

**SIHANOUKVILLE AUTONOMOUS PORT**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

# SIHANOUKVILLE AUTONOMOUS PORT

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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PORT AUTONOME DE SIHANOUKVILLE

**KINGDOM OF CAMBODIA**

**NATION RELIGION KING**

## **REPORT OF THE BOARD OF DIRECTORS**

The Board of Directors (the Directors) is pleased to submit their report together with the audited financial statements of Sihanoukville Autonomous Port (PAS) for the year ended 31 December 2017.

### **PRINCIPAL ACTIVITIES**

The principal activities of PAS are involved in providing sea port and other port-related services, and developing Special Economic Zones for leasing.

### **FINANCIAL PERFORMANCE**

The financial performance for the year ended 31 December 2017 is set out in profit or loss and other comprehensive income on page 10.

### **ASSETS**

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the assets in the financial statements of PAS misleading.

### **CONTINGENT AND OTHER LIABILITIES**

At the date of this report there does not exist:

- (a) any charge on the assets of PAS that has arisen since the end of the year which secures the liabilities of any other person, or
- (b) any contingent liability in respect of PAS that has arisen since the end of the year.

No contingent or other liability of PAS has become enforceable, or is likely to become enforceable within twelve months after the end of the year, that, in the opinion of the Directors, will or may have a material effect on the ability of PAS to meet its obligations as and when they fall due.

### **CHANGE OF CIRCUMSTANCE**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of PAS that would render any amounts stated in the financial statements misleading.

### **ITEMS OF AN UNUSUAL NATURE**

The financial performance of PAS for the year ended 31 December 2017 was not, in the opinion of the Directors, materially affected by any items, transactions or events of a material and unusual nature.

## BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of PAS as at 31 December 2017 and its financial performance and cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- i) adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standards (CIFRS), which are supported by reasonable and prudent judgements and estimates, and then apply them consistently
- ii) comply with the disclosure requirements of CIFRS or, if there has been any departure from such standards, in the interest of fair presentation, ensure that this has been appropriately disclosed, explained and quantified in the financial statements
- iii) maintain adequate accounting records that enable PAS to prepare financial statements under CIFRS and an effective system of internal controls
- iv) prepare the financial statements on a going-concern basis unless it is inappropriate to assume that PAS will continue operations in the foreseeable future, and
- v) effectively control and direct PAS and be involved in all material decisions affecting its operations and performance, and ascertain that such matters have been properly reflected in the financial statements.

The Directors confirm that PAS has complied with the above requirements in preparing the financial statements.

The members of the Board of Directors holding office during the year and as at the date of this report are:

Name	Representative	Position
H.E. Lou Kim Chhun	General Director of PAS	Chairman
H.E. Tekreth Samrach	Ministry of Council of Ministers	Member
H.E. Phan Phalla	Ministry of Economy and Finance	Member
H.E. Yun Min	Sihanoukville Municipality	Member
H.E. Suy San	Ministry of Public Works and Transport	Member
H.E. Sok Sopheak	Ministry of Commerce	Member
Mr. Lou Likheng	Employee of PAS	Member


## APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, together with the notes thereto, which present fairly, in all material respects, the financial position of Sihanoukville Autonomous Port as at 31 December 2017 and the financial performance and cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards were approved by the Board of Directors.

On behalf of the Board of Directors,



H.E. Lou Kim Chhun  
Chairman and CEO



Path Seth  
Director of Accounting and Finance

Sihanoukville, Kingdom of Cambodia

Date: 26 MAR 2018





## **Independent auditor's report**

To the shareholders of Sihanoukville Autonomous Port

### **Our opinion**

In our opinion, the financial statements of Sihanoukville Autonomous Port (PAS) present fairly, in all material respects, the financial position of PAS as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (CIFRS).

### ***What we have audited***

The financial statements of PAS comprise:

- the statement of financial position as at 31 December 2017;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with Cambodian International Standards on Auditing (CISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the requirements of Kampuchea Institute of Certified Public Accountant and Auditors' Code of Ethics for Certified Public Accountants and Auditors (KICPAA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ethical requirements of the KICPAA Code.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter	How our audit addressed the key audit matter
<p><b>Retirement benefit obligations</b></p>	
<p>Refer to Note 2.19 – summary of significant accounting policies on employee benefits and Noted 4.b - assumptions and judgments on retirement benefit obligations.</p> <p>As at 31 December 2017, PAS had an outstanding balance for the retirement benefit scheme to its employees of KHR 41,008 million. Management’s assessment was calculated based on the projected unit credit method.</p> <p>Management assessed the obligation based on the past history and demographic data, current business situation, and accounting policy. Management also engaged an external appraiser to carry out the more complex calculations.</p> <p>The valuation of retirement benefit obligations required significant management judgement and technical expertise in applying the appropriate assumptions. Change on the key assumptions including salary increases, inflation, discount rates and mortality could have a material impact on the calculation of the liability.</p> <p>We focused on these areas due to the significant involvement of management’s judgement and estimation to make the appropriate and accurate assessment.</p>	<p>Our procedures in relation to management’s estimation of the liability included:</p> <ul style="list-style-type: none"> <li>• assessed the competence, independence and objectivity and verified their qualification of management’s expert, including examined their scope of work</li> <li>• compared the salary increase, inflation, discount rates and mortality with our internally developed benchmarks</li> <li>• checked the key factors to the history data such as inflation and discount rates</li> <li>• testing the calculation worksheet performed by the actuarial, and</li> <li>• tracing the calculation amount from actuarial report to the accounting record</li> </ul> <p>From our procedures mentioned above, we found that management’s significant judgements and estimates were appropriate. We found no material exception.</p>





Key audit matter	How our audit addressed the key audit matter
<p data-bbox="256 490 839 546"><b>Accounting treatment of loans to employees</b></p> <p data-bbox="256 551 839 640">Refer to Note 2.8.1 – summary of significant accounting policies on classification of financial assets and Note 9 – loan to employee.</p> <p data-bbox="256 669 839 848">PAS provided loans to employees on cash basis amounting to KHR 10,267 million to purchase of class C shares on 8 June 2017. The loans were interest free, with four-year terms. Loans shall be repaid every month over 48 months and will be deducted from employees’ monthly salary.</p> <p data-bbox="256 878 839 1296">Management viewed that loans to employees were within the scope of financial instruments (CIAS 39), rather than scope of share-based payments (CIFRS 2) because employees were subjected to downsize risk of the depreciation of share price and needed to fully repay loans back in cash under any circumstances. Hence, it was treated as a financial asset which initially recorded at fair value amounting to KHR 6,924 million and subsequent measured at amortised cost. The difference between the fair value of financial asset and money received by the employees for purchasing shares was recorded as expense over the service periods.</p> <p data-bbox="256 1326 839 1476">We focused on these areas due to the significant involvement of management assessment to assess the accounting treatment and apply the significant assumption and judgement on the fair value consideration.</p>	<p data-bbox="861 551 1441 640">Our procedures in relation to management’s assessment and judgement of the accounting treatment and valuation included:</p> <ul data-bbox="861 669 1441 1207" style="list-style-type: none"> <li data-bbox="861 669 1441 792">• Understood and evaluated on the appropriation of management’s policies and procedures related to Employee Stock Option Plan</li> <li data-bbox="861 822 1441 911">• Involved our accounting technical specialist to assist in evaluating the appropriateness of accounting treatments and valuation method</li> <li data-bbox="861 940 1441 1030">• Tested the fair value calculation and assumption performed by management for the correctness and completeness</li> <li data-bbox="861 1059 1441 1126">• Traced samples of repayment of loans to paylips signed by the employees, and</li> <li data-bbox="861 1155 1441 1207">• Traced the fair value calculation report to the accounting record to ensure the correctness</li> </ul> <p data-bbox="861 1236 1441 1359">From our procedures mentioned above, we found that the management’s significant assessment and judgements were appropriate. We found no material exception.</p>



