

PHNOM PENH AUTONOMOUS PORT

**Condensed Interim Financial Information
for the six-month period
ended 30 June 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. Ken Sambath, Member representing MEF H.E. Penn Sovicheat, Member representing MOC H.E. Ly Sivanna, Member representing Council of Ministers (The mandate ended on 06 June 2016) Mr. Gui Anvanith, Member representing of Independent Director (Appointed on 06 June 2016) H.E. Proum Sokhany, Member representing PPAP employees (The mandate ended on 06 June 2016) Mrs. Chuon Sokhem, Member representing PPAP employees (Appointed on 22 June 2016) Mr. Hout Hay, Member representing Municipality of Phnom Penh (The mandate ended on 06 June 2016) Mr. Dith Sochal, Member representing Non-Executive Director (Appointed on 06 June 2016)
Management team	H.E. Hei Bavy, Chief Executive Officer Mr. Mam Rithy, State Controller H.E. Kim Sen, Deputy Director General of Administration/Finance H.E. Proum Sokhany, Deputy Director General of Technique (Retired on 31 May 2016) 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 Department Mr. Chui Vichet, Head of Personnel/HR Department (Appointed on 10 June 2016) 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 LM 17 Operation Department (Appointed on 10 June 2016) Mr. Soy Sereysovathanak, Head of Commercial Zone/Domestic Port Department Mr. Tol Sokhom, Head of TS3 Operation Department Mr. Kong Channy, Manager of Secretariat

Corporate information (continued)

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 set out on pages 3 to 27 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: 12 AUG 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 30 June 2016, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed interim financial information as set out on pages 3 to 27 (“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 30 June 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

12 August 2016

Phnom Penh Autonomous Port

Condensed interim statement of financial position As at 30 June 2016

	Note	As at 30 June 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	140,880,956	569,018,181	140,013,553	568,455,025
Investment properties		8,028,988	32,429,083	7,907,653	32,105,071
		<u>148,909,944</u>	<u>601,447,264</u>	<u>147,921,206</u>	<u>600,560,096</u>
Current assets					
Trade and other receivables	6	2,297,952	9,281,428	2,913,180	11,827,511
Cash and cash equivalents	7	8,836,888	35,692,191	8,749,221	35,521,837
		<u>11,134,840</u>	<u>44,973,619</u>	<u>11,662,401</u>	<u>47,349,348</u>
Total assets		<u><u>160,044,784</u></u>	<u><u>646,420,883</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	441,266,448	110,316,612	441,266,448
Other capital	8	3,356,230	13,424,920	4,292,375	17,169,500
Legal reserves		590,941	2,386,812	431,780	1,753,027
General reserves		590,941	2,386,812	431,780	1,753,027
Development fund		10,126,768	40,902,014	7,822,617	31,759,825
Retained earnings		1,591,982	6,430,015	3,160,025	12,829,702
Currency translation difference		-	4,433,240	-	6,876,540
Total equity		<u>126,573,474</u>	<u>511,230,261</u>	<u>126,455,189</u>	<u>513,408,069</u>
Liabilities					
Non-current liabilities					
Guaranteed dividends payable		793,261	3,203,981	-	-
Borrowings	9	28,979,637	117,048,754	28,979,637	117,657,326
Provision for retirement benefits	10	566,730	2,289,022	525,192	2,132,280
Deferred tax liabilities, net	11	1,115,858	4,506,950	1,082,617	4,395,425
		<u>31,455,486</u>	<u>127,048,707</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 30 June 2016

	Note	As at 30 June 2016		As at 31 December 2015	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current liabilities					
Trade and other payables	12	1,608,075	6,495,017	1,900,091	7,714,367
Guaranteed dividends payable		204,906	827,615	-	-
Provision for income tax	11	202,843	819,283	640,881	2,601,977
		<u>2,015,824</u>	<u>8,141,915</u>	<u>2,540,972</u>	<u>10,316,344</u>
		<u>33,471,310</u>	<u>135,190,622</u>	<u>33,128,418</u>	<u>134,501,375</u>
Total equity and liabilities		<u><u>160,044,784</u></u>	<u><u>646,420,883</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 six-month period ended 30 June 2016

