

Registration No:
Co.7175 Et/2004

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

**AUDITED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
31 DECEMBER 2019**

Registration No:
Co.7175 Et/2004

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

CORPORATE INFORMATION

DIRECTORS:

H.E. Hei Bavy
H.E. Suon Rachana
H.E. Ken Sambath
H.E. Penn Sovicheat
Mr. Gui Anvanith
Mr. Yim Choeurn
Mr. Dith Sochal

REGISTERED OFFICE:

No. 649, Preah Sisowat Quay
Sangkat Srah Chork, Khan Daun Penh
Phnom Penh
Cambodia

PRINCIPAL BANKERS:

ACLEDA Bank Plc.
Advance Bank of Asia Ltd.
J Trust Royal Bank
Bank of China Limited
Canadia Bank Plc.
Foreign Trade Bank of Cambodia

AUDITORS:

BDO (Cambodia) Limited

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

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

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Phnom Penh Autonomous Port ("PPAP") for the financial year ended 31 December 2019.

Principal activities

PPAP is a legal entity with technical, administrative and financial autonomy and its main missions are port services and other related facilities.

PPAP has the objectives to undertake the management, maintenance and operation of the port services as well as related port facilities in order to expand and develop for the need of commercial, industrial, or tourism sectors and takes all necessary measures for the growth of PPAP.

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

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

There were no significant changes to those principal activities during the financial year.

Results of operations

	US\$	KHR'000
Profit for the financial year	11,551,393	46,806,244

Dividends

Dividends paid since the end of the previous financial year were as follows:

	US\$	KHR'000
In respect of financial year ended 31 December 2018:		
Class A first and final dividend paid on 10 April 2019	342,705	1,376,751
Class B first and final dividend paid on 10 April 2019	622,665	2,500,000
	<u>965,370</u>	<u>3,876,751</u>

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

DIRECTORS' REPORT (continued)

Reserves and provisions

There was a transfer of US\$6,976,277 from retained earnings to legal, general and development reserves, as approved during the Board of Directors meeting on 29 March 2019.

Bad and doubtful debts

Before the statement of profit or loss and other comprehensive income and statement of financial position of PPAP were made out, the Directors took reasonable steps to ascertain that proper 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 adequate allowance had been 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 the amount of the allowance for doubtful debts in the financial statements of PPAP inadequate to any material extent.

Current assets

Before the statement of profit or loss and other comprehensive income and statement 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 PPAP 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 PPAP misleading.

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 PPAP misleading or inappropriate.

Contingent and other liabilities

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

- (i) any charge on the assets of PPAP which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability of PPAP 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 PPAP 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 PPAP, which would render any amount stated in the financial statements as misleading.

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

DIRECTORS' REPORT (continued)

Items of an unusual nature

The results of the operations of PPAP 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 PPAP for the financial year for which this report is made.

Share capital

PPAP did not issue any shares during the current financial year.

No option to take up unissued shares in PPAP 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 PPAP.

Directors

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

H.E. Hei Bayy
H.E. Suon Rachana
H.E. Ken Sambath
H.E. Penn Sovicheat
Mr. Gui Anvanith
Mr. Yim Choeurn
Mr. Dith Sochal

Directors' benefits

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

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 PPAP 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 27 to the financial statements.

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

DIRECTORS' REPORT (continued)

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 PPAP as at 31 December 2019, and of its 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 PPAP will continue its operations in the foreseeable future; and
- (e) control and direct effectively PPAP 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.

Significant events during the financial year

The significant events during the financial year are disclosed in Note 30 to the financial statements.

Significant event subsequent to the end of the reporting period

The significant event subsequent to the end of the reporting period is disclosed in Note 31 to the financial statements.

Statement by the Directors

In the opinion of the Directors, the financial statements set out on pages 10 to 46 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 PPAP as at 31 December 2019, and of its financial performance and cash flows for the financial year then ended. LA

For and on behalf of the board of Directors,



H.E. Hei Bavy
Chairman and Chief Executive Officer



Ms. Chheav Vanthea
Head of Accounting/Finance
Department

Phnom Penh, Cambodia
Date: 27 March 2020

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)
(Registration No: Co.7175 Et/2004)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Phnom Penh Autonomous Port ("PPAP"), which comprise statement of financial position as at 31 December 2019, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies, as set out on pages 10 to 46.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of PPAP as at 31 December 2019, and of its financial performance and cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of PPAP in accordance with the *Code of Ethics for Professional Accountants and Auditors* of the Kampuchea Institute of Certified Public Accountants and Auditors ("Code of Ethics") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of PPAP for the current financial year. These matters were addressed in the context of our audit of the financial statements of PPAP as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)
(Registration No: Co.7175 Et/2004) (continued)

Key Audit Matters (continued)

(a) First-time adoption of CIFRS 16 *Leases*

PPAP adopted CIFRS 16 for the first-time during the financial year ended 31 December 2019 as disclosed in Note 34 to the financial statements.

We determined this to be a key audit matter because of the following areas of risk:

- (i) Leasing arrangements within the scope of CIFRS 16 may not be identified or appropriately included in the calculations of the transitional impact;
- (ii) Specific assumptions applied to determine the discount rates for each lease could be inappropriate; and
- (iii) The underlying lease data used to calculate the transitional impact could be incomplete or inaccurate.

Audit response

Our audit procedures included the following:

- (i) Assessed the implementation procedures pertaining to the determination of the CIFRS 16 transition impact;
- (ii) Assessed the appropriateness of the discount rates applied in determining lease liabilities; and
- (iii) Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contracts or other supporting information.

(b) Retirement benefit obligation

The retirement benefit obligations were determined based on a number of actuarial assumptions and calculations, which were subject to significant judgement and estimate. Changes in these assumptions can have a material impact on the quantum of retirement benefit obligation recorded in the statement of financial position. The assumptions include the discount rate, salary growth rate, mortality rate, disability rate and turnover rates.

As at 31 December 2019, the Board of Directors has engaged an actuarial specialist in order to present actuarial estimate of liabilities as at 31 December 2019 and to provide an actuarial estimate of the defined benefit expenses for the financial year ending 31 December 2019. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using average long-term deposit rates from major banks in Cambodia of 6% per annum.

Audit response

We performed procedures to place reliance on the actuarial valuation report, which include evaluating the competence, capabilities and objectivity of the actuarial specialist as well as assessing whether the actuarial assumptions are recoverable and consistently applied.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)
(Registration No: Co.7175 Et/2004) (continued)**

Key Audit Matters (continued)

(c) Impairment of trade receivables

Gross trade receivables of PPAP as at 31 December 2019 were US\$4,184,751 as disclosed in Note 8 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward looking information, significant increase in credit risk, and estimated cash flows recoverable in worst-case scenarios.

Audit response

Our audit procedures included the following:

- (i) Recomputed the probability of default using historical data and forward looking information adjustment applied by PPAP;
- (ii) Recomputed the correlation coefficient between the macroeconomic indicators used by PPAP and historical losses to determine the appropriateness of the forward-looking information used by PPAP;
- (iii) Inquiries of management to assess the rationale underling the relationship between the forward-looking information and expected credit losses; and
- (iv) Assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of PPAP are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of PPAP and our auditors' report thereon.

