

Registration No:
Co.7175 Et/2004

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

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2019**

**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 31 December 2019, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and twelve-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, 



Hei Bavy
Chairman and Chief Executive Officer

Phnom Penh, Cambodia
Date: **11 FEB 2020**


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 31 December 2019, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and twelve-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: 11 February 2020

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Unaudited 31 December 2019		Audited 31 December 2018	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	77,634,738	316,361,557	73,809,447	296,566,358
Investment properties	5	85,038,297	346,531,060	85,026,198	341,635,264
Lease receivables	6	4,163,447	16,966,047	-	-
Other receivable	7	62,487	254,635	-	-
Deferred tax assets	8	874,966	3,565,486	1,126,000	4,524,268
		<u>167,773,935</u>	<u>683,678,785</u>	<u>159,961,645</u>	<u>642,725,890</u>
Current assets					
Trade and other receivables	7	6,938,795	28,275,590	3,172,538	12,747,258
Lease receivables	6	173,233	705,924	-	-
Cash and bank balances	9	25,984,908	105,888,500	23,995,410	96,413,557
		<u>33,096,936</u>	<u>134,870,014</u>	<u>27,167,948</u>	<u>109,160,815</u>
TOTAL ASSETS		<u>200,870,871</u>	<u>818,548,799</u>	<u>187,129,593</u>	<u>751,886,705</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	10	114,453,485	457,813,940	114,453,485	457,813,940
Share premium	11	155,502	622,008	155,502	622,008
Reserves	12	25,651,419	104,529,532	18,675,142	75,036,721
Retained earnings		11,892,259	48,187,434	7,678,073	31,070,194
Currency translation difference		-	8,869,195	-	1,843,265
TOTAL EQUITY		<u>152,152,665</u>	<u>620,022,109</u>	<u>140,962,202</u>	<u>566,386,128</u>
LIABILITIES					
Non-current liabilities					
Guaranteed dividends payable		232,042	945,571	445,453	1,789,830
Other payable	13	31,243	127,315	-	-
Borrowings	14	22,769,715	92,786,589	24,839,689	99,805,870
Provision for retirement benefits	15	662,515	2,699,749	644,644	2,590,180
Lease liabilities	16	2,775,630	11,310,692	-	-
Contract liabilities	17	14,250,000	58,068,750	14,625,000	58,763,250
		<u>40,721,145</u>	<u>165,938,666</u>	<u>40,554,786</u>	<u>162,949,130</u>

**PHNOM PENH AUTONOMOUS PORT
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**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (continued)**

	Note	Unaudited 31 December 2019		Audited 31 December 2018	
		US\$	KHR'000	US\$	KHR'000
EQUITY AND LIABILITIES					
(continued)					
LIABILITIES (continued)					
Current liabilities					
Trade and other payables	13	3,339,052	13,606,637	2,691,950	10,816,255
Borrowings	14	2,069,974	8,435,144	2,069,974	8,317,156
Lease liabilities	16	115,489	470,618	-	-
Contract liabilities	17	300,000	1,222,500	225,000	904,050
Current tax liabilities		2,172,546	8,853,125	625,681	2,513,986
		<u>7,997,061</u>	<u>32,588,024</u>	<u>5,612,605</u>	<u>22,551,447</u>
TOTAL LIABILITIES		<u>48,718,206</u>	<u>198,526,690</u>	<u>46,167,391</u>	<u>185,500,577</u>
TOTAL EQUITY AND LIABILITIES		<u>200,870,871</u>	<u>818,548,799</u>	<u>187,129,593</u>	<u>751,886,705</u>

The Condensed Statement of Financial Position should be read in conjunction with the audited financial information for the financial year ended 31 December 2018 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 QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2019**

Note	Unaudited Three-month period ended		Unaudited Twelve-month period ended	
	31 December 2019 ⁽¹⁾	31 December 2018 ⁽²⁾	31 December 2019 ⁽¹⁾	31 December 2018 ⁽²⁾
	US\$	KHR'000	US\$	KHR'000
Revenue	7,346,622	29,847,887	27,190,111	110,174,330
Cost of services	(2,219,768)	(9,019,954)	(8,583,244)	(34,779,305)
Gross profit	5,126,854	20,827,933	18,606,867	75,395,025
Other income	746,474	3,038,211	4,121,153	16,698,912
General and administrative expenses	(1,757,820)	(7,142,349)	(6,673,567)	(27,041,293)
Operating profit	4,115,508	16,723,795	16,054,453	65,052,644
Finance costs	(290,464)	(1,181,419)	(1,405,229)	(5,693,988)
Profit before tax	3,825,044	15,542,376	14,649,224	59,358,656
Taxation	(815,829)	(3,313,866)	(2,847,496)	(11,538,054)
Profit for the financial period	3,009,215	12,228,510	11,801,728	47,820,602
			8,100,738	32,767,486

