

**PHNOM PENH AUTONOMOUS PORT**

**Condensed Interim Financial Information**  
**for the six-month period**  
**ended 30 June 2017**  
**and**  
**Report of the Independent Auditors**

## Corporate information

Company	Phnom Penh Autonomous Port
Registration No	Co.7175 Et/2004
Registered office	No. 649, Preah Sisowat Quay Sangkat Sras Chork Khan Daun Penh, Phnom Penh Kingdom of Cambodia
Majority shareholder	Ministry of Economy and Finance
Board of Directors	H.E. Hei Bavy, Chairman and Chief Executive Officer H.E. Suon Rachana, Member representing MPWT H.E. Ken Sambath, Member representing MEF H.E. Penn Sovicheat, Member representing MOC Mr. Gui Anvanith, Member as Independent Director Mrs. Chuon Sokhem, Member representing PPAP employees Mr. Deth Sochal, Member as Non-Executive Director representing private shareholders
Management team	H.E. Hei Bavy, Chief Executive Officer Mr. Mam Rithy, State Controller H.E. Nem Thim, Deputy Director General of Administration/Finance Mr. Hiek Phirun, Deputy Director General of Maritime Service/Traffic Mr. Koy Bunthorn Deputy Director General of Technique Mrs. Hei Phanin, Deputy Director General of Business/Operation Mr. Keo Sophanara, Head of Internal Audit Department Mrs. Chuon Sokhem, Head of Administration Department Mr. Kong Sothea, Head of Personnel/HR Department Mr. Chui Vichet, Head of Engineer Department Ms. Chheav Vanthea, Head of Accounting/Finance Department Mr. Chiep Viraya, Head of Hydrographic Department Mr. Yim Choeurn, Head of LM 17 Operation Department Mr. Soy Sereysovathanak, Head of Commercial Zone/ Domestic Port Department Mr. Tol Sokhom, Head of TS3 Operation Department Mr. Tor Ny, Head of Harbour Department Mr. Hun Sokhalay, Acting Head of Planning/ Marketing Department Mr. Kong Channy, Head of Corporate Secretariat

## Corporate information (continued)

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

# Phnom Penh Autonomous Port

## Contents

	<b>Page</b>
1. Statement by the management	1
2. Report of the independent auditors	2
3. Condensed interim statement of financial position	4
4. Condensed interim statement of profit or loss and other comprehensive income	6
5. Condensed interim statement of changes in equity	8
6. Condensed interim statement of cash flows	10
7. Notes to the condensed interim financial information	12

## Statement by the management

We do hereby state that, in our opinion, the accompanying condensed interim financial information of Phnom Penh Autonomous Port as set out on pages 4 to 30 is presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34, "Interim Financial Reporting".

Signed on behalf of the management,



**Hei Bavy**

*Delegate of Royal Government in charge as Chairman and CEO*

Phnom Penh, Kingdom of Cambodia

Date: 8 AUG 2017



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## **Report of the independent auditors**

### **To the shareholders**

### **Phnom Penh Autonomous Port**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Phnom Penh Autonomous Port (“PPAP”) as at 30 June 2017, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes to the condensed interim financial information as set out on pages 4 to 30 (“the condensed interim financial information”). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with Cambodian International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

#### **Scope of Review**

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



## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 30 June 2017 is not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, "Interim Financial Reporting".

For KPMG Cambodia Ltd



Nge Huy  
*Partner*

Phnom Penh, Kingdom of Cambodia

8 August 2017

# Phnom Penh Autonomous Port

## Condensed interim statement of financial position as at 30 June 2017

	Note	As at 30 June 2017		As at 31 December 2016	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	144,683,279	591,175,878	145,156,392	585,996,355
Investment properties		8,505,458	34,753,301	8,535,320	34,457,087
		<u>153,188,737</u>	<u>625,929,179</u>	<u>153,691,712</u>	<u>620,453,442</u>
<b>Current assets</b>					
Trade and other receivables	7	3,126,636	12,775,435	2,934,781	11,847,711
Cash and cash equivalents	8	7,886,078	32,222,515	6,751,489	27,255,761
		<u>11,012,714</u>	<u>44,997,950</u>	<u>9,686,270</u>	<u>39,103,472</u>
<b>Total assets</b>		<u>164,201,451</u>	<u>670,927,129</u>	<u>163,377,982</u>	<u>659,556,914</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	9	114,453,485	457,813,940	114,453,485	457,813,940
Share premium/other capital	9	155,502	622,008	155,502	622,008
Legal reserves		795,311	3,249,641	590,941	2,385,629
General reserves		795,311	3,249,641	590,941	2,385,629
Development fund		12,355,661	50,485,231	10,126,768	40,881,762
Retained earnings		1,680,234	6,865,436	3,175,671	12,820,184
Currency translation difference		-	9,856,372	-	4,240,532
<b>Total equity</b>		<u>130,235,504</u>	<u>532,142,269</u>	<u>129,093,308</u>	<u>521,149,684</u>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Guaranteed dividends payable		622,524	2,543,633	793,653	3,203,977
Borrowings	10	28,979,637	118,410,797	28,979,637	116,990,795
Provision for retirement benefits	11	566,262	2,313,747	533,959	2,155,592
Deferred tax liabilities, net	12	1,310,191	5,353,440	1,183,701	4,778,601
		<u>31,478,614</u>	<u>128,621,617</u>	<u>31,490,950</u>	<u>127,128,965</u>