Key audit matter	How our audit addressed the key audit matter
<p><b>Accounting treatment of guaranteed dividend payables</b></p>	
<p>Refer to Note 2.24 – summary of significant accounting policies on dividend distribution and Note 14.b – share capital and share premium.</p> <p>PAS issued class C shares to investors with a guaranteed dividend yield of 5% per annum for three years from the Initial Public Offering on 8 June 2017. The guaranteed dividend payable contained a feature as embedded liability which resulted in the class C shares to be treated as compound instrument.</p> <p>Accordingly, management split between the liability and equity in the statement of financial position for the proceeds from new share (class C) issued. The fair value of liability was calculated first without equity component and then determine the equity component as a residual after deducting from fair value of instrument as a whole.</p> <p>As at 31 December 2017, PAS recognised the liability of guaranteed dividend payable amounting to KHR 14,180 million and equity component amounting to KHR 93,892 million.</p> <p>We focused on this areas due to it required management’s involvement on accounting treatment identification. The balance of guaranteed dividend payable was material to the statement of financial position.</p>	<p>Our procedures in relation to management’s involvement on accounting treatment identification included:</p> <ul style="list-style-type: none"> <li>• understood and evaluated on the management’s policies and procedures of the minimum guaranteed dividend</li> <li>• involved our accounting technical specialist to evaluate the accounting treatment of the compound instrument (featured by equity and liability components) for the class C share issued</li> <li>• checked the management’s calculation of the guaranteed dividend payable based on the fair value of expected future cash outflow and determined by the discounting factor using current effective interest rate, and</li> <li>• assessed the appropriateness of effective interest rate used as discounting factor by verifying to average interest rate, which considered to have similar term, currency and credit profile.</li> </ul> <p>Based on the audit procedures performed, we agreed with the management’s accounting treatment from of the guaranteed dividend payables which was appropriate.</p>





### **Other information**

The directors are responsible for the other information. The other information comprises the report of the board of directors and the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the CIFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the PAS's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate PAS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing PAS's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PAS's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on PAS's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause PAS to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For PricewaterhouseCoopers (Cambodia) Ltd.

  
By Lang Hy  
Partner



Phnom Penh, Kingdom of Cambodia  
Date: 26 March 2018

**SIHANOUKVILLE AUTONOMOUS PORT**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	Note	2017 KHR'000	2016 KHR'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	808,870,338	734,743,792
Investment properties	7	283,672,069	259,135,950
Intangible assets	8	8,557,702	9,020,592
Loans to employees	9	5,305,113	-
		<u>1,106,405,222</u>	<u>1,002,900,334</u>
<b>Current assets</b>			
Loans to employees	9	1,618,425	-
Inventories	10	8,443,566	6,795,911
Trade and other receivables	11	39,767,395	25,104,570
Short-term bank deposits	12	73,194,201	13,479,228
Cash and cash equivalents	13	51,081,229	34,651,604
		<u>174,104,816</u>	<u>80,031,313</u>
<b>Total assets</b>		<u>1,280,510,038</u>	<u>1,082,931,647</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital and share premium	14	518,018,063	428,859,836
Other reserves	15	17,641,914	14,969,867
Retained earnings		110,950,577	90,783,308
<b>Total equity</b>		<u>646,610,554</u>	<u>534,613,011</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	16	503,537,306	463,235,372
Retirement benefit obligations	17	41,008,255	40,301,411
Guaranteed dividend payable	14(b)	9,356,260	-
Deferred tax liabilities	27	7,617,200	-
Deferred income	18	5,795,114	5,928,335
		<u>567,314,135</u>	<u>509,465,118</u>
<b>Current liabilities</b>			
Guaranteed dividend payable	14(b)	5,403,634	-
Income tax liabilities		3,462,418	6,462,675
Trade and other payables	19	35,888,500	15,713,887
Borrowings	16	21,697,576	16,543,735
Deferred income	18	133,221	133,221
		<u>66,585,349</u>	<u>38,853,518</u>
<b>Total liabilities</b>		<u>633,899,484</u>	<u>548,318,636</u>
<b>Total equity and liabilities</b>		<u>1,280,510,038</u>	<u>1,082,931,647</u>

The accompanying notes on pages 13 to 54 form an integral part of these financial statements.



**SIHANOUKVILLE AUTONOMOUS PORT**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
AS AT 31 DECEMBER 2017**

	<u>Note</u>	<u>2017 KHR'000</u>	<u>2016 KHR'000</u>
<b>REVENUE</b>	20	227,397,835	208,981,249
<b>EXPENSES</b>			
Consumable supplies	21	(54,389,655)	(48,602,081)
Salaries, wages and related expenses	22	(61,634,886)	(55,377,444)
Depreciation and amortisation	23	(25,239,936)	(22,179,508)
Repairs and maintenances		(5,142,296)	(5,946,723)
Other expenses	24	(21,897,147)	(20,621,799)
Other losses – net	25	(687,575)	(1,639,023)
		<u>(168,991,495)</u>	<u>(154,366,578)</u>
Operating profit		58,406,340	54,614,671
Finance income		1,975,084	293,648
Finance cost		<u>(22,526,792)</u>	<u>(19,062,144)</u>
Net finance costs – net	26	(20,551,708)	(18,768,496)
<b>PROFIT BEFORE INCOME TAX</b>		<u>37,854,632</u>	<u>35,846,175</u>
Income tax expense	27	<u>(12,715,316)</u>	<u>(9,125,703)</u>
<b>PROFIT FOR THE YEAR</b>		<u>25,139,316</u>	<u>26,720,472</u>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:		-	-
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>-</u>
<b>Profit attributable to shareholders</b>		<u>25,139,316</u>	<u>26,720,472</u>
<b>Total comprehensive income attributable to shareholders</b>		<u>25,139,316</u>	<u>26,720,472</u>
The earnings per share (expressed in KHR'000) attributable to shareholders of PAS for the year ended are as follows:			
Basic earnings per share	28	<u>328.40</u>	<u>415.37</u>
Diluted earnings per share	28	<u>328.40</u>	<u>415.37</u>

The accompanying notes on pages 13 to 54 form an integral part of these financial statements.