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**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2019 (continued)**

Note	Unaudited		Unaudited	
	Three-month period ended 31 December 2019 ⁽¹⁾	31 December 2018 ⁽²⁾	Twelve-month period ended 31 December 2019 ⁽¹⁾	31 December 2018 ⁽²⁾
	US\$	KHR'000	US\$	KHR'000
Other comprehensive income, net of tax	94,385	382,433	28,643	115,869
Items that will not be reclassified subsequently to profit or loss: Re-measurements of defined benefit liability			90,531	366,832
Total comprehensive income for the financial period	3,103,600	12,610,943	2,145,759	8,685,588
Earnings per share				
Basic	25	0.15	0.10	0.42
Diluted	25	0.15	0.10	0.42
			0.57	2.33
			0.57	2.33
			36,153	146,239
			8,136,891	32,913,725

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 2018 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 TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2019

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
Balance as at 1 January 2019		114,453,485	155,502	18,675,142	7,678,073	-	140,962,202
Profit for the financial period		-	-	-	11,801,728	-	11,801,728
Actuarial gain on retirement benefit obligation		-	-	-	90,531	-	90,531
Total comprehensive income for the financial period		-	-	-	11,892,259	-	11,892,259
Transactions with owners							
Transfer to reserves	12	-	-	6,976,277	(6,976,277)	-	-
Dividends	26	-	-	-	(701,796)	-	(701,796)
Total transactions with owners		-	-	6,976,277	(7,678,073)	-	(701,796)
Balance as at 31 December 2019⁽¹⁾		114,453,485	155,502	25,651,419	11,892,259	-	152,152,665
<i>(KHR '000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>104,529,532</i>	<i>48,187,434</i>	<i>8,869,195</i>	<i>620,022,109</i>

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CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2019 (continued)

	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
Adjustments on initial application of CIFRS 9		-	-	-	(458,818)	-	(458,818)
Balance as at 1 January 2018, as restated		114,453,485	155,502	13,946,283	4,823,244	-	133,378,514
Profit for the financial period		-	-	-	8,100,738	-	8,100,738
Actuarial gain on retirement benefit obligation		-	-	-	36,153	-	36,153
Total comprehensive income for the financial period		-	-	-	8,136,891	-	8,136,891
Transactions with owners							
Transfer to reserves	12	-	-	4,728,859	(4,728,859)	-	-
Dividends		-	-	-	(553,203)	-	(553,203)
Total transactions with owners		-	-	4,728,859	(5,282,062)	-	(553,203)
Balance as at 31 December 2018⁽²⁾		114,453,485	155,502	18,675,142	7,678,073	-	140,962,202
(KHR '000 equivalent)		457,813,940	622,008	75,036,721	31,070,194	1,843,265	566,386,128

Notes:

(1) Should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 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)**

**CONDENSED STATEMENTS OF CASH FLOWS
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2019**

	Note	Unaudited Twelve-month period ended			
		31 December 2019 ⁽¹⁾		31 December 2018 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Profit before tax		14,649,224	59,358,656	7,682,305	31,074,925
Adjustments for:					
Depreciation of property, plant and equipment	4	3,043,003	12,330,248	2,892,290	11,699,313
Depreciation of investment properties	5	76,954	311,818	70,964	287,049
Finance costs	23	1,405,229	5,693,988	1,170,227	4,733,568
Impairment loss on receivables		170,932	692,616	-	-
Income from net of investment from sublease	21	(1,408,262)	(5,706,278)	-	-
Interest income	21	(1,506,682)	(6,105,075)	(529,062)	(2,140,056)
Loss on disposal of property, plant and equipment		-	-	52,246	211,335
Property, plant and equipment written off		-	-	8,768	35,467
Rental income		-	-	(150,000)	(606,750)
Retirement benefit obligation expenses		100,531	407,352	101,091	408,913
Reversal of impairment loss on receivables		-	-	(114,887)	(464,718)
Unrealised (gain)/loss on foreign exchange		(6,393)	(25,904)	3,449	13,951
Unwinding effect of long term deposit	21	(118,757)	(481,203)	-	-
Operating profit before changes in working capital		16,405,779	66,476,218	11,187,391	45,252,997
Changes in working capital					
Trade and other receivables		(2,872,084)	(11,637,684)	(64,539)	(261,060)
Trade and other payables		862,303	3,494,052	276,664	1,119,106
Contract liabilities		(300,000)	(1,215,600)	15,000,000	60,675,000
Cash generated from operations		14,095,998	57,116,986	26,399,516	106,786,043
Tax paid		(1,049,597)	(4,252,967)	(2,060,645)	(8,335,309)
Retirement benefit obligation paid	15	(17,534)	(71,048)	(39,573)	(160,073)
Net cash from operating activities		13,028,867	52,792,971	24,299,298	98,290,661
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(6,904,347)	(27,976,414)	(8,065,559)	(32,625,186)
Purchase of investment property	5	(53,000)	(214,756)	-	-
Proceeds from disposal of property, plant and equipment		-	-	34,366	139,010
Interest received		267,196	1,082,678	86,440	349,650
Placement of fixed deposits with a licensed bank		(1,200,000)	(4,862,400)	-	-
Net cash used in investing activities		(7,890,151)	(31,970,892)	(7,944,753)	(32,136,526)

