

PHNOM PENH AUTONOMOUS PORT

**Condensed Interim Financial Information
for the three-month period
ended 31 March 2016 and
Report of the Independent Auditors**

Corporate information

Company	Phnom Penh Autonomous Port
Registration No	Co.7175 Et/2004
Registered office	No. 649, Preah Sisowat Quay Sangkat Sras Chork Khan Daun Penh, Phnom Penh Kingdom of Cambodia
Majority shareholder	Ministry of Economy and Finance
Board of Directors	H.E. Hei Bavy, Chairman and Chief Executive Officer H.E. Suon Rachana, Member representing MPWT H.E. Ly Sivanna, Member representing Council of Ministers H.E. Ken Sambath, Member representing MEF H.E. Penn Sovicheat, Member representing MOC H.E. Proum Sokhany, Member representing PPAP employees Mr. Hout Hay, Member representing Municipality of Phnom Penh
Management team	H.E. Hei Bavy, Chief Executive Officer H.E. Kim Sen, Deputy Director General of Administration/Finance H.E. Proum Sokhany, Deputy Director General of Technique Mr. Hiek Phirun, Deputy Director General of Maritime Service/Traffic H.E. Nem Thim, Deputy Director General of Operation Mrs. Hei Phanin, Head of Planning/Marketing Department Mr. Keo Sophanara, Head of Internal Audit Department Mrs. Chuon Sokhem, Head of Administration Department Mr. Kong Sothea, Head of Personnel/HR Department Ms. Chheav Vanthea, Head of Accounting/Finance Department Mr. Koy Bunthorn, Head of Engineer Department Mr. Chiep Viraya, Head of Hydrographic Department Mr. Yim Choeurn, Head of Harbour Department Mr. Soy Sereysovathanak, Head of Commercial Zone/Domestic Port Department Mr. Tol Sokhom, Head of TS3 Operation Department Mr. Chui Vichet, Head of LM17 Operation Department Mr. Kong Channy, Manager of Secretariat Mr. Mam Rithy, State Controller
Principal bankers	Foreign Trade Bank of Cambodia ANZ Royal Bank (Cambodia) Ltd. Canadia Bank Plc. Advanced Bank of Asia Limited Bank of China Limited
Auditor	KPMG Cambodia Ltd

Phnom Penh Autonomous Port

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Statement by the management

We do hereby state that, in our opinion, the accompanying condensed interim financial information of Phnom Penh Autonomous Port as at and for the three-month period ended 31 March 2016 as set out on pages 3 to 22 is presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34, "Interim Financial Reporting".

Signed on behalf of the management,



Hei Bavy

Delegate of Royal Government in charge as Chairman and CEO

Phnom Penh, Kingdom of Cambodia

Date: 18 MAY 2016



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Report of the independent auditors To the shareholders Phnom Penh Autonomous Port

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Phnom Penh Autonomous Port (“PPAP”) as at 31 March 2016, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the condensed interim financial information as set out on pages 3 to 22 (“the condensed interim financial information”). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with Cambodian International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 31 March 2016 is not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, “Interim Financial Reporting”.

