

Registration No:
Co.7175 Et/2004

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

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018**

Registration No:
Co.7175 Et/2004

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

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

STATEMENT BY THE DIRECTORS

In the opinion of the Directors, the accompanying condensed statement of financial position of Phnom Penh Autonomous Port (“PPAP”) as at 30 September 2018, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and nine-month period then ended, and condensed notes to the interim financial information (collectively known as “Condensed Interim Financial Information”) are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

For and on behalf of the board of Directors,



H.E. Hei Bavy
Chairman and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
Date: 12 NOV 2018

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

Ms. Chheav Vanthea
Head of Accounting/Finance
Department

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

Introduction

We have reviewed the accompanying condensed statement of financial position of Phnom Penh Autonomous Port (“PPAP”) as at 30 September 2018, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and nine-month period then ended, and condensed notes to the interim financial information (collectively known as “Condensed Interim Financial Information”). The Directors of PPAP are responsible for the preparation of and presentation of the Condensed Interim Financial Information. Our responsibility is to express a conclusion on this Condensed Interim Financial Information based on our review.

Scope of review

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

Conclusion

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


BDO (Cambodia) Limited

Phnom Penh, Cambodia
Date: 12 November 2018

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

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

	Note	Unaudited 30 September 2018		Audited 31 December 2017	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	73,016,172	298,052,014	145,355,017	586,798,204
Investment properties	5	85,043,939	347,149,359	8,473,703	34,208,339
Deferred tax assets	6	1,298,336	5,299,807	-	-
		<u>159,358,447</u>	<u>650,501,180</u>	<u>153,828,720</u>	<u>621,006,543</u>
Current assets					
Trade and other receivables	7	3,979,000	16,242,279	3,009,308	12,148,576
Cash and bank balances	8	22,340,604	91,194,345	11,717,944	47,305,340
		<u>26,319,604</u>	<u>107,436,624</u>	<u>14,727,252</u>	<u>59,453,916</u>
TOTAL ASSETS		<u>185,678,051</u>	<u>757,937,804</u>	<u>168,555,972</u>	<u>680,460,459</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	9	114,453,485	457,813,940	114,453,485	457,813,940
Share premium	10	155,502	622,008	155,502	622,008
Reserves	11	18,675,142	76,231,930	13,946,283	56,301,145
Retained earnings		5,991,132	24,228,137	5,282,062	21,323,684
Currency translation difference		-	9,625,600	-	4,240,532
TOTAL EQUITY		<u>139,275,261</u>	<u>568,521,615</u>	<u>133,837,332</u>	<u>540,301,309</u>
LIABILITIES					
Non-current liabilities					
Guaranteed dividends payable		437,398	1,785,459	630,080	2,543,633
Borrowings	12	26,909,663	109,845,244	26,909,663	108,634,310
Provision for retirement benefits	13	649,040	2,649,381	619,279	2,500,029
Deferred tax liabilities	6	-	-	1,414,296	5,709,513
Deferred income	14	14,625,000	59,699,250	-	-
		<u>42,621,101</u>	<u>173,979,334</u>	<u>29,573,318</u>	<u>119,387,485</u>
Current liabilities					
Trade and other payables	15	2,953,836	12,057,559	2,510,885	10,136,443
Borrowings	12	-	-	2,069,974	8,356,485
Deferred income	14	300,000	1,224,600	-	-
Current tax liabilities		527,853	2,154,696	564,463	2,278,737
		<u>3,781,689</u>	<u>15,436,855</u>	<u>5,145,322</u>	<u>20,771,665</u>
TOTAL LIABILITIES		<u>46,402,790</u>	<u>189,416,189</u>	<u>34,718,640</u>	<u>140,159,150</u>
TOTAL EQUITY AND LIABILITIES		<u>185,678,051</u>	<u>757,937,804</u>	<u>168,555,972</u>	<u>680,460,459</u>

