

PHNOM PENH AUTONOMOUS PORT

**Condensed Interim Financial Information
for the three-month period
ended 31 March 2015 and
Report of the Independent Auditors**

Corporate information

Company	Phnom Penh Autonomous Port
Registration No	Co.7175 Et/2004
Registered office	No. 649, Preah Sisowath Quay Sangkat Sras Chork Khan Daun Penh, Phnom Penh Kingdom of Cambodia
Shareholders	Ministry of Economy and Finance
Board of Directors	H.E. Hei Bavy, Chairman and Chief Executive Officer H.E. Suon Rachana, Member representing MPWT (Appointed on 18 February 2015) H.E. Ly Sivanna, Member representing Council of Ministers H.E. Ken Sambath, Member representing MEF H.E. Penn Sovicheat, Member representing MOC Mr. Hout Hay, Member representing Phnom Penh Municipality Mr. Proum Sokhany, Member representing PPAP Mr. Mam Rithy, State Controller Mr. Hiek Phirun, Chairman of Secretary Ms. Hei Phanin, Member of Secretary Mr. Koy Bunthorn, Member of Secretary Mr. Kong Channy, Member of Secretary
Management team	H.E. Hei Bavy, Chief Executive Officer H.E. Cheap Thol, Deputy Director General of Operation Mr. Hiek Phirun, Deputy Director General of Maritime Service/Traffic H.E. An Sam Ol, Deputy Director General of Technical H.E. Kim Sen, Deputy Director General of Administration Mr. Nem Thim, Head of Administration Department Ms. Hei Phanin, Head of Planning/Marketing Department Mr. Chui Vichet, Head of LM17 Operation Department Mr. Koy Bunthorn, Head of Engineer Department Mr. Proum Sokhany, Head of Hydrographic Department Mr. Yim Choeurn, Head of Harbour Department Mr. Tol Sokhom, Head of TS3 Operation Department
Principal bankers	Foreign Trade Bank of Cambodia ANZ Royal Bank (Cambodia) Ltd. Advanced Bank of Asia Limited
Auditor	KPMG Cambodia Ltd

Phnom Penh Autonomous Port

Contents

	Page
1. Statement by the management	1
2. Report of the independent auditors	2
3. Condensed interim statement of financial position	3
4. Condensed interim statement of profit or loss and other comprehensive income	5
5. Condensed interim statement of changes in equity	6
6. Condensed interim statement of cash flows	8
7. Notes to the condensed interim financial information	9

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 3 to 20 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

Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

Date:

**Report of the independent auditors
To the shareholder
Phnom Penh Autonomous Port**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Phnom Penh Autonomous Port (“PPAP”) as at 31 March 2015, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the condensed interim financial information as set out on pages 3 to 20 (“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 (“CIAS”) 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 31 March 2015 is not present fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34, “Interim Financial Reporting”.

For **KPMG Cambodia Ltd**

Nge Huy
Audit Partner

Phnom Penh, Kingdom of Cambodia

27 August 2015

Phnom Penh Autonomous Port

Condensed interim statement of financial position As at 31 March 2015

	Note	As at 31 March 2015		As at 31 December 2014	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
ASSETS					
Non-current assets					
Property, plant and equipment	5	140,248,683	567,025,425	140,767,115	568,417,610
Investment properties		7,830,772	31,659,811	7,842,164	31,666,658
		<u>148,079,455</u>	<u>598,685,236</u>	<u>148,609,279</u>	<u>600,084,268</u>
Current assets					
Trade and other receivables	6	1,639,411	6,628,139	1,375,233	5,553,191
Cash and bank balances	7	2,326,987	9,408,008	1,820,910	7,352,835
		<u>3,966,398</u>	<u>16,036,147</u>	<u>3,196,143</u>	<u>12,906,026</u>
Total assets		<u><u>152,045,853</u></u>	<u><u>614,721,383</u></u>	<u><u>151,805,422</u></u>	<u><u>612,990,294</u></u>
EQUITY AND LIABILITIES					
Equity					
Capital		26,777,872	108,262,936	26,777,872	108,129,047
Legal reserves		431,780	1,745,687	349,143	1,409,839
General reserves		431,780	1,745,687	349,143	1,409,839
Development fund		7,822,618	31,626,845	6,335,151	25,581,341
Retained earnings		84,274,043	340,719,955	85,655,817	345,878,189
Total equity		<u>119,738,093</u>	<u>484,101,110</u>	<u>119,467,126</u>	<u>482,408,255</u>
Liabilities					
Non-current liabilities					
Borrowings	8	28,979,637	117,164,672	28,979,637	117,019,774
Provision for retirement benefits	9	673,107	2,721,371	717,462	2,897,112
Deferred tax liabilities, net	10	816,712	3,301,967	693,094	2,798,713
		<u>30,469,456</u>	<u>123,188,010</u>	<u>30,390,193</u>	<u>122,715,599</u>