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

**CONDENSED STATEMENTS OF CASH FLOWS
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2019 (continued)**

	Note	Unaudited			
		Twelve-month period ended		Twelve-month period ended	
		31 December 2019 ⁽¹⁾		31 December 2018 ⁽²⁾	
		US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities					
Dividend paid		(965,370)	(3,911,679)	(868,619)	(3,513,564)
Interest paid		(1,293,199)	(5,240,042)	(1,138,486)	(4,605,176)
Payment of lease liabilities		(20,675)	(83,775)	-	-
Repayments of borrowings		(2,069,974)	(8,387,535)	(2,069,974)	(8,373,045)
Placement of fixed deposits with a licensed bank		-	-	(11,839,376)	(47,570,613)
Net cash used in financing activities		(4,349,218)	(17,623,031)	(15,916,455)	(64,062,398)
Net increase in cash and cash equivalents		789,498	3,199,048	438,090	2,091,737
Cash and cash equivalents at beginning of financial period		8,995,410	36,143,557	8,557,320	34,545,901
Currency translation differences		-	530,895	-	(494,081)
Cash and cash equivalents at end of financial period	9	9,784,908	39,873,500	8,995,410	36,143,557

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 2018 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
31 DECEMBER 2019**

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 Sisowath 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
31 December 2019	US\$1 =	KHR4,075	KHR4,052
31 December 2018	US\$1 =	KHR4,018	KHR4,045

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 11 February 2020.

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;
- 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 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 (“LOLO”), 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;

2. PRINCIPAL ACTIVITIES (continued)

- Provide container repair and maintenance service;
- Provide tourist/passenger terminal and domestic port service; and
- Operate other bussiness 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 2018 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 2018.

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 2018 except for the adoption of the following accounting standards, amendments and interpretations:

	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
Amendments to CIFRS 3 <i>Annual Improvements to CIFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to CIFRS 11 <i>Annual Improvements to CIFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to CIAS 12 <i>Annual Improvements to CIFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to CIAS 23 <i>Annual Improvements to CIFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to CIAS 19 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019

Adoption of the above amendments, accounting standards and interpretations did not have any material effect on the financial performance or position of the Company except for the adoption of CIFRS 16 described in the following sections.

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.

3. BASIS OF PREPARATION (continued)

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

	Effective Date
Amendments to <i>References to the Conceptual Framework in CIFRS Standards</i>	1 January 2020
Amendments to CIFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to CIAS 1 and CIAS 8 <i>Definition of Material</i>	1 January 2020
Amendments to CIFRS 9, CIAS 39 and CIFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
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.

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

Amendments to *References to the Conceptual Framework in CIFRS Standards*

Together with the revised *Conceptual Framework*, the IASB issued *Amendments to References to the Conceptual Framework in CIFRS Standards*, which contains amendments to CIFRS 2, CIFRS 6, CIFRS 14, CIAS 1, CIAS 8, CIAS 34, CIAS 37, CIAS 38, IC Interpretations 12, 19, 20 and 22 as well Standard Interpretations Committee-32.

Amendments to CIFRS 3 *Definition of a Business*

The amendments change the definition of a business to help companies determine whether an acquisition made is of a business or a group of assets.

The new definition of business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

This emphasises that the output of a business is to provide goods and services to customers. This contrasts with the previous definition which focused on economic benefits to investors and others.

The amendments also clarify that, to be considered a business, an acquisition must include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include a framework to assist when evaluating when an input and substantive process are present – including for early stage companies that have not yet generated outputs.

In addition, the amendments introduced an optional “concentration test” to permit a simplified assessment of whether or not an acquired set of activities and assets is a business. The test can be applied by choice on a transaction by transaction basis. A transaction will be treated as an acquisition of assets (ie not a business) if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or groups of similar identifiable assets.