Our opinion on the financial statements of PPAP does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of PPAP, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of PPAP or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)
(Registration No: Co.7175 Et/2004) (continued)**

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of PPAP, the Directors are responsible for assessing PPAP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate PPAP, or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of PPAP as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of PPAP, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 PPAP's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)
(Registration No: Co.7175 Et/2004) (continued)**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on PPAP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of PPAP or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause PPAP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of PPAP, including the disclosures, and whether the financial statements of PPAP represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of PPAP for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the shareholders of PPAP, as a body. We do not assume responsibility to any other person for the content of this report.



Lim Seng Siew
Partner

BDO (Cambodia) Limited
Certified Public Accountants

Phnom Penh, Cambodia
Date: 27 March 2020

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	2019		2018	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	77,568,556	316,091,866	73,809,447	296,566,358
Investment properties	6	84,854,146	345,780,645	85,026,198	341,635,264
Lease receivables	7	4,323,839	17,619,644	-	-
Other receivable	8	62,487	254,635	-	-
Deferred tax assets	9	878,464	3,579,741	1,126,000	4,524,268
		<u>167,687,492</u>	<u>683,326,531</u>	<u>159,961,645</u>	<u>642,725,890</u>
Current assets					
Trade and other receivables	8	6,938,795	28,275,590	3,172,538	12,747,258
Lease receivables	7	12,841	52,327	-	-
Cash and bank balances	10	25,984,908	105,888,500	23,995,410	96,413,557
		<u>32,936,544</u>	<u>134,216,417</u>	<u>27,167,948</u>	<u>109,160,815</u>
TOTAL ASSETS		<u>200,624,036</u>	<u>817,542,948</u>	<u>187,129,593</u>	<u>751,886,705</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	11	114,453,485	457,813,940	114,453,485	457,813,940
Share premium	12	155,502	622,008	155,502	622,008
Reserves	13	25,651,419	104,529,532	18,675,142	75,036,721
Retained earnings		11,641,924	47,173,076	7,678,073	31,070,194
Currency translation difference		-	8,863,440	-	1,843,265
TOTAL EQUITY		<u>151,902,330</u>	<u>619,001,996</u>	<u>140,962,202</u>	<u>566,386,128</u>
LIABILITIES					
Non-current liabilities					
Guaranteed dividends payable		232,042	945,571	445,453	1,789,830
Other payable	14	31,243	127,315	-	-
Borrowings	15	22,769,715	92,786,589	24,839,689	99,805,870
Provision for retirement benefits	16	662,515	2,699,749	644,644	2,590,180
Lease liabilities	7	2,882,558	11,746,424	-	-
Contract liabilities	17	14,250,000	58,068,750	14,625,000	58,763,250
		<u>40,828,073</u>	<u>166,374,398</u>	<u>40,554,786</u>	<u>162,949,130</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (continued)**

	Note	2019		2018	
		US\$	KHR'000	US\$	KHR'000
EQUITY AND LIABILITIES (continued)					
LIABILITIES (continued)					
Current liabilities					
Trade and other payables	14	3,339,052	13,606,637	2,691,950	10,816,255
Borrowings	15	2,069,974	8,435,144	2,069,974	8,317,156
Lease liabilities	7	8,561	34,886	-	-
Contract liabilities	17	300,000	1,222,500	225,000	904,050
Current tax liabilities		2,176,046	8,867,387	625,681	2,513,986
		<u>7,893,633</u>	<u>32,166,554</u>	<u>5,612,605</u>	<u>22,551,447</u>
TOTAL LIABILITIES		<u>48,721,706</u>	<u>198,540,952</u>	<u>46,167,391</u>	<u>185,500,577</u>
TOTAL EQUITY AND LIABILITIES		<u>200,624,036</u>	<u>817,542,948</u>	<u>187,129,593</u>	<u>751,886,705</u>

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

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019		2018	
		US\$	KHR'000	US\$	KHR'000
Revenue	19	27,190,111	110,174,330	20,722,928	83,824,244
Cost of services	20	<u>(8,583,244)</u>	<u>(34,779,305)</u>	<u>(7,234,782)</u>	<u>(29,264,693)</u>
Gross profit		<u>18,606,867</u>	<u>75,395,025</u>	<u>13,488,146</u>	<u>54,559,551</u>
Other income	21	4,121,153	16,698,912	1,457,658	5,896,227
General and administrative expenses	22	<u>(6,923,900)</u>	<u>(28,055,643)</u>	<u>(6,093,272)</u>	<u>(24,647,285)</u>
Operating profit		15,804,120	64,038,294	8,852,532	35,808,493
Finance costs	23	<u>(1,405,229)</u>	<u>(5,693,988)</u>	<u>(1,170,227)</u>	<u>(4,733,568)</u>
Profit before tax		14,398,891	58,344,306	7,682,305	31,074,925
Taxation	24	<u>(2,847,498)</u>	<u>(11,538,062)</u>	<u>418,433</u>	<u>1,692,561</u>
Profit for the financial year		<u>11,551,393</u>	<u>46,806,244</u>	<u>8,100,738</u>	<u>32,767,486</u>
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Re-measurements of defined benefit liability		<u>90,531</u>	<u>366,832</u>	<u>36,153</u>	<u>146,239</u>
Total comprehensive income for the financial year		<u>11,641,924</u>	<u>47,173,076</u>	<u>8,136,891</u>	<u>32,913,725</u>
Earnings per share attributable to shareholders of PPAP during the financial year are as follows:					
Basic earnings per share	25	0.56	2.28	0.39	1.59
Diluted earnings per share	25	<u>0.56</u>	<u>2.28</u>	<u>0.39</u>	<u>1.59</u>

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

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
Balance as at 1 January 2019		114,453,485	155,502	18,675,142	7,678,073	-	140,962,202
Profit for the financial year		-	-	-	11,551,393	-	11,551,393
Actuarial gain on retirement benefit obligation		-	-	-	90,531	-	90,531
Total comprehensive income		-	-	-	11,641,924	-	11,641,924
Transactions with owners							
Transfer to reserves	13	-	-	6,976,277	(6,976,277)	-	-
Dividend	26	-	-	-	(701,796)	-	(701,796)
Total transactions with owners		-	-	6,976,277	(7,678,073)	-	(701,796)
Balance as at 31 December 2019		114,453,485	155,502	25,651,419	11,641,924	-	151,902,330
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>104,529,532</i>	<i>47,173,076</i>	<i>8,863,440</i>	<i>619,001,996</i>

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
Balance as at 1 January 2018		114,453,485	155,502	13,946,283	5,282,062	-	133,837,332
Adjustments on initial application of CIFRS 9		-	-	-	(458,818)	-	(458,818)
Balance as at 1 January 2018, as restated		114,453,485	155,502	13,946,283	4,823,244	-	133,378,514
Profit for the financial year		-	-	-	8,100,738	-	8,100,738
Actuarial gain on retirement benefit obligation		-	-	-	36,153	-	36,153
Total comprehensive income		-	-	-	8,136,891	-	8,136,891
Transactions with owners	13						
Transfer to reserves		-	-	4,728,859	(4,728,859)	-	-
Dividend		-	-	-	(553,203)	-	(553,203)
Total transactions with owners		-	-	4,728,859	(5,282,062)	-	(553,203)
Balance as at 31 December 2018/1 January 2019		114,453,485	155,502	18,675,142	7,678,073	-	140,962,202
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>75,036,721</i>	<i>31,070,194</i>	<i>1,843,265</i>	<i>566,386,128</i>

