

Registration No:  
Co.7175 Et/2004

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

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

Registration No:  
Co.7175 Et/2004

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

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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 30 June 2018, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and six-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*.

*For and on behalf of the board of Directors,*



**H.E. Hei Bavy**  
Chairman and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia  
Date: 3 AUG 2018

A handwritten signature in blue ink, appearing to be 'Chheav Vanthea'.

**Ms. Chheav Vanthea**  
Head of Accounting/Finance  
Department

**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 30 June 2018, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and six-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) Limited  
Phnom Penh, Cambodia  
Date: 3 August 2018

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

**CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

	Note	Unaudited 30 June 2018		Audited 31 December 2017	
		US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	134,846,572	547,881,622	145,355,017	586,798,204
Investment properties	5	19,861,344	80,696,641	8,473,703	34,208,339
		<u>154,707,916</u>	<u>628,578,263</u>	<u>153,828,720</u>	<u>621,006,543</u>
<b>Current assets</b>					
Trade and other receivables	6	3,816,773	15,507,549	3,009,308	12,148,576
Cash and bank balances	7	10,595,034	43,047,623	11,717,944	47,305,340
		<u>14,411,807</u>	<u>58,555,172</u>	<u>14,727,252</u>	<u>59,453,916</u>
<b>TOTAL ASSETS</b>		<u>169,119,723</u>	<u>687,133,435</u>	<u>168,555,972</u>	<u>680,460,459</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	8	114,453,485	457,813,940	114,453,485	457,813,940
Share premium	9	155,502	622,008	155,502	622,008
Reserves	10	18,675,142	75,877,102	13,946,283	56,301,145
Retained earnings		2,182,200	8,792,084	5,282,062	21,323,684
Currency translation difference		-	7,294,561	-	4,240,532
<b>TOTAL EQUITY</b>		<u>135,466,329</u>	<u>550,399,695</u>	<u>133,837,332</u>	<u>540,301,309</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Guaranteed dividends payable		440,519	1,789,829	630,080	2,543,633
Borrowings	11	26,909,663	109,333,961	26,909,663	108,634,310
Provision for retirement benefits	12	647,182	2,629,500	619,279	2,500,029
Deferred tax liabilities	13	1,665,331	6,766,240	1,414,296	5,709,513
		<u>29,662,695</u>	<u>120,519,530</u>	<u>29,573,318</u>	<u>119,387,485</u>
<b>Current liabilities</b>					
Trade and other payables	14	2,675,746	10,871,556	2,510,885	10,136,443
Borrowings	11	1,034,987	4,205,152	2,069,974	8,356,485
Current tax liabilities		279,966	1,137,502	564,463	2,278,737
		<u>3,990,699</u>	<u>16,214,210</u>	<u>5,145,322</u>	<u>20,771,665</u>
		<u>33,653,394</u>	<u>136,733,740</u>	<u>34,718,640</u>	<u>140,159,150</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>169,119,723</u>	<u>687,133,435</u>	<u>168,555,972</u>	<u>680,460,459</u>

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

**PHNOM PENH AUTONOMOUS PORT**  
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**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

	Note	Unaudited				Unaudited			
		Three-month period ended				Six-month period ended			
		30 June 2018 <sup>(1)</sup>		30 June 2017 <sup>(2)</sup>		30 June 2018 <sup>(1)</sup>		30 June 2017 <sup>(2)</sup>	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	
Revenue	15	4,668,283	18,887,699	4,147,959	16,790,448	9,326,362	37,575,912	8,265,321	33,325,774
Cost of services	16	<u>(1,670,413)</u>	<u>(6,759,854)</u>	<u>(1,588,095)</u>	<u>(6,428,341)</u>	<u>(3,421,049)</u>	<u>(13,783,406)</u>	<u>(3,159,475)</u>	<u>(12,739,003)</u>
Gross profit		2,997,870	12,127,845	2,559,864	10,362,107	5,905,313	23,792,506	5,105,846	20,586,771
Other income	17	246,196	995,027	146,928	594,585	428,710	1,727,273	282,670	1,139,725
General and administrative expenses	18	<u>(1,748,099)</u>	<u>(7,065,761)</u>	<u>(1,399,779)</u>	<u>(5,665,385)</u>	<u>(3,081,631)</u>	<u>(12,415,891)</u>	<u>(2,742,074)</u>	<u>(11,056,042)</u>
Operating profit		1,495,967	6,057,111	1,307,013	5,291,307	3,252,392	13,103,888	2,646,442	10,670,454
Finance costs	19	<u>(301,333)</u>	<u>(1,218,803)</u>	<u>(313,636)</u>	<u>(1,269,602)</u>	<u>(579,674)</u>	<u>(2,335,507)</u>	<u>(627,461)</u>	<u>(2,529,923)</u>
Profit before tax		1,194,634	4,838,308	993,377	4,021,705	2,672,718	10,768,381	2,018,981	8,140,531
Tax expense	20	<u>(152,861)</u>	<u>(621,604)</u>	<u>(140,033)</u>	<u>(567,687)</u>	<u>(489,729)</u>	<u>(1,973,118)</u>	<u>(332,163)</u>	<u>(1,339,281)</u>
Profit for the financial period		1,041,773	4,216,704	853,344	3,454,018	2,182,989	8,795,263	1,686,818	6,801,250

