

PHNOM PENH AUTONOMOUS PORT

**Condensed Interim Financial Information
for the nine-month period
ended 30 September 2017
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. Dith 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. Nem Thim, Deputy Director General of Administration/Finance Mr. Hiek Phirun, Deputy Director General of Maritime Service/Traffic Mr. Koy Bunthorn Deputy Director General of Technique Mrs. Hei Phanin, Deputy Director General of Business/Operation Mr. Keo Sophanara, Head of Internal Audit Department Mrs. Chuon Sokhem, Head of Administration Department Mr. Kong Sothea, Head of Personnel/HR Department Mr. Chui Vichet, Head of Engineer 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. Tor Ny, Head of Harbour Department Mr. Hun Sokhalay, Acting Head of Planning/ Marketing Department Mr. Kong Channy, Head of Corporate Secretariat

Corporate information (continued)

Principal bankers	Foreign Trade Bank of Cambodia ANZ Royal Bank (Cambodia) Ltd. Canadia Bank Plc. Advanced Bank of Asia Limited Bank of China Limited ACLEDA Bank Plc.
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Auditor	KPMG Cambodia Ltd
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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 30 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: 10 NOV 2017



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Report of the independent auditors

To the shareholders

Phnom Penh Autonomous Port

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Phnom Penh Autonomous Port (“PPAP”) as at 30 September 2017, 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 30 (“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 2017 is not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, "Interim Financial Reporting".

For **KPMG Cambodia Ltd**



Nge Huy
Partner

Phnom Penh, Kingdom of Cambodia

10 November 2017

Phnom Penh Autonomous Port

Condensed interim statement of financial position as at 30 September 2017

	Note	As at 30 September 2017		As at 31 December 2016	
		US\$	KHR'000	US\$	KHR'000
			(Note 4)		(Note 4)
ASSETS					
Non-current assets					
Property, plant and equipment	6	145,376,328	589,210,257	145,156,392	585,996,355
Investment properties		8,489,581	34,408,272	8,535,320	34,457,087
		<u>153,865,909</u>	<u>623,618,529</u>	<u>153,691,712</u>	<u>620,453,442</u>
Current assets					
Trade and other receivables	7	3,405,741	13,803,468	2,934,781	11,847,711
Cash and cash equivalents	8	9,164,228	37,142,616	6,751,489	27,255,761
		<u>12,569,969</u>	<u>50,946,084</u>	<u>9,686,270</u>	<u>39,103,472</u>
Total assets		<u>166,435,878</u>	<u>674,564,613</u>	<u>163,377,982</u>	<u>659,556,914</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	9	114,453,485	457,813,940	114,453,485	457,813,940
Share premium/other capital	9	155,502	622,008	155,502	622,008
Legal reserves		795,311	3,223,395	590,941	2,385,629
General reserves		795,311	3,223,395	590,941	2,385,629
Development fund		12,355,661	50,077,494	10,126,768	40,881,762
Retained earnings		4,060,064	16,455,439	3,175,671	12,820,184
Currency translation difference		-	6,074,277	-	4,240,532
Total equity		<u>132,615,334</u>	<u>537,489,948</u>	<u>129,093,308</u>	<u>521,149,684</u>
Liabilities					
Non-current liabilities					
Guaranteed dividends payable		627,593	2,543,634	793,653	3,203,977
Borrowings	10	28,979,637	117,454,469	28,979,637	116,990,795
Provision for retirement benefits	11	567,433	2,299,806	533,959	2,155,592
Deferred tax liabilities, net	12	1,362,370	5,521,686	1,183,701	4,778,601
		<u>31,537,033</u>	<u>127,819,595</u>	<u>31,490,950</u>	<u>127,128,965</u>

Phnom Penh Autonomous Port

Condensed interim statement of financial position (continued) as at 30 September 2017

