

Registration No:
Co.7175 Et/2004

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

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019**

Registration No:
Co.7175 Et/2004

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

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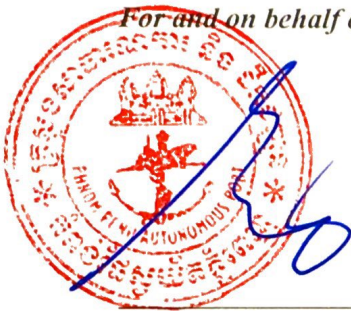
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**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

STATEMENT BY THE DIRECTORS

In the opinion of the Directors, the accompanying condensed statement of financial position of Phnom Penh Autonomous Port (“PPAP”) as at 31 March 2019, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for three-month period then ended, and condensed notes to the interim financial information (collectively known as “Condensed Interim Financial Information”) are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. L

For and on behalf of the board of Directors, k



H.E. Hei Bavy
Chairman and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

Date: 9 MAY 2019

REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)
(Registration No: Co.7175 Et/2004)

Introduction

We have reviewed the accompanying condensed statement of financial position of Phnom Penh Autonomous Port (“PPAP”) as at 31 March 2019, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and condensed notes to the interim financial information (collectively known as “Condensed Interim Financial Information”). The Directors of PPAP are responsible for the preparation of and presentation of the Condensed Interim Financial Information. Our responsibility is to express a conclusion on this Condensed Interim Financial Information based on our review.

Scope of review

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

Conclusion

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

BDO Cambodia
BDO (Cambodia) Limited
Phnom Penh, Cambodia
Date: 9 May 2019



PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	Unaudited 31 March 2019		Audited 31 December 2018	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	73,601,642	295,510,593	73,809,447	296,566,358
Investment properties	5	85,043,909	341,451,295	85,026,198	341,635,264
Lease receivables	6	4,164,124	16,718,958	-	-
Deferred tax assets	7	1,132,314	4,546,241	1,126,000	4,524,268
		<u>163,941,989</u>	<u>658,227,087</u>	<u>159,961,645</u>	<u>642,725,890</u>
Current assets					
Trade and other receivables	8	3,934,273	15,796,106	3,172,538	12,747,258
Lease receivables	6	74,745	300,101	-	-
Cash and bank balances	9	23,267,504	93,419,029	23,995,410	96,413,557
		<u>27,276,522</u>	<u>109,515,236</u>	<u>27,167,948</u>	<u>109,160,815</u>
TOTAL ASSETS		<u>191,218,511</u>	<u>767,742,323</u>	<u>187,129,593</u>	<u>751,886,705</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	10	114,453,485	457,813,940	114,453,485	457,813,940
Share premium	11	155,502	622,008	155,502	622,008
Reserves	12	25,651,419	102,990,447	18,675,142	75,036,721
Retained earnings		3,612,331	14,470,999	7,678,073	31,070,194
Currency translation difference		-	1,751,647	-	1,843,265
TOTAL EQUITY		<u>143,872,737</u>	<u>577,649,041</u>	<u>140,962,202</u>	<u>566,386,128</u>
LIABILITIES					
Non-current liabilities					
Guaranteed dividends payable		235,510	945,573	445,453	1,789,830
Borrowings	13	24,839,689	99,731,351	24,839,689	99,805,870
Provision for retirement benefits	14	697,555	2,800,683	644,644	2,590,180
Lease liabilities	15	2,776,082	11,145,969	-	-
Contract liabilities	16	14,625,000	58,719,375	14,625,000	58,763,250
		<u>43,173,836</u>	<u>173,342,951</u>	<u>40,554,786</u>	<u>162,949,130</u>

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019 (continued)