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

Phnom Penh Autonomous Port

Condensed interim statement of financial position (continued) As at 31 March 2015

		As at 31 March 2015		As at 31 December 2014	
	Note	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current liabilities					
Trade and other payables	11	1,473,062	5,955,590	1,628,128	6,574,381
Provision for income tax	10	365,242	1,476,673	319,975	1,292,059
		<u>1,838,304</u>	<u>7,432,263</u>	<u>1,948,103</u>	<u>7,866,440</u>
		<u>32,307,760</u>	<u>130,620,273</u>	<u>32,338,296</u>	<u>130,582,039</u>
Total equity and liabilities		<u><u>152,045,853</u></u>	<u><u>614,721,383</u></u>	<u><u>151,805,422</u></u>	<u><u>612,990,294</u></u>

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

Phnom Penh Autonomous Port

Condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2015

	Note	Three-month Period ended 31 March 2015		Three-month period ended 31 March 2014	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	12	3,526,767	14,258,719	3,177,637	12,691,482
Cost of services	13	(1,390,272)	(5,620,870)	(1,390,098)	(5,552,051)
Gross profit		<u>2,136,495</u>	<u>8,637,849</u>	<u>1,787,539</u>	<u>7,139,431</u>
Other income		82,813	334,813	65,812	262,853
General administration and selling expenses	14	(893,148)	(3,610,998)	(912,219)	(3,643,402)
Net operating income		<u>1,326,160</u>	<u>5,361,664</u>	<u>941,132</u>	<u>3,758,882</u>
Finance costs		(289,796)	(1,171,645)	(289,796)	(1,157,445)
Profit before income tax		<u>1,036,364</u>	<u>4,190,019</u>	<u>651,336</u>	<u>2,601,437</u>
Income tax expense	10	(319,938)	(1,293,509)	(147,171)	(587,801)
Net profit for the year		<u>716,426</u>	<u>2,896,510</u>	<u>504,165</u>	<u>2,013,636</u>
Other comprehensive income					
Re-measurements of defined benefit liability		46,909	189,653	(12,251)	(48,930)
		<u>763,335</u>	<u>3,086,163</u>	<u>491,914</u>	<u>1,964,706</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 three-month period ended 31 March 2015

	Share capital US\$	Legal reserves US\$	General reserves US\$	Development fund US\$	Retained earning US\$	Total US\$
At 1 January 2014	25,884,662	335,366	335,366	6,087,168	84,331,897	116,974,459
<i>Total comprehensive incomes</i>						
Net profit for the period	-	-	-	-	504,165	504,165
Other comprehensive loss	-	-	-	-	(12,251)	(12,251)
Transfers	-	38,609	38,609	694,967	(772,185)	-
	-	38,609	38,609	694,967	(280,271)	491,914
At 31 March 2014	25,884,662	373,975	373,975	6,782,135	84,051,626	117,466,373
At 31 March 2014 – KHR'000 (Note 4)	103,383,340	1,493,656	1,493,656	27,087,847	335,702,196	469,160,695

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 three-month period ended 31 March 2015