	Note	Six-month period ended 30 June 2016		Three-month period ended 30 June 2016		Six-month period ended 30 June 2015		Three-month period ended 30 June 2015	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	13	7,501,432	30,298,284	3,600,768	14,605,913	6,953,662	28,155,377	3,426,895	13,896,658
Cost of sales and services	14	(2,617,519)	(10,572,159)	(1,262,127)	(5,119,417)	(2,614,624)	(10,586,612)	(1,224,352)	(4,965,742)
Gross profit		4,883,913	19,726,125	2,338,641	9,486,496	4,339,038	17,568,765	2,202,543	8,930,916
Other income		470,837	1,901,711	305,573	1,236,854	138,943	562,580	56,130	227,767
General administration and selling expenses	15	(2,799,297)	(11,306,361)	(1,489,632)	(6,037,579)	(2,037,422)	(8,249,522)	(1,144,274)	(4,638,524)
Net operating income		2,555,453	10,321,475	1,154,582	4,685,771	2,440,559	9,881,823	1,114,399	4,520,159
Finance costs		(607,837)	(2,455,054)	(312,400)	(1,266,511)	(559,985)	(2,267,379)	(270,189)	(1,095,734)
Profit before income tax		1,947,616	7,866,421	842,182	3,419,260	1,880,574	7,614,444	844,210	3,424,425
Income tax expense	11	(305,129)	(1,232,416)	(106,810)	(434,579)	(512,923)	(2,076,825)	(192,985)	(783,316)
Net profit for the period		1,642,487	6,634,005	735,372	2,984,681	1,367,651	5,537,619	651,225	2,641,109

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 (continued) for the six-month period ended 30 June 2016

	Note	Six-month period ended 30 June 2016		Three-month period ended 30 June 2016		Six-month period ended 30 June 2015		Three-month period ended 30 June 2015	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Other comprehensive income									
Re-measurements of defined benefit liability		(27,305)	(110,285)	5,944	23,476	58,631	237,397	11,722	47,744
		<u>1,615,182</u>	<u>6,523,720</u>	<u>741,316</u>	<u>3,008,157</u>	<u>1,426,282</u>	<u>5,775,016</u>	<u>662,947</u>	<u>2,688,853</u>

The earnings per share attributable to shareholders of the Phnom Penh Autonomous Port for the six-month period ended 30 June 2016 are as follows:

Basic earnings per share	0.08	0.32	0.04	0.16
Diluted earnings per share	0.08	0.32	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 six-month period ended 30 June 2016

	Share capital US\$	Legal reserves US\$	General reserves US\$	Development fund US\$	Retained earnings US\$	Currency translation difference 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	-	-	-	-	1,367,651	-	1,367,651
Other comprehensive income	-	-	-	-	58,631	-	58,631
Transfers	-	82,637	82,637	1,487,467	(1,652,741)	-	-
	-	82,637	82,637	1,487,467	(226,459)	-	1,426,282
At 30 June 2015	26,777,872	431,780	431,780	7,822,618	84,936,990	-	120,401,040
At 30 June 2015 (KHR'000 – Note 4)	107,111,488	1,748,277	1,748,277	31,673,780	343,909,873	1,312,116	487,503,811

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 six-month period 30 June 2016

	Share capital US\$	Other capital US\$	Legal reserves US\$	General reserves US\$	Development fund US\$	Retained earnings US\$	Currency translation difference 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)
Dividends	-	-	-	-	-	(560,752)	-	(560,752)
	-	(936,145)	-	-	-	(560,752)	-	(1,496,897)
<i>Total comprehensive incomes</i>								
Net profit for the period	-	-	-	-	-	1,642,487	-	1,642,487
Other comprehensive income	-	-	-	-	-	(27,305)	-	(27,305)
Transfers	-	-	159,161	159,161	2,304,151	(2,622,473)	-	-
	-	-	159,161	159,161	2,304,151	(1,007,291)	-	1,615,182
At 30 June 2016	110,316,612	3,356,230	590,941	590,941	10,126,768	1,591,982	-	126,573,474
At 30 June 2016 (KHR'000 – Note 4)	441,266,448	13,424,920	2,386,812	2,386,812	40,902,014	6,430,015	4,433,240	511,230,261

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 six-month period ended 30 June 2016