Amendments to CIAS 1 and CIAS 8 *Definition of Material*

The amendments clarify the definition of material in the context of applying CIFRS. As the concept of what is and is not material is crucial in preparing financial statements in accordance with CIFRS, a change in the definition may fundamentally affect how preparers make judgments in preparing financial statements.

The new definition of material information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

3. BASIS OF PREPARATION (continued)

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

Amendments to CIFRS 9, CIAS 39 and CIFRS 7 Interest Rate Benchmark Reform

The amendments affect entities that apply the hedge accounting requirements of IFRS 9 or IAS 39 to hedging relationships affected by the interest rate benchmark reform.

Pursuant to the amendments, entities would apply hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform.

The amendments apply to all hedging relationships that are directly affected by the interest rate benchmark reform.

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 31 December 2019 US\$	Audited 31 December 2018 US\$
<i>Cost</i>		
Balance at the beginning of financial period/year	89,655,803	158,588,158
Additions	6,904,347	8,065,559
Transfer to investment properties (Note 5)	(36,053)	(76,681,043)
Disposals	-	(239,069)
Written-off	-	(77,802)
	<hr/>	<hr/>
Balance at the end of financial period/year	96,524,097	89,655,803
<i>Accumulated depreciation</i>		
Balance at the beginning of financial period/year	15,846,356	13,233,141
Depreciation for financial period/year	3,043,003	2,892,290
Transfer to investment properties (Note 5)	-	(57,584)
Disposals	-	(152,457)
Written-off	-	(69,034)
	<hr/>	<hr/>
Balance at the end of financial period/year	18,889,359	15,846,356
Carrying amounts		
Balance at the end of financial period/year	<hr/> <hr/> 77,634,738	<hr/> <hr/> 73,809,447
<i>(KHR'000 equivalent)</i>	<hr/> <hr/> 316,361,557	<hr/> <hr/> 296,566,358

5. INVESTMENT PROPERTIES

	Unaudited 31 December 2019 US\$	Audited 31 December 2018 US\$
<i>Cost</i>		
Balance at the beginning of financial period/year	85,494,642	8,813,599
Additions	53,000	-
Transfer from property, plant and equipment (Note 4)	36,053	76,681,043
	<hr/>	<hr/>
Balance at the end of financial period/year	85,583,695	85,494,642
<i>Accumulated depreciation</i>		
Balance at the beginning of financial period/year	468,444	339,896
Depreciation for financial period/year	76,954	70,964
Transfer from property, plant and equipment (Note 4)	-	57,584
	<hr/>	<hr/>
Balance at the end of financial period/year	545,398	468,444
Carrying amounts		
Balance at the end of financial period/year	<hr/> <hr/> 85,038,297	<hr/> <hr/> 85,026,198
<i>(KHR'000 equivalent)</i>	<hr/> <hr/> 346,531,060	<hr/> <hr/> 341,635,264

6. LEASE RECEIVABLES

Lease receivables are in respect of 40 year leases of land to Hui Bang International Investment Group Co., Ltd. and Mekong Oriza Trading Co., Ltd.

7. TRADE AND OTHER RECEIVABLES

	Unaudited 31 December 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Other receivable				
Deposit	62,487	254,635	-	-
Current				
Trade receivables				
Third parties	4,184,751	17,052,860	2,665,112	10,708,420
Less: Impairment loss				
- Third parties	(514,863)	(2,098,067)	(343,931)	(1,381,915)
	3,669,888	14,954,793	2,321,181	9,326,505
Other receivables				
Third parties	2,522,395	10,278,760	474,543	1,906,714
Advances	107,770	439,163	2,688	10,800
Deposits	100,870	411,045	3,897	15,658
Other receivables	193,647	789,112	62,165	249,780
	2,924,682	11,918,080	543,293	2,182,952
Total receivables	6,594,570	26,872,873	2,864,474	11,509,457
Prepayments	344,225	1,402,717	308,064	1,237,801
	6,938,795	28,275,590	3,172,538	12,747,258

8. DEFERRED TAX

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

	At 1 January 2019 US\$	Recognised in profit or loss US\$	At 31 December 2019 US\$ (Unaudited)
Property, plant and equipment	(2,038,447)	(230,079)	(2,268,526)
Retirement benefit obligation	124,192	(1,507)	122,685
Deferred income	2,970,000	(53,798)	2,916,202
Impairment loss on receivables	68,786	34,187	102,973
Unrealised exchange differences	1,469	163	1,632
	1,126,000	(251,034)	874,966
<i>(KHR'000 equivalent)</i>			3,565,486

