

PHNOM PENH AUTONOMOUS PORT

**Condensed Interim Financial Information
for the nine-month period
ended 30 September 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 Mr. Gui Anvanith, Member as Independent Director Mrs. Chuon Sokhem, Member representing PPAP employees Mr. Deth Sochal, Member as Non-Executive Director representing private shareholders
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. Nem Thim, Deputy Director General of Operation Mr. Hiek Phirun, Deputy Director General of Maritime Service/Traffic Mr. Koy Bunthorn Deputy Director General of Technique (Appointed on 4 October 2016) 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 Ms. Chheav Vanthea, Head of Accounting/Finance Department Mr. Chiep Viraya, Head of Hydrographic Department Mr. Yim Choeurn, Head of LM 17 Operation Department Mr. Soy Sereysovathanak, Head of Commercial Zone/Domestic Port Department Mr. Tol Sokhom, Head of TS3 Operation Department Mr. Kong Channy, Head of Corporate Secretariat
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 4 to 29 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: 8 NOV 2016



KPMG Cambodia Ltd
4th floor, Delano Center
No. 144, Street 169
Sangkat Veal Vong
Khan 7 Makara, Phnom Penh
Kingdom of Cambodia

Telephone +855 (23) 216 899
Fax +855 (23) 217 279
Internet www.kpmg.com.kh

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 September 2016, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended, and notes to the condensed interim financial information as set out on pages 4 to 29 (“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 September 2016 is not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, “Interim Financial Reporting”.

Other matter

We draw attention to the fact that we have not reviewed the accompanying condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period ended 30 September 2015, or any of the related notes and accordingly, we do not express an opinion on them.

For KPMG Cambodia Ltd



Nge Huy
Partner

Phnom Penh, Kingdom of Cambodia

Date: 8 NOV 2016

Phnom Penh Autonomous Port

Condensed interim statement of financial position As at 30 September 2016

	Note	As at 30 September 2016		As at 31 December 2015	
		US\$	KHR'000	US\$	KHR'000
			(Note 4)		(Note 4)
ASSETS					
Non-current assets					
Property, plant and equipment	5	141,838,014	575,436,823	140,013,553	568,455,025
Investment properties		8,546,560	34,673,394	7,907,653	32,105,071
		<u>150,384,574</u>	<u>610,110,217</u>	<u>147,921,206</u>	<u>600,560,096</u>
Current assets					
Trade and other receivables	6	2,611,008	10,592,859	2,913,180	11,827,511
Cash and cash equivalents	7	8,795,319	35,682,609	8,749,221	35,521,837
		<u>11,406,327</u>	<u>46,275,468</u>	<u>11,662,401</u>	<u>47,349,348</u>
Total assets		<u><u>161,790,901</u></u>	<u><u>656,385,685</u></u>	<u><u>159,583,607</u></u>	<u><u>647,909,444</u></u>
EQUITY AND LIABILITIES					
Equity					
Share capital	8	114,453,485	457,813,940	110,316,612	441,266,448
Share premium/other capital	8	155,502	622,008	4,292,375	17,169,500
Legal reserves		590,941	2,397,448	431,780	1,753,027
General reserves		590,941	2,397,448	431,780	1,753,027
Development fund		10,126,768	41,084,298	7,822,617	31,759,825
Retained earnings		2,308,665	9,366,254	3,160,025	12,829,702
Currency translation difference		-	6,532,711	-	6,876,540
Total equity		<u>128,226,302</u>	<u>520,214,107</u>	<u>126,455,189</u>	<u>513,408,069</u>
Liabilities					
Non-current liabilities					
Guaranteed dividends payable		792,870	3,216,674	-	-
Borrowings	9	28,979,637	117,570,387	28,979,637	117,657,326
Provision for retirement benefits	10	569,136	2,308,985	525,192	2,132,280
Deferred tax liabilities, net	11	1,142,199	4,633,901	1,082,617	4,395,425
		<u>31,483,842</u>	<u>127,729,947</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 September 2016

