607	14,499,383	3,839,723	3,608,607	14,499,383	3,839,723
Investments in subsidiaries	6	-	-	-	5,605,000	22,520,890	5,605,000
Investments in associates	7	8,950,830	35,964,435	8,828,971	8,990,623	36,124,323	8,828,521
		<u>26,551,543</u>	<u>106,684,100</u>	<u>26,266,822</u>	<u>31,037,165</u>	<u>124,707,329</u>	<u>31,568,334</u>
Current assets							
Inventories	8	32,712,645	131,439,408	18,691,653	21,365,437	85,846,326	8,687,491
Trade and other receivables	9	25,839,457	103,822,939	10,078,511	34,025,447	136,714,246	15,717,790
Contract assets	10	29,572	118,820	-	-	-	-
Cash and bank balances	11	1,864,328	7,490,870	2,521,105	1,515,764	6,090,340	2,128,523
		<u>60,446,002</u>	<u>242,872,037</u>	<u>31,291,269</u>	<u>56,906,648</u>	<u>228,650,912</u>	<u>26,533,804</u>
TOTAL ASSETS		<u>86,997,545</u>	<u>349,556,137</u>	<u>57,558,091</u>	<u>87,943,813</u>	<u>353,358,241</u>	<u>58,102,138</u>
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital	12	35,937,500	144,396,875	28,937,500	35,937,500	144,396,875	28,937,500
Share premium	13	4,575,051	18,382,555	1,723,543	4,575,051	18,382,555	1,723,543
Retained earnings		9,482,958	38,102,525	7,020,299	10,958,805	44,032,478	7,743,504
		<u>49,995,509</u>	<u>200,881,955</u>	<u>37,681,342</u>	<u>51,471,356</u>	<u>206,811,908</u>	<u>38,404,547</u>
Non-controlling interests		467,977	1,880,332	352,609	-	-	-
TOTAL EQUITY		<u>50,463,486</u>	<u>202,762,287</u>	<u>38,033,951</u>	<u>51,471,356</u>	<u>206,811,908</u>	<u>38,404,547</u>
LIABILITIES							
Non-current liabilities							
Borrowings	15	5,844,211	23,482,040	5,475,080	5,844,211	23,482,040	5,475,080
Deferred revenue	16	-	-	10,412,000	-	-	10,412,000
Contract liabilities	10	9,864,000	39,633,552	-	9,864,000	39,633,552	-
		<u>15,708,211</u>	<u>63,115,592</u>	<u>15,887,080</u>	<u>15,708,211</u>	<u>63,115,592</u>	<u>15,887,080</u>

PHNOM PENH SEZ PLC.
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CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018 (continued)

	Note	Group			Company		
		Unaudited		Audited	Unaudited		Audited
		31.12.2018		31.12.2017	31.12.2018		31.12.2017
		US\$	KHR'000	US\$	US\$	KHR'000	US\$
EQUITY AND LIABILITIES (continued)							
LIABILITIES (continued)							
Current liabilities							
Borrowings	15	4,590,766	18,445,698	2,034,611	4,590,766	18,445,698	2,034,611
Deferred revenue	16	-	-	548,000	-	-	548,000
Trade and other payables	17	11,154,120	44,817,254	1,054,060	11,164,356	44,858,383	1,227,900
Contract liabilities	10	5,071,113	20,375,732	-	5,009,124	20,126,660	-
Current tax liabilities		9,849	39,574	389	-	-	-
		<u>20,825,848</u>	<u>83,678,258</u>	<u>3,637,060</u>	<u>20,764,246</u>	<u>83,430,741</u>	<u>3,810,511</u>
TOTAL LIABILITIES		<u>36,534,059</u>	<u>146,793,850</u>	<u>19,524,140</u>	<u>36,472,457</u>	<u>146,546,333</u>	<u>19,697,591</u>
TOTAL EQUITY AND LIABILITIES		<u>86,997,545</u>	<u>349,556,137</u>	<u>57,558,091</u>	<u>87,943,813</u>	<u>353,358,241</u>	<u>58,102,138</u>

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

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 DECEMBER 2018

	Note	Group		Unaudited Three-month period ended		Company	
		31.12.2018 ⁽¹⁾ US\$	KHR'000	31.12.2017 ⁽²⁾ US\$	31.12.2018 ⁽¹⁾ US\$	KHR'000	31.12.2017 ⁽²⁾ US\$
Revenue	18	10,039,400	40,338,309	3,313,459	9,771,001	39,259,882	3,211,469
Cost of sales and services	19	<u>(3,147,080)</u>	<u>(12,644,967)</u>	<u>(1,016,428)</u>	<u>(2,926,514)</u>	<u>(11,758,733)</u>	<u>(850,433)</u>
Gross profit		6,892,320	27,693,342	2,297,031	6,844,487	27,501,149	2,361,036
Other income	20	56,667	227,688	80,975	55,271	222,079	173,251
General and administrative expenses	21	<u>(1,349,833)</u>	<u>(5,423,629)</u>	<u>(1,248,604)</u>	<u>(1,090,177)</u>	<u>(4,380,331)</u>	<u>(1,104,354)</u>
Finance costs	22	<u>(163,267)</u>	<u>(656,007)</u>	<u>(163,250)</u>	<u>(163,267)</u>	<u>(656,007)</u>	<u>(163,250)</u>
Share of profit of associates		<u>114,159</u>	<u>458,691</u>	<u>111,229</u>	<u>120,003</u>	<u>482,172</u>	<u>111,229</u>
Profit before tax		5,550,046	22,300,085	1,077,381	5,766,317	23,169,062	1,377,912
Taxation	23	<u>(421,119)</u>	<u>(1,692,056)</u>	<u>(141,117)</u>	<u>(358,160)</u>	<u>(1,439,087)</u>	<u>(137,792)</u>
Profit for the financial period		5,128,927	20,608,029	936,264	5,408,157	21,729,975	1,240,120
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income for the financial period		<u>5,128,927</u>	<u>20,608,029</u>	<u>936,264</u>	<u>5,408,157</u>	<u>21,729,975</u>	<u>1,240,120</u>
Profit attributable to:							
Owners of the parent		5,082,209	20,420,316	943,370			
Non-controlling interests		<u>46,718</u>	<u>187,713</u>	<u>(7,106)</u>			
		<u>5,128,927</u>	<u>20,608,029</u>	<u>936,264</u>			
Total comprehensive income attributable to:							
Owners of the parent		5,082,209	20,420,316	943,370			
Non-controlling interests		<u>46,718</u>	<u>187,713</u>	<u>(7,106)</u>			
		<u>5,128,927</u>	<u>20,608,029</u>	<u>936,264</u>			
Earnings per share	14						
Basic		0.084	0.336	0.016			
Diluted		<u>0.084</u>	<u>0.336</u>	<u>0.016</u>			

Notes:

(1) The Condensed Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

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

PHNOM PENH SEZ PLC.
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CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2018

	Note	Twelve-month period ended					
		Group		Company			
		Unaudited 31.12.2018		Audited 31.12.2017	Unaudited 31.12.2018		Audited 31.12.2017
		US\$	KHR'000	US\$	US\$	KHR'000	US\$
Revenue	18	14,789,391	59,423,774	9,135,901	13,358,768	53,675,530	8,777,118
Cost of sales and services	19	(5,193,457)	(20,867,310)	(2,600,487)	(4,011,524)	(16,118,303)	(2,263,907)
Gross profit		9,595,934	38,556,464	6,535,414	9,347,244	37,557,227	6,513,211
Other income	20	122,894	493,789	174,294	120,868	485,648	100,180
General and administrative expenses	21	(5,208,006)	(20,925,768)	(4,558,034)	(4,423,218)	(17,772,490)	(4,018,024)
Finance costs	22	(605,207)	(2,431,722)	(688,064)	(605,207)	(2,431,722)	(688,064)
Share of profit of associates		6,858	27,555	485,186	47,101	189,252	485,186
Profit before tax		3,912,473	15,720,318	1,948,796	4,486,788	18,027,915	2,392,489
Taxation	23	(992,496)	(3,987,849)	(267,937)	(929,537)	(3,734,880)	(250,749)
Profit for the financial period		2,919,977	11,732,469	1,680,859	3,557,251	14,293,035	2,141,740
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income for the financial period		2,919,977	11,732,469	1,680,859	3,557,251	14,293,035	2,141,740
Profit attributable to:							
Owners of the parent		2,804,609	11,268,920	1,728,250			
Non-controlling interests		115,368	463,549	(47,391)			
		2,919,977	11,732,469	1,680,859			
Total comprehensive income attributable to:							
Owners of the parent		2,804,609	11,268,920	1,728,250			
Non-controlling interests		115,368	463,549	(47,391)			
		2,919,977	11,732,469	1,680,859			
Earnings per share	14						
Basic		0.048	0.191	0.029			
Diluted		0.048	0.191	0.029			

The Condensed Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

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

Group	Note	Share capital US\$	Share premium US\$	Retained earnings US\$	Non-controlling interests US\$	Total US\$
Unaudited						
Balance as at 1 January 2018		28,937,500	1,723,543	7,020,299	352,609	38,033,951
Profit for the financial period, representing total comprehensive income		-	-	2,804,609	115,368	2,919,977
Transactions with owners						
Share issue	12	7,000,000	2,851,508	-	-	9,851,508
Dividend paid	24	-	-	(341,950)	-	(341,950)
Balance as at 31 December 2018		35,937,500	4,575,051	9,482,958	467,977	50,463,486
<i>(KHR'000 equivalent)</i>		<i>144,396,875</i>	<i>18,382,555</i>	<i>38,102,525</i>	<i>1,880,332</i>	<i>202,762,287</i>
Audited						
Balance as at 1 January 2017		28,937,500	1,723,543	5,581,183	-	36,242,226
Profit for the financial period, representing total comprehensive income		-	-	1,728,250	(47,391)	1,680,859
Transactions with owners						
Ordinary shares contributed by non- controlling interests of a subsidiary		-	-	-	400,000	400,000
Dividend paid	24	-	-	(289,134)	-	(289,134)
Balance as at 31 December 2017		28,937,500	1,723,543	7,020,299	352,609	38,033,951

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

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

Company	Note	Share capital US\$	Share premium US\$	Retained earnings US\$	Total US\$
Unaudited					
Balance as at 1 January 2018		28,937,500	1,723,543	7,743,504	38,404,547
Profit for the financial period, representing total comprehensive income		-	-	3,557,251	3,557,251
Transactions with owners					
Share issue	12	7,000,000	2,851,508	-	9,851,508
Dividend paid	24	-	-	(341,950)	(341,950)
Balance as at 31 December 2018		35,937,500	4,575,051	10,958,805	51,471,356
<i>(KHR '000 equivalent)</i>		<i>144,396,875</i>	<i>18,382,555</i>	<i>44,032,478</i>	<i>206,811,908</i>
Audited					
Balance as at 1 January 2017		28,937,500	1,723,543	5,890,898	36,551,941
Profit for the financial period, representing total comprehensive income		-	-	2,141,740	2,141,740
Transaction with owners					
Dividend paid	24	-	-	(289,134)	(289,134)
Balance as at 31 December 2017		28,937,500	1,723,543	7,743,504	38,404,547

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

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

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

	Note	Twelve-month period ended					
		Group			Company		
		Unaudited 31.12.2018 US\$	Unaudited 31.12.2017 KHR'000	Audited 31.12.2017 US\$	Unaudited 31.12.2018 US\$	Audited 31.12.2017 KHR'000	Audited 31.12.2017 US\$
Cash flows from operating activities							
Profit before tax		3,912,473	15,720,318	1,948,796	4,486,788	18,027,915	2,392,489
Adjustments for:							
Depreciation of:							
- property, plant and equipment	4	1,124,262	4,517,285	1,077,854	1,044,442	4,196,568	1,067,444
- investment properties	5	231,116	928,624	230,228	231,116	928,624	230,228
Deferred revenue		(548,000)	(2,201,864)	(548,000)	(548,000)	(2,201,864)	(548,000)
Impairment loss on investment		-	-	35,407	-	-	35,407
Interest income	20	(33,828)	(135,921)	(15,876)	(33,828)	(135,921)	(15,876)
Interest expense	22	605,207	2,431,722	688,064	605,207	2,431,722	688,064
Property, plant and equipment written off		-	-	852	-	-	852
Share of profit of associates		(121,859)	(489,629)	(370,186)	(162,102)	(651,326)	(370,186)
Operating profit before changes in working capital		5,169,371	20,770,535	3,047,139	5,623,623	22,595,718	3,480,422
Changes in working capital							
Inventories		(12,297,521)	(49,411,439)	(870,908)	(12,677,946)	(50,939,987)	(423,827)
Trade and other receivables		(15,945,354)	(64,068,432)	(76,267)	(15,491,103)	(62,243,252)	6,394
Trade and other payables		9,012,324	36,211,518	(447,682)	8,271,557	33,235,116	(350,481)
Deferred Revenue		4,461,124	17,924,796	-	4,461,124	17,924,796	-
Cash (used in)/generated from operations		(9,600,056)	(38,573,022)	1,652,282	(9,812,745)	(39,427,609)	2,712,508
Tax paid		(986,051)	(3,961,954)	(267,844)	(929,537)	(3,734,880)	(250,749)
Interest paid		(573,415)	(2,303,981)	(651,528)	(603,130)	(2,423,375)	(681,099)
Net cash (used in)/from operating activities		(11,159,522)	(44,838,957)	732,910	(11,345,412)	(45,585,864)	1,780,660
Cash flows from investing activities							
Purchase of property, plant and equipment	4	(3,241,711)	(13,025,195)	(910,310)	(582,287)	(2,339,629)	(749,230)
Purchase of investment properties	5	-	-	(50,662)	-	-	(50,662)
Interest received		33,828	135,921	15,876	33,828	135,921	15,876
Net (advances to)/ repayments from related parties		(91,532)	(367,777)	(5,238)	15,478	62,192	14,591
Net repayments from associates		271,834	1,092,229	129,166	271,834	1,092,229	129,166