8. DEFERRED TAX (continued)

	At 1 January 2018 US\$	Recognised in profit or loss US\$	At 31 December 2018 US\$
Property, plant and equipment	(1,526,814)	(511,633)	(2,038,447)
Retirement benefit obligation	107,654	16,538	124,192
Deferred income	3,797	2,966,203	2,970,000
Impairment loss on receivables	-	68,786	68,786
Unrealised exchange differences	1,067	402	1,469
	<u>(1,414,296)</u>	<u>2,540,296</u>	<u>1,126,000</u>

(KHR'000 equivalent)

4,524,268

9. CASH AND BANK BALANCES

	Unaudited 31 December 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	4,833	19,694	6,332	25,442
Cash at banks	6,647,685	27,089,317	3,426,195	13,766,452
Fixed deposits	19,332,390	78,779,489	20,562,883	82,621,663
	<u>25,984,908 105,888,500</u>		<u>23,995,410 96,413,557</u>	
As stated in statement of financial position				
Less:				
Deposits (maturity more than three months)	(16,200,000)	(66,015,000)	(15,000,000)	(60,270,000)
	<u>9,784,908 39,873,500</u>		<u>8,995,410 36,143,557</u>	
As stated in statement of cash flows				

10. SHARE CAPITAL

	Unaudited 31 December 2019		Audited 31 December 2018	
	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
	<u>20,684,365 20,684,365</u>		<u>20,684,365 20,684,365</u>	
Non-voting shares of US\$1 each:				
Class C	93,769,120	93,769,120	93,769,120	93,769,120
	<u>114,453,485 114,453,485</u>		<u>114,453,485 114,453,485</u>	

(KHR'000 equivalent)

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.

11. 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. 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.

12. RESERVES

	Legal reserve US\$	General reserve US\$	Development fund US\$	Total US\$
As at 1 January 2019	1,063,403	1,063,403	16,548,336	18,675,142
Transfer from retained earnings	405,037	405,037	6,166,203	6,976,277
As at 31 December 2019 (Unaudited)	1,468,440	1,468,440	22,714,539	25,651,419
<i>(KHR'000 equivalent)</i>	<i>5,983,893</i>	<i>5,983,893</i>	<i>92,561,746</i>	<i>104,529,532</i>
As at 1 January 2018	795,311	795,311	12,355,661	13,946,283
Transfer from retained earnings	268,092	268,092	4,192,675	4,728,859
As at 31 December 2018 (Audited)	1,063,403	1,063,403	16,548,336	18,675,142
<i>(KHR'000 equivalent)</i>	<i>4,272,753</i>	<i>4,272,753</i>	<i>66,491,215</i>	<i>75,036,721</i>

On 29 March 2019, the Board of Directors approved the transfer of retained earnings to reserves amounting to US\$6,976,277.

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

13. TRADE AND OTHER PAYABLES

	Unaudited 31 December 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Other payable				
Deposit	31,243	127,315	-	-

13. TRADE AND OTHER PAYABLES (continued)

	Unaudited		Audited	
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Current				
Trade payables				
Third parties	1,060,640	4,322,108	494,259	1,985,933
Other payables				
Interest payable	361,556	1,473,341	397,665	1,597,818
Deposits	438,825	1,788,212	350,579	1,408,626
Guaranteed dividends payable	259,887	1,059,040	263,574	1,059,040
Deferred income	31,012	126,374	-	-
Other tax payables	138,740	565,365	118,807	477,367
Other payables	1,048,392	4,272,197	1,067,066	4,287,471
	<u>2,278,412</u>	<u>9,284,529</u>	<u>2,197,691</u>	<u>8,830,322</u>
	<u>3,339,052</u>	<u>13,606,637</u>	<u>2,691,950</u>	<u>10,816,255</u>

14. BORROWINGS

	Unaudited		Audited	
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Phnom Penh Port – New Container Terminal Project (“PPNCTP”) or Phnom Penh Port LM17	<u>22,769,715</u>	<u>92,786,589</u>	<u>24,839,689</u>	<u>99,805,870</u>
Current				
PPNCTP or Phnom Penh Port LM17	<u>2,069,974</u>	<u>8,435,144</u>	<u>2,069,974</u>	<u>8,317,156</u>
	<u>24,839,689</u>	<u>101,221,733</u>	<u>26,909,663</u>	<u>108,123,026</u>

PPNCTP 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.