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**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (continued)**

	Note	Unaudited Three-month period ended				Unaudited Six-month period ended			
		30 June 2018 <sup>(1)</sup>		30 June 2017 <sup>(2)</sup>		30 June 2018 <sup>(1)</sup>		30 June 2017 <sup>(2)</sup>	
		US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Other comprehensive income, net of tax									
Items that will not be reclassified subsequently to profit or loss:									
Re-measurements of defined benefit liability		24,726	99,187	21,555	86,459	(789)	(3,179)	(6,584)	(26,547)
Total comprehensive income for the financial period		1,066,499	4,315,891	874,899	3,540,477	2,182,200	8,792,084	1,680,234	6,774,703
Earnings per share									
Basic	21	0.05	0.21	0.04	0.17	0.11	0.43	0.08	0.33
Diluted	21	0.05	0.21	0.04	0.17	0.11	0.43	0.08	0.33

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 2017 and the accompanying explanatory notes attached to this interim financial report.
- (2) The comparative figures for the corresponding period were reviewed but not audited.

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**CONDENSED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
<b>Balance as at 1 January 2018</b>		<b>114,453,485</b>	<b>155,502</b>	<b>13,946,283</b>	<b>5,282,062</b>	<b>-</b>	<b>133,837,332</b>
Profit for the financial period		-	-		2,182,989	-	2,182,989
Actuarial loss on retirement benefit obligation		-	-		(789)	-	(789)
Total comprehensive income for the financial period		-	-		2,182,200	-	2,182,200
<b>Transactions with owners</b>							
Transfer to reserves	10	-	-	4,728,859	(4,728,859)	-	-
Dividends Class B	22	-	-	-	(553,203)	-	(553,203)
Total transactions with owners		-	-	4,728,859	(5,282,062)	-	(553,203)
<b>Balance as at 30 June 2018<sup>(1)</sup></b>		<b>114,453,485</b>	<b>155,502</b>	<b>18,675,142</b>	<b>2,182,200</b>	<b>-</b>	<b>135,466,329</b>
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>75,877,102</i>	<i>8,792,084</i>	<i>7,294,561</i>	<i>550,399,695</i>



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**CONDENSED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (continued)**

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
<b>Balance as at 1 January 2017</b>		<b>114,453,485</b>	<b>155,502</b>	<b>11,308,650</b>	<b>3,175,671</b>	<b>-</b>	<b>129,093,308</b>
Profit for the financial period		-	-	-	1,686,818	-	1,686,818
Actuarial loss on retirement benefit obligation		-	-	-	(6,584)	-	(6,584)
Total comprehensive income for the financial period		-	-	-	1,680,234	-	1,680,234
<b>Transactions with owners</b>							
Transfer to reserves	10	-	-	2,637,633	(2,637,633)	-	-
Dividends		-	-	-	(538,038)	-	(538,038)
Total transactions with owners		-	-	2,637,633	(3,175,671)	-	(538,038)
<b>Balance as at 30 June 2017<sup>(2)</sup></b>		<b>114,453,485</b>	<b>155,502</b>	<b>13,946,283</b>	<b>1,680,234</b>	<b>-</b>	<b>130,235,504</b>
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>56,984,513</i>	<i>6,865,436</i>	<i>9,856,372</i>	<i>532,142,269</i>

Notes:

- (1) Should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.
- (2) The comparative figures for the corresponding period were reviewed but not audited.

**CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

	Note	Unaudited Six-month period ended			
		30 June 2018 <sup>(1)</sup> US\$	KHR'000	30 June 2017 <sup>(2)</sup> US\$	KHR'000
<b>Cash flows from operating activities</b>					
Profit before tax		2,672,718	10,768,381	2,018,981	8,140,531
Adjustments for:					
Depreciation of property, plant and equipment	4	1,437,566	5,791,953	1,402,477	5,654,787
Depreciation of investment properties	5	35,482	142,957	31,755	128,036
Finance cost	19	579,674	2,335,507	627,461	2,529,923
Loss on disposal of property, plant and equipment		52,246	210,499	-	-
Property, plant and equipment written off		8,768	35,326	-	-
Retirement benefit obligation expenses		50,557	203,694	45,471	183,340
Retirement benefit obligation paid		(23,443)	(94,452)	(19,752)	(79,640)
Unrealised gain on foreign exchange		(4,032)	(16,245)	(7,044)	(28,401)
Operating profit before changes in working capital		4,809,536	19,377,620	4,099,349	16,528,576
Changes in working capital					
Trade and other receivables		(807,465)	(3,253,276)	(191,855)	(773,559)
Trade and other payables		(258,536)	(1,041,642)	(477,906)	(1,926,917)
Cash generated from operations		3,743,535	15,082,702	3,429,588	13,828,100
Tax paid		(523,191)	(2,107,937)	(496,526)	(2,001,993)
Net cash from operating activities		3,220,344	12,974,765	2,933,062	11,826,107
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(2,447,624)	(9,861,477)	(929,364)	(3,747,196)
Purchase of investment properties	5	-	-	(1,893)	(7,633)
Proceeds from disposal of property, plant and equipment		34,366	138,461	-	-
Net cash used in investing activities		(2,413,258)	(9,723,016)	(931,257)	(3,754,829)

**CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (continued)**

	Note	Unaudited Six-month period ended			
		30 June 2018 <sup>(1)</sup>		30 June 2017 <sup>(2)</sup>	
		US\$	KHR'000	US\$	KHR'000
<b>Cash flows from financing activities</b>					
Dividend paid		(315,416)	(1,270,811)	(287,623)	(1,159,696)
Interest paid		(579,593)	(2,335,180)	(579,593)	(2,336,919)
Repayments of borrowings		(1,034,987)	(4,169,963)	-	-
Net cash used in financing activities		(1,929,996)	(7,775,954)	(867,216)	(3,496,615)
<b>Net (decrease)/increase in cash and cash equivalents</b>					
		(1,122,910)	(4,524,205)	1,134,589	4,574,663
<b>Cash and cash equivalents at beginning of financial period</b>					
		11,717,944	47,305,340	6,751,489	27,255,761
Currency translation differences		-	266,488	-	392,091
<b>Cash and cash equivalents at end of financial period</b>					
	7	<u>10,595,034</u>	<u>43,047,623</u>	<u>7,886,078</u>	<u>32,222,515</u>

*Notes:*

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

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

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
30 JUNE 2018**

**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
30 June 2018	US\$1 =	KHR4,063	KHR4,029
31 December 2017	US\$1 =	KHR4,037	KHR4,045
30 June 2017	US\$1 =	KHR4,086	KHR4,032

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 3 August 2018.

**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 processing 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 2017 and the accompanying explanatory notes attached herein.

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

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

	<b>Effective Date</b>
Amendments to CIFRS 1 <i>Annual Improvements to IFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
CIFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to CIFRS 15	1 January 2018
CIFRS 9 <i>Financial Instruments (issued by IASB in July 2014)</i>	1 January 2018
Amendments to CIFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to CIAS 28 <i>Annual Improvements to CIFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to CIAS 40 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to CIFRS 4 <i>Applying CIFRS 9 Financial Instruments with CIFRS 4 Insurance Contracts</i>	See CIFRS 4 Paragraphs 46 and 48

There is no material impact upon the adoption of the above accounting standards, amendments and interpretations during the financial period.

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

	<b>Effective Date</b>
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
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.