## Phnom Penh Autonomous Port

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

	Note	As at 30 June 2017		As at 31 December 2016	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Current liabilities</b>					
Trade and other payables	13	2,288,925	9,352,548	2,304,463	9,303,118
Provision for income tax	12	198,408	810,695	489,261	1,975,147
		<u>2,487,333</u>	<u>10,163,243</u>	<u>2,793,724</u>	<u>11,278,265</u>
<b>Total liabilities</b>		<u>33,965,947</u>	<u>138,784,860</u>	<u>34,284,674</u>	<u>138,407,230</u>
<b>Total equity and liabilities</b>		<u>164,201,451</u>	<u>670,927,129</u>	<u>163,377,982</u>	<u>659,556,914</u>

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

## Phnom Penh Autonomous Port

### Condensed interim statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2017

	Note	Six-month period ended 30 June 2017		Three-month period ended 30 June 2017		Six-month period ended 30 June 2016		Three-month period ended 30 June 2016	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	14	8,265,321	33,325,774	4,147,959	16,790,448	7,501,432	30,298,284	3,600,768	14,605,913
Cost of sales and services	15	(3,159,475)	(12,739,003)	(1,588,095)	(6,428,341)	(2,617,519)	(10,572,159)	(1,262,127)	(5,119,417)
<b>Gross profit</b>		<b>5,105,846</b>	<b>20,586,771</b>	<b>2,559,864</b>	<b>10,362,107</b>	<b>4,883,913</b>	<b>19,726,125</b>	<b>2,338,641</b>	<b>9,486,496</b>
Other income		282,670	1,139,725	146,928	594,585	470,837	1,901,711	305,573	1,236,854
General administration and selling expenses	16	(2,742,074)	(11,056,042)	(1,399,779)	(5,665,385)	(2,799,297)	(11,306,361)	(1,489,632)	(6,037,579)
<b>Net operating income</b>		<b>2,646,442</b>	<b>10,670,454</b>	<b>1,307,013</b>	<b>5,291,307</b>	<b>2,555,453</b>	<b>10,321,475</b>	<b>1,154,582</b>	<b>4,685,771</b>
Finance costs		(627,461)	(2,529,923)	(313,636)	(1,269,602)	(607,837)	(2,455,054)	(312,400)	(1,266,511)
<b>Profit before income tax</b>		<b>2,018,981</b>	<b>8,140,531</b>	<b>993,377</b>	<b>4,021,705</b>	<b>1,947,616</b>	<b>7,866,421</b>	<b>842,182</b>	<b>3,419,260</b>
Income tax expense	12	(332,163)	(1,339,281)	(140,033)	(567,687)	(305,129)	(1,232,416)	(106,810)	(434,579)
<b>Net profit for the period</b>		<b>1,686,818</b>	<b>6,801,250</b>	<b>853,344</b>	<b>3,454,018</b>	<b>1,642,487</b>	<b>6,634,005</b>	<b>735,372</b>	<b>2,984,681</b>

## Phnom Penh Autonomous Port

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

Note	Six-month period ended 30 June 2017		Three-month period ended 30 June 2017		Six-month period ended 30 June 2016		Three-month period ended 30 June 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Other comprehensive income</b>								
Re-measurements of defined benefit liability	(6,584)	(26,547)	21,555	86,459	(27,305)	(110,285)	5,944	23,476
	<u>1,680,234</u>	<u>6,774,703</u>	<u>874,899</u>	<u>3,540,477</u>	<u>1,615,182</u>	<u>6,523,720</u>	<u>741,316</u>	<u>3,008,157</u>
The earnings per share attributable to shareholders of the Phnom Penh Autonomous Port for the six-month period ended are as follows:								
Basic earnings per share	<u>0.08</u>	<u>0.33</u>	<u>0.04</u>	<u>0.17</u>	<u>0.08</u>	<u>0.32</u>	<u>0.04</u>	<u>0.16</u>