15. PROVISION FOR RETIREMENT BENEFITS

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

	Unaudited 31 December 2019		Audited 31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Defined benefits obligation				
Present value of defined benefits obligation	613,427	2,499,715	620,961	2,495,022
Fair value of plan asset	-	-	-	-
	<u>613,427</u>	<u>2,499,715</u>	<u>620,961</u>	<u>2,495,022</u>
Other benefits				
National Social Security Funds	49,088	200,034	23,683	95,158
Liability recognised in statement of financial position	<u>662,515</u>	<u>2,699,749</u>	<u>644,644</u>	<u>2,590,180</u>

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

	Unaudited	Audited
	31 December 2019 US\$	31 December 2018 US\$
Balance at 1 January	620,961	597,461
Current service costs	48,709	41,288
Interest costs	35,885	36,120
Past service costs	15,937	-
Benefits paid	(17,534)	(17,755)
Re-measurement	(90,531)	(36,153)
Balance at 31 December	<u>613,427</u>	<u>620,961</u>
<i>(KHR'000 equivalent)</i>	<u>2,499,715</u>	<u>2,495,022</u>

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

	Unaudited	Audited
	31 December 2019 US\$	31 December 2018 US\$
Balance at 1 January	23,683	21,818
Benefits paid	-	(21,818)
Additional expenses	25,405	23,683
Balance at 31 December	<u>49,088</u>	<u>23,683</u>
<i>(KHR'000 equivalent)</i>	<u>200,034</u>	<u>95,158</u>

15. PROVISION FOR RETIREMENT BENEFITS (continued)

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

	Unaudited		Audited	
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Defined benefit obligation				
Current service costs	48,709	197,369	41,288	167,010
Interest costs	35,885	145,406	36,120	146,105
Past service costs	15,937	64,944	-	-
Other benefits				
Additional expenses	25,405	103,526	23,683	95,798
	<u>125,936</u>	<u>511,245</u>	<u>101,091</u>	<u>408,913</u>

16. LEASE LIABILITIES

Lease liabilities are in respect of a 40 year lease of land from Green Trade Co., Ltd.

17. CONTRACT LIABILITIES

	Unaudited		Audited	
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Deferred income	14,250,000	58,068,750	14,625,000	58,763,250
Current				
Deferred income	300,000	1,222,500	225,000	904,050

18. COMMITMENTS

(a) Operating lease commitments

PPAP as lessor

PPAP has entered into non-cancellable lease arrangements on certain investment properties for a term of 50 years. The leases do not include a clause to enable upward revision of the rental charge on an annual basis depending on prevailing market conditions.

	Unaudited		Audited	
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Not later than one year	300,000	1,222,500	300,000	1,205,400
Later than one year and not later than five years	1,500,000	6,112,500	1,500,000	6,027,000
More than five years	12,750,000	51,956,250	13,050,000	52,434,900
	<u>14,550,000</u>	<u>59,291,250</u>	<u>14,850,000</u>	<u>59,667,300</u>

18. COMMITMENTS (continued)

(b) Capital commitments

	Unaudited		Audited	
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Capital expenditure in respect of purchase of property, plant and equipment:				
Contracted but not provided	990,809	4,037,547	478,824	1,923,915

19. REVENUE

	Unaudited			
	Three-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Stevedoring	2,814,442	11,438,149	2,251,690	9,114,581
LOLO	2,351,887	9,557,705	1,956,759	7,920,484
Port dues and charges	1,238,057	5,028,229	970,557	3,928,346
Gate fees	169,407	688,688	198,662	804,177
Storage fees	369,573	1,500,656	105,324	426,300
Weighting fee	549	2,228	123	537
Stuffing/Unstuffing	11,300	45,845	4,000	16,191
Sand dredging management fee	87,546	354,736	-	-
Trucking fee	152,625	618,668	-	-
Repair and maintenance services	-	-	141	570
Logistic services	151,236	612,983	-	-
	<u>7,346,622</u>	<u>29,847,887</u>	<u>5,487,256</u>	<u>22,211,186</u>

	Unaudited			
	Twelve-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Stevedoring	11,321,971	45,876,626	8,746,104	35,377,991
LOLO	9,316,560	37,750,701	7,350,987	29,734,742
Port dues and charges	4,143,537	16,789,612	3,413,797	13,808,809
Gate fees	732,107	2,966,498	787,397	3,185,021
Storage fees	1,155,914	4,683,764	369,893	1,496,217
Weighting fee	1,369	5,547	6,735	27,243
Stuffing/Unstuffing	25,750	104,339	14,300	57,844
Sand dredging management fee	87,546	354,736	31,346	126,795
Trucking fee	210,466	852,808	2,143	8,668
Repair and maintenance services	-	-	226	914
Logistic services	194,891	789,699	-	-
	<u>27,190,111</u>	<u>110,174,330</u>	<u>20,722,928</u>	<u>83,824,244</u>

20. COST OF SERVICES

	Unaudited			
	Three-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Crane charges	572,682	2,327,275	476,583	1,929,037
Depreciation	681,883	2,771,161	660,247	2,672,658
Fuel and gasoline	254,731	1,034,881	255,657	1,034,716
Salaries and wages	413,010	1,678,062	357,325	1,446,383
Maintenance costs	202,862	824,031	138,038	558,742
Repair and maintenance container fee	-	-	120	485
Logistic costs	33,302	135,403	-	-
Others	61,298	249,141	20,234	81,991
	<u>2,219,768</u>	<u>9,019,954</u>	<u>1,908,204</u>	<u>7,724,012</u>