	Note	Unaudited 31 March 2019		Audited 31 December 2018	
		US\$	KHR'000	US\$	KHR'000
EQUITY AND LIABILITIES					
(continued)					
LIABILITIES					
(continued)					
Current liabilities					
Trade and other payables	17	2,440,201	9,797,407	2,691,950	10,816,255
Borrowings	13	1,034,987	4,155,473	2,069,974	8,317,156
Lease liabilities	15	49,830	200,067	-	-
Contract liabilities	16	150,000	602,250	225,000	904,050
Current tax liabilities		496,920	1,995,134	625,681	2,513,986
		<u>4,171,938</u>	<u>16,750,331</u>	<u>5,612,605</u>	<u>22,551,447</u>
TOTAL LIABILITIES		<u>47,345,774</u>	<u>190,093,282</u>	<u>46,167,391</u>	<u>185,500,577</u>
TOTAL EQUITY AND LIABILITIES		<u>191,218,511</u>	<u>767,742,323</u>	<u>187,129,593</u>	<u>751,886,705</u>

The Condensed Statement of Financial Position should be read in conjunction with the audited financial information for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

	Note	Three-month period ended			
		Unaudited		Unaudited	
		31 March 2019 ⁽¹⁾		31 March 2018 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Revenue	19	5,870,288	23,516,374	4,658,079	18,688,213
Cost of services	20	(1,842,485)	(7,380,995)	(1,750,636)	(7,023,552)
Gross profit		4,027,803	16,135,379	2,907,443	11,664,661
Other income	21	2,010,947	8,055,854	182,514	732,246
General and administrative expenses	22	(1,526,158)	(6,113,789)	(1,333,532)	(5,350,130)
Operating profit		4,512,592	18,077,444	1,756,425	7,046,777
Finance costs	23	(275,414)	(1,103,308)	(278,341)	(1,116,704)
Profit before tax		4,237,178	16,974,136	1,478,084	5,930,073
Taxation	24	(598,402)	(2,397,198)	(336,868)	(1,351,514)
Profit for the financial period		3,638,776	14,576,938	1,141,216	4,578,559
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Re-measurements of defined benefit liability		(26,445)	(105,939)	(25,515)	(102,366)
Total comprehensive income for the financial period		3,612,331	14,470,999	1,115,701	4,476,193
Earnings per share					
Basic	25	0.17	0.70	0.05	0.22
Diluted	25	0.17	0.70	0.05	0.22

Notes:

(1) *The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.*

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

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 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 period		-	-	-	3,638,776	-	3,638,776
Actuarial loss on retirement benefit obligation		-	-	-	(26,445)	-	(26,445)
Total comprehensive income for the financial period		-	-	-	3,612,331	-	3,612,331
Transactions with owners							
Transfer to reserves	12	-	-	6,976,277	(6,976,277)	-	-
Dividends	26	-	-	-	(701,796)	-	(701,796)
Total transactions with owners		-	-	6,976,277	(7,678,073)	-	(701,796)
Balance as at 31 March 2019 ⁽¹⁾		114,453,485	155,502	25,651,419	3,612,331	-	143,872,737
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>102,990,447</i>	<i>14,470,999</i>	<i>1,751,647</i>	<i>577,649,041</i>

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 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
Profit for the financial period		-	-	-	1,141,216	-	1,141,216
Actuarial loss on retirement benefit obligation		-	-	-	(25,515)	-	(25,515)
Total comprehensive income for the financial period		-	-	-	1,115,701	-	1,115,701
Transactions with owners							
Transfer to reserves		-	-	4,728,859	(4,728,859)	-	-
Dividends		-	-	-	(553,203)	-	(553,203)
Total transactions with owners		-	-	4,728,859	(5,282,062)	-	(553,203)
Balance as at 31 March 2018⁽¹⁾		114,453,485	155,502	18,675,142	1,115,701	-	134,399,830
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>74,700,768</i>	<i>4,476,193</i>	<i>(13,389)</i>	<i>537,599,320</i>

Notes:

(1) *The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.*

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

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

	Note	Three-month period ended			
		Unaudited 31 March 2019		Unaudited 31 March 2018	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Profit before tax		4,237,178	16,974,136	1,478,084	5,930,073
Adjustments for:					
Depreciation of property, plant and equipment	4	751,543	3,010,681	716,433	2,874,329
Depreciation of investment properties	5	18,342	73,478	17,741	71,177
Finance costs	23	275,414	1,103,308	278,341	1,116,704
Impairment loss on receivables		78,850	315,873	-	-
Interest income	21	(384,216)	(1,539,169)	(81,163)	(325,626)
Income from net of investment in sublease		(1,408,262)	(5,641,498)	-	-
Retirement benefit obligation expenses		26,466	106,023	25,369	101,780
Unrealised loss on foreign exchange		530	2,123	5,828	23,383
Operating profit before changes in working capital		3,595,845	14,404,955	2,440,633	9,791,820
Changes in working capital					
Trade and other receivables		(786,524)	(3,150,815)	(384,838)	(1,543,970)
Trade and other payables		(891,851)	(3,572,755)	(732,555)	(2,939,015)
Contract liabilities		(75,000)	(300,450)	-	-
Cash generated from operations		1,842,470	7,380,935	1,323,240	5,308,835
Income tax paid		(733,477)	(2,938,309)	(511,378)	(2,051,649)
Retirement benefit obligation paid		-	-	(23,443)	(94,053)
Net cash from operating activities		1,108,993	4,442,626	788,419	3,163,133
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(579,791)	(2,322,643)	(645,706)	(2,590,572)
Interest received		316,072	1,266,184	26,076	104,617
Net cash used in investing activities		(263,719)	(1,056,459)	(619,630)	(2,485,955)

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019 (continued)

	Note	Three-month period ended			
		Unaudited 31 March 2019		Unaudited 31 March 2018	
		US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities					
Dividends paid		-	-	(315,418)	(1,265,457)
Interest paid		(538,193)	(2,156,001)	(579,593)	(2,325,327)
Repayments of borrowings		(1,034,987)	(4,146,158)	(1,034,987)	(4,152,369)
Net cash used in financing activities		(1,573,180)	(6,302,159)	(1,929,998)	(7,743,153)
Net decrease in cash and cash equivalents		(727,906)	(2,915,992)	(1,761,209)	(7,065,975)
Cash and cash equivalents at beginning of financial period		8,995,410	36,143,557	11,717,944	47,305,340
Currency translation differences		-	(33,536)	-	(412,433)
Cash and cash equivalents at end of financial period	9	<u>8,267,504</u>	<u>33,194,029</u>	<u>9,956,735</u>	<u>39,826,932</u>

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
31 MARCH 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 Sisowat Quay, Sangkat Sras Chork, Khan Duan Penh, Phnom Penh, Kingdom of Cambodia.

The condensed interim financial information are presented in United States Dollar (“US\$”), which is also PPAP’s functional currency. Additional disclosures are also made in Khmer Riel (“KHR”) to meet the requirement of the Law on Accounting and Auditing. PPAP uses the following official closing and average rates of exchange for the translation:

		Closing rate	Average rate
31 March 2019	US\$1 =	KHR4,015	KHR4,006
31 December 2018	US\$1 =	KHR4,018	KHR4,045
31 March 2018	US\$1 =	KHR4,000	KHR4,012

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

The condensed interim financial information were authorised for issue by the Board of the Directors on 9 May 2019.

2. PRINCIPAL ACTIVITIES

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

- Provide pilotage navigating the vessel entering into or departing from port;
- Provide vessel’s berth;
- Provide a location for vessel repairing and fuel refilling;
- 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.

3. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached herein.

The explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of PPAP since the financial year ended 31 December 2018.

The accounting policies and methods of computation adopted are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2018 except for the adoption of the following accounting standards, amendments and interpretations:

	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 the Company except for the adoption of CIFRS 16 described in the following sections.

CIFRS 16 *Leases*

CIFRS 16, which upon the effective date will supersede CIAS 17 *Leases* and related interpretations introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under CIFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, CIAS 17.

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

3. BASIS OF PREPARATION (continued)

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
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.

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 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.