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

## Phnom Penh Autonomous Port

### Condensed interim statement of changes in equity for the six-month period ended 30 June 2017

	Share capital US\$	Share premium/ other capital US\$	Legal reserves US\$	General reserves US\$	Development fund US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
<b>At 1 January 2016</b>	110,316,612	4,292,375	431,780	431,780	7,822,617	3,160,025	-	126,455,189
<i>Transaction with owners of PPAP</i>								
Guaranteed dividends payable	-	(936,145)	-	-	-	-	-	(936,145)
Dividends	-	-	-	-	-	(560,752)	-	(560,752)
	-	(936,145)	-	-	-	(560,752)	-	(1,496,897)
<i>Total comprehensive incomes</i>								
Net profit for the period	-	-	-	-	-	1,642,487	-	1,642,487
Other comprehensive income	-	-	-	-	-	(27,305)	-	(27,305)
Transfers	-	-	159,161	159,161	2,304,151	(2,622,473)	-	-
	-	-	159,161	159,161	2,304,151	(1,007,291)	-	1,615,182
<b>At 30 June 2016</b>	110,316,612	3,356,230	590,941	590,941	10,126,768	1,591,982	-	126,573,474
<b>At 30 June 2016 (KHR'000 – Note 4)</b>	441,266,448	13,424,920	2,413,403	2,413,403	41,357,721	6,501,654	9,548,519	516,926,068

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

## Phnom Penh Autonomous Port

### Condensed interim statement of changes in equity (continued) for the six-month period ended 30 June 2017

	Share capital US\$	Share premium/ other capital US\$	Legal reserves US\$	General reserves US\$	Development fund US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
<b>At 1 January 2017</b>	114,453,485	155,502	590,941	590,941	10,126,768	3,175,671	-	129,093,308
<i>Transaction with owners of PPAP</i>								
Dividends	-	-	-	-	-	(538,038)	-	(538,038)
<i>Total comprehensive incomes</i>								
Net profit for the period	-	-	-	-	-	1,686,818	-	1,686,818
Other comprehensive income	-	-	-	-	-	(6,584)	-	(6,584)
Transfers	-	-	204,370	204,370	2,228,893	(2,637,633)	-	-
	-	-	204,370	204,370	2,228,893	(957,399)	-	1,680,234
<b>At 30 June 2017</b>	<u>114,453,485</u>	<u>155,502</u>	<u>795,311</u>	<u>795,311</u>	<u>12,355,661</u>	<u>1,680,234</u>	<u>-</u>	<u>130,235,504</u>
<b>At 30 June 2017 (KHR'000 – Note 4)</b>	<u>457,813,940</u>	<u>622,008</u>	<u>3,249,641</u>	<u>3,249,641</u>	<u>50,485,231</u>	<u>6,865,436</u>	<u>9,856,372</u>	<u>532,142,269</u>

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

# Phnom Penh Autonomous Port

## Condensed interim statement of cash flows for the six-month period ended 30 June 2017

	Six-month period ended 30 June 2017		Six-month period ended 30 June 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Operating activities</b>				
Net profit for the year	1,686,818	6,801,250	1,642,487	6,634,005
Adjustments for:				
Income tax expense	332,163	1,339,281	305,129	1,232,416
Depreciation of property, plant and equipment and investment property	1,434,232	5,782,823	1,179,238	4,762,943
Property, plant and equipment written off	-	-	14,090	56,910
Foreign exchange difference	(7,044)	(28,401)	6,489	26,209
Provision for retirement benefits	45,471	183,340	48,016	193,937
Finance costs	627,461	2,529,923	607,837	2,455,054
	<u>4,119,101</u>	<u>16,608,216</u>	<u>3,803,286</u>	<u>15,361,474</u>
Changes in:				
Trade and other receivables	(191,855)	(773,559)	615,228	2,484,905
Trade and other payables	(477,906)	(1,926,917)	(289,873)	(1,170,797)
	<u>3,449,340</u>	<u>13,907,740</u>	<u>4,128,641</u>	<u>16,675,582</u>
Interest paid	(579,593)	(2,336,919)	(580,772)	(2,345,738)
Income tax paid	(496,526)	(2,001,993)	(709,926)	(2,867,391)
Employee benefit paid	(19,752)	(79,640)	(33,783)	(136,450)
	<u>2,353,469</u>	<u>9,489,188</u>	<u>2,804,160</u>	<u>11,326,003</u>
Net cash generated from operating activities	<u>2,353,469</u>	<u>9,489,188</u>	<u>2,804,160</u>	<u>11,326,003</u>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(929,364)	(3,747,196)	(2,166,611)	(8,750,942)
Purchase of investment property	(1,893)	(7,633)	(15,455)	(62,423)
	<u>(931,257)</u>	<u>(3,754,829)</u>	<u>(2,182,066)</u>	<u>(8,813,365)</u>
Net cash used in investing activities	<u>(931,257)</u>	<u>(3,754,829)</u>	<u>(2,182,066)</u>	<u>(8,813,365)</u>