	Note	As at 30 September 2017		As at 31 December 2016	
		US\$	KHR'000	US\$	KHR'000
			(Note 4)		(Note 4)
Current liabilities					
Trade and other payables	13	1,838,726	7,452,356	2,304,463	9,303,118
Provision for income tax	12	444,785	1,802,714	489,261	1,975,147
		<u>2,283,511</u>	<u>9,255,070</u>	<u>2,793,724</u>	<u>11,278,265</u>
Total liabilities		<u>33,820,544</u>	<u>137,074,665</u>	<u>34,284,674</u>	<u>138,407,230</u>
Total equity and liabilities		<u>166,435,878</u>	<u>674,564,613</u>	<u>163,377,982</u>	<u>659,556,914</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 2017

	Note	Nine-month period ended 30 September 2017		Three-month period ended 30 September 2017		Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	14	14,097,615	57,067,146	5,832,294	23,741,372	12,282,483	49,830,034	4,781,051	19,531,750
Cost of sales and services	15	(4,844,389)	(19,610,087)	(1,684,914)	(6,871,084)	(4,019,334)	(16,306,438)	(1,401,815)	(5,734,279)
Gross profit		<u>9,253,226</u>	<u>37,457,059</u>	<u>4,147,380</u>	<u>16,870,288</u>	<u>8,263,149</u>	<u>33,523,596</u>	<u>3,379,236</u>	<u>13,797,471</u>
Other income		439,414	1,778,748	156,744	639,023	652,056	2,645,391	181,219	743,680
General administration and selling expenses	16	(4,081,896)	(16,523,515)	(1,339,822)	(5,467,473)	(4,172,079)	(16,926,125)	(1,372,782)	(5,619,764)
Net operating income		<u>5,610,744</u>	<u>22,712,292</u>	<u>2,964,302</u>	<u>12,041,838</u>	<u>4,743,126</u>	<u>19,242,862</u>	<u>2,187,673</u>	<u>8,921,387</u>
Finance costs		(921,460)	(3,730,070)	(293,999)	(1,200,147)	(931,504)	(3,779,112)	(323,667)	(1,324,058)
Profit before income tax		<u>4,689,284</u>	<u>18,982,222</u>	<u>2,670,303</u>	<u>10,841,691</u>	<u>3,811,622</u>	<u>15,463,750</u>	<u>1,864,006</u>	<u>7,597,329</u>
Income tax expense	12	(630,719)	(2,553,151)	(298,556)	(1,213,870)	(535,667)	(2,173,201)	(230,538)	(940,785)
Net profit for the period		<u>4,058,565</u>	<u>16,429,071</u>	<u>2,371,747</u>	<u>9,627,821</u>	<u>3,275,955</u>	<u>13,290,549</u>	<u>1,633,468</u>	<u>6,656,544</u>

Phnom Penh Autonomous Port

Condensed interim statement of profit or loss and other comprehensive income (continued) for the nine-month period ended 30 September 2017

Note	Nine-month period ended 30 September 2017		Three-month period ended 30 September 2017		Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Other comprehensive income								
Re-measurements of defined benefit liability	1,499	6,068	8,083	32,615	(7,945)	(32,233)	19,360	78,052
	4,060,064	16,435,139	2,379,830	9,660,436	3,268,010	13,258,316	1,652,828	6,734,596
The earnings per share attributable to shareholders of the Phnom Penh Autonomous Port for the nine-month period ended are as follows:								
Basic earnings per share	0.20	0.79	0.11	0.46	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 2017