	Note	As at 30 September 2016		As at 31 December 2015	
		US\$	KHR'000	US\$	KHR'000
			(Note 4)		(Note 4)
Current liabilities					
Trade and other payables	12	1,440,907	5,845,760	1,900,091	7,714,367
Guaranteed dividends payable		232,810	944,510	-	-
Provision for income tax	11	407,040	1,651,361	640,881	2,601,977
		<u>2,080,757</u>	<u>8,441,631</u>	<u>2,540,972</u>	<u>10,316,344</u>
		<u>33,564,599</u>	<u>136,171,578</u>	<u>33,128,418</u>	<u>134,501,375</u>
Total equity and liabilities		<u><u>161,790,901</u></u>	<u><u>656,385,685</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 nine-month period ended 30 September 2016

	Note	Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016		Nine-month period ended 30 September 2015		Three-month period ended 30 September 2015	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)
Revenue	13	12,282,483	49,830,034	4,781,051	19,531,750	11,345,427	46,107,815	4,391,765	17,952,438
Cost of sales and services	14	(4,019,334)	(16,306,438)	(1,401,815)	(5,734,279)	(4,021,964)	(16,345,262)	(1,407,340)	(5,758,650)
Gross profit		8,263,149	33,523,596	3,379,236	13,797,471	7,323,463	29,762,553	2,984,425	12,193,788
Other income		652,056	2,645,391	181,219	743,680	259,338	1,053,950	120,395	491,370
General administration and selling expenses	15	(4,172,079)	(16,926,125)	(1,372,782)	(5,619,764)	(3,139,604)	(12,759,351)	(1,102,182)	(4,509,829)
Net operating income		4,743,126	19,242,862	2,187,673	8,921,387	4,443,197	18,057,152	2,002,638	8,175,329
Finance costs		(931,504)	(3,779,112)	(323,667)	(1,324,058)	(849,781)	(3,453,510)	(289,796)	(1,186,131)
Profit before income tax		3,811,622	15,463,750	1,864,006	7,597,329	3,593,416	14,603,642	1,712,842	6,989,198
Income tax expense	11	(535,667)	(2,173,201)	(230,538)	(940,785)	(871,840)	(3,543,158)	(358,917)	(1,466,333)
Net profit for the period		3,275,955	13,290,549	1,633,468	6,656,544	2,721,576	11,060,484	1,353,925	5,522,865

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 nine-month period ended 30 September 2016

Note	Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016		Nine-month period ended 30 September 2015		Three-month period ended 30 September 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)
Other comprehensive income								
Re-measurements of defined benefit liability	(7,945)	(32,233)	19,360	78,052	(7,996)	(32,496)	(66,627)	(269,893)
	<u>3,268,010</u>	<u>13,258,316</u>	<u>1,652,828</u>	<u>6,734,596</u>	<u>2,713,580</u>	<u>11,027,988</u>	<u>1,287,298</u>	<u>5,252,972</u>

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

Basic earnings per share	0.16	0.64	0.08	0.32
Diluted earnings per share	0.16	0.64	0.08	0.32

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 nine-month period ended 30 September 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 (unreviewed)	-	-	-	-	(492,368)	-	(492,368)
<i>Total comprehensive incomes</i>							
Net profit for the period (unreviewed)	-	-	-	-	2,721,576	-	2,721,576
Other comprehensive income (unreviewed)	-	-	-	-	(7,996)	-	(7,996)
Transfers (unreviewed)	83,538,740	82,637	82,637	1,487,466	(85,191,480)	-	-
	83,538,740	82,637	82,637	1,487,466	(82,477,900)	-	2,713,580
At 30 September 2015 (unreviewed)	<u>110,316,612</u>	<u>431,780</u>	<u>431,780</u>	<u>7,822,617</u>	<u>2,685,549</u>	<u>-</u>	<u>121,688,338</u>
At 30 September 2015 (KHR'000 – Note 4) (unreviewed)	<u>441,266,448</u>	<u>1,754,754</u>	<u>1,754,754</u>	<u>31,791,115</u>	<u>10,914,071</u>	<u>7,060,264</u>	<u>494,541,406</u>