For KPMG Cambodia Ltd



Nge Huy
Partner

Phnom Penh, Kingdom of Cambodia

18 May 2016

Phnom Penh Autonomous Port

Condensed interim statement of financial position As at 31 March 2016

	Note	As at 31 March 2016		As at 31 December 2015	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
ASSETS					
Non-current assets					
Property, plant and equipment	5	140,480,354	565,152,464	140,013,553	568,455,025
Investment properties		7,895,322	31,762,880	7,907,653	32,105,071
		<u>148,375,676</u>	<u>596,915,344</u>	<u>147,921,206</u>	<u>600,560,096</u>
Current assets					
Trade and other receivables	6	2,083,639	8,382,480	2,913,180	11,827,511
Cash and cash equivalents	7	9,483,387	38,151,666	8,749,221	35,521,837
		<u>11,567,026</u>	<u>46,534,146</u>	<u>11,662,401</u>	<u>47,349,348</u>
Total assets		<u><u>159,942,702</u></u>	<u><u>643,449,490</u></u>	<u><u>159,583,607</u></u>	<u><u>647,909,444</u></u>
EQUITY AND LIABILITIES					
Equity					
Share capital	8	110,316,612	443,803,730	110,316,612	447,885,445
Other capital	8	3,356,230	13,502,113	4,292,375	17,427,043
Legal reserves		590,941	2,377,356	431,780	1,753,027
General reserves		590,941	2,377,356	431,780	1,753,027
Development fund		10,687,520	42,995,893	7,822,617	31,759,825
Retained earnings		850,666	3,422,229	3,160,025	12,829,702
Total equity		<u>126,392,910</u>	<u>508,478,677</u>	<u>126,455,189</u>	<u>513,408,069</u>
Liabilities					
Non-current liabilities					
Guaranteed dividends payable		799,571	3,216,674	-	-
Borrowings	9	28,979,637	116,585,080	28,979,637	117,657,326
Provision for retirement benefits	10	564,053	2,269,185	525,192	2,132,280
Deferred tax liabilities, net	11	1,091,125	4,389,596	1,082,617	4,395,425
		<u>31,434,386</u>	<u>126,460,535</u>	<u>30,587,446</u>	<u>124,185,031</u>

The accompanying notes form an integral part of this condensed interim financial information.

Phnom Penh Autonomous Port

Condensed interim statement of financial position (continued) As at 31 March 2016

	Note	As at 31 March 2016		As at 31 December 2015	
		US\$	KHR'000	US\$	KHR'000
			(Note 4)		(Note 4)
Current liabilities					
Trade and other payables	12	1,816,799	7,308,982	1,900,091	7,714,367
Guaranteed dividends payable		177,841	715,454	-	-
Provision for income tax	11	120,766	485,842	640,881	2,601,977
		<u>2,115,406</u>	<u>8,510,278</u>	<u>2,540,972</u>	<u>10,316,344</u>
		<u>33,549,792</u>	<u>134,970,813</u>	<u>33,128,418</u>	<u>134,501,375</u>
Total equity and liabilities		<u><u>159,942,702</u></u>	<u><u>643,449,490</u></u>	<u><u>159,583,607</u></u>	<u><u>647,909,444</u></u>

The accompanying notes form an integral part of this condensed interim financial information.

Phnom Penh Autonomous Port

Condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2016

	Note	Three-month period ended 31 March 2016		Three-month period ended 31 March 2015	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	13	3,900,664	15,692,371	3,526,767	14,258,719
Cost of sales and services	14	(1,355,392)	(5,452,742)	(1,390,272)	(5,620,870)
Gross profit		<u>2,545,272</u>	<u>10,239,629</u>	<u>2,136,495</u>	<u>8,637,849</u>
Other income		165,264	664,857	82,813	334,813
General administration and selling expenses	15	(1,309,665)	(5,268,782)	(893,148)	(3,610,998)
Net operating income		<u>1,400,871</u>	<u>5,635,704</u>	<u>1,326,160</u>	<u>5,361,664</u>
Finance costs		(295,437)	(1,188,543)	(289,796)	(1,171,645)
Profit before income tax		<u>1,105,434</u>	<u>4,447,161</u>	<u>1,036,364</u>	<u>4,190,019</u>
Income tax expense	11	(198,319)	(797,837)	(319,938)	(1,293,509)
Net profit for the period		<u>907,115</u>	<u>3,649,324</u>	<u>716,426</u>	<u>2,896,510</u>
Other comprehensive income					
Re-measurements of defined benefit liability		(33,249)	(133,761)	46,909	189,653
		<u>873,866</u>	<u>3,515,563</u>	<u>763,335</u>	<u>3,086,163</u>

The earnings per share attributable to shareholders of the Phnom Penh Autonomous Port for the three-month period ended 31 March 2016 are as follows:

Basic earnings per share	0.04	0.16
Diluted earnings per share	0.04	0.16

The accompanying notes form an integral part of this condensed interim financial information.