	Share capital US\$	Share premium/ other capital US\$	Legal reserves US\$	General reserves US\$	Development fund US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
At 1 January 2016	110,316,612	4,292,375	431,780	431,780	7,822,617	3,160,025	-	126,455,189
<i>Transaction with owners of PPAP</i>								
Guaranteed dividends payable	-	-	-	-	-	(936,145)	-	(936,145)
Dividends	-	-	-	-	-	(560,752)	-	(560,752)
	-	-	-	-	-	(1,496,897)	-	(1,496,897)
<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)	-	-
	4,136,873	(4,136,873)	159,161	159,161	2,304,151	645,537	-	3,268,010
At 30 September 2016	114,453,485	155,502	590,941	590,941	10,126,768	2,308,665	-	128,226,302
At 30 September 2016 (KHR'000 – Note 4)	457,813,940	622,008	2,411,039	2,411,039	41,317,213	9,419,353	9,168,720	523,163,312

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 ended 30 September 2017

	Share capital US\$	Share premium/ other capital US\$	Legal reserves US\$	General reserves US\$	Development fund US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
At 1 January 2017	114,453,485	155,502	590,941	590,941	10,126,768	3,175,671	-	129,093,308
<i>Transaction with owners of PPAP</i>								
Dividends	-	-	-	-	-	(538,038)	-	(538,038)
<i>Total comprehensive incomes</i>								
Net profit for the period	-	-	-	-	-	4,058,565	-	4,058,565
Other comprehensive income	-	-	-	-	-	1,499	-	1,499
Transfers	-	-	204,370	204,370	2,228,893	(2,637,633)	-	-
	-	-	204,370	204,370	2,228,893	1,422,431	-	4,060,064
At 30 September 2017	114,453,485	155,502	795,311	795,311	12,355,661	4,060,064	-	132,615,334
At 30 September 2017 (KHR'000 – Note 4)	457,813,940	622,008	3,223,395	3,223,395	50,077,494	16,455,439	6,074,277	537,489,948

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 2017

	Nine-month period ended 30 September 2017		Nine-month period ended 30 September 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Operating activities				
Net profit for the year	4,058,565	16,429,071	3,275,955	13,290,549
Adjustments for:				
Income tax expense	630,719	2,553,151	535,667	2,173,201
Depreciation of property, plant and equipment and investment property	2,162,607	8,754,233	1,775,121	7,201,666
Property, plant and equipment written off	-	-	14,090	57,163
Foreign exchange difference	(250)	(1,012)	4,593	18,634
Provision for retirement benefits	67,939	275,017	71,689	290,842
Finance costs	921,460	3,730,070	931,504	3,779,112
	<u>7,841,040</u>	<u>31,740,530</u>	<u>6,608,619</u>	<u>26,811,167</u>
Changes in:				
Trade and other receivables	(470,960)	(1,906,446)	302,172	1,225,911
Trade and other payables	(106,198)	(429,890)	(172,885)	(701,394)
	<u>7,263,882</u>	<u>29,404,194</u>	<u>6,737,906</u>	<u>27,335,684</u>
Interest paid	(1,159,186)	(4,692,385)	(1,159,186)	(4,702,818)
Income tax paid	(496,526)	(2,009,937)	(709,926)	(2,880,170)
Employee benefit paid	(32,966)	(133,446)	(35,690)	(144,794)
	<u>(1,688,678)</u>	<u>(7,835,768)</u>	<u>(2,904,802)</u>	<u>(7,727,782)</u>
Net cash generated from operating activities	<u>5,575,204</u>	<u>22,568,426</u>	<u>4,833,104</u>	<u>19,607,902</u>
Investing activities				
Purchase of property, plant and equipment	(2,334,911)	(9,451,720)	(3,705,345)	(15,032,585)
Purchase of investment property	(1,893)	(7,663)	(547,234)	(2,220,128)
	<u>(2,336,804)</u>	<u>(9,459,383)</u>	<u>(4,252,579)</u>	<u>(17,252,713)</u>

Phnom Penh Autonomous Port

Condensed interim statement of cash flows (continued) for the nine-month period ended 30 September 2017