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

Phnom Penh Autonomous Port

Condensed interim statement of changes in equity (continued) for the nine-month period 30 September 2016

	Share capital US\$	Share premium 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)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,496,897)</u>	<u>-</u>	<u>(1,496,897)</u>
<i>Total comprehensive incomes</i>								
Net profit for the period	-	-	-	-	-	3,275,955	-	3,275,955
Other comprehensive income	-	-	-	-	-	(7,945)	-	(7,945)
Transfers	4,136,873	(4,136,873)	159,161	159,161	2,304,151	(2,622,473)	-	-
	<u>4,136,873</u>	<u>(4,136,873)</u>	<u>159,161</u>	<u>159,161</u>	<u>2,304,151</u>	<u>645,537</u>	<u>-</u>	<u>3,268,010</u>
At 30 September 2016	<u>114,453,485</u>	<u>155,502</u>	<u>590,941</u>	<u>590,941</u>	<u>10,126,768</u>	<u>2,308,665</u>	<u>-</u>	<u>128,226,302</u>
At 30 September 2016 (KHR'000 – Note 4)	<u>457,813,940</u>	<u>622,008</u>	<u>2,397,448</u>	<u>2,397,448</u>	<u>41,084,298</u>	<u>9,366,254</u>	<u>6,532,711</u>	<u>520,214,107</u>

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 nine-month period ended 30 September 2016

	Nine-month period ended 30 September 2016		Nine-month period ended 30 September 2015	
	US\$	KHR'000 (Note 4)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)
Operating activities				
Net profit for the period	3,275,955	13,290,549	2,721,576	11,060,485
Adjustments for:				
Income tax expense	535,667	2,173,201	871,840	3,543,158
Depreciation of property, plant and equipment and investment property	1,775,121	7,201,666	1,721,381	6,995,692
Loss on disposal of property, plant and equipment	-	-	7,212	29,310
Property, plant and equipment written off	14,090	57,163	15,404	62,602
Foreign exchange difference	4,593	18,634	-	-
Provision for retirement benefits	71,689	290,842	(170,360)	(692,343)
Finance costs	931,504	3,779,112	849,781	3,453,510
	<u>6,608,619</u>	<u>26,811,167</u>	<u>6,016,834</u>	<u>24,452,414</u>
Changes in:				
Trade and other receivables	302,172	1,225,911	(978,334)	(3,975,949)
Trade and other payables	(172,885)	(701,394)	145,516	591,378
	<u>6,737,906</u>	<u>27,335,684</u>	<u>5,184,016</u>	<u>21,067,843</u>
Interest paid	(1,159,186)	(4,702,818)	(1,159,186)	(4,710,932)
Income tax paid	(709,926)	(2,880,170)	(436,461)	(1,773,778)
Employee benefit paid	(35,690)	(144,794)	(37,905)	(154,046)
Net cash generated from operating activities	<u>4,833,104</u>	<u>19,607,902</u>	<u>3,550,464</u>	<u>14,429,087</u>
Investing activities				
Purchase of property, plant and equipment	(3,705,345)	(15,032,585)	(1,151,025)	(4,677,766)
Purchase of investment property	(547,234)	(2,220,128)	(11,314)	(45,980)
Proceeds from disposals of property, plant and equipment	-	-	2,726	11,078
Net cash used in investing activities	<u>(4,252,579)</u>	<u>(17,252,713)</u>	<u>(1,159,613)</u>	<u>(4,712,668)</u>
Financing activities				
Dividend paid	(534,427)	(2,168,170)	(492,368)	(2,000,984)
Net cash used in financing activities	<u>(534,427)</u>	<u>(2,168,170)</u>	<u>(492,368)</u>	<u>(2,000,984)</u>