	Share capital US\$	Legal reserves US\$	General reserves US\$	Development fund US\$	Retained earnings US\$	Total US\$
At 1 January 2015	26,777,872	349,143	349,143	6,335,151	85,655,817	119,467,126
<i>Total comprehensive incomes</i>						
Net profit for the year	-	-	-	-	716,426	716,426
Other comprehensive income	-	-	-	-	46,909	46,909
Dividend paid	-	-	-	-	(492,368)	(492,368)
Transfers	-	82,637	82,637	1,487,467	(1,652,741)	-
	<u>-</u>	<u>82,637</u>	<u>82,637</u>	<u>1,487,467</u>	<u>(1,381,774)</u>	<u>270,967</u>
At 31 March 2015	<u>26,777,872</u>	<u>431,780</u>	<u>431,780</u>	<u>7,822,618</u>	<u>84,274,043</u>	<u>119,738,093</u>
At 31 March 2015 (KHR'000 – Note 4)	<u><u>108,262,936</u></u>	<u><u>1,745,687</u></u>	<u><u>1,745,687</u></u>	<u><u>31,626,845</u></u>	<u><u>340,719,955</u></u>	<u><u>484,101,110</u></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 three-month period ended 31 March 2015

	Three-month period ended 31 March 2015		Three-month period ended 31 March 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Operating activities				
Net profit for the year	716,426	2,896,510	504,165	2,013,636
Adjustments for:				
Income tax expense	319,938	1,293,509	147,171	587,801
Depreciation of property, plant and equipment and investment property	570,882	2,308,076	569,837	2,275,929
Provision for retirement benefits	25,196	101,867	9,660	38,582
Finance costs	289,796	1,171,645	289,796	1,157,445
	<u>1,922,238</u>	<u>7,771,607</u>	<u>1,520,629</u>	<u>6,073,393</u>
Changes in:				
Trade and other receivables	(264,178)	(1,068,072)	(288,028)	(1,150,384)
Trade and other payables	(357,636)	(1,445,921)	(3,681)	(14,702)
	<u>1,300,424</u>	<u>5,257,614</u>	<u>1,228,920</u>	<u>4,908,307</u>
Interest paid	(579,594)	(2,343,299)	(579,593)	(2,314,894)
Income tax paid	(151,053)	(610,707)	(245,047)	(978,718)
Employee benefit paid	(22,642)	(91,542)	(5,562)	(22,215)
Net cash generated from operating activities	<u>547,135</u>	<u>2,212,066</u>	<u>398,718</u>	<u>1,592,480</u>
Investing activities				
Purchase of property, plant and equipment	(41,058)	(165,997)	(155,320)	(620,349)
Net cash used in investing activities	<u>(41,058)</u>	<u>(165,997)</u>	<u>(155,320)</u>	<u>(620,349)</u>
Net increase in cash and cash equivalents	506,077	2,046,069	243,398	972,131
Cash and cash equivalents at 1 January	<u>1,820,910</u>	<u>7,361,939</u>	<u>(3,049,513)</u>	<u>(12,179,755)</u>
Cash and cash equivalents at 31 March (Note 7)	<u><u>2,326,987</u></u>	<u><u>9,408,008</u></u>	<u><u>(2,806,115)</u></u>	<u><u>(11,207,624)</u></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 three-month period ended 31 March 2015

1. Reporting entity

Phnom Penh Autonomous Port (“PPAP”) was incorporated in the Kingdom of Cambodia under Sub-Decree number 51 អនក្រឹត្យ dated 17 July 1998 as a state owned enterprise supervised by the Ministry of Economy and Finance (“MEF”) and the Ministry of Public Works and Transport (“MPWT”). PPAP received the rights and obligations from the Government to implement its mission.

PPAP has objectives and obligations as follows:

- Provide pilotage and logistic service for vessel in - out of Cambodia;
- Handle, load/discharge and transport cargos;
- Dredging service for business and maintenance of navigation channel;
- Maintenance of waterway transportation;
- Provide storage, warehouse and container yard for cargos;
- Develop, rehabilitate, and expand the infrastructure;
- Manage Phnom Penh lines for waterway transportation;
- Provide service for passenger and tourist vessel passing through;
- Responsible for the safety, security and order under PPAP’s management area; and
- Conduct other legal business of any kind, in addition to the above mentioned, to further the objectives of PPAP as deemed necessary or appropriate by the Board of Directors of PPAP.