## Phnom Penh Autonomous Port

### Condensed interim statement of cash flows (continued) for the six-month period ended 30 June 2017

	Six-month period ended 30 June 2017		Six-month period ended 30 June 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Financing activities</b>				
Dividend paid	(287,623)	(1,159,696)	(534,427)	(2,158,551)
Net cash used in financing activities	(287,623)	(1,159,696)	(534,427)	(2,158,551)
<b>Net increase in cash and cash equivalents</b>	1,134,589	4,574,663	87,667	354,087
<b>Cash and cash equivalents at 1 January</b>	6,751,489	27,255,761	8,749,221	35,434,345
Currency translation difference	-	392,091	-	301,419
<b>Cash and cash equivalents at 30 June (Note 8)</b>	<u>7,886,078</u>	<u>32,222,515</u>	<u>8,836,888</u>	<u>36,089,851</u>

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

# Phnom Penh Autonomous Port

## Notes to the condensed interim financial information for the six-month period ended 30 June 2017

### 1. Reporting entity

Phnom Penh Autonomous Port ("PPAP" or "the Company") was incorporated in the Kingdom of Cambodia under the Sub-Decree number 51 <sup>អនក្រឹត្យ</sup> dated 17 July 1998 as a state-owned public enterprise supervised by the Ministry of Economy and Finance ("MEF") and the Ministry of Public Works and Transport ("MPWT"). On 9 December 2015, PPAP was listed on the Cambodia Securities Exchange ("CSX") with the securities listing certificate number 003 CSX/SC and became a state-owned public enterprise offering shares to the public.

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

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

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

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

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



# Phnom Penh Autonomous Port

## Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

### 1. Reporting entity (continued)

- Take various measures in order to ensure the enforcement of laws and legal norms related to port and means of water transportation;
- Lift on-lift off, load-unload, and store cargo;
- Transport goods within port area, between the port and industrial area;
- Provide bonded warehouse service, temporary customs warehouse service and container yard;
- Provide tug-boat assistance, and mooring-unmooring service;
- Provide logistics supply, pure water, and hygiene service to vessel;
- Provide container stuffing-unstuffing service;
- Provide container repair and maintenance service;
- Provide tourist/passenger terminal and domestic port service; and
- Operate other businesses of any kinds authorized by the laws and legal norms in force to support the growth of PPAP.

As at 30 June 2017, PPAP had 492 employees (as at 31 December 2016: 475 employees).

### 2. Basis of preparation

#### (a) Statement of compliance

These condensed interim financial information have been prepared in accordance with Cambodian International Accounting Standard ("CIAS") 34, "Interim Financial Reporting". They do not include all the information required for a complete set of CIFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2016.

These condensed interim financial information were authorised for issue by the Company's Board of Directors on 8 August 2017.

# Phnom Penh Autonomous Port

## Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

### 2. Basis of preparation (continued)

#### (b) Functional and presentation currency

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

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

#### (c) Use of estimate and judgements

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

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

#### *Measurement of fair values*

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of CIFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

## **Phnom Penh Autonomous Port**

### **Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017**

#### **2. Basis of preparation (continued)**

##### **(c) Use of estimate and judgements (continued)**

###### ***Measurement of fair values (continued)***

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

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

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

#### **3. Significant accounting policies**

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

#### **4. Translation of United States Dollars into Khmer Riel**

The condensed interim financial information is stated in United States Dollars. The translations of United States Dollars amounts into Khmer Riel ("KHR") are included solely for meeting the presentation requirements pursuant to Law on Accounting and Auditing.