	Unaudited			
	Twelve-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Crane charges	2,264,540	9,175,916	1,735,800	7,021,311
Depreciation	2,724,435	11,039,411	2,619,677	10,596,593
Fuel and gasoline	932,262	3,777,526	838,790	3,392,906
Salaries and wages	1,549,419	6,278,246	1,361,010	5,505,285
Maintenance costs	690,505	2,797,926	510,556	2,065,197
Sand dredging management cost	21,000	85,092	6,608	26,731
Repair and maintenance container fee	-	-	177	716
Logistic costs	148,882	603,271	-	-
Others	252,201	1,021,917	162,164	655,954
	<u>8,583,244</u>	<u>34,779,305</u>	<u>7,234,782</u>	<u>29,264,693</u>

21. OTHER INCOME

	Unaudited			
	Three-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Rental income	317,023	1,287,198	197,317	798,608
Interest income from:				
- deposits with financial institutions	345,063	1,402,270	339,757	1,374,593
- lease receivables	43,336	175,996	-	-
Reversal of impairment loss on receivables	-	-	114,887	464,718
Others	41,052	172,747	20,257	81,989
	<u>746,474</u>	<u>3,038,211</u>	<u>672,218</u>	<u>2,719,908</u>

	Unaudited			
	Twelve-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Rental income	972,224	3,939,452	657,553	2,659,802
Interest income from:				
- deposits with financial institutions	1,363,776	5,526,020	615,501	2,489,702
- lease receivables	142,906	579,055	-	-
Unwinding effect of long term deposit	118,757	481,203	-	-
Reversal of impairment loss on receivables	2,882	11,678	114,887	464,718
Income from net investment in sublease	1,408,262	5,706,278	-	-
Others	112,346	455,226	69,717	282,005
	<u>4,121,153</u>	<u>16,698,912</u>	<u>1,457,658</u>	<u>5,896,227</u>

22. GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited			
	Three-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Salaries and other benefits	1,008,026	4,095,576	877,585	3,552,457
Utilities and fuel	116,223	472,295	112,144	453,951
Depreciation	110,200	447,672	90,986	368,291
Board of Directors' fees	52,047	211,521	52,280	211,630
Donation	174,530	708,316	153,699	622,051
Office supplies	44,656	181,404	26,024	105,333
Business entertainment	53,106	216,193	38,205	154,717
Repair and maintenance	53,456	217,152	31,330	126,845
Communication expenses	14,852	60,364	14,305	57,909
Professional fees	21,843	88,768	22,438	90,779
Travelling expenses	27,231	110,643	20,264	82,004
Other tax expenses	13,586	55,145	12,945	52,417
Other expenses	68,064	277,300	85,828	347,514
	<u>1,757,820</u>	<u>7,142,349</u>	<u>1,538,033</u>	<u>6,225,898</u>

	Unaudited			
	Twelve-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Salaries and other benefits	3,771,593	15,282,495	3,503,802	14,172,879
Utilities and fuel	456,132	1,848,247	440,079	1,780,120
Depreciation	395,521	1,602,651	343,578	1,389,773
Board of Directors' fee	208,787	846,005	209,197	846,202
Donation	454,737	1,842,594	492,168	1,990,820
Office supplies	159,163	644,928	91,348	369,503
Business entertainment	304,781	1,234,973	216,254	874,747
Repair and maintenance	190,634	772,449	146,744	593,579
Communication expenses	60,712	246,005	59,578	240,993
Professional fees	86,943	352,293	39,057	157,986
Travelling expenses	103,122	417,850	56,604	228,963
Other tax expenses	37,088	150,281	67,669	273,721
Impairment loss on receivables	173,814	704,294	-	-
Property, plant and equipment written off	-	-	8,768	35,467
Loss on disposal of property, plant and equipment	-	-	52,246	211,335
Other expenses	270,540	1,096,228	366,180	1,481,197
	<u>6,673,567</u>	<u>27,041,293</u>	<u>6,093,272</u>	<u>24,647,285</u>

23. FINANCE COSTS

	Unaudited			
	Three-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Interest expense on:				
- borrowings	248,396	1,009,585	275,077	1,113,506
- lease liabilities	28,891	117,332	-	-
Unwinding effect of:				
- guaranteed dividend	13,177	54,502	18,992	76,879
	<u>290,464</u>	<u>1,181,419</u>	<u>294,069</u>	<u>1,190,385</u>