	Six-month period ended 30 June 2016		Six-month period ended 30 June 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Operating activities				
Net profit for the period	1,642,487	6,634,005	1,367,651	5,537,619
Adjustments for:				
Income tax expense	305,129	1,232,416	512,923	2,076,825
Depreciation of property, plant and equipment and investment property	1,179,238	4,762,943	1,142,717	4,626,861
Property, plant and equipment written off	14,090	56,910	-	-
Foreign exchange difference	6,489	26,209	-	-
Provision for retirement benefits	48,016	193,937	49,844	201,818
Finance costs	607,837	2,455,054	559,985	2,267,379
	<u>3,803,286</u>	<u>15,361,474</u>	<u>3,633,120</u>	<u>14,710,502</u>
Changes in:				
Trade and other receivables	615,228	2,484,905	(828,623)	(3,355,095)
Trade and other payables	(289,873)	(1,170,797)	(65,691)	(265,983)
	<u>4,128,641</u>	<u>16,675,582</u>	<u>2,738,806</u>	<u>11,089,424</u>
Interest paid	(580,772)	(2,345,738)	(708,391)	(2,868,275)
Income tax paid	(709,926)	(2,867,391)	(183,451)	(742,793)
Employee benefit paid	(33,783)	(136,450)	(32,464)	(131,447)
Net cash generated from operating activities	<u>2,804,160</u>	<u>11,326,003</u>	<u>1,814,500</u>	<u>7,346,909</u>
Investing activities				
Purchase of property, plant and equipment	(2,166,611)	(8,750,942)	(192,085)	(777,751)
Purchase of investment property	(15,455)	(62,423)	-	-
Net cash used in investing activities	<u>(2,182,066)</u>	<u>(8,813,365)</u>	<u>(192,085)</u>	<u>(777,751)</u>
Financing activities				
Dividend paid	(534,427)	(2,158,551)	(492,368)	(1,993,598)
Net cash used in financing activities	<u>(534,427)</u>	<u>(2,158,551)</u>	<u>(492,368)</u>	<u>(1,993,598)</u>
Net increase in cash and cash equivalents	<u>87,667</u>	<u>354,087</u>	<u>1,130,047</u>	<u>4,575,560</u>
Cash and cash equivalents at 1 January	<u>8,749,221</u>	<u>35,338,104</u>	<u>1,820,910</u>	<u>7,372,865</u>
Cash and cash equivalents at 30 June (Note 7)	<u><u>8,836,888</u></u>	<u><u>35,692,191</u></u>	<u><u>2,950,957</u></u>	<u><u>11,948,425</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 six-month period ended 30 June 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 30 June 2016, PPAP had 484 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 six-month period ended 30 June 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 12 August 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 six-month period ended 30 June 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 KHR4,039 (As at 31 December 2015: KHR4,060 and 30 June 2015: KHR4,049) published by the General Department of Taxation on 30 June 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 six-month period ended 30 June 2016

5. Property, plant and equipment

During the six-month period ended 30 June 2016, the Company acquired the property, plant and equipment amounting to US\$2,166,611 (six-month period ended 30 June 2015: US\$192,085), depreciation amounting to US\$1,153,525 (six-month period ended 30 June 2015: US\$1,142,717) was charged to profit or loss.

6. Trade and other receivables

	As at 30 June 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade receivables	1,725,743	6,970,276	1,880,547	7,635,021
Advances, prepayments and others	263,817	1,065,557	589,415	2,393,025
Staff loans*	308,392	1,245,595	389,838	1,582,742
Advance to MPWT	-	-	53,380	216,723
	<u>2,297,952</u>	<u>9,281,428</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 30 June 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash in banks	8,831,681	35,671,160	8,745,579	35,507,050
Cash on hand	5,207	21,031	3,642	14,787
	<u>8,836,888</u>	<u>35,692,191</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 six-month period ended 30 June 2016

8. Share capital and other capital

	As at 30 June 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>441,266,448</u>	<u>110,316,612</u>	<u>441,266,448</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 in respect to the net profit for the year 2015 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 was paid on 9 June 2016.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 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 30 June 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 six-month period ended 30 June 2016

9. Borrowings

	As at 30 June 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") or Phnom Penh Port LM17	28,979,637	117,048,754	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 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.

10. Provision for retirement benefits

		As at 30 June 2016		As at 31 December 2015	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Defined benefit plan	(i)	556,815	2,248,976	507,399	2,060,040
Other benefits	(ii)	9,915	40,046	17,793	72,240
		<u>566,730</u>	<u>2,289,022</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.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2016

10. Provision for retirement benefits (continued)

(i). Defined benefit plan (continued)

Expenses recognised in profit or loss:

	Six-month period ended 30 June 2016		Three-month period ended 30 June 2016		Six-month period ended 30 June 2015		Three-month period ended 30 June 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current service costs	20,764	83,866	10,341	41,934	21,120	85,515	10,164	41,220
Interest costs	17,337	70,024	8,634	35,013	21,803	88,280	10,764	43,649
	<u>38,101</u>	<u>153,890</u>	<u>18,975</u>	<u>76,947</u>	<u>42,923</u>	<u>173,795</u>	<u>20,928</u>	<u>84,869</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%

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2016

10. Provision for retirement benefits (continued)

(i). Defined benefit plan (continued)

Actuarial assumptions (continued):

* 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

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.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2016