Phnom Penh Autonomous Port

Condensed interim statement of cash flows (continued) for the nine-month period ended 30 September 2016

	Nine-month period ended 30 September 2016		Nine-month period ended 30 September 2015	
	US\$	KHR'000 (Note 4)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)
Net increase in cash and cash equivalents	46,098	187,019	1,898,483	7,715,435
Cash and cash equivalents at 1 January	8,749,221	35,495,590	1,820,910	7,400,178
Cash and cash equivalents at 30 September (Note 7)	<u>8,795,319</u>	<u>35,682,609</u>	<u>3,719,393</u>	<u>15,115,613</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 nine-month period ended 30 September 2016

1. Reporting entity

Phnom Penh Autonomous Port (“PPAP” or “the Company”) 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 state-owned public enterprise offering shares to the public.

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

The organizing and functioning of all departments of PPAP shall comply with the relevant laws and legal norms in force.

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

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

- Provide pilotage, navigating the vessel entering into or departing from port;
- Provide vessel’s berth;
- Provide a location for vessel repairing and fuel refilling;
- Provide dredging service and maintain navigation channel;
- Monitor operation according to technical standard and ensure safety, environmental sustainability, and orders in the port’s commercial zone;
- Check ship documents in order to complete the formalities for vessel entering into-departing from the port;
- Train human resources in navigation and port sector through the Cambodia Maritime Institute;
- Develop port infrastructure through cooperation with the domestic and foreign development partners in order to expand container terminal, general/bulk cargo terminal, feeder port, and passenger/tourist terminal;
- Establish port supporting areas, including special economic zone, industrial zone, agricultural products 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;

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

1. Reporting entity (continued)

- 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 businesses of any kinds authorized by the laws and legal norms in force to support the growth of PPAP.

As at 30 September 2016, PPAP had 474 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.

These condensed interim financial information were authorised for issue by the Company’s Board of Directors on 8 November 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.

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

2. Basis of preparation (continued)

(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.

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.

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

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 the Law on Accounting and Auditing and have been made using the prescribed official exchange rate of US\$1 to KHR4,057 (As at 31 December 2015: KHR4,060 and 30 September 2015: KHR4,064) published by the General Department of Taxation on 30 September 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.

5. Property, plant and equipment

During the nine-month period ended 30 September 2016, the Company acquired the property, plant and equipment amounting to US\$3,705,345 (nine-month period ended 30 September 2015: US\$ 1,151,025), depreciation amounting to US\$1,734,200 (nine-month period ended 30 September 2015: US\$1,686,580) was charged to profit or loss.

6. Trade and other receivables

	As at 30 September 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade receivables	2,074,558	8,416,482	1,880,547	7,635,021
Advances, prepayments and others	308,591	1,251,953	589,415	2,393,025
Staff loans*	227,859	924,424	389,838	1,582,742
Advance to MPWT	-	-	53,380	216,723
	<u>2,611,008</u>	<u>10,592,859</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.

Phnom Penh Autonomous Port

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

7. Cash and cash equivalents

	As at 30 September 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash in banks	8,791,517	35,667,184	8,745,579	35,507,050
Cash on hand	3,802	15,425	3,642	14,787
	<u>8,795,319</u>	<u>35,682,609</u>	<u>8,749,221</u>	<u>35,521,837</u>

8. Share capital and share premium

	As at 30 September 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Registered, issued and fully paid	<u>114,453,485</u>	<u>457,813,940</u>	<u>110,316,612</u>	<u>441,266,448</u>

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

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

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 (prevailing exchange rate of US\$1 to KHR4,078 at IPO date). After listing, the MEF hold 80% of the issued 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 dividend but have first priority in case of PPAP’s liquidation.

Phnom Penh Autonomous Port

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

8. Share capital and share premium (continued)

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.