	Unaudited			
	Twelve-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Interest expense on:				
- borrowings	1,019,577	4,131,326	1,094,729	4,428,179
- lease liabilities	95,270	386,034	-	-
Unwinding effect of:				
- long term deposit	237,513	962,403	-	-
- guaranteed dividend	52,869	214,225	75,498	305,389
	<u>1,405,229</u>	<u>5,693,988</u>	<u>1,170,227</u>	<u>4,733,568</u>

24. TAXATION

	Unaudited			
	Three-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current year	591,080	2,403,077	129,716	526,694
Deferred tax:				
Origination and reversal of temporary differences	224,749	910,789	264,100	1,065,346
Over provision in prior year	-	-	(91,764)	(370,960)
	<u>224,749</u>	<u>910,789</u>	<u>172,336</u>	<u>694,386</u>
	<u>815,829</u>	<u>3,313,866</u>	<u>302,052</u>	<u>1,221,080</u>

24. TAXATION (continued)

	Unaudited			
	Twelve-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current year	2,581,509	10,460,274	2,181,020	8,822,226
Under/(Over) provision in prior year	14,953	60,590	(59,157)	(239,290)
	<u>2,596,462</u>	<u>10,520,864</u>	<u>2,121,863</u>	<u>8,582,936</u>
Deferred tax expense:				
Origination and reversal of temporary differences	251,034	1,017,190	(2,674,222)	(10,817,228)
Under provision in prior year	-	-	133,926	541,731
	<u>251,034</u>	<u>1,017,190</u>	<u>(2,540,296)</u>	<u>(10,275,497)</u>
	<u>2,847,496</u>	<u>11,538,054</u>	<u>(418,433)</u>	<u>(1,692,561)</u>

Under the Cambodian Law on Taxation, PPAP has an obligation to pay tax on profit at 20% (2018: 20%) of the taxable profit or a minimum tax at 1% (2018: 1%) of total revenue, whichever is higher.

25. EARNINGS PER SHARE

	Unaudited			
	Three-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	3,103,600	12,610,943	2,145,759	8,685,588
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	0.15	0.61	0.10	0.42
Diluted earnings per share	<u>0.15</u>	<u>0.61</u>	<u>0.10</u>	<u>0.42</u>

	Unaudited			
	Twelve-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	11,892,259	48,187,434	8,136,891	32,913,725
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	0.57	2.33	0.39	1.59
Diluted earnings per share	<u>0.57</u>	<u>2.33</u>	<u>0.39</u>	<u>1.59</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.

26. DIVIDENDS

On 29 March 2019, the Board of Directors of PPAP resolved to distribute the dividends in respect to the financial year ended 31 December 2018 to shareholders of each class of shares as follows:

- Shareholders in Class A is entitled to the additional dividend of US\$79,131 (equivalent to KHR317,711,846) on the top of total guaranteed dividend.
- Shareholders in Class B is entitled to total dividend of US\$622,665 (equivalent to KHR2,500,000,000).

These dividends were paid on 10 April 2019.

27. RELATED PARTY DISCLOSURES

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

	Unaudited Three-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	248,396	1,009,585	275,077	1,113,506
MEF and MPWT				
Donation and charities	10,841	44,021	4,582	18,572

	Unaudited Twelve-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	1,019,577	4,131,326	1,094,729	4,428,179
MEF and MPWT				
Donation and charities	34,035	137,910	41,813	169,134

- (b) Compensation of key management personnel

Key management compensation during the financial period is as follows:

	Unaudited Three-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Short term employee benefits	52,047	211,521	52,280	211,630

	Unaudited Twelve-month period ended			
	31 December 2019		31 December 2018	
	US\$	KHR'000	US\$	KHR'000
Short term employee benefits	208,787	846,005	209,197	846,202

28. 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 (2018: 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.

29. 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.

30. 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.

31. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

On 15 February 2019, PPAP entered into a 40 year lease agreement with Green Trade Co., Ltd. (“Green Trade”) for the lease of land from Green Trade at Kilometre No. 6 Commune, Khan Russeykeo and Sihanouk Ville measuring 70,424.24 metre square.

On 15 March 2019, PPAP entered into a 40 year lease agreement with Hui Bang International Investment Group Co., Ltd. (“Hui Bang”) for the lease of land to Hui Bang at Kilometre No. 6 Commune, Khan Russykeo and Sihanouk Ville measuring 40,000 metre square.

On 15 March 2019, PPAP entered into a 40 year lease agreement with Mekong Oriza Trading Co., Ltd. (“Mekong Oriza”) for the lease of land to Mekong Oriza at Kilometre No. 6 Commune, Khan Russykeo measuring 17,000 metre square.