	Nine-month period ended 30 September 2017		Nine-month period ended 30 September 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Financing activities				
Dividend paid	(825,661)	(3,342,276)	(534,427)	(2,168,170)
Net cash used in financing activities	<u>(825,661)</u>	<u>(3,342,276)</u>	<u>(534,427)</u>	<u>(2,168,170)</u>
Net increase in cash and cash equivalents	2,412,739	9,766,767	46,098	187,019
Cash and cash equivalents at 1 January	6,751,489	27,255,761	8,749,221	35,434,345
Currency translation difference		120,088	-	263,538
Cash and cash equivalents at 30 September (Note 8)	<u>9,164,228</u>	<u>37,142,616</u>	<u>8,795,319</u>	<u>35,884,902</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 2017

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;

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

1. Reporting entity (continued)

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

As at 30 September 2017, PPAP had 536 employees (as at 31 December 2016: 475 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 2016.

These condensed interim financial information were authorised for issue by the Company's Board of Directors on 10 November 2017.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

2. Basis of preparation (continued)

(b) Functional and presentation currency

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

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

(c) Use of estimate and judgements

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

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2016.

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).

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

2. Basis of preparation (continued)

(c) Use of estimate and judgements (continued)

Measurement of fair values (continued)

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

3. Significant accounting policies

The accounting policies applied in this condensed interim financial information are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2016.

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 ("KHR") are included solely for meeting the presentation requirements pursuant to Law on Accounting and Auditing.

Assets and liabilities are translated at the closing rate as at the reporting date; and share capital account is translated at the historical rate. The statements of comprehensive income and cash flows are translated into KHR using the average rate for the year. Exchange differences arising from the translation are recognised as "Currency Translation Difference" in the other comprehensive income.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

4. Translation of United States Dollars into Khmer Riel (continued)

The Company uses the following official closing and average rate of exchange for the translation:

For the nine-month period/year ended	Closing rate	Average rate
30 September 2017	4,053	4,048
30 September 2016	4,080	4,057
31 December 2016	4,037	4,053

These convenience translations should not be construed as representations that the United States Dollars 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. Seasonality of operations

The demand for the Company's service 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 starting from the second quarter of the year and getting higher and reaching peak demand in the third quarter of the year attributed to the high volume of export to the United States of America and import from China.

6. Property, plant and equipment

During the nine-month period ended 30 September 2017, the Company acquired the property, plant and equipment amounting to US\$2,334,911 (nine-month period ended 30 September 2016: US\$3,705,345), depreciation amounting to US\$2,114,975 (nine-month period ended 30 September 2016: US\$1,734,200) was charged to profit or loss.

7. Trade and other receivables

	As at 30 September 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade receivables	2,634,443	10,677,397	2,068,942	8,352,319
Advances, prepayments and others	742,965	3,011,237	688,812	2,780,734
Staff loans*	28,333	114,834	177,027	714,658
	<u>3,405,741</u>	<u>13,803,468</u>	<u>2,934,781</u>	<u>11,847,711</u>

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Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

7. Trade and other receivables (continued)

* 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.

8. Cash and cash equivalents

	As at 30 September 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash in banks	9,157,138	37,113,880	6,746,586	27,235,968
Cash on hand	7,090	28,736	4,903	19,793
	<u>9,164,228</u>	<u>37,142,616</u>	<u>6,751,489</u>	<u>27,255,761</u>

9. Share capital and share premium

	As at 30 September 2017		As at 31 December 2016	
	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>114,453,485</u>	<u>457,813,940</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).

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Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

9. Share capital and share premium (continued)

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.

On 6 March 2017, the Board of Directors of PPAP resolved to distribute the dividends in respect to the net profit for the year 2016 to shareholders of each class of share as follows:

- Class A shareholders is entitled to total dividends of US\$261,298 (equivalent to KHR1,059,039,488) and was paid on 30 March 2017. The dividend declared in 2016 to class A shareholder of US\$26,325 was also paid on the same date.
- Class B shareholders is entitled to total dividends of US\$538,038 (equivalent to KHR2,150,000,000) and was paid on 14 July 2017.