PHNOM PENH SEZ PLC.
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CONDENSED STATEMENTS OF CASH FLOWS
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2018 (continued)

	Note	Twelve-month period ended					
		Group			Company		
		Unaudited 31.12.2018 US\$	Unaudited 31.12.2018 KHR'000	Audited 31.12.2017 US\$	Unaudited 31.12.2018 US\$	Unaudited 31.12.2018 KHR'000	Audited 31.12.2017 US\$
Cash flows from investing activities (continued)							
Net advances from/(to) Directors		1,094,434	4,397,435	1,813	1,098,838	4,415,130	(619)
Net repayments from/(to) shareholder		1,048	4,211	(230)	1,048	4,211	(502)
Net advances to subsidiaries		-	-	-	(2,540,930)	(10,209,458)	(990,255)
Investments in associates		-	-	(2,400)	-	-	(1,950)
Investment in a subsidiary		-	-	-	-	-	(600,000)
Net cash used in investing activities		<u>(1,932,099)</u>	<u>(7,763,176)</u>	<u>(821,985)</u>	<u>(1,702,191)</u>	<u>(6,839,404)</u>	<u>(2,233,585)</u>
Cash flows from financing activities							
Dividend paid	24	(341,950)	(1,373,955)	(289,134)	(341,950)	(1,373,955)	(289,134)
Proceeds from issuance of ordinary shares	12	9,851,508	39,583,359	-	9,851,508	39,583,359	-
Repayments of borrowings		(2,124,714)	(8,537,101)	(4,176,059)	(2,124,714)	(8,537,101)	(4,176,059)
Drawdowns of borrowings		5,050,000	20,290,900	4,663,625	5,050,000	20,290,900	4,663,625
Net cash from financing activities		<u>12,434,844</u>	<u>49,963,203</u>	<u>198,432</u>	<u>12,434,844</u>	<u>49,963,203</u>	<u>198,432</u>
Net (decrease)/increase in cash and cash equivalents		(656,777)	(2,638,930)	109,357	(612,759)	(2,462,065)	(254,493)
Cash and cash equivalents at beginning of financial period		<u>2,521,105</u>	<u>10,129,800</u>	<u>2,411,748</u>	<u>2,128,523</u>	<u>8,552,405</u>	<u>2,383,016</u>
Cash and cash equivalents at end of financial period	11	<u>1,864,328</u>	<u>7,490,870</u>	<u>2,521,105</u>	<u>1,515,764</u>	<u>6,090,340</u>	<u>2,128,523</u>

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

PHNOM PENH SEZ PLC.
(Incorporated in Cambodia)

NOTES TO THE CONDENSED FINANCIAL INFORMATION
31 DECEMBER 2018

1. CORPORATE INFORMATION

The Company was registered on 10 May 2006 as a private limited liability company in the Kingdom of Cambodia. Subsequently, on 7 July 2015, the Company was converted to a public limited company. The Company was listed in the Cambodia Securities Exchange on 30 May 2016.

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 condensed financial information comprise the Company and its subsidiaries and the interests of the Group in associates. The condensed financial information are presented in United States Dollar (“US\$”), which is also the Company’s functional currency. Additional disclosures are also made in Khmer Riel (“KHR”) to meet the requirement of certain authorities in Cambodia.

The condensed financial information were authorised for issue by the Board of the Directors on 15 February 2019.

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 6 to the condensed financial information. There have been no significant changes in the nature of these activities during the financial period.

3. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached herein.

The explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Company since the year ended 31 December 2017.

The accounting policies and methods of computation adopted are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2017 except for the adoption of the following accounting standards, amendments and interpretations:

	Effective Date
Amendments to CIFRS 1 <i>Annual Improvements to IFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
CIFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to CIFRS 15	1 January 2018
CIFRS 9 <i>Financial Instruments (issued by IASB in July 2014)</i>	1 January 2018
Amendments to CIFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to CIAS 28 <i>Annual Improvements to CIFRS Standards 2014 - 2016 Cycle</i>	1 January 2018

3. BASIS OF PREPARATION (continued)

The accounting policies and methods of computation adopted are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2017 except for the adoption of the following accounting standards, amendments and interpretations. (continued):

	Effective Date
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to CIAS 40 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to CIFRS 4 <i>Applying CIFRS 9 Financial Instruments with CIFRS 4 Insurance Contracts</i>	See CIFRS 4 Paragraphs 46 and 48

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

(a) *CIFRS 9 Financial Instruments*

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

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

(i) Classification of financial assets and financial liabilities

The following summarises the key changes:

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

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

3. BASIS OF PREPARATION (continued)

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

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

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

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

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

(ii) Impairment of financial assets

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

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

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

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

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

3. BASIS OF PREPARATION (continued)

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

(iii) Classification and measurement

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

	Group			
	Classification		Carrying amount	
	Existing under CIAS 39	New under CIFRS 9	Existing under CIAS 39	New under CIFRS 9
	US\$	US\$	US\$	US\$
Financial assets				
Trade and other receivables	L&R	AC	7,491,147	7,491,147
Cash and bank balances	L&R	AC	2,521,105	2,521,105
Financial liabilities				
Trade and other payables	OFL	AC	1,054,060	1,054,060
Borrowings	OFL	AC	7,509,691	7,509,691
Company				
	Classification		Carrying amount	
	Existing under CIAS 39	New under CIFRS 9	Existing under CIAS 39	New under CIFRS 9
	US\$	US\$	US\$	US\$
	Financial assets			
Trade and other receivables	L&R	AC	13,134,829	13,134,829
Cash and bank balances	L&R	AC	2,128,523	2,128,523
Financial liabilities				
Trade and other payables	OFL	AC	1,227,900	1,227,900
Borrowings	OFL	AC	7,509,691	7,509,691

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

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

	Group		
	Amounts without adoption of CIFRS 15	Adjustments	As reported
	US\$	US\$	US\$
Assets			
Amount owing from contract customers	29,572	(29,572)	-
Contract assets	-	29,572	29,572
Liabilities			
Deferred revenue	14,873,124	(14,873,124)	-
Amount owing to contract customers	61,989	(61,989)	-
Contract liabilities	-	14,935,113	14,935,113

3. BASIS OF PREPARATION (continued)

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

The following summarises the impact of adopting CIFRS 15 on the statement of financial position of the Group and of the Company as at 31 December 2018 for each of the line items affected. (continued)

	Company		
	Amounts without adoption of CIFRS 15 US\$	Adjustments US\$	As reported US\$
Liabilities			
Deferred revenue	14,873,124	(14,873,124)	-
Contract liabilities	-	14,935,113	14,935,113

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

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

The Group and the Company are in the process of making assessment of the impact from the adoption of these accounting standards, amendments and interpretations hence the Directors are not yet in position to conclude on the potential impact on the result and the financial position of the Group and the Company.