Phnom Penh Autonomous Port

Condensed interim statement of changes in equity for the three-month period ended 31 March 2016

	Share capital US\$	Legal reserves US\$	General reserves US\$	Development fund US\$	Retained earnings US\$	Total US\$
At 1 January 2015	26,777,872	349,143	349,143	6,335,151	85,655,817	119,467,126
<i>Transaction with owners of PPAP</i>						
Dividends paid	-	-	-	-	(492,368)	(492,368)
<i>Total comprehensive incomes</i>						
Net profit for the period	-	-	-	-	716,426	716,426
Other comprehensive income	-	-	-	-	46,909	46,909
Transfers	-	82,637	82,637	1,487,467	(1,652,741)	-
	-	82,637	82,637	1,487,467	(889,406)	763,335
At 31 March 2015	<u>26,777,872</u>	<u>431,780</u>	<u>431,780</u>	<u>7,822,618</u>	<u>84,274,043</u>	<u>119,738,093</u>
At 31 March 2015 (KHR'000 – Note 4)	<u>108,262,936</u>	<u>1,745,687</u>	<u>1,745,687</u>	<u>31,626,845</u>	<u>340,719,955</u>	<u>484,101,110</u>

The accompanying notes form an integral part of this condensed interim financial information.

Phnom Penh Autonomous Port

Condensed interim statement of changes in equity (continued) for the three-month period 31 March 2016

	Share capital US\$	Other capital US\$	Legal reserves US\$	General reserves US\$	Development fund US\$	Retained earnings US\$	Total US\$
At 1 January 2016	110,316,612	4,292,375	431,780	431,780	7,822,617	3,160,025	126,455,189
<i>Transaction with owners of PPAP</i>							
Guaranteed dividends payable	-	(936,145)	-	-	-	-	(936,145)
<i>Total comprehensive incomes</i>							
Net profit for the period	-	-	-	-	-	907,115	907,115
Other comprehensive income	-	-	-	-	-	(33,249)	(33,249)
Transfers	-	-	159,161	159,161	2,864,903	(3,183,225)	-
	-	-	159,161	159,161	2,864,903	(2,309,359)	873,866
At 31 March 2016	110,316,612	3,356,230	590,941	590,941	10,687,520	850,666	126,392,910
At 31 March 2016 (KHR'000 – Note 4)	443,803,730	13,502,113	2,377,356	2,377,356	42,995,893	3,422,229	508,478,677

The accompanying notes form an integral part of this condensed interim financial information.

Phnom Penh Autonomous Port

Condensed interim statement of cash flows for the three-month period ended 31 March 2016

	Three-month period ended 31 March 2016		Three-month period ended 31 March 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Operating activities				
Net profit for the year	907,115	3,649,324	716,426	2,896,510
Adjustments for:				
Income tax expense	198,319	797,837	319,938	1,293,509
Depreciation of property, plant and equipment and investment property	587,638	2,364,067	570,882	2,308,076
Property, plant and equipment written off	14,092	56,692	-	-
Foreign exchange difference	12,799	51,490	-	-
Provision for retirement benefits	24,149	97,151	25,196	101,867
Finance costs	295,437	1,188,543	289,796	1,171,645
	<u>2,039,549</u>	<u>8,205,104</u>	<u>1,922,238</u>	<u>7,771,607</u>
Changes in:				
Trade and other receivables	829,541	3,337,244	(264,178)	(1,068,072)
Trade and other payables	229,330	922,596	(357,636)	(1,445,921)
	<u>3,098,420</u>	<u>12,464,944</u>	<u>1,300,424</u>	<u>5,257,614</u>
Interest paid	(579,591)	(2,331,695)	(579,594)	(2,343,299)
Income tax paid	(709,926)	(2,856,032)	(151,053)	(610,707)
Employee benefit paid	(18,537)	(74,574)	(22,642)	(91,542)
Net cash generated from operating activities	<u>1,790,366</u>	<u>7,202,643</u>	<u>547,135</u>	<u>2,212,066</u>
Investing activities				
Purchase of property, plant and equipment	(1,056,200)	(4,249,093)	(41,058)	(165,997)
Net cash used in investing activities	<u>(1,056,200)</u>	<u>(4,249,093)</u>	<u>(41,058)</u>	<u>(165,997)</u>
Net increase in cash and cash equivalents	<u>734,166</u>	<u>2,953,550</u>	<u>506,077</u>	<u>2,046,069</u>
Cash and cash equivalents at 1 January	<u>8,749,221</u>	<u>35,198,116</u>	<u>1,820,910</u>	<u>7,361,939</u>
Cash and cash equivalents at 31 March (Note 7)	<u><u>9,483,387</u></u>	<u><u>38,151,666</u></u>	<u><u>2,326,987</u></u>	<u><u>9,408,008</u></u>

The accompanying notes form an integral part of this condensed interim financial information.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information for the three-month period ended 31 March 2016

1. Reporting entity

Phnom Penh Autonomous Port (“PPAP”) was incorporated in the Kingdom of Cambodia under the Sub-Decree number 51 អនក្រឹត្យ dated 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”). On 9 December 2015, PPAP was listed on the Cambodia Securities Exchange (“CSX”) with the securities listing certificate number 003 CSX/SC and became a mixed public-private enterprise.