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

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019		2018	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Profit before tax		14,398,891	58,344,306	7,682,305	31,074,925
Adjustments for:					
Depreciation of property, plant and equipment	5	3,043,003	12,330,248	2,892,290	11,699,313
Depreciation of investment properties	6	76,954	311,818	70,964	287,049
Finance costs		1,167,716	4,731,585	1,170,227	4,733,568
Income from net of investment from subleases		(1,408,262)	(5,706,278)	-	-
Interest income		(1,506,682)	(6,105,075)	(615,501)	(2,489,702)
Investment properties written off		184,151	746,180	-	-
Loss on disposals of property, plant and equipment		-	-	52,246	211,335
Net of impairment loss on receivables		170,932	692,616	-	-
Net of unwinding effect of long term deposit		118,756	481,199	-	-
Property, plant and equipment written off		66,182	268,169	8,768	35,467
Rental income		-	-	(150,000)	(606,750)
Retirement benefit obligation expenses	16	125,936	510,293	101,091	408,913
Reversal of impairment loss on receivables	8	-	-	(114,887)	(464,718)
Unrealised (gain)/loss on foreign exchange		(6,393)	(25,904)	3,449	13,951
Operating profit before working capital changes		16,431,184	66,579,157	11,100,952	44,903,351
Changes in working capital:					
Trade and other receivables		(3,109,597)	(12,600,087)	21,900	88,586
Trade and other payables		836,898	3,391,111	276,664	1,119,106
Contract liabilities		(300,000)	(1,215,600)	15,000,000	60,675,000
Cash generated from operations		13,858,485	56,154,581	26,399,516	106,786,043
Income tax paid		(1,049,597)	(4,252,967)	(2,060,645)	(8,335,309)
Retirement benefit obligation paid		(17,534)	(71,048)	(39,573)	(160,073)
Net cash from operating activities		12,791,354	51,830,566	24,299,298	98,290,661
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(6,904,347)	(27,976,414)	(8,065,559)	(32,625,186)
Purchase of investment properties	6	(53,000)	(214,756)	-	-
Proceeds from disposal of property, plant and equipment		-	-	34,366	139,010
Interest received		267,196	1,082,678	86,440	349,650
Placement of fixed deposits with a licensed bank		(1,200,000)	(4,862,400)	-	-
Net cash used in investing activities		(7,890,151)	(31,970,892)	(7,944,753)	(32,136,526)

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)**

	Note	2019		2018	
		US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities					
Dividends paid		(965,370)	(3,876,751)	(868,619)	(3,513,564)
Interest paid		(1,055,686)	(4,277,640)	(1,138,486)	(4,605,176)
Payments of lease liabilities		(20,675)	(83,775)	-	-
Repayments of borrowings		(2,069,974)	(8,387,535)	(2,069,974)	(8,373,045)
Placement of fixed deposits with a licensed bank		-	-	(11,839,376)	(47,570,613)
Net cash used in financing activities		<u>(4,111,705)</u>	<u>(16,625,701)</u>	<u>(15,916,455)</u>	<u>(64,062,398)</u>
Net increase in cash and cash equivalents		789,498	3,233,973	438,090	2,091,737
Cash and cash equivalents at beginning of financial year		8,995,410	36,143,557	8,557,320	34,545,901
Currency translation differences		-	495,970	-	(494,081)
Cash and cash equivalents at end of financial year	10	<u>9,784,908</u>	<u>39,873,500</u>	<u>8,995,410</u>	<u>36,143,557</u>

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

		Lease liabilities (Note 7) US\$	Borrowings (Note 15) US\$
At 1 January 2018		-	28,979,637
Cash flows		-	<u>(2,069,974)</u>
At 31 December 2018		-	26,909,663
Cash flows		(20,675)	(2,069,974)
Non-cash flows:			
- Additions of lease liabilities	7	2,816,524	-
- Unwinding of interest	23	<u>95,270</u>	<u>-</u>
At 31 December 2019		<u>2,891,119</u>	<u>24,839,689</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019**

1. CORPORATE INFORMATION

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

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

The financial statements are presented in United States Dollar (“US\$”), which is also PPAP’s functional currency.

The financial statements were authorised for issue by the Board of the Directors on 27 March 2020.

2. PRINCIPAL ACTIVITIES

PPAP is a legal entity with technical, administrative and financial autonomy and its main missions are port services and other related facilities.

PPAP has the objectives to undertake the management, maintenance and operation of the port services as well as related port facilities in order to expand and develop for the need of commercial, industrial, or tourism sectors and takes all necessary measures for the growth of PPAP.

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

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

3. BASIS OF PREPARATION

The financial statements of PPAP 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. BASIS OF ACCOUNTING

The accounting policies adopted are consistent with those of the previous financial year except for the effects, if any, of the adoption of new CIFRSs during the financial year. The new CIFRSs adopted during the financial year are disclosed in Note 34 to the financial statements.

PPAP applied CIFRS 16 *Leases* for the first time during the current financial year, using the cumulative effect method as at 1 January 2019, Consequently, the comparative information was not restated and not comparable to the financial information of the current financial year.

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

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 financial year ended 31 December 2019 of PPAP using the following official closing and average rates of exchange for the translation:

		Closing rate	Average rate
31 December 2019	US\$1 =	KHR4,075	KHR4,052
31 December 2018	US\$1 =	KHR4,018	KHR4,045

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

5. PROPERTY, PLANT AND EQUIPMENT

<i>Cost</i>	Land US\$	Computers US\$	and others US\$	Office Furniture and fixtures US\$	Motor vehicles US\$	Plant and machineries US\$	Harbours and buildings US\$	Construction in progress US\$	Total US\$
Balance at 1 January 2018	97,137,347	637,619	598,005	64,817	1,366,748	19,433,740	39,082,132	267,750	158,588,158
Additions	48,193	1,840	17,803	-	306,850	-	2,165	7,688,708	8,065,559
Reclassification	2,840,067	11,381	-	-	-	-	3,377,406	(6,228,854)	-
Transfers to investment properties (Note 6)	(76,474,216)	-	-	-	-	-	(206,827)	-	(76,681,043)
Disposals	-	-	-	-	(142,565)	(96,504)	-	-	(239,069)
Written-off	-	(73,812)	(3,990)	-	-	-	-	-	(77,802)
Balance at 31 December 2018/1 January 2019	23,551,391	577,028	611,818	64,817	1,531,033	19,337,236	42,254,876	1,727,604	89,655,803
Additions	-	43,945	25,819	-	158,428	34,246	49,173	6,592,736	6,904,347
Reclassification	3,407,400	251,995	37,600	-	-	-	2,354,424	(6,051,419)	-
Transfers to investment properties (Note 6)	-	-	-	-	-	-	-	(36,053)	(36,053)
Written-off	-	-	(24,267)	-	-	-	(85,139)	-	(109,406)
Balance at 31 December 2019	26,958,791	872,968	650,970	64,817	1,689,461	19,371,482	44,573,334	2,232,868	96,414,691