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

## Phnom Penh Autonomous Port

### Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

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

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

For the six-month period/year ended	Closing rate	Average rate
30 June 2017	4,086	4,032
30 June 2016	4,084	4,039
31 December 2016	4,037	4,053

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

#### 5. Seasonality of operations

The demand for the Company's service is subject to seasonal fluctuation as a result of the high demand for, mainly, garment commodity, textile raw materials and construction materials. Historically, peak demand is starting from the second quarter of the year and getting higher and reaching peak demand in the third quarter of the year attributed to the high volume of export to the United States of America and import from China.

#### 6. Property, plant and equipment

During the six-month period ended 30 June 2017, the Company acquired the property, plant and equipment amounting to US\$929,364 (six-month period ended 30 June 2016: US\$2,166,611), depreciation amounting to US\$1,402,477 (six-month period ended 30 June 2016: US\$1,153,525) was charged to profit or loss.

#### 7. Trade and other receivables

	As at 30 June 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade receivables	2,127,314	8,692,205	2,068,942	8,352,319
Advances, prepayments and others	930,555	3,802,248	688,812	2,780,734
Staff loans*	68,767	280,982	177,027	714,658
	<u>3,126,636</u>	<u>12,775,435</u>	<u>2,934,781</u>	<u>11,847,711</u>

# Phnom Penh Autonomous Port

## Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

### 7. Trade and other receivables (continued)

\* This represents loans to staff to acquire the Company's shares during the IPO process. Staff loans are interest-free and repayable on 24 equal monthly instalments.

The fair values of the loans to employees are based on discounted cash flows using an effective interest rate of 12% per annum. Management assessed that the 12% interest rate is a reasonable rate, being equivalent to the rate at which the employees could obtain loans from commercial banks in KHR for a period of two years.

### 8. Cash and cash equivalents

	As at 30 June 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash in banks	7,879,848	32,197,059	6,746,586	27,235,968
Cash on hand	6,230	25,456	4,903	19,793
	<u>7,886,078</u>	<u>32,222,515</u>	<u>6,751,489</u>	<u>27,255,761</u>

### 9. Share capital and share premium

	As at 30 June 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Registered, issued and fully paid	<u>114,453,485</u>	<u>457,813,940</u>	<u>114,453,485</u>	<u>457,813,940</u>

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

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

# Phnom Penh Autonomous Port

## Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

### 9. Share capital and share premium (continued)

On 9 December 2015, PPAP was successfully listed on the Cambodia Securities Exchange (“CSX”). The total number of ordinary shares (voting) is 20,684,365 shares, of which 4,136,873 (Class A) shares were from the IPO with a par value of KHR4,000 per share with a surplus of US\$1,136,169 (prevailing exchange rate of US\$1 to KHR4,078 at IPO date). After listing, the MEF hold 80% of the issued shares. PPAP received the proceed from the IPO amounting to US\$5,193,915 and incurred the IPO costs of US\$901,540.

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

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

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

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

Total shares of PPAP are summarised as follows:

Class	Number of shares	Par value US\$	Premium US\$	As at 30 June 2017 US\$	Classification
A	4,136,873	4,136,873	155,502	4,292,375	Share capital and share premium
B	16,547,492	16,547,492	-	16,547,492	Share capital
C	93,769,120	93,769,120	-	93,769,120	Share capital
	<u>114,453,485</u>	<u>114,453,485</u>	<u>155,502</u>	<u>114,608,987</u>	

## Phnom Penh Autonomous Port

### Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

#### 10. Borrowings

	As at 30 June 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Non-current</b>				
Phnom Penh Port - New Container Terminal Project ("PPNCTP") or Phnom Penh Port LM17	28,979,637	118,410,797	28,979,637	116,990,795

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 Phnom Penh Port - New Container Terminal Project.

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

#### 11. Provision for retirement benefits

		As at 30 June 2017		As at 31 December 2016	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Defined benefit plan	(i)	555,327	2,269,066	514,207	2,075,853
Other benefits	(ii)	10,935	44,681	19,752	79,739
		<u>566,262</u>	<u>2,313,747</u>	<u>533,959</u>	<u>2,155,592</u>

##### (i). Defined benefit plan

PPAP offers final basic salary with lump sum payment at retirement or at an earlier exit through ill-health retirement or death-in-service. The plan is neither a funded nor an approved retirement plan and therefore it is not subject to any regulatory framework pertaining to approved retirement fund. The following tables analyse present value of defined benefit obligations, expense recognised in profit or loss, actuarial assumptions.