Total shares of PPAP are summarised as follows:

Class	Number of shares	Par value US\$	Premium US\$	As at 30 September 2017 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>	

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Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

10. Borrowings

	As at 30 September 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-current				
Phnom Penh Port - New Container Terminal Project ("PPPNCTP") or Phnom Penh Port LM17	28,979,637	117,454,469	28,979,637	116,990,795

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.

11. Provision for retirement benefits

		As at 30 September 2017		As at 31 December 2016	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Defined benefit plan	(i)	551,106	2,233,633	514,207	2,075,853
Other benefits	(ii)	16,327	66,173	19,752	79,739
		<u>567,433</u>	<u>2,299,806</u>	<u>533,959</u>	<u>2,155,592</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 2017

11. Provision for retirement benefits (continued)

(i). Defined benefit plan (continued)

Expenses recognised in profit or loss:

	Nine-month period ended 30 September 2017		Three-month period ended 30 September 2017		Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Service costs	26,652	107,887	8,884	36,246	31,008	125,799	10,244	41,933
Interest costs	24,960	101,038	8,192	33,429	25,890	105,036	8,553	35,012
	<u>51,612</u>	<u>208,925</u>	<u>17,076</u>	<u>69,675</u>	<u>56,898</u>	<u>230,835</u>	<u>18,797</u>	<u>76,945</u>

Actuarial assumptions:

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

Discount rate *	6.70%
Future salary increases	22.00% per annum, and gradually decreasing to 5% per annum for both basic and total salary
Mortality	Thailand Mortality Ordinary Life Table 2008
Disability	10.00% of mortality rate
Retirement ages	55, 58 and 60 depending on the categories of employees
Turnover rate	1.50%

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

11. 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 2.19% increase in defined benefit plan obligations. 0.25% increase in discount rate results in a 2.12% decrease in defined benefit plan obligations.
- 0.50% decrease in salary increase rate results in a 3.86% decrease in defined benefit obligations. 0.50% increase in salary increase rate results in a 4.09% 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 2017

12. Taxation

(a) Deferred tax, net

	As at 30 September 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Deferred tax assets	112,202	454,755	112,119	452,623
Deferred tax liabilities	(1,474,572)	(5,976,441)	(1,295,820)	(5,231,224)
	<u>(1,362,370)</u>	<u>(5,521,686)</u>	<u>(1,183,701)</u>	<u>(4,778,601)</u>

Deferred tax (liabilities)/assets are attributable to:

	As at 30 September 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Depreciation	(1,474,572)	(5,976,440)	(1,295,820)	(5,231,226)
Provision for retirement benefits	107,080	433,995	103,939	419,602
Deferred income	4,429	17,951	7,593	30,653
Foreign exchange difference	693	2,808	587	2,370
	<u>(1,362,370)</u>	<u>(5,521,686)</u>	<u>(1,183,701)</u>	<u>(4,778,601)</u>

(b) Provision for income tax

	As at 30 September 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	489,261	1,975,147	640,881	2,595,568
Charge during the period/year	444,785	1,800,490	499,047	2,022,637
Prior year's under provision	7,265	29,409	69,045	279,839
Effect of WHT Credit	-	-	(9,786)	(39,663)
Income tax paid	(496,526)	(2,009,937)	(709,926)	(2,877,331)
Currency translation difference	-	7,605	-	(5,903)
	<u>444,785</u>	<u>1,802,714</u>	<u>489,261</u>	<u>1,975,147</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