There were no significant changes to these principal activities during the financial year.

As at 31 March 2015, PPAP had 433 employees (as at 31 December 2014: 446 employees).

2. Basis of preparation

(a) Statement of compliance

This condensed interim financial information has been prepared in accordance with 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 2014.

These interim financial statements were authorised for issue by the Company’s Board of Directors on 27 August 2015.

Phnom Penh Autonomous Port

**Notes to the condensed interim financial information
for the three-month period ended 31 March 2015**

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2015

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 2014.

Measurement of fair values

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2015

2. Basis of preparation (continued)

(c) Use of estimate and judgements (continued)

Measurement of fair values (continued)

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 interim financial information are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2014.

4. Translation of United States Dollars into Khmer Riel

The financial statements are stated in United States Dollars. The translations of United States Dollars amounts into Khmer Riel are included solely for meeting the presentation requirements pursuant to Law on Corporate Accounts, their Audit and the Accounting Profession of Cambodia and have been made using the prescribed official exchange rate of US\$1 to KHR4,043 (As at 31 December 2014: KHR4,038; 31 March 2014: KHR3,994) published by the General Department of Taxation on 31 March 2015. 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. Property, plant and equipment

During the three months ended 31 March 2015, the Company acquired property, plant and equipment amounting to US\$41,058 (three months ended 31 March 2014: US\$155,320), depreciation amounting to US\$559,490 (three months ended 31 March 2014: US\$269,153) was charged to profit or loss.

A parcel of land with title deed No. PP06290 located at Sangkat Boeung Salang, Khan Russey Keo was used to secure the overdraft obtained from Foreign Trade Bank of Cambodia.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2015

6. Trade and other receivables

	As at 31 March 2015		As at 31 December 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade receivables	1,252,085	5,062,180	1,135,908	4,586,797
Advances, prepayments and others	387,326	1,565,959	239,325	966,394
	<u>1,639,411</u>	<u>6,628,139</u>	<u>1,375,233</u>	<u>5,553,191</u>

7. Cash and cash equivalents

	As at 31 March 2015		As at 31 March 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash in banks	2,315,753	9,362,589	189,801	758,065
Cash on hand	11,234	45,419	69,138	276,137
Total cash and bank balances	<u>2,326,987</u>	<u>9,408,008</u>	<u>258,939</u>	<u>1,034,202</u>
<i>Less:</i>				
Overdraft	-	-	3,065,054	12,241,826
Cash and cash equivalents	<u>2,326,987</u>	<u>9,408,008</u>	<u>(2,806,115)</u>	<u>(11,207,624)</u>

An overdraft facility was obtained from Foreign Trade Bank of Cambodia on 21 June 2012 with a credit limit of US\$3,600,000. This facility is secured by a parcel of land owned by the Company and bore interest at the rate of 8% per annum.

8. Borrowings

	As at 31 March 2015		As at 31 December 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-current				
Phnom Penh Port - New Container Terminal Project ("PPPNECTP")	<u>28,979,637</u>	<u>117,164,672</u>	<u>28,979,637</u>	<u>117,019,774</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2015

8. Borrowings (continued)

PPPNECTP represents an on-lending agreement between the MEF and PPAP for the lending of proceeds of The Import-Export Bank of China (“the Eximbank”) under the Preferential Buyer Credit Loan Agreement: No. (2010)29(136) dated 4 November 2010 for 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 Eximbank for the purposes of financing the implementation of the Project. PPAP pays interest to 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.