**SIHANOUKVILLE AUTONOMOUS PORT**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Attributable to shareholders</b>			
	<b>Share capital and share premium KHR'000</b>	<b>Other reserves KHR'000</b>	<b>Retained earnings KHR'000</b>	<b>Total KHR'000</b>
Balance at 1 January 2016	<u>428,859,836</u>	<u>12,245,405</u>	<u>69,087,298</u>	<u>510,192,539</u>
Profit for the year	-	-	26,720,472	26,720,472
Total comprehensive income	-	-	26,720,472	26,720,472
Transfer to reserves (Note 15)	-	2,724,462	(2,724,462)	-
Dividend paid	-	-	(2,300,000)	(2,300,000)
Balance as at 31 December 2016	<u>428,859,836</u>	<u>14,969,867</u>	<u>90,783,308</u>	<u>534,613,011</u>
Balance at 1 January 2017	<u>428,859,836</u>	<u>14,969,867</u>	<u>90,783,308</u>	<u>534,613,011</u>
Profit for the year	-	-	25,139,316	25,139,316
Total comprehensive income	-	-	25,139,316	25,139,316
Proceeds from shares issued	89,158,227	-	-	89,158,227
Transfer to reserves (Note 15)	-	2,672,047	(2,672,047)	-
Dividend paid	-	-	(2,300,000)	(2,300,000)
Balance as at 31 December 2017	<u>518,018,063</u>	<u>17,641,914</u>	<u>110,950,577</u>	<u>646,610,554</u>

The accompanying notes on pages 13 to 54 form an integral part of these financial statements.

**SIHANOUKVILLE AUTONOMOUS PORT**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Note</b>	<b>2017 KHR'000</b>	<b>2016 KHR'000</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	29	76,650,767	78,515,243
Income tax paid		(8,098,373)	(6,238,956)
Retirement benefit obligations paid	17	<u>(3,447,156)</u>	<u>(3,260,377)</u>
Cash generated from operating activities		<u>65,105,238</u>	<u>69,015,910</u>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment (*)	6	(73,589,793)	(80,023,568)
Purchases of investment property	7	(30,607,992)	(581,162)
Purchases of intangible assets	8	(595,023)	(729,388)
Loans to employees	9	(10,266,904)	-
Receipts of principal repayment from loans to employees	9	1,283,363	-
Placements of short-term bank deposits		(59,714,973)	(266,428)
Interest received		<u>268,606</u>	<u>293,647</u>
Cash used in investing activities		<u>(173,222,716)</u>	<u>(81,306,899)</u>
<b>Cash flows from financing activities</b>			
Proceeds from new shares issued – net		103,339,069	-
Dividends paid		(2,300,000)	(2,300,000)
Proceeds from borrowings		48,935,481	30,091,194
Repayments of borrowings		(14,678,915)	(14,183,979)
Interest paid		<u>(10,748,532)</u>	<u>(11,894,426)</u>
Cash generated from financing activities		<u>124,547,103</u>	<u>1,712,789</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		16,429,625	(10,578,200)
Cash and cash equivalents at beginning of the year		<u>34,651,604</u>	<u>45,229,804</u>
<b>Cash and cash equivalents at end of the year</b>	13	<u>51,081,229</u>	<u>34,651,604</u>

(\*) For cash and non-cash transactions relating to the purchase of property and equipment, please refer to Note 6.

The accompanying notes on pages 13 to 54 form an integral part of these financial statements.



# SIHANOUKVILLE AUTONOMOUS PORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 1. BACKGROUND INFORMATION

The Sihanoukville Autonomous Port (PAS) is a public autonomous institution that is under the technical supervision of the Ministry of Public Works and Transport (MoPWT) and the financial supervision of the Ministry of Economy and Finance (MoEF), with its headquarters in Preah Sihanouk Province, the Kingdom of Cambodia.

PAS is a legal entity with autonomous administration and financing and was established in accordance with Sub-decree 50 ANKR BK dated 17 July 1998, which gives it the general status of a public enterprise.

PAS was registered with the Ministry of Commerce under the registration number Co.4784 ET/2017, dated 21 February 2017 and its class C shares were listed on the Main Board of Cambodia Securities Exchange (CSX) on 8 June 2017.

PAS is currently the sole international and commercial deep sea port in the Kingdom of Cambodia. According to the establishing sub-decree, the mission of PAS is involved in providing the sea port services and sea port related services which include

- bringing vessels in and out and providing them with supplies;
- conducting cargo handling, offloading, loading and transport;
- maintaining and safeguarding stocks, warehouses and yards;
- developing, rehabilitating and expanding the PAS's existing infrastructures;
- taking responsibility on health care, security and order in its management areas;
- adhering to the basic principle and working procedures in the same functions as the customers;
- committing to manage and organize the operational activities to be effective and progressive; and
- rental of its Special Economic Zones

In the status of public institution, PAS has hereby obtained an extensive authority and major duties from the Government to carry out its activities in accordance with its objectives.

The registered office of PAS is Terak Vithei Samdech Akka Moha Sena Padei Techo Hun Sen Sangkat No. 3, Sihanoukville City, Preah Sihanouk province, the Kingdom of Cambodia.

The financial statements were approved for issue by the Board of Directors on 26 March 2018.

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 *Basis of preparation*

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of PAS are expressed in Khmer Riel (“KHR”).

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with CIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

### 2.2 *New and amended accounting standards and interpretations*

#### **(i) New standards, amendments and interpretations adopted by PAS**

PAS has adopted the following amendments for the accounting period beginning on 1 January 2017:

CIAS 7 (Amendment)      Disclosure Initiatives

The adoption of the amendment, CIAS 7 results in additional disclosure of reconciliation of liabilities arising from financing activities in note 29.

#### **(ii) New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods, and PAS has not early adopted the following new relevant standards and amendments which have been issued but are not yet effective:

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.2 New standards and interpretations not yet adopted (continued)

###### (ii) New standards and interpretations not yet adopted (continued)

###### CIFRS 9: Financial instruments

Nature of change	CIFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	<p>PAS has reviewed its financial assets and liabilities and expects some impacts from the adoption of the new standard on 1 January 2018.</p> <p>There will be no impact on PAS's accounting for financial assets as PAS has only one type of financial assets which is classified at amortised costs under the new classification and measurement since they satisfy the business model of "Hold to Collect" and the cash flow characteristic of "Solely Payments of Principal and Interest". There will also be no impact on PAS's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and PAS does not have any such liabilities. PAS does not have any hedge accounting. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under CIAS 39. It applies to financial assets classified at amortised cost. Management is assessing the effects of applying the new impairment model on PAS's financial statements.</p> <p>The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard</p>
Date of adoption by PAS	Must be applied for financial years commencing on or after 1 January 2018. PAS will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

###### CIFRS 15: Revenue from contracts with customers

Nature of change	<p>The IASB has issued a new standard for the recognition of revenue. This will replace CIAS 18 which covers contracts for goods and services and CIAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when controls of a good or service transfer to a customer.</p> <p>The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p>
Impact	Management is assessing the effects of applying the new standard on PAS's financial statements.
Date of adoption by PAS	Mandatory for financial years commencing on or after 1 January 2018. PAS intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.



## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.2 New standards and interpretations (continued)

##### (ii) New standards and interpretations not yet adopted (continued)

##### CIFRS 16: Leases

Nature of change	<p>CIFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.</p> <p>The accounting for lessors will not significantly change.</p>
Impact	<p>The standard will affect primarily the accounting for PAS's operating leases. As at 31 December 2017, PAS does not have significant operating lease commitment.</p> <p>PAS has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect PAS's profit or loss and classification of cash flows going forward.</p>
Date of adoption by PAS	<p>Mandatory for financial years commencing on or after 1 January 2019. At this stage, PAS does not intend to adopt the standard before its effective date. PAS intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.</p>

PAS is in the process of making an assessment of the impact of these new standards and amendments on the financial statements of PAS in the initial application.

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.3 *Foreign currency translation*

(i) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which PAS operates (the functional currency). PAS maintains its accounting records and its financial statements in Khmer riel ("KHR"), its functional and presentation currency.

(ii) Transactions and balances

Transactions in currencies other than Riel are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than Riel are recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in profit or loss in 'finance income and costs'.

##### 2.4 *Property and equipment*

Property and equipment are stated at historical cost less accumulated depreciation. The historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to PAS and the cost of the item can be measured reliably. The carrying amount of replaced parts is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

	<b>Years</b>
Land improvement	7, 30, 50
Buildings	7, 20, 25, 30, 35, 50
Port facilities	50
Technical equipment	5 – 30
Other equipment	5 – 15
Furniture and fittings	3 – 10
Computer and office equipment	3 – 5
Motor vehicles	
- Motor vehicle	5
- Others (Prime mover, truck, caterpillar)	10 – 15
Sea port equipment	20 – 30
Palettes	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

# SIHANOUKVILLE AUTONOMOUS PORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.5 *Intangible assets*

Intangible assets consist of accounting software and port operation system and are stated at historical cost less accumulated amortisation and impairment, if any. They are capitalised based on the costs incurred to acquire and bring into use the specific software. The details of the change in useful lives are as follows:

	<b>Years</b>
Accounting software	10
Port operation system	10

#### 2.6 *Investment properties*

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by PAS, is classified as investment property. Investment property also includes property that is being constructed for developed for future use as investment property. Investment properties are initially measured at cost less accumulated depreciation and impairment, if any. PAS uses the cost model and accounts for investment property in accordance with CIAS 16 (Property, plant and equipment).

Investment properties are transferred into inventory when, and only when, there is a change in use, evidenced by the commencement of development with a view to sale. When PAS decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognised and eliminated from the statement of financial position, and does not treat it as inventory. If an investment property is redeveloped for continued use as investment property, the property remains as investment property and is not reclassified as owner-occupied property during the redevelopment.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it is derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of retirement or disposal.

Land is not depreciated, buildings are depreciated using the straight-line method over its estimated useful life of 50 year.

#### 2.7 *Impairment of non-financial assets*

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).



## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 *Financial assets*

#### 2.8.1 Classification

PAS classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets are acquired. PAS determines the classification of its financial assets at initial recognition.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. PAS's financial assets comprise 'trade and other receivables' (excluding WHT credit and prepayment), 'loans to employees', 'short-term bank deposits' and 'cash and cash equivalents' in the statement of financial position.

#### 2.8.2 Recognition and measurement

Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. At each statement of financial position date, PAS assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired.

### 2.9 *Impairment of financial assets*

#### (a) *Assets carried at amortised cost*

PAS assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **2.10 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

##### **2.11 Inventories**

Inventories are stated at the lower of cost (costs of purchase and other costs incurred in bringing the inventories to their present location and condition) and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories include consumables, spare parts and other supply-related inventories and are valued at the actual cost of bringing the inventory to its intended purpose less allowances for damaged, obsolete and slow-moving items using the first-in first-out basis.

##### **2.12 Trade and other receivables**

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

##### **2.13 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances held with banks, and other short-term, highly liquid investments with original maturities of three months or less.

##### **2.14 Share capital and share premium**

Share capital and share premium is classified as equity. Incremental costs directly attributable to the issue of new share capital are shown in equity as a deduction, net of tax, from the proceeds.

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.15 *Trade and other payables*

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### 2.16 *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

##### 2.17 *Borrowing costs*

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

##### 2.18 *Current and deferred income tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of reporting date in Cambodia, where PAS generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.18 *Current and deferred income tax (continued)*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that there will be future taxable profit against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax is calculated using a tax rate of 20%.

##### 2.19 *Employee benefits*

###### Employee benefit obligations

PAS operates defined benefit plan whereby:

- The employees' contribution is 10% of their monthly salary.
- The employer's contribution is 10% of the employees' monthly salary.
- On an annual basis, the Board of Directors decides on an additional amount to be contributed to the scheme based on PAS's performance during the year.

Staff must meet all of the following criteria to be eligible to receive retirement benefits:

- be a permanent staff member
- have worked for PAS for 25 years or more
- contribute to the scheme as required
- hold a staff card, and
- if retiring before reaching the retirement age, the retirement must be approved by the Chairman and Chief Executive Officer.

- (a) Staff who have served for 25 or more years can choose to receive a one-off payment at the retirement age or a monthly payment until the end of their life. Payments to eligible employees are based on the following terms and conditions:

*One-off payment:*

Staff who decide to receive a one-off payment at retirement will receive a payment equal to 12.5 times their last monthly salary.



## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.19 Employee benefits (continued)

###### *Monthly payment until end of life:*

The monthly payment made to staff who decide to receive monthly benefits until the end of their life depends on their years of service as set out below:

<u>Years of service</u>	<u>Benefit</u>
25 years	Receive a monthly payment of 75% of their last month's net salary.
26 to 40 years	Receive a monthly payment of 75% of the last month's net salary plus an additional 1% for each additional year of service over 25 years.
Over 40 years	Receive a monthly payment of 90% of the last month's net salary.

- (b) Staff who have served less than 25 years are not entitled to post-employment benefits, but they are entitled to a one off lump-sum payment as follows:

<u>Years of service</u>	<u>Benefit</u>
Less than 10 years	No benefit and no refund of total contribution. The total contribution will become the scheme's income.
10 to 24 years	Receive a 200% of total contributions from PAS and employee.

- (c) Early retirement benefits

Staff who were retired or dismissed prior to reaching retirement age will receive the following benefit:

<u>Years of service</u>	<u>Benefit</u>
Less than 10 years	No refund of employee's total contribution.
10 to 20 years	120% of the employee's total contributions and an additional 1% for each year of service over 10 years.
21 to 30 years	135% of the employee's total contributions and an additional 1% for each year of service over 21 years.
31 to 40 years	155% of the employee's total contributions and an additional 1% for each year of service over 30 years.
Over 40 years	164% of the employee's total contributions

- (d) Death benefits

A one-off benefit will be paid upon death of the staff. The benefit is based on total contributions from PAS and employee and it depends on the staff member's years of service as follows:

<u>Years of service</u>	<u>Work-related death</u>	<u>Non-work related death</u>
Less than 10 years	125%	115%
From 10 to 20 years	145%	135%
From 21 to 30 years	155%	145%
From 31 to 40 years	165%	155%

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.19 *Employee benefits (continued)*

(e) Disability benefits:

Staff who have served less than 25 years and become disabled will receive a one-off payment based on their total contributions from PAS and employee as follows:

<u>Years of services</u>	<u>Work related disability</u>	<u>Non-work related disability</u>
Less than 10 years	125%	115%
From 10 to 24 years	125% plus 3% for each year of service over 10 years	115% plus 3% for each year of service over 10 years

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The defined benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the average deposit rate of funds reserved for retirement benefit payments deposited at banks, as there is no deep high-quality corporate bond market or government bonds in Cambodia.