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land US\$	Computers and others US\$	Office Furniture equipment and fixtures US\$	Motor vehicles US\$	Plant and machineries US\$	Harbours and buildings US\$	Construction in progress US\$	Total US\$
<i>Accumulated depreciation</i>								
Balance at 1 January 2018	-	526,800	217,367	419,964	4,438,689	7,581,537	-	13,233,141
Depreciation for the year	-	37,630	49,636	101,337	1,364,234	1,335,809	-	2,892,290
Transfers to investment properties (Note 6)	-	-	-	-	-	(57,584)	-	(57,584)
Disposals	-	-	-	(85,461)	(66,996)	-	-	(152,457)
Written-off	-	(65,044)	(3,990)	-	-	-	-	(69,034)
Balance at 31 December 2018/1 January 2019	-	499,386	263,013	435,840	5,735,927	8,859,762	-	15,846,356
Depreciation for the year	-	57,231	51,239	110,132	1,362,354	1,458,428	-	3,043,003
Written-off	-	-	(15,600)	-	-	(27,624)	-	(43,224)
Balance at 31 December 2019	-	556,617	298,652	545,972	7,098,281	10,290,566	-	18,846,135
<i>Carrying amounts</i>								
Balance at 31 December 2019	26,958,791	316,351	352,318	1,143,489	12,273,201	34,282,768	2,232,868	77,568,556
(KHR '000 equivalents)	109,857,073	1,289,130	1,435,696	4,659,718	50,013,294	139,702,280	9,098,937	316,091,866
Balance at 31 December 2018	23,551,391	77,642	348,805	1,095,193	13,601,309	33,395,114	1,727,604	73,809,447
(KHR '000 equivalents)	94,629,489	311,966	1,401,498	4,400,485	54,650,060	134,181,568	6,941,513	296,566,358

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down 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:

Computers	5 - 15 years
Office equipment and others	5 - 15 years
Furniture and fixtures	5 years
Motor vehicles	8 - 15 years
Plant and machineries	10 - 15 years
Harbours and buildings	10 - 50 years

Land has unlimited useful life and is not depreciated.

Construction in progress represents mainly harbours and buildings under construction. Construction in progress are not depreciated until such time when the assets are available for use.

- (b) The depreciation charges are allocated as follows:

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Cost of services	2,724,435	11,039,411	2,619,677	10,596,593
Administrative expenses	318,568	1,290,837	272,613	1,102,724
	<u>3,043,003</u>	<u>12,330,248</u>	<u>2,892,290</u>	<u>11,699,317</u>

6. INVESTMENT PROPERTIES

	Land US\$	Buildings US\$	Total US\$
<i>Cost</i>			
Balance at 1 January 2018	7,178,221	1,635,378	8,813,599
Transfers from property, plant and equipment (Note 5)	76,474,216	206,827	76,681,043
Balance at 31 December 2018/1 January 2019	83,652,437	1,842,205	85,494,642
Addition	53,000	-	53,000
Transfers from property, plant and equipment (Note 5)	-	36,053	36,053
Written-off	-	(264,885)	(264,885)
Balance at 31 December 2019	83,705,437	1,613,373	85,318,810
<i>Accumulated depreciation</i>			
Balance at 1 January 2018	-	339,896	339,896
Depreciation for the year	-	70,964	70,964
Transfers from property, plant and equipment (Note 5)	-	57,584	57,584
Balance at 31 December 2018/1 January 2019	-	468,444	468,444
Depreciation for the year	-	76,954	76,954
Written-off	-	(80,734)	(80,734)
Balance at 31 December 2019	-	464,664	464,664
<i>Carrying amounts</i>			
Balance at 31 December 2019	83,705,437	1,148,709	84,854,146
<i>(KHR'000 equivalents)</i>	<i>341,099,656</i>	<i>4,680,989</i>	<i>345,780,645</i>
Balance at 31 December 2018	83,652,437	1,373,761	85,026,198
<i>(KHR'000 equivalents)</i>	<i>336,115,492</i>	<i>5,519,773</i>	<i>341,635,264</i>
<i>Fair value</i>			
Balance at 31 December 2019	136,996,740	1,109,254	138,105,994
<i>(KHR'000 equivalents)</i>	<i>558,261,715</i>	<i>4,520,210</i>	<i>562,781,925</i>
Balance at 31 December 2018	136,923,400	1,319,584	138,242,984
<i>(KHR'000 equivalents)</i>	<i>550,158,221</i>	<i>5,302,087</i>	<i>555,460,308</i>

- (a) Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.
- (b) Land has an unlimited useful life and therefore is not depreciated. The principal depreciation period for the buildings ranges from 5 to 50 (2018: 5 to 50) years.
- (c) The fair value of investment properties is derived by the Directors based on estimation from available market information.

7. LEASES

PPAP as lessee

Right-of-use assets

Carrying amount

	Land	
	US\$	KHR'000
Balance at 1 January 2019	-	-
Additions of right-of-use assets	2,816,524	11,477,335
Derecognition of right-of-use assets	(2,816,524)	(11,477,335)
Balance at 31 December 2019	<u>-</u>	<u>-</u>

Lease liabilities

Carrying amount

	Land	
	US\$	KHR'000
Balance at 1 January 2019	-	-
Additions of lease liabilities	2,816,524	11,477,335
Interest expense	95,270	388,226
Lease payments	(20,675)	(84,251)
Balance at 31 December 2019	<u>2,891,119</u>	<u>11,781,310</u>

Represented by:

	2019	
	US\$	KHR'000
Current liabilities	8,561	34,886
Non-current liabilities	2,882,558	11,746,424
	<u>2,891,119</u>	<u>11,781,310</u>

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease term of right-of-use asset is 40 years.

- (b) Derecognition of right-of-use assets during the financial year is as a result of entering into sub-leases.

PPAP recognised a gain of US\$1,408,262 on derecognition of the right-of-use assets pertaining to sub-leases and presented the gain as “income from net investment in sublease”, as disclosed in Note 21 to the financial statements.

7. LEASES (continued)

(c) The following are the amounts recognised in profit or loss:

	2019
	US\$
Interest expense on lease liabilities (included in finance costs)	<u>95,270</u>

(d) At the end of the financial year, PPAP had total cash outflow for leases of US\$20,675.

(e) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of PPAP that are exposed to interest rate risk:

31 December 2019	Weighted average incremental borrowing rate per annum	Within 1 year US\$	1 - 2 years US\$	2 - 5 years US\$	More than 5 years US\$	Total US\$
Lease liabilities						
Fixed rates	4.00%	<u>8,561</u>	<u>18,182</u>	<u>25,475</u>	<u>2,838,901</u>	<u>2,891,119</u>

(f) The table below summarises the maturity profile of the lease liabilities of PPAP at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

31 December 2019	On demand or within 1 year US\$	1 - 2 years US\$	2 - 5 years US\$	More than 5 years US\$	Total US\$
Lease liabilities	<u>124,050</u>	<u>124,050</u>	<u>377,834</u>	<u>5,494,236</u>	<u>6,120,170</u>

PPAP as lessor

PPAP has entered into sub-lease agreements on two pieces of land for a term of 40 years each and renewable 2 years before the end of the lease period. The monthly rental consists of a fixed rent for the first 25 years which increase of 5% every 5 years and for the remaining 15 years, the monthly rental will be at a fixed rent.