PPAP has objectives and obligations as follows:

- Provide pilotage and logistic service for vessel in - out of Cambodia;
- Handle, load/discharge and transport cargos;
- Dredging service for business and maintenance of navigation channel;
- Maintenance of waterway transportation;
- Provide storage, warehouse and container yard for cargos;
- Develop, rehabilitate, and expand the infrastructure;
- Manage Phnom Penh lines for waterway transportation;
- Provide service for passenger and tourist vessel passing through;
- Responsible for the safety, security and order under PPAP’s management area; and
- Conduct other legal business of any kind, in addition to the above mentioned, to further the objectives of PPAP as deemed necessary or appropriate by the Board of Directors of PPAP.

There were no significant changes to these principal activities during the financial period.

As at 31 March 2016, PPAP had 475 employees (as at 31 December 2015: 478 employees).

2. Basis of preparation

(a) Statement of compliance

These condensed interim financial information have been prepared in accordance with Cambodian International Accounting Standard (“CIAS”) 34, “Interim Financial Reporting”. They do not include all the information required for a complete set of CIFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements as at and for the year ended 31 December 2015.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2016

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

These condensed interim financial information were authorised for issue by the Company's Board of Directors on 18 May 2016.

(b) Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However as the Company transacts its business and maintains its accounting records primarily in United States Dollars ("US\$"), management have determined the US\$ to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

This financial information is presented in US\$, which is the Company's functional currency. All information in US\$ has been rounded to the nearest dollars.

(c) Use of estimate and judgements

In preparing this condensed interim financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2015.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of CIFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2016

2. Basis of preparation (continued)

(c) Use of estimate and judgements (continued)

Measurement of fair values (continued)

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. Significant accounting policies

The accounting policies applied in this condensed interim financial information are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2015.

4. Translation of United States Dollars into Khmer Riel

The condensed interim financial information is stated in United States Dollars. The translations of United States Dollars amounts into Khmer Riel are included solely for meeting the presentation requirements pursuant to Law on Corporate Accounts, their Audit and the Accounting Profession of Cambodia and have been made using the prescribed official exchange rate of US\$1 to KHR4,023 (As at 31 December 2015: KHR4,060 and 31 March 2015: KHR4,043) published by the General Department of Taxation on 31 March 2016. These convenience translations should not be construed as representations that the US\$ amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2016

5. Property, plant and equipment

During the three-month period ended 31 March 2016, the Company acquired the property, plant and equipment amounting to US\$1,056,200 (three-month period ended 31 March 2015: US\$41,058), depreciation amounting to US\$575,307 (three-month period ended 31 March 2015: US\$559,490) was charged to profit or loss.

6. Trade and other receivables

	As at 31 March 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade receivables	1,465,036	5,893,840	1,880,547	7,635,021
Advances, prepayments and others	251,790	1,012,951	589,415	2,393,025
Staff loans*	338,173	1,360,470	389,838	1,582,742
Advance to MPWT	28,640	115,219	53,380	216,723
	<u>2,083,639</u>	<u>8,382,480</u>	<u>2,913,180</u>	<u>11,827,511</u>

* This represents loans to staff to acquire the Company's shares during the IPO process. Staff loans are interest-free and repayable on 24 equal monthly instalments.

The fair values of the loans to employees are based on discounted cash flows using an effective interest rate of 12% per annum. Management assessed that the 12% interest rate is a reasonable rate, being equivalent to the rate at which the employees could obtain loans from commercial banks in KHR for a period of two years.