3. BASIS OF PREPARATION (continued)

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

CIFRS 16 *Leases*

CIFRS 16, which upon the effective date will supersede CIAS 17 *Leases* and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under CIFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, CIAS 17.

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

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

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

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

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

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

Amendments to CIFRS 9 *Prepayment Features with Negative Compensation*

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

3. BASIS OF PREPARATION (continued)

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

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

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to CIFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value. CIFRS 17 *Insurance Contracts*

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

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

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

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

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

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

Amendments to CIAS 19 Plan Amendment, Curtailment or Settlement

The amendments clarify that:

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

Amendments to References to the Conceptual Framework in CIFRS Standards

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

3. BASIS OF PREPARATION (continued)

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

CIFRS 17 Insurance Contracts

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

Contracts are measured using the building blocks of:

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

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

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

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land US\$	Building and infra- structure US\$	Machinery US\$	Motor vehicles, equipment and computers US\$	Construction in progress US\$	Total US\$
<i>Net carrying amount</i>						
Balance at 1.1.2017	361,765	12,964,944	569,267	144,964	733,847	14,774,787
Additions	-	20,887	-	55,782	833,641	910,310
Written off	-	-	(612)	(240)	-	(852)
Transfer	-	-	3,600	-	(3,600)	-
Transfer to investment properties (Note 5)	-	-	-	-	(4,000)	(4,000)
Transfer from/(to) inventory (Note 8)	82,021	-	-	-	(1,086,284)	(1,004,263)
Depreciation	-	(868,421)	(150,076)	(59,357)	-	(1,077,854)
Balance at 31.12.2017	443,786	12,117,410	422,179	141,149	473,604	13,598,128
Additions	253,664	48,095	270,674	99,368	2,569,910	3,241,711
Transfer to inventory (Note 8)	-	-	-	-	(1,723,471)	(1,723,471)
Depreciation	-	(869,273)	(179,362)	(75,627)	-	(1,124,262)
Balance at 31.12.2018 (unaudited)	697,450	11,296,232	513,491	164,890	1,320,043	13,992,106
<i>(KHR '000 equivalent)</i>	<i>2,802,354</i>	<i>45,388,260</i>	<i>2,063,207</i>	<i>662,528</i>	<i>5,303,933</i>	<i>56,220,282</i>
Company						
<i>Net carrying amount</i>						
Balance at 1.1.2017	361,765	12,945,944	569,267	134,157	600,615	14,611,748
Additions	-	20,575	-	4,563	724,092	749,230
Transfer	-	-	3,600	-	(3,600)	-
Transfer to investment properties (Note 5)	-	-	-	-	(4,000)	(4,000)
Written off	-	-	(612)	(240)	-	(852)
Transfer from/(to) inventory (Note 8)	82,021	-	-	-	(1,075,613)	(993,592)
Depreciation	-	(867,461)	(150,076)	(49,907)	-	(1,067,444)
Balance at 31.12.2017	443,786	12,099,058	422,179	88,573	241,494	13,295,090

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land US\$	Building and infra- structure US\$	Machinery US\$	Motor vehicles, equipment and computers US\$	Construction in progress US\$	Total US\$
<i>Net carrying amount (continued)</i>						
Additions	253,664	-	-	43,170	1,548,265	1,845,099
Transfer to inventory (Note 8)	-	-	-	-	(1,262,812)	(1,262,812)
Depreciation	-	(867,461)	(125,045)	(51,936)	-	(1,044,442)
Balance at 31.12.2018 (unaudited)	697,450	11,231,597	297,134	79,807	526,947	12,832,935
<i>(KHR'000 equivalent)</i>	<i>2,802,354</i>	<i>45,128,557</i>	<i>1,193,884</i>	<i>320,665</i>	<i>2,117,273</i>	<i>51,562,733</i>

5. INVESTMENT PROPERTIES

Group and Company	Freehold land US\$	Buildings US\$	Total US\$
<i>Net carrying amount</i>			
Balance as at 1.1.2017	400,368	3,272,511	3,672,879
Additions	-	50,662	50,662
Transfer from property, plant and equipment (Note 4)	-	4,000	4,000
Transfer from inventories (Note 8)	342,410	-	342,410
Depreciation	-	(230,228)	(230,228)
Balance as at 31.12.2017	742,778	3,096,945	3,839,723
Depreciation	-	(231,116)	(231,116)
Balance as at 31.12.2018 (unaudited)	742,778	2,865,829	3,608,607
<i>(KHR'000 equivalent)</i>	<i>2,984,482</i>	<i>11,514,901</i>	<i>14,499,383</i>
<i>Fair value</i>			
Balance as at 31.12.2018 (unaudited)	5,562,490	3,426,167	8,988,657
<i>(KHR'000 equivalent)</i>	<i>22,350,085</i>	<i>13,766,338</i>	<i>36,116,423</i>
Balance as at 31.12.2017	5,131,475	3,522,877	8,654,352

6. INVESTMENTS IN SUBSIDIARIES

	Company		Audited
	Unaudited		31.12.2017
	31.12.2018		US\$
	US\$	KHR'000	US\$
Unquoted shares, at cost	5,605,000	22,520,890	5,605,000

The details of the subsidiaries are as follows:

Name	Country of incorporation	Effective interest in equity		Principal activities
		2018	2017	
		%	%	
Sahas PPSEZ Co., Ltd.	Cambodia	100	100	Security services
Poi Pet PPSEZ Co., Ltd.	Cambodia	100	100	Establish, develop and operate industrial zone
Sahas E&C Co., Ltd.	Cambodia	60	60	Construction services
Phnom Penh SEZ II Co., Ltd.*	Cambodia	100	-	Real estate activity
Sahas Properties Co., Ltd.*	Cambodia	100	-	Real estate activity

* Not audited by BDO or BDO member firm.