### 3. BASIS OF PREPARATION (continued)

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

#### CIFRS 16 Leases

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

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

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

#### IC Interpretation 23 Uncertainty over Income Tax Treatments

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

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

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

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

#### Amendments to CIFRS 9 Prepayment Features with Negative Compensation

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

### 3. BASIS OF PREPARATION (continued)

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

#### 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

	<b>Unaudited</b> <b>30 June 2018</b> US\$	<b>Audited</b> <b>31 December 2017</b> US\$
<i>Cost</i>		
Balance at the beginning of financial period/year	158,588,158	155,558,868
Additions	2,447,624	3,029,290
Transfer to investment property	(11,480,707)	-
Disposals	(239,069)	-
Written-off	(77,802)	-
	<hr/>	<hr/>
Balance at the end of financial period/year	149,238,204	158,588,158

**4. PROPERTY, PLANT AND EQUIPMENT (continued)**

	<b>Unaudited</b> <b>30 June 2018</b> US\$	<b>Audited</b> <b>31 December 2017</b> US\$
<b><i>Accumulated depreciation</i></b>		
Balance at the beginning of financial period/year	13,233,141	10,402,476
Depreciation for financial period/year	1,437,566	2,830,665
Transfer to investment property	(57,584)	-
Disposals	(152,457)	-
Written-off	(69,034)	-
	<u>14,391,632</u>	<u>13,233,141</u>
<b>Carrying amounts</b>		
Balance at the end of financial period/year	<u>134,846,572</u>	<u>145,355,017</u>
<i>(KHR '000 equivalent)</i>	<u>547,881,622</u>	<u>586,798,204</u>

**5. INVESTMENT PROPERTIES**

	<b>Unaudited</b> <b>30 June 2018</b> US\$	<b>Audited</b> <b>31 December 2017</b> US\$
<b><i>Cost</i></b>		
Balance at the beginning of financial period/year	8,813,599	8,811,706
Additions	-	1,893
Transfer from property, plant and equipment	11,480,707	-
	<u>20,294,306</u>	<u>8,813,599</u>
<b><i>Accumulated depreciation</i></b>		
Balance at the beginning of financial period/year	339,896	276,386
Depreciation for financial period/year	35,482	63,510
Transfer from property, plant and equipment	57,584	-
	<u>432,962</u>	<u>339,896</u>
<b>Carrying amounts</b>		
Balance at the end of financial period/year	<u>19,861,344</u>	<u>8,473,703</u>
<i>(KHR '000 equivalent)</i>	<u>80,696,641</u>	<u>34,208,339</u>



## 6. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
<b>Trade receivables</b>				
Third parties	2,963,461	12,040,542	2,511,759	10,139,971
<b>Other receivables</b>				
Advances	34,888	141,750	62,974	254,226
Other receivables	416,983	1,694,202	35,436	143,055
	451,871	1,835,952	98,410	397,281
Loans and receivables	3,415,332	13,876,494	2,610,169	10,537,252
<b>Prepayments</b>	401,441	1,631,055	399,139	1,611,324
	3,816,773	15,507,549	3,009,308	12,148,576

## 7. CASH AND BANK BALANCES

	Unaudited 30 June 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	7,090	28,807	3,815	15,401
Cash at banks and deposits	10,587,944	43,018,816	11,714,129	47,289,939
	10,595,034	43,047,623	11,717,944	47,305,340

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

## 8. SHARE CAPITAL

	Unaudited 30 June 2018		Audited 31 December 2017	
	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>		- 457,813,940		- 457,813,940

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.

## 9. 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 and a premium of US\$1,136,169. 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.

## 10. RESERVES

	Legal reserve US\$	General reserve US\$	Development fund US\$	Total US\$
<b>As at 1 January 2018</b>	795,311	795,311	12,355,661	13,946,283
Transfer from retained earnings	<u>268,092</u>	<u>268,092</u>	<u>4,192,675</u>	<u>4,728,859</u>
<b>As at 30 June 2018 (Unaudited)</b>	<b><u>1,063,403</u></b>	<b><u>1,063,403</u></b>	<b><u>16,548,336</u></b>	<b><u>18,675,142</u></b>
<i>(KHR '000 equivalent)</i>	<u>4,320,606</u>	<u>4,320,606</u>	<u>67,235,890</u>	<u>75,877,102</u>
<b>As at 1 January 2017</b>	590,941	590,941	10,126,768	11,308,650
Transfer from retained earnings	<u>204,370</u>	<u>204,370</u>	<u>2,228,893</u>	<u>2,637,633</u>
<b>As at 31 December 2017 (Audited)</b>	<u>795,311</u>	<u>795,311</u>	<u>12,355,661</u>	<u>13,946,283</u>
<i>(KHR '000 equivalent)</i>	<u>3,210,671</u>	<u>3,210,671</u>	<u>49,879,803</u>	<u>56,301,145</u>

On 26 February 2018, the Board of Directors approved the transfer of retained earnings to reserves amounting US\$4,728,859.