Remeasurement gains and (losses) arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

Past-service costs are recognised immediately in profit or loss.

##### 2.20 *Provision and contingent liability*

Provisions are recognised when PAS has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the amount expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expenses.

A contingent liability is a potential obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within PAS's control. It may also be a present obligation arising from past events that is not recognised because it is not probable that the outflow of economic resources will be required or the amount of the obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When the outflow of economic resources becomes probable, it will be recognised as a provision.

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of PAS's activities. Revenue is shown net of value-added tax and discounts is recognised as follows:

###### Port revenue

Port revenue mainly includes fees charged for services provided, including cargo handling, piloting and berthing. Revenue from the provision of these services is recognised when services are rendered.

###### Rental revenue – Company is the lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental income on operating lease is recognised over the lease term of the lease on a straight-line basis.

###### Other revenue

Other revenue includes truck entrance and other fees. Other revenue is recognised when the services are rendered.

##### 2.22 Interest income

Interest income is recognised using the effective interest method and included in finance income in profit or loss.

##### 2.23 Operating Leases – Company is the lessor

Properties leased out under operating leases are included in investment properties in the statement of financial position (Note 7). See Note 2.21 for the recognition of rental income.

##### 2.24 Dividend distribution

Dividend distribution to PAS's shareholders is recognised as a liability in PAS's financial statements in the period in which the dividends are approved by PAS's Board of Director where appropriate.

##### 2.25 Earnings per share

###### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of PAS, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.25 Earnings per share

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 2.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources to and assessing the performance of the operating segments, has been identified as the management team (including the director general and all deputy director generals), which makes strategic decisions.

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

PAS's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. PAS assumes and manages such risks by monitoring the market interest rates, the credit history of its counter-parties, foreign exchange rates and cash flows. PAS does not currently use derivative instruments to hedge its interest rate and foreign exchange risk exposure.

#### a. Market risk

##### a.1 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of PAS's operations and its cash flows.

PAS obtained borrowings (at fixed interest rates) from Japan International Cooperation Agency (JICA) and Japan Bank for International Cooperation (JBIC) obtained through the MoEF.

No interest rate swaps or other derivatives financial instruments have been entered into to hedge interest rate risk as management believes that the interest rate risk does not result in a significant exposure.

# SIHANOUKVILLE AUTONOMOUS PORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 3. FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### a. Market risk (continued)

##### a.2 Foreign exchange risk

PAS is exposed to the risk of changes in foreign currency exchange rates, primarily between the Khmer Riel (KHR) and the Japanese yen (JPY) and US dollar (US\$), since its loans from JICA and JBIC through the MoEF are in Japanese yen and US dollars, but it maintains its accounting records in Khmer Riel, its functional currency. Currently PAS does not hedge or use forward exchange contracts to manage this risk.

PAS's sensitivity to foreign exchange rates on its Japanese yen and US dollar financial instruments is analysed below. PAS's financial instruments are mainly denominated in these two currencies. PAS has analysed the movement in these currencies over the last three years and considered that a 2.6% and 0.3% movement in the Japanese yen and US dollar rates, respectively, is a reasonable benchmark.

If the Japanese yen had weakened or strengthened by 2.6% (average fluctuation for the last three years) against the Khmer Riel, post-tax profit for the year would have been KHR 8,156 million higher or lower mainly due to foreign exchange gains/losses on the translation of borrowings denominated in Japanese yen.

If the US dollar had weakened or strengthened by 0.3% (average fluctuation for the last three years) against the Khmer Riel, the post-tax profit for the year would have been KHR 37 million higher or lower mainly due to foreign exchange gains/losses on the translation of borrowings denominated in US dollars.

The table below summarises PAS's exposure to foreign currency exchange rate risk at 31 December 2017 and 31 December 2016. Included in the table are the financial instruments at carrying amount by currency in KHR'000 equivalent.

	In equivalent KHR'000			Total
	JPY	US\$	KHR	
<b>Year ended 31 December 2017</b>				
<b>Financial assets</b>				
Trade and other receivables	-	25,593,115	10,870,528	36,463,643
Loans to employees	-	-	6,923,538	6,923,538
Short-term bank deposits	-	68,629,000	4,565,201	73,194,201
Cash and cash equivalents	-	40,208,573	10,872,656	51,081,229
	-	134,430,688	33,231,923	167,662,611
<b>Financial liabilities</b>				
Borrowings	(398,179,854)	(127,055,028)	-	(525,234,882)
Guaranteed dividend payables	-	-	(14,759,894)	(14,759,894)
Trade and other payables	-	(22,323,926)	(2,376,940)	(24,700,866)
	(398,179,854)	(149,378,954)	(17,136,834)	(564,695,642)
<b>Net position</b>	<b>(398,179,854)</b>	<b>(14,948,266)</b>	<b>16,095,089</b>	<b>(397,033,031)</b>



**SIHANOUKVILLE AUTONOMOUS PORT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**3. FINANCIAL RISK MANAGEMENT** (continued)

**3.1 Financial risk factors** (continued)

**a. Market risk** (continued)

**a.2 Foreign exchange risk** (continued)

	In equivalent KHR'000			Total
	JPY	US\$	KHR	
<b>Year ended 31 December 2016</b>				
<b>Financial assets</b>				
Trade and other receivables	-	17,620,722	6,547,064	24,167,786
Short-term bank deposits	-	8,074,000	5,405,228	13,479,228
Cash and cash equivalents	-	34,589,280	62,324	34,651,604
	-	<u>60,284,002</u>	<u>12,014,616</u>	<u>72,298,618</u>
<b>Financial liabilities</b>				
Borrowings	(345,258,807)	(134,520,300)	-	(479,779,107)
Trade and other payables	-	(6,068,157)	(269,643)	(6,337,800)
	<u>(345,258,807)</u>	<u>(140,588,457)</u>	<u>(269,643)</u>	<u>(486,116,907)</u>
<b>Net position</b>	<u>(345,258,807)</u>	<u>(80,304,455)</u>	<u>11,744,973</u>	<u>(413,818,289)</u>

**b. Credit risk**

**b.1 Risk**

PAS is exposed to credit risk primarily with respect to trade and other receivables, loans to employees, short-term bank deposits, and cash at banks.