7. Cash and cash equivalents

	As at 31 March 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash in banks	9,480,201	38,138,849	8,745,579	35,507,050
Cash on hand	3,186	12,817	3,642	14,787
	<u>9,483,387</u>	<u>38,151,666</u>	<u>8,749,221</u>	<u>35,521,837</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2016

8. Share capital and other capital

	As at 31 March 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Registered, issued and fully paid	<u>110,316,612</u>	<u>443,803,730</u>	<u>110,316,612</u>	<u>447,885,445</u>

Share capital of US\$110,316,612 is divided into 110,316,612 shares at KHR4,000 (equivalent to US\$1) each, divided into two classes:

- 16,547,492 Class B (Voting) shares (15%) with a total value of US\$16,547,492 (equivalent to KHR66,189,968,000).
- 93,769,120 Class C (Non-voting) shares (85%) with a total value of US\$93,769,120 (equivalent to KHR375,076,480,000).

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 were from the IPO with a par value of KHR4,000 per share with a surplus of US\$1,136,169. After listing, the MEF hold 80% of the total number of shares. PPAP received the proceed from the IPO amounting to US\$5,193,915 and incurred the IPO costs of US\$901,540.

Class A shareholders will enjoy the minimum guaranteed dividend yield of 5% per year based on the 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 5 years.

Class C shareholders do not entitle to PPAP’s earnings but have first priority in case of PPAP’s liquidation.

PPAP is in the process to amend the MAA; accordingly net proceed of US\$4,292,375 less above guaranteed dividends of US\$936,145 is classified as other capital.

On 4 April 2016, the Board of Directors of PPAP resolved to distribute the dividends to shareholders of each class of share as followings:

- Class A shareholders is entitled to total dividends of US\$26,325 (equivalent to KHR105,903,950) and will be paid in 2017.
- Class B shareholders is entitled to total dividends of US\$534,427 (equivalent to KHR2,150,000,000) and will be paid in 2016.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2016

8. Share capital and other capital (continued)

Total shares of PPAP are summarised as follows:

Class	Number of shares	Par value US\$	Premium US\$	Guaranteed dividends US\$	As at 31 March 2016 US\$	Classification
A	4,136,873	4,136,873	155,502	(936,145)	3,356,230	Other capital
B	16,547,492	16,547,492	-	-	16,547,492	Share capital
C	93,769,120	93,769,120	-	-	93,769,120	Share capital
	<u>114,453,485</u>	<u>114,453,485</u>	<u>155,502</u>	<u>(936,145)</u>	<u>113,672,842</u>	

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2016

9. Borrowings

	As at 31 March 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-current				
Phnom Penh Port - New Container Terminal Project ("PPPNCTP")				
	28,979,637	116,585,080	28,979,637	117,657,326

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 Phnom Penh Port - New Container Terminal 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 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.

10. Provision for retirement benefits

		As at 31 March 2016		As at 31 December 2015	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Defined benefit plan	(i)	559,030	2,248,977	507,399	2,060,040
Other benefits	(ii)	5,023	20,208	17,793	72,240
		<u>564,053</u>	<u>2,269,185</u>	<u>525,192</u>	<u>2,132,280</u>

(i). Defined benefit plan

PPAP offers final basic salary with lump sum payment at retirement or at an earlier exit through ill-health retirement or death-in-service. The plan is neither a funded nor an approved retirement plan and therefore it is not subject to any regulatory framework pertaining to approved retirement fund. The following tables analyse present value of defined benefit obligations, expense recognised in profit or loss, actuarial assumptions.

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Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2016

10. Provision for retirement benefits (continued)

(i). Defined benefit plan (continued)

Expenses recognised in profit or loss:

	Three-month period ended 31 March 2016		Three-month period ended 31 March 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current service costs	10,423	41,932	10,956	44,295
Interest costs	8,703	35,011	11,039	44,631
	<u>19,126</u>	<u>76,943</u>	<u>21,995</u>	<u>88,926</u>

Actuarial assumptions:

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Discount rate *	7.00%
Future salary increases	23.00%, and gradually decreasing by 5% each year
Mortality	Thailand Mortality Ordinary Table 2008
Disability	10.00% of mortality
Retirement ages	55, 58 and 60 depending on the categories of employees
Turnover rate	1.40%

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

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 2008 (TM2008) without modification (see below for comparison). The rates are published as a standard table TM2008. As those employed in 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 TM2008

Males	66 years old
Females	74 years old

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Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2016

10. Provision for retirement benefits (continued)

(i). Defined benefit plan (continued)

Sensitivity analysis:

0.25% decrease in discount rate results in a 2.21% increase in defined benefit plan obligations.
0.25% increase in discount rate results in a 2.13% decrease in defined benefit plan obligations.
0.50% decrease in salary increase rate results in a 3.87% decrease in defined benefit obligations.
0.50% increase in salary increase rate results in a 4.08% increase in defined benefit obligations.