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

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018

	Note	Unaudited				Unaudited			
		Three-month period ended				Nine-month period ended			
		30 September 2018 ⁽¹⁾		30 September 2017 ⁽²⁾		30 September 2018 ⁽¹⁾		30 September 2017 ⁽²⁾	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	
Revenue	16	5,909,310	24,037,146	5,832,294	23,741,372	15,235,672	61,613,058	14,097,615	57,067,146
Cost of services	17	<u>(1,905,529)</u>	<u>(7,757,275)</u>	<u>(1,684,914)</u>	<u>(6,871,084)</u>	<u>(5,326,578)</u>	<u>(21,540,681)</u>	<u>(4,844,389)</u>	<u>(19,610,087)</u>
Gross profit		4,003,781	16,279,871	4,147,380	16,870,288	9,909,094	40,072,377	9,253,226	37,457,059
Other income	18	356,730	1,449,046	156,744	639,023	785,440	3,176,319	439,414	1,778,748
General and administrative expenses	19	<u>(1,473,608)</u>	<u>(6,005,496)</u>	<u>(1,339,822)</u>	<u>(5,467,473)</u>	<u>(4,555,239)</u>	<u>(18,421,387)</u>	<u>(4,081,896)</u>	<u>(16,523,515)</u>
Operating profit		2,886,903	11,723,421	2,964,302	12,041,838	6,139,295	24,827,309	5,610,744	22,712,292
Finance costs	20	<u>(296,484)</u>	<u>(1,207,676)</u>	<u>(293,999)</u>	<u>(1,200,147)</u>	<u>(876,158)</u>	<u>(3,543,183)</u>	<u>(921,460)</u>	<u>(3,730,070)</u>
Profit before tax		2,590,419	10,515,745	2,670,303	10,841,691	5,263,137	21,284,126	4,689,284	18,982,222
Taxation	21	<u>1,210,214</u>	<u>4,886,759</u>	<u>(298,556)</u>	<u>(1,213,870)</u>	<u>720,485</u>	<u>2,913,641</u>	<u>(630,719)</u>	<u>(2,553,151)</u>
Profit for the financial period		3,800,633	15,402,504	2,371,747	9,627,821	5,983,622	24,197,767	4,058,565	16,429,071

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

	Note	Unaudited				Unaudited			
		Three-month period ended		Three-month period ended		Nine-month period ended		Nine-month period ended	
		30 September 2018 ⁽¹⁾	30 September 2017 ⁽²⁾	30 September 2018 ⁽¹⁾	30 September 2017 ⁽²⁾	30 September 2018 ⁽¹⁾	30 September 2017 ⁽²⁾	30 September 2018 ⁽¹⁾	30 September 2017 ⁽²⁾
		US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Other comprehensive income, net of tax									
Items that will not be reclassified subsequently to profit or loss:									
Re-measurements of defined benefit liability		8,299	33,549	8,083	32,615	7,510	30,370	1,499	6,068
Total comprehensive income for the financial period		3,808,932	15,436,053	2,379,830	9,660,436	5,991,132	24,228,137	4,060,064	16,435,139
Earnings per share									
Basic	22	0.18	0.75	0.11	0.46	0.29	1.17	0.20	0.79
Diluted	22	0.18	0.75	0.11	0.46	0.29	1.17	0.20	0.79

Notes:

- (1) *The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *The comparative figures for the corresponding period were reviewed but not audited.*

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CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
Balance as at 1 January 2018		114,453,485	155,502	13,946,283	5,282,062	-	133,837,332
Profit for the financial period		-	-	-	5,983,622	-	5,983,622
Actuarial gain on retirement benefit obligation		-	-	-	7,510	-	7,510
Total comprehensive income for the financial period		-	-	-	5,991,132	-	5,991,132
Transactions with owners							
Transfer to reserves	11	-	-	4,728,859	(4,728,859)	-	-
Dividends Class B	23	-	-	-	(553,203)	-	(553,203)
Total transactions with owners		-	-	4,728,859	(5,282,062)	-	(553,203)
Balance as at 30 September 2018⁽¹⁾		114,453,485	155,502	18,675,142	5,991,132	-	139,275,261
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>76,231,930</i>	<i>24,228,137</i>	<i>9,625,600</i>	<i>568,521,615</i>

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CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018 (continued)

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
Balance as at 1 January 2017		114,453,485	155,502	11,308,650	3,175,671	-	129,093,308
Profit for the financial period		-	-	-	4,058,565	-	4,058,565
Actuarial gain on retirement benefit obligation		-	-	-	1,499	-	1,499
Total comprehensive income for the financial period		-	-	-	4,060,064	-	4,060,064
Transactions with owners							
Transfer to reserves	11	-	-	2,637,633	(2,637,633)	-	-
Dividends Class B		-	-	-	(538,038)	-	(538,038)
Total transactions with owners		-	-	2,637,633	(3,175,671)	-	(538,038)
Balance as at 30 September 2017⁽²⁾		114,453,485	155,502	13,946,283	4,060,064	-	132,615,334
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>56,524,284</i>	<i>16,455,439</i>	<i>6,074,277</i>	<i>537,489,948</i>

Notes:

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

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

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CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018