To manage risk from trade and other receivables, PAS requires a deposit from each shipping line before handling any transactions for the shipping line. No deposit is required for governmental departments as PAS believes that it can collect trade and other receivables from such departments through the MoEF (which finances such departments). Deposits are not obtained from shipping lines that use PAS's services infrequently as such lines are required to make payment on delivery of the services. PAS has a deposit deduction policy for customers that have not settled their debts in accordance with the credit terms and conditions. PAS's exposure to credit risk on trade and other receivables is limited to the carrying amount of the receivables less provision for impairment of the receivables based on a review of all outstanding amounts at year-end.

**b.2 Security**

For some trade receivables, PAS may obtain security in form of cash deposits which can be called upon if the counterparty is in default under the terms of the agreement.

**b.3 Credit quality**

The credit quality of financial assets that are neither past due nor impaired can be assessed by referencing to historical information about counterparty default rates.

There were no ratings assigned to the financial assets of PAS by any agency.

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 3. FINANCIAL RISK MANAGEMENT (continued)

##### 3.1 Financial risk factors (continued)

###### *c. Liquidity risk*

PAS's exposure to liquidity risk arises from the general funding of its business activities. It includes the risk of being unable to fund business activities in a timely manner.

PAS has a policy to maintain sufficient cash and cash equivalents for its operations and uses credit facilities together with its own funds to pay for capital investments.

PAS had access to the following undrawn borrowing facilities at the end of year:

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>Fixed rate</b>		
Expiring beyond one year	<u>52,608,569</u>	<u>103,857,000</u>

The table below analyses PAS's financial liabilities by the remaining period until the maturity date as at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>Less than 1 year KHR'000</b>	<b>Between 1 and 2 years KHR'000</b>	<b>Between 2 and 5 years KHR'000</b>	<b>Over 5 years KHR'000</b>	<b>Total KHR'000</b>
<b>At 31 December 2017</b>					
Borrowings	21,697,576	21,808,458	74,819,814	406,909,034	525,234,882
Guaranteed dividend payables	5,403,634	5,403,634	5,403,634	-	16,210,902
Trade and other payables	<u>24,700,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,700,867</u>
	<u>51,802,077</u>	<u>27,212,092</u>	<u>80,223,448</u>	<u>406,909,034</u>	<u>566,146,651</u>
<b>At 31 December 2016</b>					
Borrowings	16,543,735	20,294,879	76,070,328	366,870,165	479,779,107
Trade and other payables	6,337,799	-	-	-	6,337,799
	<u>22,881,534</u>	<u>20,294,879</u>	<u>76,070,328</u>	<u>366,870,165</u>	<u>486,116,906</u>

##### 3.2 Capital risk management

PAS's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

PAS does not have a specific policy on gearing ratios.

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 3. FINANCIAL RISK MANAGEMENT (continued)

##### 3.3 Fair value of financial assets and financial liabilities measured at amortised cost

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

- (a) *Cash and cash equivalents and short-term bank deposits* – The carrying values of these amounts approximate their fair values due to their short-term nature.
- (b) *Accounts receivable and other payables* – The carrying amounts less impairment provisions approximate the fair value because these are subject to normal credit terms and are short-term in nature.
- (c) *Loans to employees* – The carrying amount of current portion of loans to employees is considered to be the same as their fair value due to the short-term nature of the loans to employees. For the non-current portion of loans to employees, it has a fair value of KHR 3,740 million as at 31 December 2017, compared to a carrying amount of KHR 5,305 million. The fair values were calculated based on cash flows discounted using a current lending rate. It are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- (d) *Guaranteed dividend payable* - The carrying amount of current portion of guaranteed dividend payable is considered to be the same as their fair value due to the short-term nature of the guaranteed dividend payable. For the non-current portion of guaranteed dividend payable, it has a fair value of KHR 8,889 million as at 31 December 2017, compared to a carrying amount of KHR 10,169 million. The fair values were calculated based on cash flows discounted using a current lending rate. It are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- (e) *Borrowings* – The fair value is estimated by discounting the future contractual cash outflows using a prevailing borrowing rate at the year-end (Note 16).

Financial instruments measured at fair value are analysed into the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. PAS does not hold any listed securities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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

# SIHANOUKVILLE AUTONOMOUS PORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. PAS makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) Taxes

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at reporting date. The management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

However, these regulations are subject to periodic variation and the ultimate determination of tax liabilities will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the taxes liabilities and balances in the period in which the determination is made.

#### (b) Retirement benefit obligations

The present value of the retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used to determine the net cost of pensions include the discount rate, salary growth rates, mortality rates and withdrawal rates. Any changes in these assumptions will impact the carrying amount of the obligations. Additional information is disclosed in Note 17.

In the absence of a bond market and government bonds in Cambodia, PAS uses the average deposit rate, for its funds reserved for retirement benefit payments deposited at banks, as a discount rate to determine the present value of the estimated future cash outflows expected to be required to settle the retirement benefit obligation.

If the discount rate, salary increase rate and mortality rate used is different from management's estimate by 0.5%, 2.5% and 10% respectively, the approximate effect on the carrying amount of the retirement benefit obligation would be as shown below:

	Base case	Sensitivity impact					
Discount rate	7.0%	6.5%	7.5%	7.0%	7.0%	7.0%	7.0%
Salary increase rate	5.0%	5.0%	5.0%	2.5%	7.5%	5.0%	5.0%
Mortality rate	100.0%	100.0%	100.0%	100.0%	100.0%	90.0%	110.0%
Defined benefit obligation (million KHR)	41,008	45,035	37,357	40,032	41,984	43,879	38,325
Impact (%)		10%	(9%)	(2%)	2%	7%	(7%)

## **SIHANOUKVILLE AUTONOMOUS PORT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **5. SEGMENT INFORMATION**

PAS has a reportable segment, namely, port service. The chief operating decision-maker (the management team) reviews the internal management report, which reports the performance of the port service segment as a whole, to assess performance and allocate resources. The chief operating decision-maker assesses the performance of the reportable segment by measuring gross revenue, profit before tax and net profit compared to prior periods. In addition, PAS also has a newly-established Special Economic Zone (SEZ) operating at early stage, please refer to Note 7.

All revenues are derived from external customers. PAS is domiciled in Sihanoukville and all sales originate from Sihanoukville and the surrounding areas.