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

## 11. BORROWINGS

	Unaudited 30 June 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
<b>Non-current</b>				
Phnom Penh Port – New Container Terminal Project (“PPPNECTP”) or Phnom Penh Port LM17	<u>26,909,663</u>	<u>109,333,961</u>	<u>26,909,663</u>	<u>108,634,310</u>
<b>Current</b>				
PPPNECTP or Phnom Penh Port LM17	<u>1,034,987</u>	<u>4,205,152</u>	<u>2,069,974</u>	<u>8,356,485</u>
	<u>27,944,650</u>	<u>113,539,113</u>	<u>28,979,637</u>	<u>116,990,795</u>

PPPNECTP 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.

## 12. PROVISION FOR RETIREMENT BENEFITS

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

	Unaudited 30 June 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
<b>Defined benefits obligation</b>				
Present value of defined benefits obligation	635,329	2,581,342	597,461	2,411,950
Fair value of plan asset	-	-	-	-
	<u>635,329</u>	<u>2,581,342</u>	<u>597,461</u>	<u>2,411,950</u>
<b>Other benefits</b>				
National Social Security Funds	<u>11,853</u>	<u>48,158</u>	<u>21,818</u>	<u>88,079</u>
Liability recognised in statement of financial position	<u>647,182</u>	<u>2,629,500</u>	<u>619,279</u>	<u>2,500,029</u>

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

	Unaudited 30 June 2018		Audited 31 December 2017	
	US\$		US\$	
Balance at 1 January	597,461		514,207	
Current service cost	20,644		35,536	
Interest cost	18,060		33,628	
Benefits paid	(1,625)		(13,214)	
Re-measurement	789		27,304	
Balance at 30 June	<u>635,329</u>		<u>597,461</u>	
<i>(KHR'000 equivalent)</i>	<u>2,581,342</u>		<u>2,411,950</u>	

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

	Unaudited 30 June 2018		Audited 31 December 2017	
	US\$		US\$	
Balance at 1 January	21,818		19,752	
Benefits paid	(21,818)		(19,752)	
Additional expenses	<u>11,853</u>		<u>21,818</u>	
Balance at 30 June	<u>11,853</u>		<u>21,818</u>	
<i>(KHR'000 equivalent)</i>	<u>48,158</u>		<u>88,079</u>	

## 12. 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 30 June 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
<b>Defined benefit obligation</b>				
Current service costs	20,644	83,175	35,536	143,459
Interest costs	18,060	72,764	33,628	135,756
<b>Other benefits</b>				
Additional expenses	11,853	47,756	21,818	88,079
	<u>50,557</u>	<u>203,695</u>	<u>90,982</u>	<u>367,294</u>

## 13. DEFERRED TAX

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

	At 1 January 2018 US\$	Recognised in profit or loss US\$	At 30 June 2018 US\$ (unaudited)
Property, plant and equipment	(1,526,814)	(352,388)	(1,879,202)
Retirement benefit obligation	107,654	19,412	127,066
Deferred income	3,797	(3,797)	-
Provision for bonus	-	84,825	84,825
Unrealised exchange	1,067	913	1,980
	<u>(1,414,296)</u>	<u>(251,035)</u>	<u>(1,665,331)</u>
<i>(KHR'000 equivalent)</i>			<u><u>(6,766,240)</u></u>

	At 1 January 2017 US\$	Recognised in profit or loss US\$	At 31 December 2017 US\$ (audited)
Property, plant and equipment	(1,295,820)	(230,994)	(1,526,814)
Retirement benefit obligation	103,939	3,715	107,654
Deferred income	7,593	(3,796)	3,797
Unrealised exchange	587	480	1,067
	<u>(1,183,701)</u>	<u>(230,595)</u>	<u>(1,414,296)</u>
<i>(KHR'000 equivalent)</i>			<u><u>(5,709,513)</u></u>