	Note	Unaudited Nine-month period ended			
		30 September 2018 ⁽¹⁾		30 September 2017 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Profit before tax		5,263,137	21,284,126	4,689,284	18,982,222
Adjustments for:					
Deferred income		(75,000)	(303,300)	-	-
Depreciation of property, plant and equipment	4	2,158,799	8,730,183	2,114,972	8,561,405
Depreciation of investment properties	5	53,223	215,234	47,635	192,828
Finance costs	20	876,158	3,543,183	921,460	3,730,070
Loss on disposal of property, plant and equipment		52,246	211,283	-	-
Property, plant and equipment written off		8,768	35,458	-	-
Retirement benefit obligation expenses		75,454	305,136	67,939	2,553,151
Unrealised gain on foreign exchange		(9,029)	(36,513)	(250)	(1,012)
Operating profit before changes in working capital		8,403,756	33,984,790	7,841,040	34,018,664
Changes in working capital					
Trade and other receivables		(969,692)	(3,921,434)	(470,960)	(1,906,446)
Trade and other payables		837,042	3,384,998	(106,198)	(429,890)
Deferred income		15,000,000	60,660,000	-	-
Cash generated from operations		23,271,106	94,108,354	7,263,882	31,682,328
Tax paid		(2,028,757)	(8,204,293)	(496,526)	(2,009,937)
Retirement benefit obligation paid		(38,183)	(154,412)	(32,966)	(133,446)
Net cash from operating activities		21,204,166	85,749,649	6,734,390	29,538,945
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(6,538,793)	(26,442,879)	(2,334,911)	(9,451,720)
Purchase of investment properties	5	-	-	(1,893)	(7,663)
Proceeds from disposal of property, plant and equipment		34,366	138,976	-	-
Net cash used in investing activities		(6,504,427)	(26,303,903)	(2,336,804)	(9,459,383)

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CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018 (continued)

	Note	Unaudited			
		Nine-month period ended		30 September 2017 ⁽²⁾	
		30 September 2018 ⁽¹⁾		30 September 2017 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities					
Dividends paid		(868,619)	(3,512,695)	(825,661)	(3,342,276)
Interest paid		(1,138,486)	(4,604,037)	(1,159,186)	(4,692,385)
Repayments of borrowings		(2,069,974)	(8,370,975)	-	-
Placement of fixed deposits with a licensed bank		(19,739,471)	(79,826,421)	-	-
Net cash used in financing activities		(23,816,550)	(96,314,128)	(1,984,847)	(8,034,661)
Net (decrease)/increase in cash and cash equivalents					
		(9,116,811)	(36,868,382)	2,412,739	9,766,767
Cash and cash equivalents at beginning of financial period					
		11,717,944	47,305,340	6,751,489	27,255,761
Currency translation differences		-	930,966	-	120,088
Cash and cash equivalents at end of financial period					
		2,601,133	11,367,924	9,164,228	37,142,616

Notes:

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

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

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

1. CORPORATE INFORMATION

Phnom Penh Autonomous Port (“PPAP”) was registered under the Sub-Decree number 51 អនក្រឹត្យ on 17 July 1998 as a state-owned public enterprise supervised by the Ministry of Economy and Finance (“MEF”) and the Ministry of Public Works and Transport (“MPWT”). PPAP was listed on the Cambodia Securities Exchange on 9 December 2015 with the security certificate number 003 CSX/SC and became a state-owned public enterprise offering shares to the public.

The registered office and principal place of business of PPAP is located at No. 649, Preah Sisowat Quay, Sangkat Sras Chork, Khan Duan Penh, Phnom Penh, Kingdom of Cambodia.

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

		Closing rate	Average rate
30 September 2018	US\$1 =	KHR4,082	KHR4,044
31 December 2017	US\$1 =	KHR4,037	KHR4,045
30 September 2017	US\$1 =	KHR4,053	KHR4,048

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

The condensed interim financial information were authorised for issue by the Board of the Directors on 12 November 2018.

2. PRINCIPAL ACTIVITIES

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

- Provide pilotage navigating the vessel entering into or departing from port;
- Provide vessel’s berth;
- Provide a location for vessel repairing and fuel refilling;
- Monitor operation according to technical standard and ensure safety, environmental sustainability, and orders in the port’s commercial zone;
- Check ship documents in order to complete the formalities for vessel entering into-departing from the port;
- Train human resources in navigation and port sector through the Cambodia Maritime Institute;
- Develop port infrastructure through cooperation with the domestic and foreign development partners in order to expand container terminal, general/bulk cargo terminal, feeder port, and passenger/tourist terminal;
- Establish port supporting areas, including special economic zone, industrial zone, agricultural products procession zone and logistics zone;
- Take various measures in order to ensure the enforcement of laws and legal norms related to port and means of water transportation;
- Lift on- lift off, load-unload, and store cargo;
- Transport goods within port area, between the port and industrial area;
- Provide bonded warehouse service, temporary customs warehouse service and container yard;
- Provide tug-boat assistance and mooring-unmooring service;
- Provide logistics supply, pure water, and hygiene service to vessel;
- Provide container stuffing-unstuffing service;
- Provide container repair and maintenance service;
- Provide tourist/passenger terminal and domestic port service; and
- Operate other business of any kinds authorised by the laws and legal norms in force to support the growth of PPAP.

3. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached herein.

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

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

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

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

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

	Effective Date
CIFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to CIAS 28 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to CIFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
CIFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to CIFRS 10 and CIAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

PPAP is in the process of making an assessment of the potential impact from the adoption of these accounting standards, amendments and interpretations hence the Directors are not yet in a position to conclude on the potential impact on the results and the financial position of PPAP.