# SIHANOUKVILLE AUTONOMOUS PORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 6. PROPERTY AND EQUIPMENT

Non-current assets	Land KHR'000	Land improvement KHR'000	Buildings KHR'000	Port facilities KHR'000	Technical equipment KHR'000	Other equipment KHR'000	Furniture and fittings KHR'000	Computer and office equipment KHR'000	Motor vehicles KHR'000	Sea port equipment KHR'000	Construc- tion in progress KHR'000	Palettes KHR'000	Total KHR'000
<b>At 31 December 2016</b>													
Opening net book amount	252,045,640	24,150,442	159,871,464	997,002	8,074,907	435,224	456,090	2,754,496	4,930,761	119,723,600	96,187,945	219,540	669,847,111
Additions	-	1,988,534	1,549,580	-	58,069	-	240,200	1,440,703	4,487,653	-	69,994,581	264,248	80,023,568
Depreciation charges	-	(986,216)	(4,716,990)	(97,055)	(1,350,637)	(58,215)	(269,352)	(855,235)	(766,295)	(5,896,269)	-	(130,623)	(15,126,887)
Closing net book amount	<u>252,045,640</u>	<u>25,152,760</u>	<u>156,704,054</u>	<u>899,947</u>	<u>6,782,339</u>	<u>377,009</u>	<u>426,938</u>	<u>3,339,964</u>	<u>8,652,119</u>	<u>113,827,331</u>	<u>166,182,526</u>	<u>353,165</u>	<u>734,743,792</u>
<b>At 31 December 2016</b>													
Cost	252,045,640	48,907,640	231,484,176	114,290,576	22,450,241	1,201,254	2,061,362	6,491,508	25,580,998	236,490,921	166,182,526	1,348,225	1,108,535,067
Accumulated depreciation	-	(23,754,880)	(74,780,122)	(113,390,629)	(15,667,902)	(824,245)	(1,634,424)	(3,151,544)	(16,928,879)	(122,663,590)	-	(995,060)	(373,791,275)
Net book value	<u>252,045,640</u>	<u>25,152,760</u>	<u>156,704,054</u>	<u>899,947</u>	<u>6,782,339</u>	<u>377,009</u>	<u>426,938</u>	<u>3,339,964</u>	<u>8,652,119</u>	<u>113,827,331</u>	<u>166,182,526</u>	<u>353,165</u>	<u>734,743,792</u>
<b>At 31 December 2017</b>													
Opening net book amount	252,045,640	25,152,760	156,704,054	899,947	6,782,339	377,009	426,938	3,339,964	8,652,119	113,827,331	166,182,526	353,165	734,743,792
Additions (*)	-	1,042,333	606,320	-	-	-	208,960	105,160	8,226,461	-	81,778,100	269,362	92,236,696
Transfers	-	-	-	-	679,713	-	-	-	-	90,377,289	(91,057,002)	-	-
Depreciation charges	-	(1,044,579)	(4,740,812)	(97,055)	(1,365,689)	(58,088)	(289,586)	(1,166,886)	(1,144,045)	(7,860,993)	-	(342,417)	(18,110,150)
Closing net book amount	<u>252,045,640</u>	<u>25,150,514</u>	<u>152,569,562</u>	<u>802,892</u>	<u>6,096,363</u>	<u>318,921</u>	<u>346,312</u>	<u>2,278,238</u>	<u>15,734,535</u>	<u>196,343,627</u>	<u>156,903,624</u>	<u>280,110</u>	<u>808,870,338</u>
<b>At 31 December 2017</b>													
Cost	252,045,640	49,949,973	232,090,496	114,290,576	23,129,954	1,201,254	2,270,322	6,596,668	33,807,459	326,868,210	156,903,624	1,617,586	1,200,771,762
Accumulated depreciation	-	(24,799,459)	(79,520,934)	(113,487,684)	(17,033,591)	(882,333)	(1,924,010)	(4,318,430)	(18,072,924)	(130,524,583)	-	(1,337,476)	(391,901,424)
Net book value	<u>252,045,640</u>	<u>25,150,514</u>	<u>152,569,562</u>	<u>802,892</u>	<u>6,096,363</u>	<u>318,921</u>	<u>346,312</u>	<u>2,278,238</u>	<u>15,734,535</u>	<u>196,343,627</u>	<u>156,903,624</u>	<u>280,110</u>	<u>808,870,338</u>

The interest cost that was capitalised on qualifying assets under construction in progress for the year ended 2017 was 864 million (2016: KHR 1,647 million).

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 6. PROPERTY AND EQUIPMENT (continued)

(\*) Please refer to below reconciliation of cash and non-cash of additions (purchases of property and equipment) for the year.

	<u>2017</u> <u>KHR'000</u>	<u>2016</u> <u>KHR'000</u>
Purchases (cash and non-cash) during the year	92,236,696	80,023,568
Payable to a supplier (non-cash) – Note 19	<u>(18,646,903)</u>	<u>-</u>
<b>Cash paid during the year</b>	<u><u>73,589,793</u></u>	<u><u>80,023,568</u></u>

The table below summarises the legal status of the land held and its carrying amount.

	<u>2017</u> <u>KHR'000</u>	<u>2016</u> <u>KHR'000</u>
Land with legal title deeds	735,000	735,000
Land with no title deeds	250,194,910	250,194,910
Land with legal title deeds but occupied by households	<u>1,115,730</u>	<u>1,115,730</u>
	<u><u>252,045,640</u></u>	<u><u>252,045,640</u></u>

At the reporting date, PAS is still in the process of requesting to the Royal Government of Cambodia, through the MoEF, issue legal title deeds for the land that has no title deeds.

**SIHANOUKVILLE AUTONOMOUS PORT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**7. INVESTMENT PROPERTIES**

Non-current assets	<b>Land KHR'000</b>	<b>Building KHR'000</b>	<b>Construction in progress KHR'000</b>	<b>Total KHR'000</b>
<b>Year ended 31 December 2016</b>				
Opening net book amount	102,432,854	162,181,817	-	264,614,671
Additions	581,162	-	-	581,162
Depreciation charges	-	(6,059,883)	-	(6,059,883)
Closing net book amount	<u>103,014,016</u>	<u>156,121,934</u>	<u>-</u>	<u>259,135,950</u>
<b>At 31 December 2016</b>				
Cost	103,014,016	174,055,320	-	277,069,336
Accumulated depreciation	-	(17,933,386)	-	(17,933,386)
Net book value	<u>103,014,016</u>	<u>156,121,934</u>	<u>-</u>	<u>259,135,950</u>
<b>Year ended 31 December 2017</b>				
Opening net book amount	103,014,016	156,121,934	-	259,135,950
Additions	28,963,489	941,443	703,060	30,607,992
Depreciation charges	-	(6,071,873)	-	(6,071,873)
Closing net book amount	<u>131,977,505</u>	<u>150,991,504</u>	<u>703,060</u>	<u>283,672,069</u>
<b>At 31 December 2017</b>				
Cost	131,977,505	174,996,763	703,060	307,677,328
Accumulated depreciation	-	(24,005,259)	-	(24,005,259)
Net book value	<u>131,977,505</u>	<u>150,991,504</u>	<u>703,060</u>	<u>283,672,069</u>

*Valuation process (technique/inputs) used to determine fair value*

PAS's investment properties were valued by an accredited valuation company by the Securities and Exchanges Commission of Cambodia and have recent experience in the locations of the investment properties valued.

The level 3 fair value of investment properties has been derived using sales comparison approach to the valuation. Investment properties valued using the sales comparison approach take into account comparable items. These values are adjusted for differences in key attributes such as size and location, condition and other relevant factors.

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 7. INVESTMENT PROPERTIES (continued)

Management believed that the range of the fair value of investment properties is reliably measured only for the land and therefore is disclosed. However, the building could not be reliably measured at fair value because comparable market transactions are infrequent and an alternative estimates approach (discounted cash flow projection) of fair value is not available.