11. Taxation

(a) Deferred tax, net

	As at 30 June 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Deferred tax assets	117,708	475,423	115,162	467,558
Deferred tax liabilities	(1,233,566)	(4,982,373)	(1,197,779)	(4,862,983)
	<u>(1,115,858)</u>	<u>(4,506,950)</u>	<u>(1,082,617)</u>	<u>(4,395,425)</u>

Deferred tax assets/(liabilities) are attributable to:

	As at 30 June 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Depreciation	(1,233,566)	(4,982,373)	(1,197,779)	(4,862,983)
Provision for retirement benefits	108,201	437,024	105,038	426,455
Deferred income	8,859	35,782	10,124	41,103
Foreign exchange difference	648	2,617	-	-
	<u>(1,115,858)</u>	<u>(4,506,950)</u>	<u>(1,082,617)</u>	<u>(4,395,425)</u>

(b) Provision for income tax

	As at 30 June 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	640,881	2,588,518	319,975	1,299,099
Charge during the period/year	202,843	819,283	781,741	3,173,868
Prior year's under provision	69,045	278,873	14,003	56,852
Income tax paid	(709,926)	(2,867,391)	(474,838)	(1,927,842)
	<u>202,843</u>	<u>819,283</u>	<u>640,881</u>	<u>2,601,977</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2016

11. Taxation (continued)

(c) Income tax expense

	Six-month period ended 30 June 2016		Three-month period ended 30 June 2016		Six-month period ended 30 June 2015		Three-month period ended 30 June 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current income tax	202,843	819,283	82,077	333,441	353,892	1,432,909	157,572	639,188
Prior year's under provision	69,045	278,873	-	-	14,003	56,698	14,003	56,698
Deferred tax	33,241	134,260	24,733	101,138	145,028	587,218	21,410	87,430
	<u>305,129</u>	<u>1,232,416</u>	<u>106,810</u>	<u>434,579</u>	<u>512,923</u>	<u>2,076,825</u>	<u>192,985</u>	<u>783,316</u>

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 and withholding tax by 50% respectively (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 អនក្រឹត្យនៃព្រះរាជាណាចក្រកម្ពុជា 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 six-month period ended 30 June 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 សវ័ណ្ណ.ប្រក្រឹត 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. This request was approved by the GDT on 10 June 2016.

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:

	Six-month period ended 30 June 2016		Three-month period ended 30 June 2016		Six-month period ended 30 June 2015		Three-month period ended 30 June 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit before income tax	1,947,616	7,866,421	842,182	3,419,260	1,880,574	7,614,444	844,210	3,424,425
Income tax using approved tax rate at 20%	389,523	1,573,283	168,436	683,850	376,115	1,522,889	168,842	684,885
Effect of tax incentive	(194,762)	(786,644)	(84,218)	(341,925)	-	-	-	-
Prior year's under provision	69,045	278,873	-	-	14,003	56,699	14,003	56,699
Effect of non-deductible expenses	41,323	166,904	22,592	92,654	122,805	497,237	10,140	41,732
Income tax expense	305,129	1,232,416	106,810	434,579	512,923	2,076,825	192,985	783,316

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

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Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2016

12. Trade and other payables

	As at 30 June 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Accrued operating expenses	510,472	2,061,797	797,919	3,239,548
Trade payables	289,901	1,170,910	238,877	969,841
Customer deposits	242,887	981,021	241,575	980,795
Interest payable	412,954	1,667,921	441,422	1,792,173
Other tax payables	125,536	507,041	180,298	732,010
Dividend payable	26,325	106,327	-	-
	<u>1,608,075</u>	<u>6,495,017</u>	<u>1,900,091</u>	<u>7,714,367</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2016

13. Revenue

	Six-month period ended 30 June 2016		Three-month period ended 30 June 2016		Six-month period ended 30 June 2015		Three-month period ended 30 June 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Stevedoring	3,060,818	12,362,644	1,517,203	6,152,681	2,868,705	11,615,386	1,327,578	5,384,610
Lift On Lift Off (LOLO)	2,354,218	9,508,687	1,168,708	4,739,380	2,272,218	9,200,211	1,121,631	4,548,388
Port dues & charges	1,339,588	5,410,596	571,353	2,319,987	1,128,215	4,568,143	479,276	1,944,483
Sand dredging management fee	242,418	979,126	108,317	439,638	151,789	614,594	151,789	614,594
Survey	-	-	-	-	134,664	545,255	134,664	545,255
Gate fee	239,934	969,093	124,000	502,691	222,079	899,198	112,315	455,422
Storage fee	263,593	1,064,652	110,669	449,439	173,906	704,145	98,778	400,402
Trucking fee	863	3,486	518	2,097	2,086	8,445	864	3,504
	<u>7,501,432</u>	<u>30,298,284</u>	<u>3,600,768</u>	<u>14,605,913</u>	<u>6,953,662</u>	<u>28,155,377</u>	<u>3,426,895</u>	<u>13,896,658</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2016