On 5 September 2016, the MPWT and the MEF approved to amend the Memorandum and Articles of Association (“MAA”) to reflect the changes resulting from the IPO i.e. the par value of US\$4,136,873 and surplus of US\$155,502 of the share issued in the IPO are classified as share capital and share premium respectively. This amended MAA was approved by the Ministry of Commerce on 28 September 2016.

Total shares of PPAP are summarised as follows:

Class	Number of shares	Par value US\$	Premium US\$	As at 30 September 2016 US\$	Classification
A	4,136,873	4,136,873	155,502	4,292,375	Share capital and share premium
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>114,608,987</u>	

9. Borrowings

	As at 30 September 2016		As at 31 December 2015	
	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)
Non-current				
Phnom Penh Port - New Container Terminal Project (“PPNCTP”) or Phnom Penh Port LM17	<u>28,979,637</u>	<u>117,570,387</u>	<u>28,979,637</u>	<u>117,657,326</u>

Phnom Penh Autonomous Port

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

9. Borrowings (continued)

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 September 2016		As at 31 December 2015	
		US\$	KHR'000	US\$	KHR'000
			(Note 4)		(Note 4)
Defined benefit plan	(i)	554,345	2,248,978	507,399	2,060,040
Other benefits	(ii)	14,791	60,007	17,793	72,240
		<u>569,136</u>	<u>2,308,985</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 nine-month period ended 30 September 2016

10. Provision for retirement benefits (continued)

(i). Defined benefit plan (continued)

Expenses recognised in profit or loss:

	Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016		Nine-month period ended 30 September 2015		Three-month period ended 30 September 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)
Current service costs	31,008	125,799	10,244	41,933	(214,018)	(869,769)	(235,138)	(955,284)
Interest costs	25,890	105,036	8,553	35,012	32,330	131,389	10,527	43,109
	<u>56,898</u>	<u>230,835</u>	<u>18,797</u>	<u>76,945</u>	<u>(181,688)</u>	<u>(738,380)</u>	<u>(224,611)</u>	<u>(912,175)</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 nine-month period ended 30 September 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 nine-month period ended 30 September 2016

11. Taxation

(a) Deferred tax, net

	As at 30 September 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Deferred tax assets	116,828	473,972	115,162	467,558
Deferred tax liabilities	(1,259,027)	(5,107,873)	(1,197,779)	(4,862,983)
	<u>(1,142,199)</u>	<u>(4,633,901)</u>	<u>(1,082,617)</u>	<u>(4,395,425)</u>

Deferred tax assets/(liabilities) are attributable to:

	As at 30 September 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Depreciation	(1,259,027)	(5,107,873)	(1,197,779)	(4,862,983)
Provision for retirement benefits	107,954	437,969	105,038	426,455
Deferred income	8,226	33,373	10,124	41,103
Foreign exchange difference	648	2,630	-	-
	<u>(1,142,199)</u>	<u>(4,633,901)</u>	<u>(1,082,617)</u>	<u>(4,395,425)</u>

(b) Provision for income tax

	As at 30 September 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	640,881	2,600,054	319,975	1,299,099
Charge during the period/year	407,040	1,651,361	781,741	3,173,868
Prior year's under provision	69,045	280,116	14,003	56,852
Income tax paid	(709,926)	(2,880,170)	(474,838)	(1,927,842)
	<u>407,040</u>	<u>1,651,361</u>	<u>640,881</u>	<u>2,601,977</u>