7. INVESTMENTS IN ASSOCIATES

	Group		Audited
	Unaudited		31.12.2017
	31.12.2018		US\$
	US\$	KHR'000	US\$
Unquoted shares, at cost	6,752,400	27,131,143	6,750,000
Addition	-	-	2,400
Share of post-acquisition reserves	3,633,837	14,600,757	3,511,978
Less: Impairment loss	(1,435,407)	(5,767,465)	(1,435,407)
	8,950,830	35,964,435	8,828,971

	Company		Audited
	Unaudited		31.12.2017
	31.12.2018		US\$
	US\$	KHR'000	US\$
Unquoted shares, at cost	6,751,950	27,129,335	6,750,000
Addition	-	-	1,950
Share of post-acquisition reserves	3,674,080	14,762,453	3,511,978
Less: Impairment loss	(1,435,407)	(5,767,465)	(1,435,407)
	8,990,623	36,124,323	8,828,521

7. INVESTMENTS IN ASSOCIATES (continued)

The details of the associates are as follows:

Name	Country of incorporation	Effective interest in equity		Principal activities
		2018 %	2017 %	
Associate of Phnom Penh SEZ Plc				
Colben Energy (Cambodia) PPSEZ Limited*	Cambodia	51	51	Supply electricity
Bok Seng PPSEZ Dry Port Co., Ltd.*	Cambodia	40	40	Dry port
Sahas Advisory & Consultant Co., Ltd.*	Cambodia	39	39	Advisory and consultant services
Gomi Recycle (Phnom Penh) Co., Ltd.*	Cambodia	24.5	-	Waste recycle factory
Associate of Poi Pet PPSEZ Co., Ltd				
B.Grimm Power (Poipet) Co., Ltd.*	Cambodia	45	45	Supply electricity

* Not audited by BDO or BDO member firm.

8. INVENTORIES

	Group		Audited 31.12.2017 US\$	Company		Audited 31.12.2017 US\$
	Unaudited 31.12.2018 US\$	Unaudited 31.12.2018 KHR'000		Unaudited 31.12.2018 US\$	Unaudited 31.12.2018 KHR'000	
Balance at beginning of period	18,691,653	75,103,062	17,158,892	8,687,491	34,906,339	7,612,482
Purchased	10,287,100	41,333,567	1,505,196	9,896,320	39,763,414	1,079,558
Land improvement	8,638,415	34,709,152	614,882	7,003,386	28,139,605	593,439
Transfer (to)/ from property, plant and equipment (Note 4)	(1,723,471)	(6,924,906)	1,004,263	(1,262,812)	(5,073,979)	993,592
Transfer to investment property (Note 5)	-	-	(342,410)	-	-	(342,410)
Movement of other inventories	(58,124)	(233,542)	-	-	-	-
Sold	(3,122,928)	(12,547,925)	(1,249,170)	(2,958,948)	(11,889,053)	(1,249,170)
	<u>32,712,645</u>	<u>131,439,408</u>	<u>18,691,653</u>	<u>21,365,437</u>	<u>85,846,326</u>	<u>8,687,491</u>

8. INVENTORIES (continued)

	Group		Company	
	Unaudited 2018 Hectares	Audited 2017 Hectares	Unaudited 2018 Hectares	Audited 2017 Hectares
Balance at beginning of period	144.3	146	76.3	80
Purchased	18.47	9	16.46	7
Adjustment on land	(1.05)	(0.7)	(1.38)	(0.7)
Transfer to property, plant and equipment	(14.54)	(0.2)	(14.54)	(0.2)
Transfer to investment properties	-	(0.7)	-	(0.7)
Sold	(43.77)	(9.1)	(42.77)	(9.1)
Balance at end of period	<u>103.41</u>	<u>144.3</u>	<u>34.07</u>	<u>76.3</u>

6.8 (2017: 44.2) hectares of saleable land with a carrying amount of US\$3,569,850 (2017: US\$4,596,362) have been pledged to Phnom Penh Commercial Bank, First Commercial Bank and CIMB Bank Plc. as security for borrowings (Note 15).

9. TRADE AND OTHER RECEIVABLES

	Group		Company		Audited 31.12.2017 US\$
	Unaudited 31.12.2018 US\$	Audited 31.12.2017 KHR'000	Unaudited 31.12.2018 US\$	Audited 31.12.2017 KHR'000	
Trade receivables					
Third parties	123,251	495,223	20,515	78,598	315,807
Related parties	988,999	3,973,798	1,691,870	771,217	3,098,750
	<u>1,112,250</u>	<u>4,469,021</u>	<u>1,712,385</u>	<u>849,815</u>	<u>3,414,557</u>
Other receivables					
Associates	2,372,398	9,532,295	2,638,525	2,372,398	9,532,295
Subsidiaries			-	9,446,794	37,957,218
Directors	313,654	1,260,262	310,792	311,954	1,253,431
Shareholders	1,249	5,018	579	1,249	5,018
Related parties	672,320	2,701,382	564,561	128,880	517,840
Input Value Added Taxes	882,157	3,544,507	260,146	380,995	1,530,838
Withholding tax credit	2,572,439	10,336,060	1,802,364	2,572,439	10,336,060
Deposits	5,690	22,862	-	5,380	21,617
Other receivables	148,480	596,593	201,795	197,861	795,005
	<u>6,968,387</u>	<u>27,998,979</u>	<u>5,778,762</u>	<u>15,417,950</u>	<u>61,949,322</u>
Total receivables	<u>8,080,637</u>	<u>32,468,000</u>	<u>7,491,147</u>	<u>16,267,765</u>	<u>65,363,879</u>
Prepayments					
Deposits	-	-	2,460	-	-
Prepayments	17,758,820	71,354,939	2,584,904	17,757,682	71,350,367
	<u>17,758,820</u>	<u>71,354,939</u>	<u>2,587,364</u>	<u>17,757,682</u>	<u>71,350,367</u>
	<u>25,839,457</u>	<u>103,822,939</u>	<u>10,078,511</u>	<u>34,025,447</u>	<u>136,714,246</u>

10. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	Unaudited 31.12.2018 US\$	KHR'000	Unaudited 31.12.2018 US\$	KHR'000
Contract assets				
Construction contracts	29,572	118,820	-	-
Contract liabilities				
Non-current				
Deferred revenue	(9,864,000)	(39,633,552)	(9,864,000)	(39,633,552)
Current				
Construction contracts	(61,989)	(249,072)	-	-
Deferred revenue	(5,009,124)	(20,126,660)	(5,009,124)	(20,126,660)
	(5,071,113)	(20,375,732)	(5,009,124)	(20,126,660)
	(14,935,113)	(60,009,284)	(14,873,124)	(59,760,212)

Deferred revenue amounting to US\$10,412,000 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.

Deferred revenue amounting to US\$4,461,124 is in respect of sale of land, which will be recognised as revenue when the performance obligations are satisfied.