(ii). Other benefits

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

11. Taxation

(a) Deferred tax, net

	As at 31 March 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Deferred tax assets	117,913	474,364	115,162	467,558
Deferred tax liabilities	(1,209,038)	(4,863,960)	(1,197,779)	(4,862,983)
	<u>(1,091,125)</u>	<u>(4,389,596)</u>	<u>(1,082,617)</u>	<u>(4,395,425)</u>

Deferred tax assets/(liabilities) are attributable to:

	As at 31 March 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Depreciation	(1,209,038)	(4,863,960)	(1,197,779)	(4,862,983)
Provision for retirement benefits	108,422	436,182	105,038	426,455
Deferred income	9,491	38,182	10,124	41,103
	<u>(1,091,125)</u>	<u>(4,389,596)</u>	<u>(1,082,617)</u>	<u>(4,395,425)</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2016

11. Taxation (continued)

(b) Provision for income tax

	As at 31 March 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	640,881	2,578,264	319,975	1,299,099
Charge during the period/year	120,766	485,842	781,741	3,173,868
Prior year's under provision	69,045	277,768	14,003	56,852
Income tax paid	(709,926)	(2,856,032)	(474,838)	(1,927,842)
At 1 December	120,766	485,842	640,881	2,601,977

(c) Income tax expense

	Three-month period ended 31 March 2016		Three-month period ended 31 March 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current income tax	120,766	485,842	196,320	793,721
Prior year's under provision	69,045	277,768	-	-
Deferred tax	8,508	34,227	123,618	499,788
	198,319	797,837	319,938	1,293,509

In accordance with Cambodian Law on Taxation, PPAP has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profits or a minimum tax of 1% of revenue, whichever is higher. Having been successfully listed on CSX, PPAP is entitled to tax incentive as follows:

- A reduction on the tax on profit by and withholding tax by 50% (specifically withholding tax on interest and/or dividend resulting from holding and/or buying-selling government, equity and debt securities) for the period of 3 years in accordance with the Sub-decree no. 1 អនក្រឹត្យលេខ ០១ អនក្រឹត្យនៃរាជរដ្ឋាភិបាល of the Royal Government of Cambodia dated on 8 January 2015. On 11 February 2016, the Securities and Exchange Commission of Cambodia (“SECC”) submitted a letter to GDT suggesting that PPAP will be entitled to the tax incentive starting from 2016. To formalise the request, PPAP is required to complete the relevant tax incentive forms and submit through the SECC to the General Department of Taxation (“GDT”) for approval either at the end of year 2016 or the early of year 2017 in order to be entitled to the tax incentive.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2016

11. Taxation (continued)

(c) Income tax expense (continued)

- A temporary postponement on the prepayment of profit tax for the period of 3 years in accordance with the Prakas number 855 សុំប្រើ of the MEF dated on 24 July 2015. On 11 February 2016, PPAP submitted a letter to the GDT through SECC requesting the written approval for the said tax incentive.

The reconciliation of income tax computed at the statutory tax rate to the income tax expense shown in the profit or loss is as follows:

	Three-month period ended 31 March 2016		Three-month period ended 31 March 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit before income tax	1,105,434	4,447,161	1,036,364	4,190,019
Income tax using approved tax rate at 20%	221,087	889,433	207,273	838,004
Effect of tax incentive	(110,544)	(444,719)	-	-
Prior year's under provision	69,045	277,768	-	-
Effect of non-deductible expenses	18,731	75,355	112,665	455,505
Income tax expense	198,319	797,837	319,938	1,293,509

The calculation of taxable income is subject to the review and assessment of the tax authorities.