#### 14. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
<b>Trade payables</b>				
Third parties	474,602	1,928,308	406,795	1,642,232
<b>Other payables</b>				
Interest payable	403,645	1,640,010	441,422	1,782,021
Unearned income	354,499	1,440,329	248,114	1,001,636
Dividend payable	553,201	2,247,656	52,467	211,809
Guaranteed dividends payable	223,387	907,621	262,949	1,061,525
Other tax payables	104,833	425,937	153,355	619,094
Other payables	561,579	2,281,695	945,783	3,818,126
	2,201,144	8,943,248	2,104,090	8,494,211
	2,675,746	10,871,556	2,510,885	10,136,443

#### 15. REVENUE

	Unaudited Three-month period ended			
	30 June 2018		30 June 2017	
	US\$	KHR'000	US\$	KHR'000
Stevedoring	1,960,180	7,930,917	1,726,216	6,987,643
Lift On Lift Off (“LOLO”)	1,688,297	6,828,969	1,520,922	6,153,144
Port dues and charges	711,486	2,880,985	643,162	2,606,306
Gate fees	183,557	742,400	150,409	609,432
Storage fees	99,080	400,669	89,879	363,565
Weighting fee	870	3,602	3,965	16,066
Stuffing/Unstuffing	3,850	15,554	-	-
Sand dredging management fee	19,410	78,346	12,989	52,606
Trucking fee	1,535	6,185	314	1,269
Repair and maintenance services	18	72	103	417
	4,668,283	18,887,699	4,147,959	16,790,448

	Unaudited Six-month period ended			
	30 June 2018		30 June 2017	
	US\$	KHR'000	US\$	KHR'000
Stevedoring	3,922,024	15,801,835	3,447,505	13,900,340
Lift On Lift Off (“LOLO”)	3,265,969	13,158,589	2,820,061	11,370,486
Port dues and charges	1,558,993	6,281,183	1,460,479	5,888,651
Gate fees	351,182	1,414,912	284,481	1,147,027
Storage fees	185,854	748,806	163,200	658,022
Weighting fee	6,537	26,338	8,865	35,744
Stuffing/Unstuffing	6,350	25,584	-	-
Sand dredging management fee	27,900	112,408	27,636	111,428
Survey	-	-	52,428	211,390
Trucking fee	1,535	6,185	514	2,072
Repair and maintenance services	18	72	152	614
	9,326,362	37,575,912	8,265,321	33,325,774

**16. COST OF SERVICES**

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Crane charges	401,076	1,621,284	347,596	1,406,535
Depreciation	654,927	2,649,770	619,040	2,505,857
Fuel and gasoline	146,220	592,833	140,180	568,453
Salaries and wages	330,580	1,337,398	295,328	1,195,422
Maintenance costs	121,570	492,094	136,759	552,423
Sand dredging management cost	-	-	(684)	(2,372)
Survey costs	-	-	2,088	8,470
Repair and maintenance container fee	-	-	87	351
Others	16,040	66,475	47,701	193,202
	<u>1,670,413</u>	<u>6,759,854</u>	<u>1,588,095</u>	<u>6,428,341</u>

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Crane charges	715,694	2,883,531	661,838	2,668,531
Depreciation	1,306,038	5,262,027	1,236,996	4,987,568
Fuel and gasoline	364,678	1,469,288	343,116	1,383,444
Salaries and wages	653,577	2,633,262	586,564	2,365,026
Maintenance costs	256,219	1,032,306	199,934	806,134
Sand dredging management cost	-	-	23,485	94,691
Survey costs	-	-	5,308	21,402
Repair and maintenance container fee	-	-	87	351
Others	124,843	502,992	102,147	411,856
	<u>3,421,049</u>	<u>13,783,406</u>	<u>3,159,475</u>	<u>12,739,003</u>

**17. OTHER INCOME**

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Rental income	148,214	598,731	80,521	325,846
Finance income	80,708	326,552	52,108	210,892
Others	17,274	69,744	14,299	57,847
	<u>246,196</u>	<u>995,027</u>	<u>146,928</u>	<u>594,585</u>

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Rental income	241,006	971,013	154,598	623,339
Finance income	161,871	652,178	101,652	409,861
Others	25,833	104,082	26,420	106,525
	<u>428,710</u>	<u>1,727,273</u>	<u>282,670</u>	<u>1,139,725</u>