3. BASIS OF PREPARATION (continued)

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

CIFRS 16 Leases

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

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

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

IC Interpretation 23 Uncertainty over Income Tax Treatments

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

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

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

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

Amendments to CIFRS 9 Prepayment Features with Negative Compensation

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

3. BASIS OF PREPARATION (continued)

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

CIFRS 17 Insurance Contracts

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

Contracts are measured using the building blocks of:

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

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

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

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 30 September 2018 US\$	Audited 31 December 2017 US\$
<i>Cost</i>		
Balance at the beginning of financial period/year	158,588,158	155,558,868
Additions	6,538,793	3,029,290
Transfer to investment properties	(76,681,043)	-
Disposals	(239,069)	-
Written-off	(77,802)	-
	<hr/>	<hr/>
Balance at the end of financial period/year	88,129,037	158,588,158

4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Unaudited 30 September 2018 US\$	Audited 31 December 2017 US\$
<i>Accumulated depreciation</i>		
Balance at the beginning of financial period/year	13,233,141	10,402,476
Depreciation for financial period/year	2,158,799	2,830,665
Transfer to investment properties	(57,584)	-
Disposals	(152,457)	-
Written-off	(69,034)	-
	<hr/>	<hr/>
Balance at the end of financial period/year	15,112,865	13,233,141
Carrying amounts		
Balance at the end of financial period/year	<hr/>	<hr/>
	73,016,172	145,355,017
	<hr/>	<hr/>
<i>(KHR '000 equivalent)</i>	298,052,014	586,798,204

5. INVESTMENT PROPERTIES

	Unaudited 30 September 2018 US\$	Audited 31 December 2017 US\$
<i>Cost</i>		
Balance at the beginning of financial period/year	8,813,599	8,811,706
Additions	-	1,893
Transfer from property, plant and equipment	76,681,043	-
	<hr/>	<hr/>
Balance at the end of financial period/year	85,494,642	8,813,599
<i>Accumulated depreciation</i>		
Balance at the beginning of financial period/year	339,896	276,386
Depreciation for financial period/year	53,223	63,510
Transfer from property, plant and equipment	57,584	-
	<hr/>	<hr/>
Balance at the end of financial period/year	450,703	339,896
Carrying amounts		
Balance at the end of financial period/year	<hr/>	<hr/>
	85,043,939	8,473,703
	<hr/>	<hr/>
<i>(KHR '000 equivalent)</i>	347,149,359	34,208,339

6. DEFERRED TAX

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

	At 1 January 2018 US\$	Recognised in profit or loss US\$	At 30 September 2018 US\$ (unaudited)
Property, plant and equipment	(1,526,814)	(418,100)	(1,944,914)
Retirement benefit obligation	107,654	18,601	126,255
Deferred income	3,797	2,981,203	2,985,000
Provision for bonus	-	128,996	128,996
Unrealised exchange differences	1,067	1,932	2,999
	<hr/>	<hr/>	<hr/>
	(1,414,296)	2,712,632	1,298,336
	<hr/>	<hr/>	<hr/>
<i>(KHR '000 equivalent)</i>			5,299,807

6. DEFERRED TAX (continued)

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

(KHR '000 equivalent)

7. TRADE AND OTHER RECEIVABLES

	Unaudited 30 September 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Trade receivables				
Third parties	<u>3,007,534</u>	<u>12,276,754</u>	<u>2,511,759</u>	<u>10,139,971</u>
Other receivables				
Advances	13,488	55,058	62,974	254,226
Other receivables	<u>603,189</u>	<u>2,462,218</u>	<u>35,436</u>	<u>143,055</u>
	<u>616,677</u>	<u>2,517,276</u>	<u>98,410</u>	<u>397,281</u>
Loans and receivables	<u>3,624,211</u>	<u>14,794,030</u>	<u>2,610,169</u>	<u>10,537,252</u>
Prepayments	<u>354,789</u>	<u>1,448,249</u>	<u>399,139</u>	<u>1,611,324</u>
	<u>3,979,000</u>	<u>16,242,279</u>	<u>3,009,308</u>	<u>12,148,576</u>

8. CASH AND BANK BALANCES

	Unaudited 30 September 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	8,760	35,758	3,815	15,401
Cash at banks	2,592,373	10,582,067	3,019,161	12,188,353
Fixed deposits	<u>19,739,471</u>	<u>80,576,520</u>	<u>8,694,968</u>	<u>35,101,586</u>
	<u>22,340,604</u>	<u>91,194,345</u>	<u>11,717,944</u>	<u>47,305,340</u>

8. CASH AND BANK BALANCES (continued)

For the purpose of the statements of cash flows, cash and bank balances comprise the following as at the end of the reporting period.