3. BASIS OF PREPARATION (continued)

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

CIFRS 17 Insurance Contracts

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

Contracts are measured using the building blocks of:

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

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

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

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 31 March 2019 US\$	Audited 31 December 2018 US\$
Cost		
Balance at the beginning of financial period/year	89,655,803	158,588,158
Additions	579,791	8,065,559
Transfer to investment properties (Note 5)	(36,053)	(76,681,043)
Disposals	-	(239,069)
Written-off	-	(77,802)
	<u>90,199,541</u>	<u>89,655,803</u>
Accumulated depreciation		
Balance at the beginning of financial period/year	15,846,356	13,233,141
Depreciation for financial period/year	751,543	2,892,290
Transfer to investment properties	-	(57,584)
Disposals	-	(152,457)
Written-off	-	(69,034)
	<u>16,597,899</u>	<u>15,846,356</u>
Carrying amounts		
Balance at the end of financial period/year	<u>73,601,642</u>	<u>73,809,447</u>
	<u>295,510,593</u>	<u>296,566,358</u>
	<i>(KHR '000 equivalent)</i>	

5. INVESTMENT PROPERTIES

	Unaudited 31 March 2019 US\$	Audited 31 December 2018 US\$
Cost		
Balance at the beginning of financial period/year	85,494,642	8,813,599
Transfer from property, plant and equipment (Note 4)	36,053	76,681,043
	<u>85,530,695</u>	<u>85,494,642</u>
Accumulated depreciation		
Balance at the beginning of financial period/year	468,444	339,896
Depreciation for financial period/year	18,342	70,964
Transfer from property, plant and equipment	-	57,584
	<u>486,786</u>	<u>468,444</u>
Carrying amounts		
Balance at the end of financial period/year	<u>85,043,909</u>	<u>85,026,198</u>
	<u>341,451,295</u>	<u>341,635,264</u>
	<i>(KHR '000 equivalent)</i>	

6. LEASE RECEIVABLES

Lease receivables are in respect of 40 year leases of land to Hui Bang International Investment Group Co., Ltd. and Mekong Oriza Trading Co., Ltd.

7. DEFERRED TAX

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

	At 1 January 2019 US\$	Recognised in profit or loss US\$	At 31 March 2019 US\$ (Unaudited)
Property, plant and equipment	(2,038,447)	(48,993)	(2,087,440)
Retirement benefit obligation	124,192	9,316	133,508
Deferred income	2,970,000	(15,000)	2,955,000
Bonus	-	84,556	84,556
Impairment loss on receivables	68,786	(23,198)	45,588
Unrealised exchange differences	1,469	(367)	1,102
	<u>1,126,000</u>	<u>6,314</u>	<u>1,132,314</u>
<i>(KHR '000 equivalent)</i>			<u><u>4,546,241</u></u>

	At 1 January 2018 US\$	Recognised in profit or loss 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>
<i>(KHR '000 equivalent)</i>			<u><u>4,524,268</u></u>

8. TRADE AND OTHER RECEIVABLES

	Unaudited 31 March 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Trade receivables				
Third parties	3,506,919	14,080,280	2,665,112	10,708,420
Less: Impairment loss - Third parties	<u>(422,781)</u>	<u>(1,697,466)</u>	<u>(343,931)</u>	<u>(1,381,915)</u>
	<u>3,084,138</u>	<u>12,382,814</u>	<u>2,321,181</u>	<u>9,326,505</u>
Other receivables				
Third parties	474,543	1,905,290	474,543	1,906,714
Advances	2,256	9,058	2,688	10,800
Deposits	-	-	3,897	15,658
Other receivables	100,470	403,387	62,165	249,780
	<u>577,269</u>	<u>2,317,735</u>	<u>543,293</u>	<u>2,182,952</u>
Total receivables	<u>3,661,407</u>	<u>14,700,549</u>	<u>2,864,474</u>	<u>11,509,457</u>
Prepayments	<u>272,866</u>	<u>1,095,557</u>	<u>308,064</u>	<u>1,237,801</u>
	<u><u>3,934,273</u></u>	<u><u>15,796,106</u></u>	<u><u>3,172,538</u></u>	<u><u>12,747,258</u></u>

9. CASH AND BANK BALANCES

	Unaudited 31 March 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	4,859	19,509	6,332	25,442
Cash at banks	4,685,705	18,813,106	3,426,195	13,766,452
Fixed deposits	18,576,940	74,586,414	20,562,883	82,621,663
As stated in statement of financial position	23,267,504	93,419,029	23,995,410	96,413,557
Less:				
Deposits (maturity more than three months)	(15,000,000)	(60,225,000)	(15,000,000)	(60,270,000)
As stated in statement of cash flows	8,267,504	33,194,029	8,995,410	36,143,557