PPAP has aggregate future minimum lease receivables as at the end of each reporting period as follows:

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Less than one year	12,841	52,327	-	-
One to two years	13,364	54,458	-	-
Two to three years	13,909	56,679	-	-
Three to four years	14,475	58,986	-	-
Four to five years	23,737	96,875	-	-
More than five years	<u>4,258,354</u>	<u>17,352,793</u>	<u>-</u>	<u>-</u>
	<u>4,336,680</u>	<u>17,672,118</u>	<u>-</u>	<u>-</u>

8. TRADE AND OTHER RECEIVABLES

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Other receivable				
Deposit	62,487	254,635	-	-
Trade receivables				
Third parties	4,184,751	17,052,860	2,665,112	10,708,420
Less: Impairment loss				
-Third parties	(514,863)	(2,098,067)	(343,931)	(1,381,915)
	<u>3,669,888</u>	<u>14,954,793</u>	<u>2,321,181</u>	<u>9,326,505</u>
Other receivables				
Third parties	2,522,395	10,278,760	474,543	1,906,714
Advances	107,770	439,163	2,688	10,800
Deposits	100,870	411,045	3,897	15,658
Other receivables	193,647	789,112	62,165	249,780
	<u>2,924,682</u>	<u>11,918,080</u>	<u>543,293</u>	<u>2,182,952</u>
Total receivables	<u>6,594,570</u>	<u>26,872,873</u>	<u>2,864,474</u>	<u>11,509,457</u>
Prepayments	<u>344,225</u>	<u>1,402,717</u>	<u>308,064</u>	<u>1,237,801</u>
	<u>6,938,795</u>	<u>28,275,590</u>	<u>3,172,538</u>	<u>12,747,258</u>

- Total receivables are classified as financial assets measured at amortised cost.
- Trade receivables are non-interest bearing and the normal trade credit terms granted by PPAP is 30 days (2018: 30 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- Trade and other receivables are denominated in US\$.
- For impairment of trade receivables that do not contain a significant financing component, PPAP applies the CIFRS 9 simplified approach to measuring expected credit loss using a lifetime credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on PPAP's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting PPAP's customers.

Lifetime expected loss provision for trade receivables as at 31 December 2019 are as follows:

	1-30 days	31-60 days	61-90 days	91-120 days	121- 150 days	151- 180 days	Over 180 days	Total US\$
31 December 2019								
Expected loss rate	5.13%	7.24%	15.93%	26.75%	44.79%	96.49%	100.00%	
Gross carrying amount (US\$)	2,009,536	1,010,339	861,328	92,161	51,261	30,957	129,170	4,184,751
Impairment (US\$)	97,825	73,148	137,234	24,656	22,959	29,872	129,170	514,863

8. TRADE AND OTHER RECEIVABLES (continued)

- (d) Lifetime expected loss provision for trade receivables as at 31 December 2019 are as follows: (continued)

	1-30 days	31-60 days	61-90 days	91-120 days	121- 150 days	151- 180 days	Over 180 days	Total US\$
31 December 2018								
Expected loss rate	5.23%	7.47%	16.51%	26.82%	39.76%	80.15%	100%	
Gross carrying amount (US\$)	1,212,174	766,719	437,615	71,598	72,647	-	104,359	2,665,112
Impairment (US\$)	63,043	57,006	71,433	19,204	28,886	-	104,359	343,931

During the financial year, PPAP did not renegotiate the terms of any trade receivables.

- (e) Movements in the impairment allowance for trade receivables are as follows:

	2019 US\$	2018 US\$
At 1 January under CIAS 39	343,931	-
Restated through opening retained earnings	-	458,818
Opening impairment loss of trade receivables in accordance with CIFRS 9	343,931	458,818
Charge for the financial year	173,814	-
Reversal of impairment loss	(2,882)	(114,887)
At 31 December	<u>514,863</u>	<u>343,931</u>

- (f) Impairment for other receivables 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.

9. DEFERRED TAX

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

	At 1 January 2019 US\$	Recognised in profit or loss (Note 24) US\$	At 31 December 2019 US\$
Property, plant and equipment	(2,038,447)	(226,581)	(2,265,028)
Retirement benefit obligation	124,192	(1,507)	122,685
Deferred income	2,970,000	(53,798)	2,916,202
Impairment loss on receivables	68,786	34,187	102,973
Unrealised exchange differences	1,469	163	1,632
	<u>1,126,000</u>	<u>(247,536)</u>	<u>878,464</u>
			<u>3,579,741</u>

(KHR'000 equivalent)

	At 1 January 2018 US\$	Recognised in profit or loss (Note 24) US\$	At 31 December 2018 US\$
Property, plant and equipment	(1,526,814)	(511,633)	(2,038,447)
Retirement benefit obligation	107,654	16,538	124,192
Deferred income	3,797	2,966,203	2,970,000
Impairment loss on receivables	-	68,786	68,786
Unrealised exchange differences	1,067	402	1,469
	<u>(1,414,296)</u>	<u>2,540,296</u>	<u>1,126,000</u>
			<u>4,524,268</u>

(KHR'000 equivalent)

10. CASH AND BANK BALANCES

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	4,833	19,694	6,332	25,442
Cash at banks	6,647,685	27,089,317	3,426,195	13,766,452
Fixed deposits	19,332,390	78,779,489	20,562,883	82,621,663
			<u>23,995,410</u>	<u>96,413,557</u>
As stated in statement of financial position	25,984,908	105,888,500	23,995,410	96,413,557
Less:				
Fixed deposits (maturity more than three months)	<u>(16,200,000)</u>	<u>(66,015,000)</u>	<u>(15,000,000)</u>	<u>(60,270,000)</u>
As stated in statement of cash flows	<u>9,784,908</u>	<u>39,873,500</u>	<u>8,995,410</u>	<u>36,143,557</u>

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Fixed deposits with a licensed bank of PPAP have maturity period ranging from 1 to 240 months (2018: 1 to 6 months).

10. CASH AND BANK BALANCES (continued)

(c) The currency exposure profile of cash and bank balances is as follows:

	2019	2018
	US\$	US\$
United States Dollar	25,741,236	23,765,625
Khmer Riel	<u>243,672</u>	<u>229,785</u>
	<u><u>25,984,908</u></u>	<u><u>23,995,410</u></u>

(d) Weighted average effective interest rate of deposits with a licensed bank of PPAP as at the end of each reporting period are as follows:

	2019	2018
	%	%
Fixed rates	<u>6.62</u>	<u>7.75</u>

11. SHARE CAPITAL

	2019		2018	
	Number	US\$	Number	US\$
Voting shares of US\$1 each:				
Class A	4,136,873	4,136,873	4,136,873	4,136,873
Class B	<u>16,547,492</u>	<u>16,547,492</u>	<u>16,547,492</u>	<u>16,547,492</u>
	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>
Non-voting shares of US\$1 each:				
Class C	<u>93,769,120</u>	<u>93,769,120</u>	<u>93,769,120</u>	<u>93,769,120</u>
	<u>114,453,485</u>	<u>114,453,485</u>	<u>114,453,485</u>	<u>114,453,485</u>
<i>(KHR'000 equivalent)</i>		<u><u>457,813,940</u></u>		<u><u>457,813,940</u></u>

Share capital of US\$114,453,485 is divided into 114,453,485 shares at KHR4,000 (equivalent to US\$1) each, divided into three classes:

- 4,136,873 Class A (Voting) shares (3.61%) with a total value of US\$4,136,873 (equivalent to KHR16,547,492,000)
- 16,547,492 Class B (Voting) shares (14.46%) with a total value of US\$16,547,492 (equivalent to KHR66,189,968,000)
- 93,769,120 Class C (Non-voting) shares (81.93%) with a total value of US\$93,769,120 (equivalent to KHR375,076,480,000).