12. Taxation (continued)

(c) Income tax expense

	Nine-month period ended 30 September 2017		Three-month period ended 30 September 2017		Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current income tax	444,785	1,800,490	246,377	1,000,509	407,040	1,651,361	204,197	832,078
Prior year's under provision	7,265	29,409	-	-	69,045	280,116	-	-
Deferred tax	178,669	723,252	52,179	213,361	59,582	241,724	26,341	108,707
	<u>630,719</u>	<u>2,553,151</u>	<u>298,556</u>	<u>1,213,870</u>	<u>535,667</u>	<u>2,173,201</u>	<u>230,538</u>	<u>940,785</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 អនក្រឹត្យ 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 the General Department of Taxation ("GDT") suggesting that PPAP will be entitled to the tax incentive starting from 2016. On 12 December 2016, the PPAP submit a letter to SECC requesting for their assistance in facilitating with the GDT for the written approval on the 50% reduction on the 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.
- A temporary postponement on the prepayment of profit tax for the period of 3 years in accordance with the Prakas number 855 ស្រីលា.ប្រក 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.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

12. Taxation (continued)

(c) Income tax expense (continued)

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 2017		Three-month period ended 30 September 2017		Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit before income tax	4,689,284	18,982,222	2,670,303	10,841,691	3,811,622	15,463,750	1,864,006	7,597,329
Income tax using approved tax rate at 20%	937,857	3,796,444	534,061	2,168,338	762,324	3,092,748	372,801	1,519,465
Effect of tax incentive	(517,102)	(2,093,228)	(293,807)	(1,192,902)	(381,162)	(1,546,374)	(186,400)	(759,730)
Prior year's under provision	7,265	29,409	-	-	69,045	280,116	-	-
Effect of non-deductible expenses	202,699	820,526	58,302	238,434	85,460	346,711	44,137	181,050
Income tax expense	630,719	2,553,151	298,556	1,213,870	535,667	2,173,201	230,538	940,785

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 2017

13. Trade and other payables

	As at 30 September 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Accrued operating expenses	692,858	2,808,153	918,408	3,707,613
Trade payables	364,742	1,478,299	458,922	1,852,668
Customer deposits	247,124	1,001,594	166,800	673,372
Interest payable	132,018	535,069	441,422	1,782,021
Other tax payables	164,496	666,702	31,288	126,310
Dividend payable	-	-	26,325	106,274
Guaranteed dividends payable	237,488	962,539	261,298	1,054,860
	<u>1,838,726</u>	<u>7,452,356</u>	<u>2,304,463</u>	<u>9,303,118</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

14. Revenue

	Nine-month period ended 30 September 2017		Three-month period ended 30 September 2017		Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Stevedoring	5,820,343	23,560,748	2,372,838	9,660,408	5,070,083	20,569,327	2,009,265	8,206,683
Lift On Lift Off (LOLO)	4,951,143	20,042,227	2,131,082	8,671,741	3,976,698	16,133,464	1,622,480	6,624,777
Port dues & charges	2,282,165	9,238,204	821,686	3,349,553	2,088,280	8,472,152	748,692	3,061,556
Sand dredging management fee	38,475	155,747	10,839	44,319	294,769	1,195,878	52,351	216,752
Survey	161,603	654,169	109,175	442,779	-	-	-	-
Gate fee	505,797	2,047,466	221,316	900,439	420,544	1,706,147	180,610	737,054
Storage fee	315,823	1,278,452	152,623	620,430	428,434	1,738,157	164,841	673,505
Trucking fee	728	2,947	214	875	1,527	6,195	664	2,709
Weighting fee	21,319	86,299	12,454	50,555	2,148	8,714	2,148	8,714
Repair and maintenance container service	219	887	67	273	-	-	-	-
	<u>14,097,615</u>	<u>57,067,146</u>	<u>5,832,294</u>	<u>23,741,372</u>	<u>12,282,483</u>	<u>49,830,034</u>	<u>4,781,051</u>	<u>19,531,750</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