11. CASH AND BANK BALANCES

	Group		Company		
	Unaudited 31.12.2018 US\$	KHR'000	Audited 31.12.2017 US\$	Unaudited 31.12.2018 US\$	Audited 31.12.2017 US\$
Cash on hand	3,976	15,976	96,861	1,844	7,409
Cash at bank	1,860,352	7,474,894	2,424,244	1,513,920	6,082,931
	1,864,328	7,490,870	2,521,105	1,515,764	6,090,340
					2,128,523

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

12. SHARE CAPITAL

	Group and Company			
	Unaudited 31.12.2018		Audited 31.12.2017	
	Number of share of US\$0.50 each	US\$	Number of share of US\$0.50 each	US\$
Ordinary shares: Authorised: At 1 January/31 December	71,875,000	35,937,500	57,875,000	28,937,500
Registered and fully issued: At 1 January	57,875,000	28,937,500	57,875,000	28,937,500
Issued pursuant to: - new issue	14,000,000	7,000,000	-	-
Balance as at 1 January/31 December	71,875,000	35,937,500	57,875,000	28,937,500
<i>(KHR'000 equivalent)</i>		- 144,396,875		

In conjunction with the listing and quotation of the Company's shares on the Cambodia Securities Exchange on 30 May 2016, 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. The total proceeds arising from the listing exercise amounted to US\$8,125,302 and listing expenses of US\$614,259 had been set off against share premium.

On 19 October 2018, the Company issued 14,000,000 new ordinary shares of US\$0.50 each at an issue price of approximately US\$0.70367 for cash for working capital purposes. The total proceeds amounted to US\$9,851,508.

As a consequence of these share issues, the registered and issued ordinary share capital of the Company was increased to US\$35,937,500.

Other than the above, there were no issuances, cancellations, repurchases, resales and repayments of equity securities during the financial period.

13. SHARE PREMIUM

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

14. EARNINGS PER SHARE

	Unaudited		
	Three-month period ended		
	Group		31.12.2017
	31.12.2018	31.12.2017	31.12.2017
	US\$	KHR'000	US\$
Profit attributable to ordinary equity holders	5,128,927	20,608,029	936,264
Weighted average number of ordinary shares in issue	<u>61,375,000</u>	<u>61,375,000</u>	<u>57,875,000</u>
Basic earnings per share	0.084	0.336	0.016
Diluted earnings per share	<u>0.084</u>	<u>0.336</u>	<u>0.016</u>
	Twelve -month period ended		
	Group		
	Unaudited		Audited
	31.12.2018		31.12.2017
	US\$	KHR'000	US\$
Profit attributable to ordinary equity holders	2,919,977	11,732,469	1,680,859
Weighted average number of ordinary shares in issue	<u>61,375,000</u>	<u>61,375,000</u>	<u>57,875,000</u>
Basic earnings per share	0.048	0.191	0.029
Diluted earnings per share	<u>0.048</u>	<u>0.191</u>	<u>0.029</u>

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company had no dilutive potential ordinary shares as at the period end. As such, the diluted earnings per share were equivalent to the basic earnings per share

15. BORROWINGS

	Group and Company		
	Unaudited		Audited
	31.12.2018		31.12.2017
	US\$	KHR'000	US\$
Non-current			
Term loan I	-	-	264,230
Term loan II	1,600,000	6,428,800	-
Term loan V	-	-	1,359,613
Term loan VI	75,644	303,938	1,300,000
Term loan VII	<u>4,168,567</u>	<u>16,749,302</u>	<u>2,551,237</u>
	<u>5,844,211</u>	<u>23,482,040</u>	<u>5,475,080</u>
Current			
Term loan I	-	-	877,003
Term loan II	3,450,000	13,862,100	-
Term loan V	473,088	1,900,868	-
Term loan VI	-	-	373,379
Term loan VII	667,678	2,682,730	400,000
Term loan VIII	<u>-</u>	<u>-</u>	<u>384,229</u>
	<u>4,590,766</u>	<u>18,445,698</u>	<u>2,034,611</u>
	<u>10,434,977</u>	<u>41,927,738</u>	<u>7,509,691</u>

16. DEFERRED REVENUE

Deferred revenue was 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 was amortised on a straight-line basis over the term of 25 years.

17. TRADE AND OTHER PAYABLES

	Group		Audited 31.12.2017 US\$	Company		Audited 31.12.2017 US\$
	Unaudited 31.12.2018 US\$	KHR'000		Unaudited 31.12.2018 US\$	KHR'000	
Trade payables						
Third parties	1,579,765	6,347,496	165,868	880,605	3,538,271	-
Other payables						
Associate	37,240	149,630	31,533	37,240	149,630	31,533
Subsidiaries	-	-	-	962,057	3,865,545	408,965
Shareholder	1,968	7,907	2,954	1,968	7,907	250
Directors	1,100,000	4,419,800	-	1,100,000	4,419,800	-
Related parties	93,208	374,510	76,981	83,981	337,436	74,307
Deposits received	3,777,921	15,179,687	519,144	3,777,896	15,179,586	519,120
Output Value						
Added Taxes	4,439	17,836	38,153	-	-	34,293
Other payables	4,559,579	18,320,388	219,427	4,320,609	17,360,208	159,432
	9,574,355	38,469,758	888,192	10,283,751	41,320,112	1,227,900
	11,154,120	44,817,254	1,054,060	11,164,356	44,858,383	1,227,900

18. REVENUE

	Group		Unaudited Three-month period ended		Company		31.12.2017 US\$
	31.12.2018 US\$	KHR'000	31.12.2017 US\$	31.12.2018 US\$	KHR'000		
Sale of land	9,009,578	36,200,484	2,437,868	9,009,578	36,200,484	2,437,868	
Services rendered	682,440	2,742,044	667,617	571,670	2,296,970	564,727	
Construction							
revenue	158,229	635,764	-	-	-	-	
Rental income	189,153	760,017	207,974	189,753	762,428	208,874	
	10,039,400	40,338,309	3,313,459	9,771,001	39,259,882	3,211,469	
	Group		Twelve-month period ended		Company		Audited 31.12.2017 US\$
	Unaudited 31.12.2018 US\$	KHR'000	Audited 31.12.2017 US\$	Unaudited 31.12.2018 US\$	KHR'000		
Sale of land	10,606,835	42,618,263	5,829,452	10,336,835	41,533,403	5,829,452	
Services rendered	2,617,629	10,517,633	2,416,821	2,219,675	8,918,654	2,110,346	
Construction							
revenue	765,469	3,075,654	55,308	-	-	-	
Rental income	799,458	3,212,224	834,320	802,258	3,223,473	837,320	
	14,789,391	59,423,774	9,135,901	13,358,768	53,675,530	8,777,118	