14. Cost of sales and services

	Six-month period ended 30 June 2016		Three-month period ended 30 June 2016		Six-month period ended 30 June 2015		Three-month period ended 30 June 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Depreciation	992,785	4,009,859	498,686	2,022,099	979,220	3,964,862	489,785	1,986,076
Crane charge	609,038	2,459,904	313,347	1,270,339	599,600	2,427,780	283,400	1,149,383
Salaries and other benefits	540,703	2,183,899	265,238	1,075,703	477,254	1,932,401	246,239	998,407
Fuel and gasoline	135,109	545,705	61,269	248,647	363,205	1,470,617	101,177	410,411
Maintenance costs	213,932	864,071	100,839	409,098	162,756	658,999	74,056	300,385
Sand dredging management cost	75,961	306,806	4,622	19,809	13,100	53,042	13,100	53,869
Survey costs	5,211	21,047	-	83	15,671	63,452	15,671	63,452
Others	44,780	180,868	18,126	73,639	3,818	15,459	924	3,759
	<u>2,617,519</u>	<u>10,572,159</u>	<u>1,262,127</u>	<u>5,119,417</u>	<u>2,614,624</u>	<u>10,586,612</u>	<u>1,224,352</u>	<u>4,965,742</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2016

15. General administration and selling expenses

	Six-month period ended 30 June 2016		Three-month period ended 30 June 2016		Six-month period ended 30 June 2015		Three-month period ended 30 June 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Salaries and wages	1,479,122	5,974,174	715,181	2,900,839	1,027,657	4,160,983	607,761	2,463,343
Donation expenses	187,612	757,765	152,499	616,505	109,147	441,936	84,827	343,610
Utilities and fuel	199,799	806,988	106,667	432,318	166,412	673,802	78,612	318,827
Depreciation	186,453	753,084	92,914	376,777	163,497	661,999	82,050	332,709
Repairs and maintenance	121,915	492,415	100,654	406,882	63,181	255,820	29,748	120,650
Business entertainments	112,251	453,382	82,249	332,684	148,561	601,524	89,399	362,332
Travelling expenses	69,425	280,408	36,905	149,580	69,956	283,252	27,567	111,873
Professional fee	23,087	93,248	15,305	61,941	1,293	5,235	(9,409)	(38,033)
Board of Directors' fee	104,803	423,299	52,220	211,758	34,976	141,618	17,454	70,777
Office and material supplies	78,779	318,188	30,868	125,442	46,115	186,720	24,135	97,855
Communication expenses	27,798	112,276	14,586	59,124	29,854	120,879	18,106	73,382
Other tax expenses	63,643	257,054	43,112	174,458	33,897	137,249	32,588	131,957
Others	144,610	584,080	46,472	189,271	142,876	578,505	61,436	249,242
	<u>2,799,297</u>	<u>11,306,361</u>	<u>1,489,632</u>	<u>6,037,579</u>	<u>2,037,422</u>	<u>8,249,522</u>	<u>1,144,274</u>	<u>4,638,524</u>

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Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2016

16. Related party transactions and balances

(a) Significant transactions with related parties

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

	Six-month period ended 30 June 2016		Three-month period ended 30 June 2016		Six-month period ended 30 June 2015		Three-month period ended 30 June 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
MEF:								
Finance costs	552,304	2,230,756	285,335	1,156,740	559,985	2,267,379	270,189	1,095,734
MEF and MPWT:								
Donation and charities	16,109	65,064	15,134	61,142	20,338	82,349	3,648	14,871
With Directors:								
Directors' remuneration	104,803	423,299	52,220	211,758	34,976	141,618	17,454	70,777

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2016

16. Related party transactions and balances (continued)

(b) Significant balances with related parties

	As at 30 June 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Amounts due from related parties:				
MPWT	-	-	53,380	216,722
Borrowings from Eximbank through MEF	28,979,637	117,048,754	28,979,637	117,657,326
Interest payable on borrowings	412,954	1,667,921	441,422	1,792,173
	<u>29,392,591</u>	<u>118,716,675</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 30 June 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within 1 year	55,767	225,243	56,932	231,144
Within 2 to 3 years	86,284	348,501	111,528	452,804
	<u>142,051</u>	<u>573,744</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.