9. Provision for retirement benefits

		As at 31 March 2015		As at 31 December 2014	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Defined benefit plan	(i)	668,220	2,701,613	702,442	2,836,461
Other benefits	(ii)	4,887	19,758	15,020	60,651
		<u>673,107</u>	<u>2,721,371</u>	<u>717,462</u>	<u>2,897,112</u>

(i). Defined benefit plan

The Company 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 three-month period ended 31 March 2015

9. Provision for retirement benefits (continued)

(i). Defined benefit plan (continued)

Expense recognised in profit or loss:

	Three-month period ended 31 March 2015		Three-month period ended 31 March 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current service costs	10,956	44,295	9,519	38,019
Interest costs	11,039	44,631	10,215	40,799
	<u>21,995</u>	<u>88,926</u>	<u>19,734</u>	<u>78,818</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	23.00%, and gradually decreasing by 5% each year
Mortality	Thailand Mortality Ordinary Table 2008
Disability	10.00% of mortality
Retirement ages	55, 58 and 60 depending on the categories of employees
Turnover rate	1.50%

* As information on Cambodian corporate or government bonds are not readily available, the Company have analysed the medium to long term deposit rates in denomination Cambodian Riel of two Cambodian banks.

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
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Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2015

Females

74 years old

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2015

9. Provision for retirement benefits (continued)

(i). Defined benefit plan (continued)

Sensitivity analysis:

0.25% decrease in discount rate results in a 2.19% increase in defined benefit plan obligations.
0.50% decrease in salary decrease rate results in a 4.07% decrease in defined benefit obligations.

(ii). Other benefits

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

10. Taxation

(a) Deferred tax, net

	As at 31 March 2015		As at 31 December 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Deferred tax assets	157,771	637,868	224,120	904,997
Deferred tax liabilities	(974,483)	(3,939,835)	(917,214)	(3,703,710)
	<u>(816,712)</u>	<u>(3,301,967)</u>	<u>(693,094)</u>	<u>(2,798,713)</u>

Deferred tax assets/(liabilities) are attributable to:

	As at 31 March 2015		As at 31 December 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Depreciation	(974,483)	(3,939,835)	(917,214)	(3,703,710)
Provision for retirement benefits	134,621	544,273	132,678	535,754
Provision for bonuses	-	-	67,535	272,706
Deferred income	14,266	57,677	15,646	63,179
Unrealised foreign exchange loss	8,884	35,918	8,261	33,358
	<u>(816,712)</u>	<u>(3,301,967)</u>	<u>(693,094)</u>	<u>(2,798,713)</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2015

10. Taxation (continued)

(b) Provision for income tax

	As at 31 March 2015		As at 31 December 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	319,975	1,293,659	225,802	901,853
Charge during the period/year	196,320	793,721	443,621	1,791,342
Income tax paid	(151,053)	(610,707)	(349,448)	(1,411,071)
	<u>365,242</u>	<u>1,476,673</u>	<u>319,975</u>	<u>1,292,059</u>

(c) Income tax expense

	Three-month period ended 31 March 2015		Three-month period ended 31 March 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current income tax	196,320	793,721	106,797	426,547
Deferred tax	123,618	499,788	40,374	161,254
	<u>319,938</u>	<u>1,293,509</u>	<u>147,171</u>	<u>587,801</u>

In accordance with Cambodian law, PPAP has an obligation to pay corporate income tax (CIT) at the higher of 20% of taxable profits or a minimum tax of 1% of revenue.

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

	Three-month period ended 31 March 2015		Three-month period ended 31 March 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit before income tax	1,036,364	4,190,019	651,336	2,601,437
Income tax using approved tax rate at 20%	207,273	838,004	130,267	520,286
Effect of non-deductible expenses	112,665	455,505	16,904	67,515
Income tax expense	<u>319,938</u>	<u>1,293,509</u>	<u>147,171</u>	<u>587,801</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2015

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

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2015

11. Trade and other payables

	As at 31 March 2015		As at 31 December 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Dividend payable	492,368	1,990,644	-	-
Accrued operation expenses	304,725	1,232,003	657,067	2,653,237
Trade payables	261,837	1,058,607	236,024	953,065
Other tax payables	137,644	556,495	114,858	463,797
Customer deposits	124,864	504,825	178,757	721,820
Interest payable	151,624	613,016	441,422	1,782,462
	<u>1,473,062</u>	<u>5,955,590</u>	<u>1,628,128</u>	<u>6,574,381</u>