10. SHARE CAPITAL

	Unaudited 31 March 2019		Audited 31 December 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	16,547,492	16,547,492	16,547,492	16,547,492
	20,684,365	20,684,365	20,684,365	20,684,365
Non-voting shares of US\$1 each:				
Class C	93,769,120	93,769,120	93,769,120	93,769,120
	114,453,485	114,453,485	114,453,485	114,453,485
<i>(KHR'000 equivalent)</i>		<u>457,813,940</u>		<u>457,813,940</u>

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

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

11. SHARE PREMIUM

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

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

12. RESERVES

	Legal reserve US\$	General reserve US\$	Development fund US\$	Total US\$
As at 1 January 2019	1,063,403	1,063,403	16,548,336	18,675,142
Transfer from retained earnings	405,037	405,037	6,166,203	6,976,277
As at 31 March 2019 (Unaudited)	1,468,440	1,468,440	22,714,539	25,651,419
<i>(KHR'000 equivalent)</i>	<i>5,895,787</i>	<i>5,895,787</i>	<i>91,198,873</i>	<i>102,990,447</i>
As at 1 January 2018	795,311	795,311	12,355,661	13,946,283
Transfer from retained earnings	268,092	268,092	4,192,675	4,728,859
As at 31 December 2018 (Audited)	1,063,403	1,063,403	16,548,336	18,675,142
<i>(KHR'000 equivalent)</i>	<i>4,272,753</i>	<i>4,272,753</i>	<i>66,491,215</i>	<i>75,036,721</i>

On 29 March 2019, the Board of Directors approved the transfer of retained earnings to reserves amounting to 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

13. BORROWINGS

	Unaudited 31 March 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Phnom Penh Port – New Container Terminal Project (“PPPNCTP”) or Phnom Penh Port LM17	24,839,689	99,731,351	24,839,689	99,805,870
Current				
PPPNCTP or Phnom Penh Port LM17	1,034,987	4,155,473	2,069,974	8,317,156
	<u>25,874,676</u>	<u>103,886,824</u>	<u>26,909,663</u>	<u>108,123,026</u>

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.

14. PROVISION FOR RETIREMENT BENEFITS

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

	Unaudited 31 March 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Defined benefits obligation				
Present value of defined benefits obligation	667,540	2,680,173	620,961	2,495,022
Fair value of plan asset	-	-	-	-
	<u>667,540</u>	<u>2,680,173</u>	<u>620,961</u>	<u>2,495,022</u>
Other benefits				
National Social Security Funds	<u>30,015</u>	<u>120,510</u>	<u>23,683</u>	<u>95,158</u>
Liability recognised in statement of financial position	<u>697,555</u>	<u>2,800,683</u>	<u>644,644</u>	<u>2,590,180</u>

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

	Unaudited 31 March 2019		Audited 31 December 2018	
	US\$	US\$	US\$	US\$
Balance at 1 January		620,961		597,461
Current service cost		11,035		41,288
Interest cost		9,099		36,120
Benefits paid		-		(17,755)
Re-measurement		26,445		(36,153)
Balance at 31 March/31 December		<u>667,540</u>		<u>620,961</u>
<i>(KHR'000 equivalent)</i>		<u>2,680,173</u>		<u>2,495,021</u>

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

	Unaudited 31 March 2019		Audited 31 December 2018	
	US\$	US\$	US\$	US\$
Balance at 1 January		23,683		21,818
Benefits paid		-		(21,818)
Additional expenses		6,332		23,683
Balance at 31 March/31 December		<u>30,015</u>		<u>23,683</u>
<i>(KHR'000 equivalent)</i>		<u>120,510</u>		<u>95,158</u>

14. PROVISION FOR RETIREMENT BENEFITS (continued)

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

	Unaudited 31 March 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Defined benefit obligation				
Current service costs	11,035	44,206	41,288	167,010
Interest costs	9,099	36,451	36,120	146,105
Other benefits				
Additional expenses	6,332	25,366	23,683	95,798
	<u>26,466</u>	<u>106,023</u>	<u>101,091</u>	<u>408,913</u>

15. LEASE LIABILITIES

Lease liabilities are in respect of a 40 year lease of land from Green Trade Co., Ltd.