	Unaudited 30 September 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	8,760	35,758	3,815	15,401
Cash at banks	2,592,373	10,582,067	3,019,161	12,188,353
Fixed deposits	19,739,471	80,576,520	8,694,968	35,101,586
As stated in statement of financial position	22,340,604	91,194,345	11,717,944	47,305,340
Less:				
Fixed deposits (maturity more than three months)	(19,739,471)	(79,826,421)	(3,160,624)	(12,759,439)
As stated in statement of cash flows	2,601,133	11,367,924	8,557,320	34,545,901

9. SHARE CAPITAL

	Unaudited 30 September 2018		Audited 31 December 2017	
	Number	US\$	Number	US\$
Voting shares of US\$1 each:				
Class A	4,136,873	4,136,873	4,136,873	4,136,873
Class B	16,547,492	16,547,492	16,547,492	16,547,492
	20,684,365	20,684,365	20,684,365	20,684,365
Non-voting shares of US\$1 each:				
Class C	93,769,120	93,769,120	93,769,120	93,769,120
	114,453,485	114,453,485	114,453,485	114,453,485
<i>(KHR'000 equivalent)</i>	-	457,813,940	-	457,813,940

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

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

10. SHARE PREMIUM

On 9 December 2015, PPAP was successfully listed on the Cambodia Securities Exchange (“CSX”). The total number of ordinary shares (voting) is 20,684,365 shares, of which 4,136,873 (Class A) shares was from the IPO with a par value of KHR4,000 per share and a premium of US\$1,136,169. After the listing, MoEF holds 80% of the total number of shares. PPAP received the proceeds from the IPO amounting to US\$5,193,915 and incurred IPO costs of US\$901,540.

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

11. RESERVES

	Legal reserve US\$	General reserve US\$	Development fund US\$	Total US\$
As at 1 January 2018	795,311	795,311	12,355,661	13,946,283
Transfer from retained earnings	<u>268,092</u>	<u>268,092</u>	<u>4,192,675</u>	<u>4,728,859</u>
As at 30 September 2018 (Unaudited)	<u>1,063,403</u>	<u>1,063,403</u>	<u>16,548,336</u>	<u>18,675,142</u>
<i>(KHR'000 equivalent)</i>	<u>4,340,811</u>	<u>4,340,811</u>	<u>67,550,308</u>	<u>76,231,930</u>
As at 1 January 2017	590,941	590,941	10,126,768	11,308,650
Transfer from retained earnings	<u>204,370</u>	<u>204,370</u>	<u>2,228,893</u>	<u>2,637,633</u>
As at 31 December 2017 (Audited)	<u>795,311</u>	<u>795,311</u>	<u>12,355,661</u>	<u>13,946,283</u>
<i>(KHR'000 equivalent)</i>	<u>3,210,671</u>	<u>3,210,671</u>	<u>49,879,803</u>	<u>56,301,145</u>

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

In accordance with PPAP's Articles of Incorporation, article 66, dated 5 September 2016, PPAP's profit, after offsetting with losses carried forward (if any), can be used as follows:

- for legal reserve – 5%
- for general reserve – 5%
- the remaining balance for dividend and development fund

12. BORROWINGS

	Unaudited 30 September 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Phnom Penh Port – New Container Terminal Project (“PPPNECTP”) or Phnom Penh Port LM17	<u>26,909,663</u>	<u>109,845,244</u>	<u>26,909,663</u>	<u>108,634,310</u>
Current				
PPPNECTP or Phnom Penh Port LM17	<u>-</u>	<u>-</u>	<u>2,069,974</u>	<u>8,356,485</u>
	<u>26,909,663</u>	<u>109,845,244</u>	<u>28,979,637</u>	<u>116,990,795</u>

PPPNECTP represents an on-lending agreement between the MEF and PPAP for the lending of proceeds of the Import-Export Bank of China (“the Eximbank”) under the Preferential Buyer Credit Loan Agreement: No. (2010)29(136) dated 4 November 2010 for the Phnom Penh Port-New Container Terminal Project (“Project”)

The amount to be re-lent to PPAP shall be deemed to be simultaneously lent to PPAP on the same dates, in the same currency and the same amount as those disbursed by the Eximbank for the purposes of financing the implementation of the Project. PPAP pays interest to the MEF semi-annually at the rate of 4% per annum. The loan on-lent is for 20 years, including a grace period of not exceeding 7 years from the date of the conclusion of the Loan Agreement.