## Phnom Penh Autonomous Port

### Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

#### 11. Provision for retirement benefits (continued)

##### (i). Defined benefit plan (continued)

Expenses recognised in profit or loss:

	Six-month period ended 30 June 2017		Three-month period ended 30 June 2017		Six-month period ended 30 June 2016		Three-month period ended 30 June 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Service costs	17,768	71,641	8,813	35,678	20,764	83,866	10,341	41,934
Interest costs	16,768	67,609	8,317	33,670	17,337	70,024	8,634	35,013
	<u>34,536</u>	<u>139,250</u>	<u>17,130</u>	<u>69,348</u>	<u>38,101</u>	<u>153,890</u>	<u>18,975</u>	<u>76,947</u>

##### Actuarial assumptions:

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

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



# Phnom Penh Autonomous Port

## Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

### 11. Provision for retirement benefits (continued)

#### (i). Defined benefit plan (continued)

##### Actuarial assumptions (continued) :

- \* As information on Cambodian corporate or government bonds are not readily available, PPAP has analysed the medium to long term deposit rates in denomination the KHR of major banks in Cambodia.

Assumptions regarding future mortality are based on published statistics and mortality tables. As standard life tables are not available for Cambodia, PPAP used the standard Thailand Mortality Ordinary Life Table 2008 (TM2008) without modification (see below for comparison). The rates are published as a standard table TM2008. As those employed in the formal sector are likely to experience better mortality than the general population, an allowance for this has been made.

Life expectancy at birth in Cambodia

Males	61 years old
Females	64 years old

Life expectancy at birth for proposed TM2008

Males	66 years old
Females	74 years old

##### Sensitivity analysis:

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

#### (ii). Other benefits

PPAP has paid an amount equal to 3% of monthly basic salary to National Social Security Funds of Civil ("NSSFC") annually. After retirement employees will get monthly retirements from NSSFC.

## Phnom Penh Autonomous Port

### Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

#### 12. Taxation

##### (a) Deferred tax, net

	As at 30 June 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Deferred tax assets	113,141	462,295	112,119	452,623
Deferred tax liabilities	(1,423,332)	(5,815,735)	(1,295,820)	(5,231,224)
	<u>(1,310,191)</u>	<u>(5,353,440)</u>	<u>(1,183,701)</u>	<u>(4,778,601)</u>

Deferred tax (liabilities)/assets are attributable to:

	As at 30 June 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Depreciation	(1,423,331)	(5,815,730)	(1,295,820)	(5,231,226)
Provision for retirement benefits	107,502	439,254	103,939	419,602
Deferred income	5,062	20,683	7,593	30,653
Foreign exchange difference	576	2,353	587	2,370
	<u>(1,310,191)</u>	<u>(5,353,440)</u>	<u>(1,183,701)</u>	<u>(4,778,601)</u>

##### (b) Provision for income tax

	As at 30 June 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	489,261	1,975,147	640,881	2,595,568
Charge during the period/year	198,408	799,981	499,047	2,022,637
Prior year's under provision	7,265	29,292	69,045	279,839
Effect of WHT Credit	-	-	(9,786)	(39,663)
Income tax paid	(496,526)	(2,001,993)	(709,926)	(2,877,331)
Currency translation difference	-	8,268	-	(5,903)
	<u>198,408</u>	<u>810,695</u>	<u>489,261</u>	<u>1,975,147</u>

## Phnom Penh Autonomous Port

### Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

#### 12. Taxation (continued)

##### (c) Income tax expense

	Six-month period ended 30 June 2017		Three-month period ended 30 June 2017		Six-month period ended 30 June 2016		Three-month period ended 30 June 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current income tax	198,408	799,981	97,427	394,441	202,843	819,283	82,077	333,441
Prior year's under provision	7,265	29,292	-	-	69,045	278,873	-	-
Deferred tax	126,490	510,008	42,606	173,246	33,241	134,260	24,733	101,138
	<u>332,163</u>	<u>1,339,281</u>	<u>140,033</u>	<u>567,687</u>	<u>305,129</u>	<u>1,232,416</u>	<u>106,810</u>	<u>434,579</u>

In accordance with Cambodian Law on Taxation, PPAP has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profits or a minimum tax of 1% of revenue, whichever is higher. Having been successfully listed on CSX, PPAP is entitled to tax incentive as follows:

- A reduction on the tax on profit and withholding tax by 50% respectively (specifically withholding tax on interest and/or dividend resulting from holding and/or buying-selling government, equity and debt securities) for the period of 3 years in accordance with the Sub-decree no. 1 អនក្រឹត្យ of the Royal Government of Cambodia dated on 8 January 2015. On 11 February 2016, the Securities and Exchange Commission of Cambodia ("SECC") submitted a letter to the General Department of Taxation ("GDT") suggesting that PPAP will be entitled to the tax incentive starting from 2016. On 12 December 2016, the PPAP submit a letter to SECC requesting for their assistance in facilitating with the GDT for the written approval on the 50% reduction on the tax on profit of PPAP for financial year ended 2016. The SECC, subsequently on 30 December 2016, submitted a letter to the GDT requesting for the written approval for the said tax incentive. This request was approved by the GDT on 8 February 2017.
- A temporary postponement on the prepayment of profit tax for the period of 3 years in accordance with the Prakas number 855 សវ័ត្រ of the MEF dated on 24 July 2015. On 11 February 2016, PPAP submitted a letter to the GDT through SECC requesting the written approval for the said tax incentive. This request was approved by the GDT on 10 June 2016.

## Phnom Penh Autonomous Port

### Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

#### 12. Taxation (continued)

##### (c) Income tax expense (continued)

The reconciliation of income tax computed at the statutory tax rate to the income tax expense shown in the profit or loss is as follows:

	Six-month period ended 30 June 2017		Three-month period ended 30 June 2017		Six-month period ended 30 June 2016		Three-month period ended 30 June 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit before income tax	2,018,981	8,140,531	993,377	4,021,705	1,947,616	7,866,421	842,182	3,419,260
Income tax using approved tax rate at 20%	403,796	1,628,106	198,675	804,341	389,523	1,573,283	168,436	683,850
Effect of tax incentive	(223,295)	(900,326)	(142,406)	(575,477)	(194,762)	(786,644)	(84,218)	(341,925)
Prior year's under provision	7,265	29,292	-	-	69,045	278,873	-	-
Effect of non-deductible expenses	144,397	582,209	83,764	338,823	41,323	166,904	22,592	92,654
Income tax expense	<u>332,163</u>	<u>1,339,281</u>	<u>140,033</u>	<u>567,687</u>	<u>305,129</u>	<u>1,232,416</u>	<u>106,810</u>	<u>434,579</u>

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

## Phnom Penh Autonomous Port

### Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

#### 13. Trade and other payables

	As at 30 June 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Accrued operating expenses	475,030	1,940,973	918,408	3,707,613
Trade payables	260,188	1,063,128	458,922	1,852,668
Customer deposits	247,733	1,012,237	166,800	673,372
Interest payable	441,422	1,803,650	441,422	1,782,021
Other tax payables	114,561	468,097	31,288	126,310
Dividend payable	538,038	2,198,423	26,325	106,274
Guaranteed dividends payable	211,953	866,040	261,298	1,054,860
	<u>2,288,925</u>	<u>9,352,548</u>	<u>2,304,463</u>	<u>9,303,118</u>

## Phnom Penh Autonomous Port

### Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

#### 14. Revenue

	Six-month period ended 30 June 2017		Three-month period ended 30 June 2017		Six-month period ended 30 June 2016		Three-month period ended 30 June 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Stevedoring	3,447,505	13,900,340	1,726,216	6,987,643	3,060,818	12,362,644	1,517,203	6,152,681
Lift On Lift Off (LOLO)	2,820,061	11,370,486	1,520,922	6,153,144	2,354,218	9,508,687	1,168,708	4,739,380
Port dues & charges	1,460,479	5,888,651	643,162	2,606,306	1,339,588	5,410,596	571,353	2,319,987
Sand dredging management fee	27,636	111,428	12,989	52,606	242,418	979,126	108,317	439,638
Survey	52,428	211,390	-	-	-	-	-	-
Gate fee	284,481	1,147,027	150,409	609,432	239,934	969,093	124,000	502,691
Storage fee	163,200	658,022	89,879	363,565	263,593	1,064,652	110,669	449,439
Trucking fee	514	2,072	314	1,269	863	3,486	518	2,097
Weighting fee	8,865	35,744	3,965	16,066	-	-	-	-
Repair and maintenance container service	152	614	103	417	-	-	-	-
	<u>8,265,321</u>	<u>33,325,774</u>	<u>4,147,959</u>	<u>16,790,448</u>	<u>7,501,432</u>	<u>30,298,284</u>	<u>3,600,768</u>	<u>14,605,913</u>