## 18. GENERAL AND ADMINISTRATIVE EXPENSES

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Salaries and other benefits	860,587	3,481,984	758,646	3,071,213
Utilities and fuel	113,978	460,939	107,602	435,531
Depreciation	83,948	339,638	96,260	389,736
Board of Directors' fee	52,297	211,600	52,312	211,765
Donation	231,769	934,379	128,678	519,482
Office supplies	19,179	77,759	25,714	104,197
Business entertainment	118,884	479,430	100,449	405,682
Repair and maintenance	26,782	108,309	43,286	175,007
Communication expenses	15,014	60,743	12,767	51,708
Professional fees	8,629	34,871	8,508	34,506
Travelling expenses	19,692	79,435	20,820	84,376
Other tax expenses	38,094	153,622	9,136	37,009
Other expenses	98,232	397,227	35,601	145,173
Property, plant and equipment written off	8,768	35,326	-	-
Loss on disposal of property, plant and equipment	52,246	210,499	-	-
	<u>1,748,099</u>	<u>7,065,761</u>	<u>1,399,779</u>	<u>5,665,385</u>

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Salaries and other benefits	1,724,037	6,946,145	1,530,670	6,171,661
Utilities and fuel	215,284	867,379	212,564	857,058
Depreciation	167,010	672,883	197,236	795,256
Board of Directors' fee	105,014	423,101	105,039	423,517
Donation	265,976	1,071,617	169,472	683,311
Office supplies	47,793	192,558	58,030	233,977
Business entertainment	145,089	584,564	142,483	574,491
Repair and maintenance	50,544	203,642	73,151	294,945
Communication expenses	29,826	120,169	27,173	109,561
Professional fees	14,786	59,573	21,118	85,148
Travelling expenses	25,362	102,183	47,643	192,097
Other tax expenses	46,425	187,046	19,986	80,584
Other expenses	183,471	739,206	137,509	554,436
Property, plant and equipment written off	8,768	35,326	-	-
Loss on disposal of property, plant and equipment	52,246	210,499	-	-
	<u>3,081,631</u>	<u>12,415,891</u>	<u>2,742,074</u>	<u>11,056,042</u>

## 19. FINANCE COSTS

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Interest expense on borrowings	282,552	1,142,810	289,797	1,173,098
Unwinding effect of guaranteed dividend	18,781	75,993	23,839	96,504
	<u>301,333</u>	<u>1,218,803</u>	<u>313,636</u>	<u>1,269,602</u>

**19. FINANCE COSTS (continued)**

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Interest expense on borrowings	541,816	2,182,977	579,593	2,336,919
Unwinding effect of guaranteed dividend	37,858	152,530	47,868	193,004
	<u>579,674</u>	<u>2,335,507</u>	<u>627,461</u>	<u>2,529,923</u>

**20. TAX EXPENSE**

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Income tax expense:				
Current year	147,214	594,681	97,427	394,441
Deferred tax expense:				
Origination and reversal of temporary differences	13,688	55,346	42,606	173,246
Over provision in prior year	(8,041)	(28,423)	-	-
	<u>5,647</u>	<u>26,923</u>	<u>42,606</u>	<u>173,246</u>
Total tax expense	<u>152,861</u>	<u>621,604</u>	<u>140,033</u>	<u>567,687</u>

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Income tax expense:				
Current year	297,851	1,200,042	198,408	799,981
(Over)/Under provision in prior year	(59,157)	(238,343)	7,265	29,292
	<u>238,694</u>	<u>961,699</u>	<u>205,673</u>	<u>829,273</u>
Deferred tax expense:				
Origination and reversal of temporary differences	25,345	102,114	126,490	510,008
Under provision in prior year	225,690	909,305	-	-
	<u>251,035</u>	<u>1,011,419</u>	<u>126,490</u>	<u>510,008</u>
Total tax expense	<u>489,729</u>	<u>1,973,118</u>	<u>332,163</u>	<u>1,339,281</u>



## 20. TAX EXPENSE (continued)

Under the Cambodian Law on Taxation, PPAP has an obligation to pay tax on profit at 20% (2017: 20%) of the taxable profit or a minimum tax at 1% (2017: 1%) of total revenue, whichever is higher. Having successfully listed on the CSX, PPAP is entitled to tax incentives as follows:

- A reduction on 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 three years in accordance with the Sub-decree no. 1៣៩៧.០៧ of the Royal Government of Cambodia dated 8 January 2015. On 11 February 2016, the Securities and Exchange Commission of Cambodia (“SECC”) submitted a letter to the General Department of Taxation (“GDT”) suggesting that PPAP will be entitled to the tax incentives starting from 2016.
- On 12 December 2016, PPAP submitted a letter to SECC requesting for their assistance in facilitating with the GDT for the written approval on the 50% reduction on tax on profit of PPAP for financial year ended 2016. The SECC, subsequently on 30 December 2016, submitted a letter to the GDT requesting for the written approval for the said tax incentive. This request was approved by the GDT on 8 February 2017 with the tax incentive of three years starting from 2016.
- A temporary postponement on the prepayment of profit tax for the period three years in accordance with the Prakas number 855 ស្រីហ.០៧ of the MEF dated 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.

## 21. EARNINGS PER SHARE

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	1,066,499	4,315,891	874,899	3,540,477
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	0.05	0.21	0.04	0.17
Diluted earnings per share	<u>0.05</u>	<u>0.21</u>	<u>0.04</u>	<u>0.17</u>

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	2,182,200	8,792,084	1,680,234	6,774,703
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	0.11	0.43	0.08	0.33
Diluted earnings per share	<u>0.11</u>	<u>0.43</u>	<u>0.08</u>	<u>0.33</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.

## 22. DIVIDENDS

On 26 February 2018, the Board of Directors of PPAP resolved to distribute the dividends in respect to the financial year ended 31 December 2017 to shareholders of each class of shares as follows:

- Shareholders in Class A is entitled to total guaranteed dividend of US\$262,949 (equivalent to KHR1,051,796,000) and this dividend was paid on 16 June 2018. The additional dividend to Class A shareholders of US\$52,467 was also paid on the same date. These dividends were approved by the Board of Directors on 27 October 2017.
- Shareholders in Class B is entitled to total dividend of US\$553,203 (equivalent to KHR2,242,708,000) and this dividend will be paid in 2018.

## 23. OPERATING LEASE COMMITMENTS

### PPAP as lessee

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

	Unaudited 30 June 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Not later than one year	30,207	122,731	55,767	225,131
Later than one year and not later than five years	-	-	2,633	10,629
	<u>30,207</u>	<u>122,731</u>	<u>58,400</u>	<u>235,760</u>

## 24. RELATED PARTY DISCLOSURES

- (a) PPAP had the following transactions with related parties during the financial period.

	Unaudited Three-month period ended			
	30 June 2018		30 June 2017	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	282,552	1,142,810	289,797	1,173,098
MEF and MPWT				
Donation and charities	<u>20,434</u>	<u>82,499</u>	<u>36,602</u>	<u>147,783</u>

	Unaudited Six-month period ended			
	30 June 2018		30 June 2017	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	541,816	2,182,977	579,593	2,336,919
MEF and MPWT				
Donation and charities	<u>30,461</u>	<u>122,727</u>	<u>49,359</u>	<u>199,015</u>

## 24. RELATED PARTY DISCLOSURES (continued)

### (b) Compensation of key management personnel

Key management compensation during the financial period is as follows:

	<b>Unaudited</b>			
	<b>Three-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Short term employee benefits	52,297	211,601	52,312	211,765

	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Short term employee benefits	105,014	423,101	105,039	423,517

## 25. 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 (2017: 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.

### (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.

## 26. 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.

## 27. 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, textile raw materials and construction materials. Historically, peak demand is in the second half of the year and attributed to the high volume of export to America and import from China.

## 28. COMPARATIVE FIGURES

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

	<b>Audited</b>			
	<b>31 December 2017</b>			
	<b>As restated</b>		<b>As previously stated</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
<b>Statement of financial position</b>				
<b>Equity</b>				
Reserves	13,946,283	56,301,145	-	-
Legal reserve	-	-	795,311	3,210,671
General reserve	-	-	795,311	3,210,671
Development fund	-	-	12,355,661	49,879,803
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<b>Unaudited</b>			
	<b>Six-month period ended</b>			
	<b>30 June 2017</b>			
	<b>As restated</b>		<b>As previously stated</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
<b>Statement of cash flows</b>				
Net cash from operating activities	2,933,062	11,826,107	2,353,469	9,489,188
Net cash used in financing activities	(867,216)	(3,496,615)	(287,623)	(1,159,696)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>