12. Revenue

	Three-month period ended 31 March 2015		Three-month period ended 31 March 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Stevedoring	1,541,127	6,230,776	1,395,377	5,573,136
Lift On Lift Off (LOLO)	1,150,587	4,651,823	996,446	3,979,805
Port due/charges	648,939	2,623,660	556,075	2,220,964
Storage	75,128	303,743	124,976	499,154
Trucking	1,222	4,941	345	1,378
Others	109,764	443,776	104,418	417,045
	<u>3,526,767</u>	<u>14,258,719</u>	<u>3,177,637</u>	<u>12,691,482</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2015

13. Cost of services

	Three-month period ended 31 March 2015		Three-month period ended 31 March 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Depreciation	489,435	1,978,786	489,188	1,953,817
Crane charge	316,200	1,278,397	244,241	975,499
Salaries and other benefits	231,015	933,994	199,652	797,410
Gasoline	124,166	502,003	169,954	678,796
Channel costs	137,862	557,376	220,087	879,027
Maintenance costs	88,700	358,614	66,976	267,502
Others	2,894	11,700	-	-
	<u>1,390,272</u>	<u>5,620,870</u>	<u>1,390,098</u>	<u>5,552,051</u>

14. General administration and selling expenses

	Three-month period ended 31 March 2015		Three-month period ended 31 March 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Salaries and wages	419,896	1,697,640	391,149	1,562,249
Donation expenses	24,320	98,326	44,404	177,350
Utilities and fuel	87,800	354,975	86,466	345,345
Depreciation	81,447	329,290	80,649	322,112
Repairs and maintenance	33,433	135,170	18,196	72,675
Business entertainments	59,162	239,192	77,921	311,216
Travelling expenses	42,389	171,379	10,889	43,491
Professional fee	10,702	43,268	30,775	122,915
Board of Director's fee	17,522	70,841	17,658	70,526
Office and material supplies	21,980	88,865	23,938	95,608
Communication expenses	11,748	47,497	10,293	41,110
Other tax expenses	1,309	5,292	285	1,138
Unrealised foreign exchange loss	3,112	12,582	1,936	7,732
Others	78,328	316,681	117,660	469,935
	<u>893,148</u>	<u>3,610,998</u>	<u>912,219</u>	<u>3,643,402</u>

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2015

15. Related party transactions and balances

(a) Significant transactions with related parties

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

	Three-month period ended 31 March 2015		Three-month period ended 31 March 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
MEF:				
Finance costs	289,796	1,171,645	289,796	1,157,445
MEF and MPWT:				
Donation and charities	16,690	67,478	19,069	76,162
With Directors:				
Directors' remuneration	17,522	70,841	20,687	82,624

(b) Significant balances with related parties

	As at 31 March 2015		As at 31 December 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Amounts due from related parties:				
MPWT	28,640	115,792	-	-
Dividend payable to MEF	492,368	1,990,644	-	-
Borrowings from Eximbank through MEF	28,979,637	117,164,672	28,979,637	117,019,774
Interest payable on borrowings	128,798	520,730	418,595	1,690,287
	29,600,803	119,676,046	29,398,232	118,710,061

Amounts due from related parties are unsecured, interest free and have no fixed term of repayments. Terms of borrowings are disclosed.

Phnom Penh Autonomous Port

Notes to the condensed interim financial information (continued) for the three-month period ended 31 March 2015

16. Commitments

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

	As at 31 March 2015		As at 31 December 2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within 1 year	20,338	82,227	25,560	103,211
Within 2 to 3 years	-	-	1,168	4,716
	<u>20,338</u>	<u>82,227</u>	<u>26,728</u>	<u>107,927</u>

17. Taxation contingencies

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. 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.

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 could be significant.

18. Subsequent events

The Company is in the process of preparing its initial Public Offering (“IPO”) with the Securities and Exchange Commission of Cambodia (“SECC”) and expected to be listed in 4th quarter of 2015.

On 24 July 2015, the Board of Directors of PPAP resolved to transfer the retained earnings amounting to US\$83,538,740 (equivalent to KHR338,582,513 thousand) to capital.