19. COST OF SALES AND SERVICES

	Unaudited						
	Three-month period ended						
	Group		Company				
	31.12.2018		31.12.2017		31.12.2018		31.12.2017
	US\$	KHR'000	US\$		US\$	KHR'000	US\$
Cost of land sold							
Land cost	2,648,258	10,640,701	592,161	2,648,596	10,642,059		592,161
Other cost	4,181	16,799	(3,414)	4,181	16,799		(3,414)
	<u>2,652,439</u>	<u>10,657,500</u>	<u>588,747</u>	<u>2,652,777</u>	<u>10,658,858</u>		<u>588,747</u>
Cost of services rendered	358,998	1,442,453	369,903	215,958	867,719		203,908
Construction costs	77,864	312,858	-	-	-		-
Depreciation	57,779	232,156	57,778	57,779	232,156		57,778
	<u>494,641</u>	<u>1,987,467</u>	<u>427,681</u>	<u>273,737</u>	<u>1,099,875</u>		<u>261,686</u>
	<u>3,147,080</u>	<u>12,644,967</u>	<u>1,016,428</u>	<u>2,926,514</u>	<u>11,758,733</u>		<u>850,433</u>
	Twelve-month period ended						
	Group		Company				
	Unaudited		Audited		Unaudited		Audited
	31.12.2018		31.12.2017		31.12.2018		31.12.2017
	US\$	KHR'000	US\$		US\$	KHR'000	US\$
Cost of land sold							
Land cost	3,122,928	12,547,925	1,249,170	2,958,948	11,889,053		1,249,170
Other cost	4,181	16,799	(2,714)	4,181	16,799		(2,714)
	<u>3,127,109</u>	<u>12,564,724</u>	<u>1,246,456</u>	<u>2,963,129</u>	<u>11,905,852</u>		<u>1,246,456</u>
Cost of services rendered	1,288,112	5,175,634	1,122,686	817,279	3,283,827		787,223
Construction costs	547,120	2,198,328	1,117	-	-		-
Depreciation	231,116	928,624	230,228	231,116	928,624		230,228
	<u>2,066,348</u>	<u>8,302,586</u>	<u>1,354,031</u>	<u>1,048,395</u>	<u>4,212,451</u>		<u>1,017,451</u>
	<u>5,193,457</u>	<u>20,867,310</u>	<u>2,600,487</u>	<u>4,011,524</u>	<u>16,118,303</u>		<u>2,263,907</u>

20. OTHER INCOME

	Unaudited					
	Group			Company		
	31.12.2018		31.12.2017	31.12.2018		31.12.2017
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Interest income	31,629	127,085	13,669	31,629	127,085	13,669
Dividend income	-	-	-	-	-	115,000
Others	25,038	100,603	67,306	23,642	94,994	44,582
	<u>56,667</u>	<u>227,688</u>	<u>80,975</u>	<u>55,271</u>	<u>222,079</u>	<u>173,251</u>

	Twelve-month period ended					
	Group			Company		
	Unaudited 31.12.2018		Audited 31.12.2017	Unaudited 31.12.2018		Audited 31.12.2017
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Interest income	33,828	135,921	15,876	33,828	135,921	15,876
Others	89,066	357,868	158,418	87,040	349,727	84,304
	<u>122,894</u>	<u>493,789</u>	<u>174,294</u>	<u>120,868</u>	<u>485,648</u>	<u>100,180</u>

21. GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited					
	Group			Company		
	31.12.2018		31.12.2017	31.12.2018		31.12.2017
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Depreciation of property, plant and equipment	303,821	1,220,753	271,096	243,060	976,615	266,947
Electricity	7,490	30,095	6,972	7,490	30,095	6,972
Maintenance	160,528	645,002	207,375	160,528	645,002	207,252
Professional fees	31,227	125,470	43,652	33,065	132,855	36,332
Personnel costs	670,847	2,695,463	582,494	490,569	1,971,106	459,481
Selling and marketing expenses	2,134	8,574	12,266	2,134	8,574	12,266
Security services	6,516	26,181	10,716	39,694	159,490	37,140
Withholding tax, fringe benefit and other tax expenses	13,728	55,159	5,632	9,639	38,730	5,398
Other expenses	153,542	616,932	108,401	103,998	417,864	72,566
	<u>1,349,833</u>	<u>5,423,629</u>	<u>1,248,604</u>	<u>1,090,177</u>	<u>4,380,331</u>	<u>1,104,354</u>

21. GENERAL AND ADMINISTRATIVE EXPENSES (continued)

	Twelve-month period ended					
	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	31.12.2018		31.12.2017	31.12.2018		31.12.2017
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Depreciation of property, plant and equipment	1,124,262	4,517,285	1,077,854	1,044,442	4,196,568	1,067,444
Electricity	32,217	129,448	33,163	32,217	129,448	33,163
Impairment loss on investment in an associate	-	-	35,407	-	-	35,407
Maintenance	466,494	1,874,373	358,412	465,829	1,871,701	357,459
Professional fees	243,340	977,740	150,771	224,452	901,848	132,910
Personnel costs	2,687,577	10,798,684	2,227,331	2,079,102	8,353,832	1,825,919
Selling and marketing expenses	83,812	336,757	55,330	83,812	336,757	55,312
Security services	27,079	108,803	69,225	152,891	614,316	145,836
Withholding tax, fringe benefit and other tax expenses	42,370	170,243	33,224	35,743	143,615	29,723
Other expenses	500,855	2,012,435	517,317	304,730	1,224,405	334,851
	<u>5,208,006</u>	<u>20,925,768</u>	<u>4,558,034</u>	<u>4,423,218</u>	<u>17,772,490</u>	<u>4,018,024</u>

22. FINANCE COSTS

	Unaudited		
	Three-month period ended		
	Group and Company		
	31.12.2018		31.12.2017
	US\$	KHR'000	US\$
Interest expense on term loans	163,267	656,007	163,250
	<u>163,267</u>	<u>656,007</u>	<u>163,250</u>
	Unaudited		
	Twelve-month period ended		
	Group and Company		
	31.12.2018		31.12.2017
	US\$	KHR'000	US\$
Interest expense on term loans	605,207	2,431,722	688,064
	<u>605,207</u>	<u>2,431,722</u>	<u>688,064</u>

23. TAXATION

	Unaudited					
	Three-month period ended					
	Group			Company		
	31.12.2018		31.12.2017	31.12.2018		31.12.2017
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Income tax expense:						
Current period	421,119	1,692,056	141,117	358,160	1,439,087	137,792
	<u>421,119</u>	<u>1,692,056</u>	<u>141,117</u>	<u>358,160</u>	<u>1,439,087</u>	<u>137,792</u>

23. TAXATION (continued)

	Twelve-month period ended					
	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	31.12.2018	31.12.2017	31.12.2017	31.12.2018	31.12.2017	31.12.2017
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Income tax expense:						
Current period	992,496	3,987,849	266,128	929,537	3,734,880	250,749
Over provision in prior period	-	-	1,809	-	-	-
	<u>992,496</u>	<u>3,987,849</u>	<u>267,937</u>	<u>929,537</u>	<u>3,734,880</u>	<u>250,749</u>

Under the Law on Taxation, the Company has an obligation to pay tax on profit at 10% (2017: 10%) of taxable profit. The reduction of 10% to the applicable tax rate is an incentive given by the General Department of Taxation for three years from 2016 to 2018. The tax rate will revert to 20% for the financial year ending 31 December 2019.