15. Cost of sales and services

	Nine-month period ended 30 September 2017		Three-month period ended 30 September 2017		Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Depreciation	1,867,134	7,558,158	630,138	2,570,590	1,491,111	6,049,437	498,326	2,039,578
Crane charge	1,181,600	4,783,117	519,762	2,114,586	1,025,484	4,160,389	416,446	1,700,485
Salaries and wages	889,119	3,599,154	302,555	1,234,128	788,097	3,197,310	247,394	1,013,411
Fuel and gasoline	456,012	1,845,937	112,896	462,493	231,055	937,390	95,946	391,685
Maintenance costs	252,903	1,023,751	53,011	217,786	308,315	1,250,834	94,383	386,763
Sand dredging management cost	38,323	155,132	14,838	60,441	81,671	331,339	5,710	24,533
Survey costs	5,308	21,487	-	-	5,211	21,141	-	-
Repair and maintenance container fee	187	757	58	322	-	-	-	-
Others	153,803	622,594	51,656	210,738	88,390	358,598	43,610	177,824
	<u>4,844,389</u>	<u>19,610,087</u>	<u>1,684,914</u>	<u>6,871,084</u>	<u>4,019,334</u>	<u>16,306,438</u>	<u>1,401,815</u>	<u>5,734,279</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

16. General administration and selling expenses

	Nine-month period ended 30 September 2017		Three-month period ended 30 September 2017		Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Salaries and other benefits	2,359,580	9,551,580	828,910	3,379,919	2,267,664	9,199,913	788,542	3,225,739
Donation expenses	232,635	941,706	63,163	258,395	256,960	1,042,487	69,348	284,722
Utilities and fuel	324,436	1,313,317	111,872	456,259	312,127	1,266,299	112,328	459,311
Depreciation	295,473	1,196,075	98,237	400,819	284,010	1,152,229	97,557	399,145
Repairs and maintenance	103,920	420,668	30,769	125,723	160,945	652,954	39,030	160,539
Business entertainments	167,187	676,773	24,704	102,282	126,175	511,892	13,924	58,510
Travelling expenses	78,128	316,262	30,485	124,165	105,855	429,454	36,430	149,046
Professional fee	26,418	106,940	5,300	21,792	28,947	117,438	5,860	24,190
Board of Directors' fee	156,790	634,686	51,751	211,169	156,447	634,705	51,644	211,406
Office and material supplies	82,609	334,401	24,579	100,424	92,806	376,514	14,027	58,326
Communication expenses	40,402	163,547	13,229	53,986	42,552	172,633	14,754	60,357
Other tax expenses	23,876	96,650	3,890	16,066	84,893	344,411	21,250	87,357
Others	190,442	770,910	52,933	216,474	252,698	1,025,196	108,088	441,116
	<u>4,081,896</u>	<u>16,523,515</u>	<u>1,339,822</u>	<u>5,467,473</u>	<u>4,172,079</u>	<u>16,926,125</u>	<u>1,372,782</u>	<u>5,619,764</u>

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Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

17. 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 2017		Three-month period ended 30 September 2017		Nine-month period ended 30 September 2016		Three-month period ended 30 September 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
MEF:								
Finance costs	849,782	3,439,918	270,189	1,102,999	846,562	3,434,502	294,258	1,203,746
MEF and MPWT:								
Donation and charities	59,049	239,030	9,690	40,015	20,535	83,310	4,426	18,246
With Directors:								
Directors' remuneration	156,790	634,686	51,751	211,169	156,447	634,705	51,644	211,406

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the nine-month period ended 30 September 2017

17. Related party transactions and balances (continued)

(b) Significant balances with related parties

	As at 30 September 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Borrowings from Eximbank through MEF	28,979,637	117,454,469	28,979,637	116,990,795
Interest payable on borrowings	132,018	535,069	441,422	1,782,021
	<u>29,111,655</u>	<u>117,989,538</u>	<u>29,421,059</u>	<u>118,772,816</u>

18. Commitments

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

	As at 30 September 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within 1 year	55,767	226,024	55,767	225,131
Within 2 to 3 years	16,575	67,178	58,401	235,765
	<u>72,342</u>	<u>293,202</u>	<u>114,168</u>	<u>460,896</u>

19. 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.