13. PROVISION FOR RETIREMENT BENEFITS

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

	Unaudited 30 September 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Defined benefits obligation				
Present value of defined benefits obligation	631,273	2,576,856	597,461	2,411,950
Fair value of plan asset	-	-	-	-
	<u>631,273</u>	<u>2,576,856</u>	<u>597,461</u>	<u>2,411,950</u>
Other benefits				
National Social Security Funds	17,767	72,525	21,818	88,079
Liability recognised in statement of financial position	<u>649,040</u>	<u>2,649,381</u>	<u>619,279</u>	<u>2,500,029</u>

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

	Unaudited 30 September 2018		Audited 31 December 2017	
	US\$		US\$	
Balance at 1 January		597,461		514,207
Current service cost		30,768		35,536
Interest cost		26,919		33,628
Benefits paid		(16,365)		(13,214)
Re-measurement		(7,510)		27,304
Balance at 30 September		<u>631,273</u>		<u>597,461</u>
<i>(KHR'000 equivalent)</i>		<u>2,576,856</u>		<u>2,411,950</u>

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

	Unaudited 30 September 2018		Audited 31 December 2017	
	US\$		US\$	
Balance at 1 January		21,818		19,752
Benefits paid		(21,818)		(19,752)
Additional expenses		17,767		21,818
Balance at 30 September		<u>17,767</u>		<u>21,818</u>
<i>(KHR'000 equivalent)</i>		<u>72,525</u>		<u>88,079</u>

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

	Unaudited 30 September 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Defined benefit obligation				
Current service costs	30,768	124,426	35,536	143,459
Interest costs	26,919	108,860	33,628	135,756
Other benefits				
Additional expenses	17,767	71,850	21,818	88,079
	<u>75,454</u>	<u>305,136</u>	<u>90,982</u>	<u>367,294</u>

14. DEFERRED INCOME

Deferred income is in respect of the lease of land to Chean Choeng Thai Group. The total consideration is amortised on a straight-line basis over the term of 50 years.

15. TRADE AND OTHER PAYABLES

	Unaudited 30 September 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Trade payables				
Third parties	533,608	2,178,188	406,795	1,642,232
Other payables				
Interest payable	122,588	500,404	441,422	1,782,021
Unearned income	354,232	1,445,975	248,114	1,001,636
Dividend payable	-	-	52,467	211,809
Guaranteed dividends payable	240,159	980,329	262,949	1,061,525
Other tax payables	916,575	3,741,459	153,355	619,094
Other payables	786,674	3,211,204	945,783	3,818,126
	<u>2,420,228</u>	<u>9,879,371</u>	<u>2,104,090</u>	<u>8,494,211</u>
	<u>2,953,836</u>	<u>12,057,559</u>	<u>2,510,885</u>	<u>10,136,443</u>

16. REVENUE

	Unaudited Three-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Stevedoring	2,572,390	10,461,575	2,372,838	9,660,408
Lift On Lift Off ("LOLO")	2,128,259	8,655,669	2,131,082	8,671,741
Port dues and charges	884,247	3,599,280	821,686	3,349,553
Gate fees	237,553	965,932	221,316	900,439
Storage fees	78,715	321,111	152,623	620,430
Weighting fee	75	401	12,454	50,555
Stuffing/Unstuffing	3,950	16,069	-	-
Sand dredging management fee	3,446	14,355	10,839	44,319
Survey	-	-	109,175	442,779
Trucking fee	608	2,482	214	875
Repair and maintenance services	67	272	67	273
	<u>5,909,310</u>	<u>24,037,146</u>	<u>5,832,294</u>	<u>23,741,372</u>

	Unaudited Nine-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Stevedoring	6,494,414	26,263,410	5,820,343	23,560,748
Lift On Lift Off ("LOLO")	5,394,228	21,814,258	4,951,143	20,042,227
Port dues and charges	2,443,240	9,880,463	2,282,165	9,238,204
Gate fees	588,735	2,380,844	505,797	2,047,466
Storage fees	264,569	1,069,917	315,823	1,278,452
Weighting fee	6,612	26,739	21,319	86,299
Stuffing/Unstuffing	10,300	41,653	-	-
Sand dredging management fee	31,346	126,763	38,475	155,747
Survey	-	-	161,603	654,169
Trucking fee	2,143	8,667	728	2,947
Repair and maintenance services	85	344	219	887
	<u>15,235,672</u>	<u>61,613,058</u>	<u>14,097,615</u>	<u>57,067,146</u>

17. COST OF SERVICES

	Unaudited			
	Three-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Crane charges	543,523	2,208,743	519,762	2,114,586
Depreciation	653,392	2,661,908	630,138	2,570,590
Fuel and gasoline	218,455	888,902	112,896	462,493
Salaries and wages	350,108	1,425,640	302,555	1,234,128
Maintenance costs	116,299	474,157	53,011	217,786
Sand dredging management cost	6,608	26,723	14,838	60,441
Repair and maintenance container fee	57	231	58	322
Others	17,087	70,971	51,656	210,738
	<u>1,905,529</u>	<u>7,757,275</u>	<u>1,684,914</u>	<u>6,871,084</u>

	Unaudited			
	Nine-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Crane charges	1,259,217	5,092,274	1,181,600	4,783,117
Depreciation	1,959,430	7,923,935	1,867,134	7,558,158
Fuel and gasoline	583,133	2,358,190	456,012	1,845,937
Salaries and wages	1,003,685	4,058,902	889,119	3,599,154
Maintenance costs	372,518	1,506,463	252,903	1,023,751
Sand dredging management cost	6,608	26,723	38,323	155,132
Survey costs	-	-	5,308	21,487
Repair and maintenance container fee	57	231	187	757
Others	141,930	573,963	153,803	622,594
	<u>5,326,578</u>	<u>21,540,681</u>	<u>4,844,389</u>	<u>19,610,087</u>