Phnom Penh Autonomous Port

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

11. Taxation (continued)

(c) Income tax expense

	Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016		Nine-month period ended 30 September 2015		Three-month period ended 30 September 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)
Current income tax	407,040	1,651,361	204,197	832,078	599,157	2,434,974	245,265	1,002,065
Prior year's under provision	69,045	280,116	-	-	14,003	56,908	-	-
Deferred tax	59,582	241,724	26,341	108,707	258,680	1,051,276	113,652	464,268
	<u>535,667</u>	<u>2,173,201</u>	<u>230,538</u>	<u>940,785</u>	<u>871,840</u>	<u>3,543,158</u>	<u>358,917</u>	<u>1,466,333</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 អនក្រឹត្យនៃរាជរដ្ឋាភិបាល of the Royal Government of Cambodia dated on 8 January 2015. On 11 February 2016, the Securities and Exchange Commission of Cambodia (“SECC”) submitted a letter to GDT suggesting that PPAP will be entitled to the tax incentive starting from 2016. To formalise the request, PPAP is required to complete the relevant tax incentive forms and submit through the SECC to the General Department of Taxation (“GDT”) for approval either at the end of year 2016 or the early of year 2017 in order to be entitled to the tax incentive.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 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 សវ័ណ្ណ្យ័ក្រិ 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:

	Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016		Nine-month period ended 30 September 2015		Three-month period ended 30 September 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)
Profit before income tax	3,811,622	15,463,750	1,864,006	7,597,329	3,593,416	14,603,642	1,712,842	6,989,198
Income tax using approved tax rate at 20%	762,324	3,092,748	372,801	1,519,465	718,683	2,920,728	342,568	1,397,839
Effect of tax incentive	(381,162)	(1,546,374)	(186,400)	(759,730)	-	-	-	-
Prior year's under provision	69,045	280,116	-	-	14,003	56,908	-	-
Effect of non-deductible expenses	85,460	346,711	44,137	181,050	139,154	565,522	16,349	68,494
Income tax expense	535,667	2,173,201	230,538	940,785	871,840	3,543,158	358,917	1,466,333

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

Phnom Penh Autonomous Port

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

12. Trade and other payables

	As at 30 September 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Accrued operating expenses	658,979	2,673,478	797,919	3,239,548
Trade payables	272,524	1,105,630	238,877	969,841
Customer deposits	210,162	852,627	241,575	980,795
Interest payable	128,798	522,533	441,422	1,792,173
Other tax payables	144,119	584,691	180,298	732,010
Dividend payable	26,325	106,801	-	-
	<u>1,440,907</u>	<u>5,845,760</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 nine-month period ended 30 September 2016

13. Revenue

	Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016		Nine-month period ended 30 September 2015		Three-month period ended 30 September 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)
Stevedoring	5,070,083	20,569,327	2,009,265	8,206,683	4,581,831	18,620,561	1,713,126	7,005,175
Lift On Lift Off (LOLO)	3,976,698	16,133,464	1,622,480	6,624,777	3,683,430	14,969,460	1,411,212	5,769,249
Port dues & charges	2,088,280	8,472,152	748,692	3,061,556	1,786,823	7,261,649	658,608	2,693,506
Sand dredging management fee	294,769	1,195,878	52,351	216,752	558,568	2,270,020	406,779	1,655,426
Survey	-	-	-	-	163,246	663,432	28,582	118,177
Gate fee	420,544	1,706,147	180,610	737,054	372,045	1,511,991	149,966	612,793
Storage fee	428,434	1,738,157	164,841	673,505	196,413	798,222	22,507	94,077
Trucking fee	1,527	6,195	664	2,709	3,071	12,480	985	4,035
Weighting fee	2,148	8,714	2,148	8,714	-	-	-	-
	<u>12,282,483</u>	<u>49,830,034</u>	<u>4,781,051</u>	<u>19,531,750</u>	<u>11,345,427</u>	<u>46,107,815</u>	<u>4,391,765</u>	<u>17,952,438</u>