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

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

The owners of shares in Class A and Class B are entitled to receive dividends as and when declared by PPAP and are entitled to one vote per ordinary share at meetings of PPAP. All ordinary shares rank pari passu with regard to PPAP’s residual assets.

12. SHARE PREMIUM

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

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

13. RESERVES

	Legal reserve US\$	General reserve US\$	Development fund US\$	Total US\$
As at 1 January 2019	1,063,403	1,063,403	16,548,336	18,675,142
Transfer from retained earnings	<u>405,037</u>	<u>405,037</u>	<u>6,166,203</u>	<u>6,976,277</u>
As at 31 December 2019	<u>1,468,440</u>	<u>1,468,440</u>	<u>22,714,539</u>	<u>25,651,419</u>
<i>(KHR'000 equivalent)</i>	<u><u>5,983,893</u></u>	<u><u>5,983,893</u></u>	<u><u>92,561,746</u></u>	<u><u>104,529,532</u></u>
As at 1 January 2018	795,311	795,311	12,355,661	13,946,283
Transfer from retained earnings	<u>268,092</u>	<u>268,092</u>	<u>4,192,675</u>	<u>4,728,859</u>
As at 31 December 2018	<u>1,063,403</u>	<u>1,063,403</u>	<u>16,548,336</u>	<u>18,675,142</u>
<i>(KHR'000 equivalent)</i>	<u><u>4,272,753</u></u>	<u><u>4,272,753</u></u>	<u><u>66,491,215</u></u>	<u><u>75,036,721</u></u>

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

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

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

14. TRADE AND OTHER PAYABLES

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Other payable				
Deposit	31,243	127,315	-	-
Current				
Trade payables				
Third parties	1,060,640	4,322,108	494,259	1,985,933
Other payables				
Interest payable	361,556	1,473,341	397,665	1,597,818
Deposits	438,825	1,788,212	350,579	1,408,626
Guaranteed dividends payable	259,887	1,059,040	263,574	1,059,040
Deferred income	31,012	126,374	-	-
Other tax payables	138,740	565,365	118,807	477,367
Other payables	1,048,392	4,272,197	1,067,066	4,287,471
	<u>2,278,412</u>	<u>9,284,529</u>	<u>2,197,691</u>	<u>8,830,322</u>
	<u>3,339,052</u>	<u>13,606,637</u>	<u>2,691,950</u>	<u>10,816,255</u>

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the PPAP range from one to two months (2018: one to two months).
- (c) Guaranteed dividends payable is in respect of minimum guaranteed dividend yield of 5% per year based on the IPO price for the period of at least five years, starting from 2016 to 2020. The present value of these guaranteed dividends amounting to US\$936,145 is expected to be paid over five years to Class A shareholders.
- (d) The currency exposure profile of trade and other payables is as follows:

	2019	2018
	US\$	US\$
United States Dollar	1,975,802	1,373,296
Khmer Riel	<u>1,363,250</u>	<u>1,318,654</u>
	<u>3,339,052</u>	<u>2,691,950</u>

- (e) Maturity profile of trade and other payables of PPAP at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year, except the non-current deposit as recorded above.

15. BORROWINGS

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Phnom Penh Port – New Container Terminal Project (“PPPNCTP”) or Phnom Penh Port LM17	22,769,715	92,786,589	24,839,689	99,805,870
Current				
PPPNCTP or Phnom Penh Port LM17	2,069,974	8,435,144	2,069,974	8,317,156
	24,839,689	101,221,733	26,909,663	108,123,026

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

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

- (b) Borrowings are classified as financial liabilities measured at amortised cost.
- (c) The borrowings are repayable twice per year, on 20 February and 20 August, commencing February 2018.
- (d) Fair values of the borrowings of PPAP are categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

Valuation techniques used and key inputs to valuation on the borrowings measured at level 3 are described below:

Financial liability	Valuation technique used	Significant unobservable input	Inter-relationship Between key unobservable inputs and fair value
Borrowings	Discounted cash flow method	8.00%	The higher the discount rate, the lower the fair value of the financial liability would be

- (e) Borrowings that are not carried at fair values and whose carrying amounts do not approximate of fair values are as follows:

	2019		2018	
	Carrying amount US\$	Fair value US\$	Carrying amount US\$	Fair value US\$
Borrowings (fixed rates)	24,839,689	22,999,722	26,909,663	24,916,366

15. BORROWINGS (continued)

- (f) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of PPAP that are exposed to interest rate risk:

31 December 2019	Weighted average effective interest rate per annum %	Within 1 year US\$	1 - 2 years US\$	2 - 5 years US\$	More than 5 years US\$	Total US\$
Borrowings						
Fixed rates	4.00	2,069,974	2,069,974	6,209,922	14,489,819	24,839,689
31 December 2018						
Borrowings						
Fixed rates	4.00	2,069,974	2,069,974	6,209,922	16,559,793	26,909,663

- (g) The table below summarises the maturity profile of the borrowings of PPAP at the end of each reporting period based on contractual undiscounted repayment obligations as follows:

31 December 2019	On demand or within 1 year US\$	1 - 2 years US\$	More than 5 years US\$	Total US\$
Borrowings	3,042,862	11,343,458	16,663,291	31,049,611
31 December 2018				
Borrowings	3,125,661	11,674,654	19,374,957	34,175,272

- (h) Borrowings are denominated in US\$.

16. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS

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

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Defined benefits obligation				
Present value of defined benefits obligation	613,427	2,499,715	620,961	2,495,022
Fair value of plan asset	-	-	-	-
	613,427	2,499,715	620,961	2,495,022
Other benefits				
National Social Security Funds of Civil	49,088	200,034	23,683	95,158
Liability recognised in statement of financial position	662,515	2,699,749	644,644	2,590,180

16. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	2019	2018
	US\$	US\$
Balance at 1 January	620,961	597,461
Current service cost	48,709	41,288
Interest cost	35,885	36,120
Past service costs	15,937	-
Benefits paid	(17,534)	(17,755)
Re-measurement	(90,531)	(36,153)
	<u>613,427</u>	<u>620,961</u>
<i>(KHR'000 equivalent)</i>	<u>2,499,715</u>	<u>2,495,022</u>

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

	2019	2018
	US\$	US\$
Balance at 1 January	23,683	21,818
Benefits paid	-	(21,818)
Additional expenses	25,405	23,683
	<u>49,088</u>	<u>23,683</u>
<i>(KHR'000 equivalent)</i>	<u>200,034</u>	<u>95,158</u>

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

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Defined benefit obligation				
Current service costs	48,709	197,369	41,288	167,010
Interest costs	35,885	145,406	36,120	146,105
Past service cost	15,937	64,577	-	-
Other benefits				
Additional expenses	25,405	102,941	23,683	95,798
	<u>125,936</u>	<u>510,293</u>	<u>101,091</u>	<u>408,913</u>

(a) Defined benefit obligation

The principal actuarial assumptions are as follows:

Discount rate (i)	6.00% (2018: 6.00%)
Salary growth rate	19% (2018: 20%) per annum, and gradually decreasing to 5% per annum by 2034 for both of their basic and total salary
Mortality rate (ii)	Thailand Mortality Ordinary Life Table 2017
Disability rate	10% (2018: 10%) of mortality rate
Turnover rate	1.1% (2018: 1.1%)

16. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS (continued)

(a) Defined benefit obligation (continued)

(i) Discount rate

As information on Cambodian corporate or government bonds are not readily available, PPAP has analysed the average long term deposit rates of major banks in Cambodia.

(ii) Mortality rate

Assumptions regarding future mortality are based on published statistics and mortality tables. As standard life tables are not available for Cambodia, PPAP used the standard Thailand Mortality Ordinary Life Table 2017 (TM2017) without modification (see below for comparison). The rates are published as a standard table TM2017. As those employed the formal sector are likely to experience better mortality than the general population, an allowance for this has been made.

Life expectancy at birth in Cambodia

Males	61 years old
Females	64 years old

Life expectancy at birth for proposed TM2017

Males	66 years old
Females	74 years old

Sensitivity analysis

- 0.25% decrease in discount rate results in a 2.27% increase in defined benefit plan obligation. 0.25% increase in discount rate results in a 2.19% decrease in defined benefit plan obligation.
- 0.50% decrease in salary increase rate results in a 4.06% decrease in defined benefit obligation. 0.50% increase in salary increase rate results in a 4.33% increase in defined benefit obligations.

(b) Other benefits

PPAP has paid an amount equal 3% of monthly basic salary to National Social Security Funds of Civil (“NSSFC”) annually. After retirement employees will get monthly retirements from NSSFC.

17. CONTRACT LIABILITIES

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Deferred income	14,250,000	58,068,750	14,625,000	58,763,250
Current				
Deferred income	300,000	1,222,500	225,000	904,050

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

17. CONTRACT LIABILITIES (continued)

- (b) Income expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period is US\$300,000 annually.

18. COMMITMENTS

- (a) Operating lease commitments

PPAP as lessee

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

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Not later than one year	-	-	2,324	9,338
Later than one year and not later than five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,324</u>	<u>9,338</u>

- (b) Capital commitments

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Capital expenditure in respect of purchase of property, plant and equipment:				
Contracted but not provided	<u>990,809</u>	<u>4,037,547</u>	<u>478,824</u>	<u>1,923,915</u>

19. REVENUE

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Stevedoring	11,321,971	45,876,626	8,746,104	35,377,991
Lift On Lift Off ("LOLO")	9,316,560	37,750,701	7,350,987	29,734,742
Port dues and charges	4,143,537	16,789,612	3,413,797	13,808,809
Gate fees	732,107	2,966,498	787,397	3,185,021
Storage fees	1,155,914	4,683,764	369,893	1,496,217
Weighting fee	1,369	5,547	6,735	27,243
Stuffing/Unstuffing	25,750	104,339	14,300	57,844
Sand dredging management fee	87,546	354,736	31,346	126,795
Trucking fee	210,466	852,808	2,143	8,668
Repair and maintenance services	-	-	226	914
Logistic services	194,891	789,699	-	-
	<u>27,190,111</u>	<u>110,174,330</u>	<u>20,722,928</u>	<u>83,824,244</u>

19. REVENUE (continued)

Revenue from services rendered is recognised over time as the performance obligations are being satisfied which coincides with the delivery of services and acceptance by customers.

There is no significant financing component in the revenue arising from services rendered as the services are provided on the normal credit terms not exceeding twelve months.

20. COST OF SERVICES

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Crane charges	2,264,540	9,175,916	1,735,800	7,021,311
Depreciation	2,724,435	11,039,411	2,619,677	10,596,593
Fuel and gasoline	932,262	3,777,526	838,790	3,392,906
Salaries and wages	1,549,419	6,278,246	1,361,010	5,505,285
Maintenance costs	690,505	2,797,926	510,556	2,065,197
Sand dredging management cost	21,000	85,092	6,608	26,731
Repair and maintenance container fee	-	-	177	716
Logistic costs	148,882	603,270	-	-
Others	252,201	1,021,918	162,164	655,954
	<u>8,583,244</u>	<u>34,779,305</u>	<u>7,234,782</u>	<u>29,264,693</u>

21. OTHER INCOME

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Rental income	972,224	3,939,452	657,553	2,659,802
Interest income from:				
- deposits with financial institutions	1,363,776	5,526,020	615,501	2,489,702
- lease receivables	142,906	579,055	-	-
Unwinding effect of long term deposit	118,757	481,203	-	-
Reversal of impairment loss on receivables	2,882	11,678	114,887	464,718
Income from net investment in subleases	1,408,262	5,706,278	-	-
Others	112,346	455,226	69,717	282,005
	<u>4,121,153</u>	<u>16,698,912</u>	<u>1,457,658</u>	<u>5,896,227</u>

(a) Rental income

Rental income is recognised on a straight-line basis over the lease term of an ongoing lease.

(b) Interest income

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

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Salaries and other benefits	3,771,593	15,282,495	3,503,802	14,172,879
Utilities and fuel	456,132	1,848,247	440,079	1,780,120
Depreciation	395,522	1,602,655	343,577	1,389,769
Board of Directors' fee	208,787	846,005	209,197	846,202
Donation	454,737	1,842,594	492,168	1,990,820
Office supplies	159,163	644,928	91,348	369,503
Business entertainment	304,781	1,234,973	216,254	874,747
Repair and maintenance	190,634	772,449	146,744	593,579
Communication expenses	60,712	246,005	59,578	240,993
Professional fees	86,943	352,293	39,057	157,986
Travelling expenses	103,122	417,850	56,604	228,963
Other tax expenses	37,088	150,281	67,669	273,721
Impairment loss on receivables	173,814	704,294	-	-
Property, plant and equipment written off	66,182	268,169	8,768	35,467
Investment properties written off	184,151	746,180	-	-
Loss on disposal of property, plant and equipment	-	-	52,246	211,335
Other expenses	270,539	1,096,225	366,181	1,481,201
	6,923,900	28,055,643	6,093,272	24,647,285

23. FINANCE COSTS

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Interest expense on:				
- borrowings	1,019,577	4,131,326	1,094,729	4,428,179
- lease liabilities	95,270	386,034	-	-
Unwinding effect of:				
- long term deposit	237,513	962,403	-	-
- guaranteed dividend	52,869	214,225	75,498	305,389
	1,405,229	5,693,988	1,170,227	4,733,568