12. Trade and other payables

	As at 31 March 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Accrued operating expenses	987,329	3,972,025	797,919	3,239,548
Trade payables	309,974	1,247,025	238,877	969,841
Customer deposits	249,056	1,001,952	241,575	980,795
Interest payable	128,798	518,154	441,422	1,792,173
Other tax payables	141,642	569,826	180,298	732,010
	1,816,799	7,308,982	1,900,091	7,714,367

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Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2016

13. Revenue

	Three-month period ended 31 March 2016		Three-month period ended 31 March 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Stevedoring	1,543,615	6,209,963	1,541,127	6,230,776
Lift On Lift Off (LOLO)	1,185,510	4,769,307	1,150,587	4,651,823
Port dues & charges	768,235	3,090,609	648,939	2,623,660
Sand dredging management fee	134,101	539,488	-	-
Gate fee	115,934	466,402	109,764	443,776
Storage fee	152,924	615,213	75,128	303,743
Others	345	1,389	1,222	4,941
	<u>3,900,664</u>	<u>15,692,371</u>	<u>3,526,767</u>	<u>14,258,719</u>

14. Cost of sales and services

	Three-month period ended 31 March 2016		Three-month period ended 31 March 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Depreciation	494,099	1,987,760	489,435	1,978,786
Crane charge	295,691	1,189,565	316,200	1,278,397
Salaries and other benefits	275,465	1,108,196	231,015	933,994
Fuel and gasoline	73,840	297,058	262,028	1,059,379
Maintenance costs	113,093	454,973	88,700	358,614
Sand dredging management cost	71,339	286,997	-	-
Survey costs	5,211	20,964	-	-
Others	26,654	107,229	2,894	11,700
	<u>1,355,392</u>	<u>5,452,742</u>	<u>1,390,272</u>	<u>5,620,870</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2016

15. General administration and selling expenses

	Three-month period ended 31 March 2016		Three-month period ended 31 March 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Salaries and wages	763,941	3,073,335	419,896	1,697,640
Donation expenses	35,113	141,260	24,320	98,326
Utilities and fuel	93,132	374,670	87,800	354,975
Depreciation	93,539	376,307	81,447	329,290
Repairs and maintenance	21,261	85,533	33,433	135,170
Business entertainments	30,002	120,698	59,162	239,192
Travelling expenses	32,520	130,828	42,389	171,379
Professional fee	7,782	31,307	10,702	43,268
Board of Directors' fee	52,583	211,541	17,522	70,841
Office and material supplies	47,911	192,746	21,980	88,865
Communication expenses	13,212	53,152	11,748	47,497
Other tax expenses	20,531	82,596	1,309	5,292
Others	98,138	394,809	81,440	329,263
	<u>1,309,665</u>	<u>5,268,782</u>	<u>893,148</u>	<u>3,610,998</u>

16. Related party transactions and balances

(a) Significant transactions with related parties

PPAP had significant related party transactions during the period as follows:

	Three-month period ended 31 March 2016		Three-month period ended 31 March 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
MEF:				
Finance costs	<u>266,969</u>	<u>1,074,016</u>	<u>289,796</u>	<u>1,171,645</u>
MEF and MPWT:				
Donation and charities	<u>975</u>	<u>3,922</u>	<u>16,690</u>	<u>67,478</u>
With Directors:				
Directors' remuneration	<u>52,583</u>	<u>211,541</u>	<u>17,522</u>	<u>70,841</u>

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Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2016

16. Related party transactions and balances (continued)

(b) Significant balances with related parties

	As at 31 March 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Amounts due from related parties:				
MPWT	28,640	115,219	53,380	216,723
Borrowings from Eximbank through MEF	28,979,637	116,585,080	28,979,637	117,657,326
Interest payable on borrowings	128,798	518,154	441,422	1,792,173
	<u>29,108,435</u>	<u>117,103,234</u>	<u>29,421,059</u>	<u>119,449,499</u>

Amounts due from related parties are unsecured, interest free and are repayable on demand.

17. Commitments

PPAP has commitments in respect of the rental expenses on the following terms:

	As at 31 March 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within 1 year	55,767	224,351	56,932	231,144
Within 2 to 3 years	100,226	403,209	111,528	452,804
	<u>155,993</u>	<u>627,560</u>	<u>168,460</u>	<u>683,948</u>

18. Taxation contingencies

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. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects since the incorporation of the Company could be significant.