Phnom Penh Autonomous Port

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

14. Cost of sales and services

	Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016		Nine-month period ended 30 September 2015		Three-month period ended 30 September 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)
Depreciation	1,491,111	6,049,437	498,326	2,039,578	1,470,264	5,975,153	491,044	2,010,291
Crane charge	1,025,484	4,160,389	416,446	1,700,485	975,231	3,963,339	375,631	1,535,559
Salaries and other benefits	788,097	3,197,310	247,394	1,013,411	785,901	3,193,902	308,647	1,261,501
Fuel and gasoline	231,055	937,390	95,946	391,685	475,300	1,931,619	112,095	461,002
Maintenance costs	308,315	1,250,834	94,383	386,763	247,667	1,006,519	84,911	347,520
Sand dredging management cost	81,671	331,339	5,710	24,533	37,434	152,132	24,334	99,090
Survey costs	5,211	21,141	-	-	26,349	107,082	10,678	43,687
Others	88,390	358,598	43,610	177,824	3,818	15,516	-	-
	<u>4,019,334</u>	<u>16,306,438</u>	<u>1,401,815</u>	<u>5,734,279</u>	<u>4,021,964</u>	<u>16,345,262</u>	<u>1,407,340</u>	<u>5,758,650</u>

Phnom Penh Autonomous Port

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

15. General administration and selling expenses

	Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016		Nine-month period ended 30 September 2015		Three-month period ended 30 September 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)
Salaries and wages	2,267,664	9,199,913	788,542	3,225,739	1,523,412	6,191,146	495,755	2,030,163
Donation expenses	256,960	1,042,487	69,348	284,722	167,526	680,826	58,379	238,890
Utilities and fuel	312,127	1,266,299	112,328	459,311	252,148	1,024,729	85,736	350,927
Depreciation	284,010	1,152,229	97,557	399,145	251,117	1,020,539	87,620	358,540
Repairs and maintenance	160,945	652,954	39,030	160,539	108,635	441,493	45,454	185,673
Business entertainments	126,175	511,892	13,924	58,510	192,697	783,121	44,136	181,597
Travelling expenses	105,855	429,454	36,430	149,046	93,226	378,870	23,270	95,618
Professional fee	28,947	117,438	5,860	24,190	(1,466)	(5,958)	(2,759)	(11,193)
Board of Directors' fee	156,447	634,705	51,644	211,406	75,085	305,145	40,109	163,527
Office and material supplies	92,806	376,514	14,027	58,326	92,275	375,006	46,160	188,286
Communication expenses	42,552	172,633	14,754	60,357	48,384	196,633	18,530	75,754
Other tax expenses	84,893	344,411	21,250	87,357	122,365	497,291	88,468	360,042
Others	252,698	1,025,196	108,088	441,116	214,200	870,510	71,324	292,005
	<u>4,172,079</u>	<u>16,926,125</u>	<u>1,372,782</u>	<u>5,619,764</u>	<u>3,139,604</u>	<u>12,759,351</u>	<u>1,102,182</u>	<u>4,509,829</u>

Phnom Penh Autonomous Port

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

16. Related party transactions and balances

(a) Significant transactions with related parties

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

	Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016		Nine-month period ended 30 September 2015		Three-month period ended 30 September 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)	US\$ (Unreviewed)	KHR'000 (Note 4) (Unreviewed)
MEF:								
Finance costs	846,562	3,434,502	294,258	1,203,746	849,781	3,453,510	289,796	1,186,131
MEF and MPWT:								
Donation and charities	20,535	83,310	4,426	18,246	45,077	183,193	24,739	100,844
With Directors:								
Directors' remuneration	156,447	634,705	51,644	211,406	75,085	305,145	40,109	163,527

Phnom Penh Autonomous Port

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

16. Related party transactions and balances (continued)

(b) Significant balances with related parties

	As at 30 September 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	117,570,387	28,979,637	117,657,326
Interest payable on borrowings	128,798	522,533	441,422	1,792,173
	<u>29,108,435</u>	<u>118,092,920</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 September 2016		As at 31 December 2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within 1 year	55,767	226,247	56,932	231,144
Within 2 to 3 years	72,343	293,496	111,528	452,804
	<u>128,110</u>	<u>519,743</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.