24. TAXATION

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current year	2,585,009	10,474,456	2,181,020	8,822,226
Under/(Over) provision in prior year	14,953	60,590	(59,157)	(239,290)
	<u>2,599,962</u>	<u>10,535,046</u>	<u>2,121,863</u>	<u>8,582,936</u>
Deferred tax expense (Note 9):				
Origination and reversal of temporary differences	247,536	1,003,016	(2,674,222)	(10,817,228)
Under provision in prior year	-	-	133,926	541,731
	<u>247,536</u>	<u>1,003,016</u>	<u>(2,540,296)</u>	<u>(10,275,497)</u>
	<u>2,847,498</u>	<u>11,538,062</u>	<u>(418,433)</u>	<u>(1,692,561)</u>

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

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

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Profit before tax	<u>14,398,891</u>	<u>58,344,306</u>	<u>7,682,305</u>	<u>31,074,924</u>
Tax at Cambodian statutory tax rate of 20% (2018: 20%)	2,879,778	11,668,860	1,536,461	6,214,985
Tax effects in respect of:				
Non-allowable expenses	(47,233)	(191,388)	151,357	612,239
Tax incentives and allowances	-	-	(2,181,020)	(8,822,226)
Under/(Over) provision in prior year:				
Income tax	14,953	60,590	(59,157)	(239,290)
Deferred tax	-	-	133,926	541,731
Total taxation	<u>2,847,498</u>	<u>11,538,062</u>	<u>(418,433)</u>	<u>(1,692,561)</u>

25. EARNINGS PER SHARE

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	11,641,924	47,173,076	8,136,891	32,913,725
Weighted average number of ordinary shares in issue	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>
Basic earnings per share	0.56	2.28	0.39	1.59
Diluted earnings per share	<u>0.56</u>	<u>2.28</u>	<u>0.39</u>	<u>1.59</u>

25. EARNINGS PER SHARE (continued)

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

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

26. DIVIDENDS

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

- Shareholders in Class A is entitled to the total guaranteed dividend of US\$263,574 (equivalent to KHR1,059,039,000) and the additional dividend of US\$79,131 (equivalent to KHR317,712,000) on the top of total guaranteed dividend.
- Shareholders in Class B is entitled to total dividend of US\$622,665 (equivalent to KHR2,500,000,000).

These dividends were paid on 10 April 2019.

27. RELATED PARTY DISCLOSURES

- (a) Parties are considered related to PPAP if PPAP 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 PPAP and the party are subject to common control or common significant influence. Related parties can be individuals or other parties.

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

- (b) PPAP had the following transactions with related parties during the financial year.

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	1,019,577	4,131,326	1,094,729	4,428,179
Interest paid	1,055,686	4,277,640	1,138,486	4,605,176
Payment of principal and interest	2,069,974	8,387,535	2,069,974	8,373,045
MEF and MPWT				
Donation and charities	34,035	137,910	41,813	169,134

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

- (c) Compensation of key management personnel

Key management compensation during the financial period is as follows:

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Short term employee benefits	208,787	846,005	209,197	846,202

28. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

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

PPAP 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, PPAP 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 2019 and 31 December 2018.

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

(b) Financial risk management

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

The Directors are responsible for setting the objectives and underlying principles of financial risk management for PPAP. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principles approved by the Directors.

PPAP is exposed mainly to interest rate risk, credit risk and liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

(i) Interest rate risk

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

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

Sensitivity analysis for interest rate risk

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

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Profit net of tax				
- Increased by 0.1% (2018: 0.1%)	4,406	17,852	(9,528)	(38,540)
- Decreased by 0.1% (2018: 0.1%)	(4,406)	(17,852)	9,528	38,540

28. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management

(ii) Credit risk

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

PPAP's primary exposure to credit risk arises through its trade receivables from its customers. PPAP controls the credit risk on service rendered by ensuring that its customers have sound financial position and credit history. PPAP also seeks to invest cash assets safely and profitably with approved financial institutions.

PPAP determines a financial asset to be in default when contractual payments are past due and when internal or external information indicates that financial asset is not recoverable. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Exposure to credit risk and credit risk concentration profile

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

At the end of the reporting period, approximately 82% (2018: 91%) of PPAP's trade receivables were due from seven (2018: four) major customers.

PPAP does not anticipate the carrying amounts recorded at the end of each reporting period to be significantly different from the values that would eventually be received.

(iii) Liquidity and cash flow risk

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

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

29. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the PPAP's decision makers. Those whom is responsible for allocating resources to and assessing the performance of the operating segments has been identified as the key management team. PPAP operates in one operating segment being port related business.

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

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

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

31. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The World Health Organisation declared the 2019 Novel Coronavirus infection (“COVID-19”) a pandemic on 11 March 2020. Since this development occurred subsequent to the end of the reporting period, the COVID-19 pandemic is treated as a non-adjusting event in accordance with CÍAS 10 *Events after the Reporting Period*. Consequently, the financial statements for the financial year ended 31 December 2019 do not reflect the effects arising from this non-adjusting event.

PPAP is in the process of assessing the financial reporting impact of COVID-19 pandemic since ongoing developments remain uncertain and cannot be reasonably predicted as at the date of authorisation of the financial statements.

PPAP anticipates that the potential financial reporting impact of COVID-19 would be recognised in the financial statements of PPAP during the financial year ending 31 December 2020.

32. TAXATION CONTINGENCIES

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

33. COMPARATIVE FIGURES

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

	As restated		As previously stated	
	US\$	KHR’000	US\$	KHR’000
Statement of cash flows				
Net cash from operating activities	24,299,298	98,290,661	24,385,738	98,640,311
Net cash used in investing activities	(7,944,753)	(32,136,526)	(8,031,193)	(32,486,176)

34. ADOPTION OF NEW CIFRSs

34.1 New CIFRSs adopted during the current financial year

PPAP adopted the following amendments, accounting standards and interpretations during the financial year.

	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

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

CIFRS 16 *Leases*

CIFRS 16 supersedes CIAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. CIFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under CIFRS 16 is substantially unchanged from CIAS 17. Lessors would continue to classify leases as either operating or finance leases using similar principles as in CIAS 17. Therefore, CIFRS 16 does not have a material impact for leases for which PPAP is the lessor.

The impact on adoption of CIFRS 16 *Leases* during the current financial year is disclosed in Note 7 to the financial statements.

34. ADOPTION OF NEW CIFRSs (continued)

34.2 New CIFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

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

	Effective Date
Amendments to <i>References to the Conceptual Framework in CIFRS Standards</i>	1 January 2020
Amendments to CIFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to CIAS 1 and CIAS 8 <i>Definition of Material</i>	1 January 2020
Amendments to CIFRS 9, CIAS 39 and CIFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
CIFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to CIFRS 10 and CIAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

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

Amendments to *References to the Conceptual Framework in CIFRS Standards*

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

Amendments to CIFRS 3 *Definition of a Business*

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

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

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

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

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

34. ADOPTION OF NEW CIFRSs (continued)

34.2 New CIFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020 (continued)

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

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

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

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

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

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

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

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.

34. ADOPTION OF NEW CIFRSs (continued)

34.2 New CIFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020 (continued)

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

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