18. OTHER INCOME

	Unaudited			
	Three-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Rental income	219,230	890,181	83,967	342,372
Finance income	113,873	462,931	56,342	229,699
Others	23,627	95,934	16,435	66,952
	<u>356,730</u>	<u>1,449,046</u>	<u>156,744</u>	<u>639,023</u>

	Unaudited			
	Nine-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Rental income	460,236	1,861,194	238,565	965,711
Finance income	275,744	1,115,109	157,994	639,560
Others	49,460	200,016	42,855	173,477
	<u>785,440</u>	<u>3,176,319</u>	<u>439,414</u>	<u>1,778,748</u>

19. GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited			
	Three-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Salaries and other benefits	902,180	3,674,277	828,910	3,379,919
Utilities and fuel	112,651	458,790	111,872	456,259
Depreciation	85,582	348,599	98,237	400,819
Board of Directors' fee	51,903	211,471	51,751	211,169
Donation	72,493	297,152	63,163	258,395
Office supplies	17,531	71,612	24,579	100,424
Business entertainment	32,960	135,466	24,704	102,282
Repair and maintenance	64,870	263,092	30,769	125,723
Communication expenses	15,447	62,915	13,229	53,986
Professional fees	1,833	7,634	5,300	21,792
Travelling expenses	10,978	44,776	30,485	124,165
Other tax expenses	8,299	34,258	3,890	16,066
Other expenses	96,881	395,454	52,933	216,474
	<u>1,473,608</u>	<u>6,005,496</u>	<u>1,339,822</u>	<u>5,467,473</u>

	Unaudited			
	Nine-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Salaries and other benefits	2,626,217	10,620,422	2,359,580	9,551,580
Utilities and fuel	327,935	1,326,169	324,436	1,313,317
Depreciation	252,592	1,021,482	295,473	1,196,075
Board of Directors' fee	156,917	634,572	156,790	634,686
Donation	338,469	1,368,769	232,635	941,706
Office supplies	65,324	264,170	82,609	334,401
Business entertainment	178,049	720,030	167,187	676,773
Repair and maintenance	115,414	466,734	103,920	420,668
Communication expenses	45,273	183,084	40,402	163,547
Professional fees	16,619	67,207	26,418	106,940
Travelling expenses	36,340	146,959	78,128	316,262
Other tax expenses	54,724	221,304	23,876	96,650
Other expenses	280,352	1,133,744	190,442	770,910
Property, plant and equipment written off	8,768	35,458	-	-
Loss on disposal of property, plant and equipment	52,246	211,283	-	-
	<u>4,555,239</u>	<u>18,421,387</u>	<u>4,081,896</u>	<u>16,523,515</u>

20. FINANCE COSTS

	Unaudited			
	Three-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Interest expense on borrowings	277,836	1,131,696	270,189	1,102,999
Unwinding effect of guaranteed dividend	18,648	75,980	23,810	97,148
	<u>296,484</u>	<u>1,207,676</u>	<u>293,999</u>	<u>1,200,147</u>

20. FINANCE COSTS (continued)

	Unaudited			
	Nine-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Interest expense on borrowings	819,652	3,314,673	849,782	3,439,918
Unwinding effect of guaranteed dividend	56,506	228,510	71,678	290,152
	<u>876,158</u>	<u>3,543,183</u>	<u>921,460</u>	<u>3,730,070</u>

21. TAXATION

	Unaudited			
	Three-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current year	1,753,453	7,094,543	246,377	1,000,509
Deferred tax:				
Origination and reversal of temporary Differences	(2,963,667)	(11,981,302)	52,179	213,361
	<u>(1,210,214)</u>	<u>(4,886,759)</u>	<u>298,556</u>	<u>1,213,870</u>

	Unaudited			
	Nine-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current year	2,051,304	8,295,473	444,785	1,800,490
(Over)/Under provision in prior year	(59,157)	(239,231)	7,265	29,409
	<u>1,992,147</u>	<u>8,056,242</u>	<u>452,050</u>	<u>1,829,899</u>
Deferred tax:				
Origination and reversal of temporary Differences	(2,938,322)	(11,882,574)	178,669	723,252
Under provision in prior year	225,690	912,691	-	-
	<u>(2,712,632)</u>	<u>(10,969,883)</u>	<u>178,669</u>	<u>723,252</u>
	<u>(720,485)</u>	<u>(2,913,641)</u>	<u>630,719</u>	<u>2,553,151</u>