## Phnom Penh Autonomous Port

### Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

#### 15. Cost of sales and services

	Six-month period ended 30 June 2017		Three-month period ended 30 June 2017		Six-month period ended 30 June 2016		Three-month period ended 30 June 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Depreciation	1,236,996	4,987,568	619,040	2,505,857	992,785	4,009,859	498,686	2,022,099
Crane charge	661,838	2,668,531	347,596	1,406,535	609,038	2,459,904	313,347	1,270,339
Salaries and wages	586,564	2,365,026	295,328	1,195,422	540,703	2,183,899	265,238	1,075,703
Fuel and gasoline	343,116	1,383,444	140,180	568,453	135,109	545,705	61,269	248,647
Maintenance costs	199,892	805,965	136,759	552,423	213,932	864,071	100,839	409,098
Sand dredging management cost	23,485	94,691	(684)	(2,372)	75,961	306,806	4,622	19,809
Survey costs	5,308	21,402	2,088	8,470	5,211	21,047	-	-
Repair and maintenance container fee	129	520	87	351	-	-	-	-
Others	102,147	411,856	47,701	193,202	44,780	180,868	18,126	73,722
	<u>3,159,475</u>	<u>12,739,003</u>	<u>1,588,095</u>	<u>6,428,341</u>	<u>2,617,519</u>	<u>10,572,159</u>	<u>1,262,127</u>	<u>5,119,417</u>

## Phnom Penh Autonomous Port

### Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

#### 16. General administration and selling expenses

	Six-month period ended 30 June 2017		Three-month period ended 30 June 2017		Six-month period ended 30 June 2016		Three-month period ended 30 June 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Salaries and other benefits	1,530,670	6,171,661	758,646	3,071,213	1,479,122	5,974,174	715,181	2,900,839
Donation expenses	169,472	683,311	128,678	519,482	187,612	757,765	152,499	616,505
Utilities and fuel	212,564	857,058	107,602	435,531	199,799	806,988	106,667	432,318
Depreciation	197,236	795,256	96,260	389,736	186,453	753,084	92,914	376,777
Repairs and maintenance	73,151	294,945	43,286	175,007	121,915	492,415	100,654	406,882
Business entertainments	142,483	574,491	100,449	405,682	112,251	453,382	82,249	332,684
Travelling expenses	47,643	192,097	20,820	84,376	69,425	280,408	36,905	149,580
Professional fee	21,118	85,148	8,508	34,506	23,087	93,248	15,305	61,941
Board of Directors' fee	105,039	423,517	52,312	211,765	104,803	423,299	52,220	211,758
Office and material supplies	58,030	233,977	25,714	104,197	78,779	318,188	30,868	125,442
Communication expenses	27,173	109,561	12,767	51,708	27,798	112,276	14,586	59,124
Other tax expenses	19,986	80,584	9,136	37,009	63,643	257,054	43,112	174,458
Others	137,509	554,436	35,601	145,173	144,610	584,080	46,472	189,271
	<u>2,742,074</u>	<u>11,056,042</u>	<u>1,399,779</u>	<u>5,665,385</u>	<u>2,799,297</u>	<u>11,306,361</u>	<u>1,489,632</u>	<u>6,037,579</u>



## Phnom Penh Autonomous Port

### Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

#### 17. Related party transactions and balances

##### (a) Significant transactions with related parties

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

	Six-month period ended 30 June 2017		Three-month period ended 30 June 2017		Six-month period ended 30 June 2016		Three-month period ended 30 June 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
MEF:								
Finance costs	579,593	2,336,919	289,797	1,173,098	552,304	2,230,756	285,335	1,156,740
MEF and MPWT:								
Donation and charities	49,359	199,015	36,602	147,783	16,109	65,064	15,134	61,142
With Directors:								
Directors' remuneration	105,039	423,517	52,312	211,765	104,803	423,299	52,220	211,758

## Phnom Penh Autonomous Port

### Notes to the condensed interim financial information (continued) for the six-month period ended 30 June 2017

#### 17. Related party transactions and balances (continued)

##### (b) Significant balances with related parties

	As at 30 June 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Borrowings from Eximbank through MEF	28,979,637	118,410,797	28,979,637	116,990,795
Interest payable on borrowings	441,422	1,803,650	441,422	1,782,021
	<u>29,421,059</u>	<u>120,214,447</u>	<u>29,421,059</u>	<u>118,772,816</u>

#### 18. Commitments

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

	As at 30 June 2017		As at 31 December 2016	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within 1 year	55,767	227,864	55,767	225,131
Within 2 to 3 years	30,517	124,692	58,401	235,765
	<u>86,284</u>	<u>352,556</u>	<u>114,168</u>	<u>460,896</u>

#### 19. Taxation contingencies

Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects since the incorporation of the Company could be significant.