24. DIVIDEND

	Twelve-month period ended			
	Group and Company			
	Unaudited		Audited	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Dividend per share	Amount of dividend	Dividend per share	Amount of dividend	
US\$	US\$	US\$	US\$	
First and final dividend paid	0.006	341,950	0.005	289,134
<i>(KHR'000 equivalent)</i>	<i>0.025</i>	<i>1,429,351</i>	<i>0.020</i>	<i>1,167,234</i>

25. RELATED PARTY DISCLOSURES

The Group and the Company had the following transactions with related parties during the financial period.

	Twelve-month period ended					
	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	31.12.2018	31.12.2017	31.12.2017	31.12.2018	31.12.2017	31.12.2017
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
<u>Associates</u>						
Colben Energy (Cambodia) PPSEZ Limited						
Advances provided	-	-	(11,219)	-	-	(11,219)
Utility charged	10,082	40,509	8,259	10,082	40,509	8,259
Security services charged	5,854	23,521	4,652	-	-	-
Repayments received	271,921	1,092,579	131,845	271,921	1,092,579	131,845
Purchase of electricity	(423,561)	(1,701,868)	(396,304)	(423,561)	(1,701,868)	(396,304)

25. RELATED PARTY DISCLOSURES (continued)

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

	Twelve-month period ended					
	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	31.12.2018		31.12.2017	31.12.2018		31.12.2017
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
<u>Associates (continued)</u>						
Bok Seng PPSEZ Dry Port Co., Ltd.						
Utility charged	28,126	113,010	26,467	28,126	113,010	26,467
Repayments made	(185)	(743)		(185)	(743)	
Repayments received	298	1,197	7,450	298	1,197	7,450
Security services charged	31,365	126,025	32,340	-	-	-
Sahas Advisory and Consulting Co., Ltd.						
Advances received	-	-	1,090	-	-	1,090
Advances provided	(200)	(804)	-	(200)	(804)	-
Office rental charged	800	3,214	-	800	3,214	-
<u>Shareholders</u>						
Lok Chumteav Oknha Lim Chhiv Ho						
Advances provided	(18,527)	(74,441)	-	(18,527)	(74,441)	-
Repayments received	19,075	76,643	39,483	19,075	76,643	39,211
Repayments made	-	-	(39,713)	-	-	(39,713)
Sales of land	-	-	833,801	-	-	833,801
Purchase of land	-	-	(777,911)	-	-	(777,911)
Security services charged	10,981	44,121	8,964	-	-	-
Utility charged	1,340	5,384	-	1,340	5,384	-
Zephyr (Cambodia) Co., Ltd.						
Repayments received	24,500	98,441	141,250	24,500	98,441	141,250
Advances provided	(24,000)	(96,432)	(141,250)	(24,000)	(96,432)	(141,250)
<u>Common control</u>						
Attwood Investment Group Co., Ltd.						
Repayments made	-	-	(500,618)	-	-	(500,618)
Repayments received	6,778	27,233	509,070	5,541	22,264	501,345
Advances provided	(5,831)	(23,429)	-	(5,831)	(23,429)	-
Security services charged	16,221	65,176	11,015	-	-	-
B.Grimm Power (Poi Pet) Co., Ltd.						
Advances provided	(551,904)	(2,217,550)	-	(208,464)	(837,608)	-
Repayments received	208,464	837,608	-	208,464	837,608	-

25. RELATED PARTY DISCLOSURES (continued)

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

	Twelve-month period ended					
	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	31.12.2018		31.12.2017	31.12.2018		31.12.2017
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<u>Common control (continued)</u>						
LCH Development Co., Ltd.						
Repayments made	(861)	(3,459)	(364)	(861)	(3,459)	(364)
Advances received	7,662	30,786	5,808	7,662	30,786	3,150
Utility charged	682	2,740	4,589	682	2,740	4,305
Security services charged	31,507	126,595	66,173	-	-	-
LCH Construction Co., Ltd.						
Construction costs	(148,897)	(598,267)	(948,142)	(148,897)	(598,267)	(661,838)
Utility charged	463	1,860	(15,147)	463	1,860	1,958
Repayments made	(7,631)	(30,661)	-	-	-	-
Repayments received	259,124	1,041,158	10,866	13,155	52,857	41,078
LCH Investment Co., Ltd.						
Advances provided	(7,333)	(29,463)	-	(4,188)	(16,827)	-
Lim Muoy Kim						
Advances provided	-	-	(15,000)	-	-	(15,000)
Phou Muoy Kim						
Advances provided	-	-	(15,000)	-	-	(15,000)
<u>Directors</u>						
Tan Soeun Muoy						
Advances received	1,100,000	4,419,800	1,813	1,100,000	4,419,800	(619)
Repayments made	(12,919)	(51,909)	-	(8,515)	(34,214)	-
Repayments received	7,353	29,544	-	7,353	29,544	-
Security services charged	20,607	82,800	4,788	-	-	-
Tan Kak Khun						
Utility charged	74	297	-	74	297	-

25. RELATED PARTY DISCLOSURES (continued)

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

	Twelve-month period ended					
	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	31.12.2018	31.12.2017	31.12.2017	31.12.2018	31.12.2017	31.12.2017
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
<u>Subsidiaries</u>						
Sahas PPSEZ Co., Ltd.						
Utility charged	-	-	-	1,572	6,316	778
Security services paid	-	-	-	(132,596)	(532,771)	(91,539)
Office rental charged	-	-	-	1,200	4,822	1,200
Repayments received	-	-	-	2,501	10,049	-
Advances provided	-	-	-	(65,000)	(261,170)	(8,500)
Poi Pet PPSEZ Co., Ltd.						
Utility charged	-	-	-	-	-	-
Office rental charged	-	-	-	1,200	4,822	1,200
Advances provided	-	-	-	(3,416,850)	(13,728,903)	(1,439,652)
Repayments received	-	-	-	386,118	1,551,421	63,173
Sahas E&C Co., Ltd.						
Repayments made	-	-	-	(109,300)	(439,167)	(402,794)
Advances received	-	-	-	661,601	2,658,312	797,518
Office rental charged	-	-	-	400	1,607	-
Security services paid	-	-	-	7,600	30,537	-

26. 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.

(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 (2017: 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.

26. 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.

(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.

27. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- (a) On 31 October 2018, the Company incorporated a new subsidiary, Phnom Penh SEZ II Co., Ltd., with a 100% equity interest.
- (b) On 15 November 2018, the Company incorporated a new subsidiary, Sahas Properties Co., Ltd., with a 100% equity interest.
- (c) On 3 September 2018, the Company entered into an agreement with Gomi Recycle (Phnom Penh) Co., Ltd. ("Gomi") for the sale of land amounting to US\$245,000, which will be settled via shares issued by Gomi. As a consequence, Gomi became an associate with the Company holding a 24.5% equity interest. The transaction was completed on 13 November 2018.