21. TAXATION (continued)

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

- A reduction on tax on profit and withholding tax by 50% respectively (specifically withholding tax on interest and/or dividend resulting from holding and/or buying-selling government, equity and debt securities) for the period of three years in accordance with the Sub-decree no. 1៣៩៧.០៧ of the Royal Government of Cambodia dated 8 January 2015. On 11 February 2016, the Securities and Exchange Commission of Cambodia (“SECC”) submitted a letter to the General Department of Taxation (“GDT”) suggesting that PPAP will be entitled to the tax incentives starting from 2016.
- On 12 December 2016, PPAP submitted a letter to SECC requesting for their assistance in facilitating with the GDT for the written approval on the 50% reduction on tax on profit of PPAP for financial year ended 2016. The SECC, subsequently on 30 December 2016, submitted a letter to the GDT requesting for the written approval for the said tax incentive. This request was approved by the GDT on 8 February 2017 with the tax incentive of three years starting from 2016.
- A temporary postponement on the prepayment of profit tax for the period three years in accordance with the Prakas number 855 ស្រីហៃ.០៧ of the MEF dated 24 July 2015. On 11 February 2016, PPAP submitted a letter to the GDT through SECC requesting the written approval for the said tax incentive. This request was approved by the GDT on 10 June 2016.

22. EARNINGS PER SHARE

	Unaudited			
	Three-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	3,808,932	15,436,053	2,379,830	9,660,436
Weighted average number of ordinary shares in issue	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>
Basic earnings per share	0.18	0.75	0.11	0.46
Diluted earnings per share	<u>0.18</u>	<u>0.75</u>	<u>0.11</u>	<u>0.46</u>

	Unaudited			
	Nine-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	5,991,132	24,228,137	4,060,064	16,435,139
Weighted average number of ordinary shares in issue	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>	<u>20,684,365</u>
Basic earnings per share	0.29	1.17	0.20	0.79
Diluted earnings per share	<u>0.29</u>	<u>1.17</u>	<u>0.20</u>	<u>0.79</u>

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

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

23. DIVIDENDS

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

- Shareholders in Class A is entitled to total guaranteed dividend of US\$262,949 (equivalent to KHR1,051,796,000) and this dividend was paid on 16 March 2018. The additional dividend to Class A shareholders of US\$52,467 was also paid on the same date. These dividends were approved by the Board of Directors on 27 October 2017.
- Shareholders in Class B is entitled to total dividend of US\$553,203 (equivalent to KHR2,242,708,000) and this dividend was paid on 11 July 2018.

24. OPERATING LEASE COMMITMENTS

PPAP as lessee

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

	Unaudited 30 September 2018		Audited 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Not later than one year	16,265	66,394	55,767	225,131
Later than one year and not later than five years	-	-	2,633	10,629
	<u>16,265</u>	<u>66,394</u>	<u>58,400</u>	<u>235,760</u>

25. RELATED PARTY DISCLOSURES

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

	Unaudited Three-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	277,836	1,131,696	270,189	1,102,999
MEF and MPWT				
Donation and charities	<u>6,770</u>	<u>27,835</u>	<u>9,690</u>	<u>40,015</u>

	Unaudited Nine-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	819,652	3,314,673	849,782	3,439,918
MEF and MPWT				
Donation and charities	<u>37,231</u>	<u>150,562</u>	<u>59,049</u>	<u>239,030</u>

25. RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel

Key management compensation during the financial period is as follows:

	Unaudited			
	Three-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Short term employee benefits	51,903	211,471	51,751	211,169

	Unaudited			
	Nine-month period ended			
	30 September 2018		30 September 2017	
	US\$	KHR'000	US\$	KHR'000
Short term employee benefits	156,917	634,572	156,790	634,686

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

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

PPAP's primary exposure to credit risk arises through its receivables. The credit period for trade receivables is one to three months (2017: one to three months) and PPAP seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

(b) Liquidity and cash flow risk

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

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

(c) Interest rate risk

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

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

27. TAXATION CONTINGENCIES

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

28. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

29. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

On 29 June 2018, PPAP entered into a 50 year lease agreement with Chean Chhoeng Thai Group for the lease of land situated from Chroy Chongvar Bridge to Night Market (along Sisowath Quay) measuring 92,538 metre square.

30. COMPARATIVE FIGURES

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

Statement of financial position	Audited 31 December 2017			
	As restated		As previously stated	
	US\$	KHR'000	US\$	KHR'000
Equity				
Reserves	13,946,283	56,301,145	-	-
Legal reserve	-	-	795,311	3,210,671
General reserve	-	-	795,311	3,210,671
Development fund	-	-	12,355,661	49,879,803
Statement of cash flows	Unaudited Nine-month period ended 30 September 2017			
	As restated		As previously stated	
	US\$	KHR'000	US\$	KHR'000
Net cash from operating activities	6,734,390	29,538,945	5,575,204	22,568,426
Net cash used in financing activities	(1,984,847)	(8,034,661)	(825,661)	(3,342,276)