16. CONTRACT LIABILITIES

	Unaudited 31 March 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Deferred income	<u>14,625,000</u>	<u>58,719,375</u>	<u>14,625,000</u>	<u>58,763,250</u>
Current				
Deferred income	<u>150,000</u>	<u>602,250</u>	<u>225,000</u>	<u>904,050</u>

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

17. TRADE AND OTHER PAYABLES

	Unaudited 31 March 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Trade payables				
Third parties	<u>194,070</u>	<u>779,191</u>	<u>494,259</u>	<u>1,985,933</u>
Other payables				
Interest payable	112,124	450,178	397,665	1,597,818
Deposits from customers	361,348	1,450,812	350,579	1,408,626
Dividend payable	701,796	2,817,711	-	-
Guaranteed dividends payable	487,421	1,956,995	263,574	1,059,040
Other tax payables	182,095	731,111	118,807	477,367
Other payables	401,347	1,611,409	1,067,066	4,287,471
	<u>2,246,131</u>	<u>9,018,216</u>	<u>2,197,691</u>	<u>8,830,322</u>
	<u>2,440,201</u>	<u>9,797,407</u>	<u>2,691,950</u>	<u>10,816,255</u>

18. COMMITMENTS

(a) Operating lease commitments

PPAP as lessor

PPAP has entered into non-cancellable lease arrangements on certain investment properties for a term of 50 years. The leases do not include a clause to enable upward revision of the rental charge on an annual basis depending on prevailing market conditions.

	Unaudited 31 March 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Not later than one year	300,000	1,204,500	300,000	1,205,400
Later than one year and not later than five years	1,500,000	6,022,500	1,500,000	6,027,000
More than five years	12,975,000	52,094,625	13,050,000	52,434,900
	<u>14,775,000</u>	<u>59,321,625</u>	<u>14,850,000</u>	<u>59,667,300</u>

(b) Capital commitments

	Unaudited 31 March 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Capital expenditure in respect of purchase of property, plant and equipment:				
Contracted but not provided	<u>148,480</u>	<u>596,146</u>	<u>478,824</u>	<u>1,923,915</u>

19. REVENUE

	Unaudited Three-month period ended			
	31 March 2019		31 March 2018	
	US\$	KHR'000	US\$	KHR'000
Stevedoring	2,496,811	10,002,225	1,961,844	7,870,918
Lift On Lift Off ("LOLO")	1,995,312	7,993,220	1,577,672	6,329,620
Port dues and charges	1,005,370	4,027,512	847,507	3,400,198
Gate fees	219,526	879,421	167,625	672,512
Storage fees	145,937	584,624	86,774	348,137
Weighting fee	302	1,210	5,667	22,736
Stuffing/Unstuffing	4,600	18,428	2,500	10,030
Sand dredging management fee	-	-	8,490	34,062
Trucking fees	2,430	9,734	-	-
	<u>5,870,288</u>	<u>23,516,374</u>	<u>4,658,079</u>	<u>18,688,213</u>

20. COST OF SERVICES

	Unaudited			
	Three-month period ended			
	31 March 2019		31 March 2018	
	US\$	KHR'000	US\$	KHR'000
Crane charges	378,505	1,516,291	314,618	1,262,247
Depreciation	680,619	2,726,560	651,111	2,612,257
Fuel and gasoline	257,423	1,031,237	218,458	876,455
Salaries and wages	381,047	1,526,474	322,997	1,295,864
Maintenance costs	121,141	485,291	134,649	540,212
Others	23,750	95,142	108,803	436,517
	<u>1,842,485</u>	<u>7,380,995</u>	<u>1,750,636</u>	<u>7,023,552</u>

21. OTHER INCOME

	Unaudited			
	Three-month period ended			
	31 March 2019		31 March 2018	
	US\$	KHR'000	US\$	KHR'000
Rental income	205,555	823,453	92,792	372,282
Interest income	384,216	1,539,169	81,163	325,626
Income from net investment in sublease	1,408,262	5,641,498	-	-
Others	12,914	51,734	8,559	34,338
	<u>2,010,947</u>	<u>8,055,854</u>	<u>182,514</u>	<u>732,246</u>

22. GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited			
	Three-month period ended			
	31 March 2019		31 March 2018	
	US\$	KHR'000	US\$	KHR'000
Salaries and other benefits	894,429	3,583,083	863,450	3,464,161
Utilities and fuel	106,774	427,737	101,306	406,440
Depreciation	89,266	357,600	83,062	333,245
Board of Directors' fee	52,823	211,609	52,717	211,501
Donation	28,347	113,558	34,207	137,238
Office supplies	18,032	72,236	28,614	114,799
Business entertainment	41,722	167,138	26,205	105,134
Repair and maintenance	43,715	175,122	23,762	95,333
Communication expenses	15,279	61,208	14,812	59,426
Professional fees	42,403	169,866	6,157	24,702
Travelling expenses	24,497	98,135	5,670	22,748
Other tax expenses	6,134	24,573	8,331	33,424
Impairment loss on receivables	78,850	315,873	-	-
Other expenses	83,887	336,051	85,239	341,979
	<u>1,526,158</u>	<u>6,113,789</u>	<u>1,333,532</u>	<u>5,350,130</u>

23. FINANCE COSTS

	Unaudited			
	Three-month period ended			
	31 March 2019		31 March 2018	
	US\$	KHR'000	US\$	KHR'000
Interest expense on:				
- borrowings	252,652	1,012,124	259,264	1,040,167
- lease liabilities	9,388	37,608	-	-
Unwinding effect of guaranteed dividend	13,374	53,576	19,077	76,537
	<u>275,414</u>	<u>1,103,308</u>	<u>278,341</u>	<u>1,116,704</u>

24. TAXATION

	Unaudited			
	Three-month period ended			
	31 March 2019		31 March 2018	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current year	589,763	2,362,591	150,637	604,356
Under provision in prior year	14,953	59,902	(59,157)	(237,338)
	<u>604,716</u>	<u>2,422,493</u>	<u>91,480</u>	<u>367,018</u>
Deferred tax:				
Origination and reversal of temporary differences	(6,314)	(25,295)	11,657	46,768
Over provision in prior year	-	-	233,731	937,728
	<u>(6,314)</u>	<u>(25,295)</u>	<u>245,388</u>	<u>984,496</u>
	<u>598,402</u>	<u>2,397,198</u>	<u>336,868</u>	<u>1,351,514</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.

25. EARNINGS PER SHARE

	Unaudited			
	Three-month period ended			
	31 March 2019		31 March 2018	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	3,612,331	14,470,999	1,115,701	4,476,193
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	0.17	0.70	0.05	0.22
Diluted earnings per share	<u>0.17</u>	<u>0.70</u>	<u>0.05</u>	<u>0.22</u>

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

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

26. DIVIDENDS

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 additional dividend of US\$79,131 (equivalent to KHR317,711,846) 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) PPAP had the following transactions with related parties during the financial period.

	Unaudited			
	Three-month period ended			
	31 March 2019		31 March 2018	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	252,652	1,012,124	259,264	1,040,167
MEF and MPWT				
Donation and charities	5,999	24,032	10,027	40,228

- (b) Compensation of key management personnel

Key management compensation during the financial period is as follows:

	Unaudited			
	Three-month period ended			
	31 March 2019		31 March 2018	
	US\$	KHR'000	US\$	KHR'000
Short term employee benefits	52,823	211,609	52,727	211,500

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

- (a) Credit risk

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

PPAP's primary exposure to credit risk arises through its receivables. The credit period for trade receivables is one to three months (2018: one to three months) and PPAP seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risk

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

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

(c) Interest rate risk

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

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

29. TAXATION CONTINGENCIES

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

30. SEASONALITY OR CYCLICALITY OF OPERATIONS

The demand for PPAP services is subject to seasonal fluctuation as a result of the high demand for mainly garment, commodity, rice, textile raw materials and construction materials. Historically, peak demand is in the third quarter of the year and attributed to the high volume of export to America and import from China.

31. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

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.