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Investment properties at fair value for land	<u>1,702,183,224</u>	<u>1,702,183,224</u>

The table below summarises the legal status of the land held and its carrying amounts:

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Land with legal title deeds – Special Economic Zone (*)	85,793,534	85,793,534
Land with legal title deeds – Others	41,527,441	12,563,952
Land with no legal title deeds	<u>4,656,530</u>	<u>4,656,530</u>
	<u>131,977,505</u>	<u>103,014,016</u>

At the reporting date, PAS is still in the process of requesting that the Royal Government of Cambodia, through the MoEF, to issue legal title deeds for the land that has no title deeds.

(\*) This represents the land value of 41 hectares which was formally handed over to PAS through the inter-ministry committee in 2002. In addition, PAS settled surrounding areas of its existing land of 41 hectares and then obtained legal land title of additional land of 27 hectares in 2012 where the value of it will be determined by the inter-ministry committee.

The following amounts have been recognised in profit or loss:

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Rental revenue	2,848,180	2,301,551
Amortisation expenses	(6,059,883)	(6,071,873)
Direct operating expenses arising from investment properties that generate rental revenue	(3,316,943)	(2,718,513)

Special Economic Zone (SEZ) is still at an early stage of its business operations.

**SIHANOUKVILLE AUTONOMOUS PORT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**8. INTANGIBLE ASSETS**

Non-current assets	<b>Software KHR'000</b>	<b>Construction in progress KHR'000</b>	<b>Total KHR'000</b>
<b>Year ended 31 December 2016</b>			
Opening net book amount	9,128,322	155,619	9,283,941
Additions	710,864	18,524	729,388
Transfer	174,143	(174,143)	-
Amortisation charges	(992,738)	-	(992,738)
Closing net book amount	<u>9,020,591</u>	<u>-</u>	<u>9,020,591</u>
<b>As at 31 December 2016</b>			
Cost	12,872,924	-	12,872,924
Accumulated amortisation	(3,852,332)	-	(3,852,332)
Net book amount	<u>9,020,592</u>	<u>-</u>	<u>9,020,592</u>
<b>Year ended 31 December 2017</b>			
Opening net book amount	9,020,592	-	9,020,592
Additions	595,023	-	595,023
Amortisation charges	(1,057,913)	-	(1,057,913)
Closing net book amount	<u>8,557,702</u>	<u>-</u>	<u>8,557,702</u>
<b>As at 31 December 2017</b>			
Cost	13,467,947	-	13,467,947
Accumulated amortisation	(4,910,245)	-	(4,910,245)
Net book amount	<u>8,557,702</u>	<u>-</u>	<u>8,557,702</u>

**9. LOANS TO EMPLOYEES**

	<b>2017 KHR'000</b>
Current	1,618,425
Non-Current	5,305,113
Carrying value	<u>6,923,538</u>

On 8 February 2017, PAS approved to provide interest-free loans of KHR 10,267 million, with a term of four years, to its employees including retired staff to purchase its floating class C shares upon initial public offering (IPO).

The fair value adjustment to the loan balance of KHR 2,622 million was initially recognised as other assets in the statement of financial position and amortised to profit or loss as salaries, wages and related expenses throughout a period of four years. This was because the fair value of the loans has been reduced through a preferential rate (interest free) and a benefit was provided to the employees.

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 9. LOANS TO EMPLOYEES (continued)

The fair values of the loans to employees are based on cash flows discounted using a weighted average interest rate of 15.27% per annum. Management assessed that the 15.27% interest rate is a reasonable rate, being equivalent to the rate at which the employees could obtain loans from commercial banks in Khmer Riel currency for a period of four years.

The movement of loans to employees is as follows:

	<b>2017</b>
	<b>KHR'000</b>
Loans on cash	10,266,904
Less: Fair value adjustment	(2,621,824)
Loans initially measured at fair value	7,645,080
Add: Interest income from unwinding of discount rate	561,821
Less: Repayment of loans	(1,283,363)
At 31 December 2017	<u>6,923,538</u>

#### 10. INVENTORIES

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Current assets		
Consumable supplies	8,142,916	6,541,873
Combustible materials	527,098	328,594
Oil and lubricant	516,546	668,438
Provision for consumable supplies (*)	(742,994)	(742,994)
	<u>8,443,566</u>	<u>6,795,911</u>

(\*) The management reassesses the slow-moving inventory items periodically and considers the provision value remains sufficient and appropriate at the year-end date.

Inventories recognised as an expense during the year ended 31 December 2017 amounted to KHR 53,444 million (2016: KHR 48,562 million).



## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 11. TRADE AND OTHER RECEIVABLES

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Trade receivables	<u>24,314,846</u>	<u>17,487,112</u>
<i>Other receivables:</i>		
Advance to MoPWT (*)	10,550,000	5,000,000
Other advances	2,614,624	1,457,862
Withholding tax credit	961,250	888,376
Prepayments	48,407	48,407
Others	<u>1,278,268</u>	<u>222,813</u>
	<u>15,452,549</u>	<u>7,617,458</u>
	<u>39,767,395</u>	<u>25,104,570</u>

Advance to MoPWT of KHR 10,550 million (2016: KHR 5,000 million) is expected to realise more than 12 months while the remaining trade and other receivables of KHR 29,217 million (2016: KHR 20,104 million) are expected to realise within 12 months.

\* MoEF issued a letter dated 14 December 2016 requesting PAS to make cash advances to the Ministry of Public Works and Transport ("MoPWT") in order to renovate and widen certain parts of National Road No.4 in Sihanoukville province. As of 31 December 2017, PAS has made cash advances of KHR 12,850 million. In a letter from MoEF to PAS dated 08 September 2017, cash advances will be settled by deduction of dividend distribution in the future. As at 31 December 2017, the dividend distribution amounting to KHR 2,300 million was settled against the advances to MoPWT.

PAS's customers are local and international shipping lines and shipping agents. An allowance for impairment is provided in full for amounts that are overdue for more than one year.

The maximum exposure to credit risk at the reporting date is the carrying value of each receivable mentioned above less allowance for uncollectable advance.

- (a) All trade receivables are neither past due nor impaired.
- (b) Other receivables are neither past due nor impaired except for certain advances. Their age is more than one year and allowance for uncollectible advances was provided in full amount.

#### 12. SHORT-TERM BANK DEPOSITS

This represents fixed deposits placed with financial institutions for a period of between four to twelve months, earning interest at rates ranging from 3.50% to 6.00% (2016: 3.50% to 6.00%) per annum.

**SIHANOUKVILLE AUTONOMOUS PORT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**13. CASH AND CASH EQUIVALENTS**

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Current assets		
Cash on hand	1,275,252	1,986,286
Cash at banks	<u>49,805,977</u>	<u>32,665,318</u>
	<u>51,081,229</u>	<u>34,651,604</u>

Cash at banks are deposited in local commercial banks. The current accounts carry no interest.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE FINANCIAL STATEMENTS  
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14. SHARE CAPITAL AND SHARE PREMIUM

	Class A share		Class B share		Class C share		Share premium	Capital	Total
	Number	KHR'000	Number	KHR'000	Number	KHR'000	KHR'000	KHR'000	KHR'000
<b>Year ended 31 December 2016</b>									
At 1 January 2016	-	-	-	-	-	-	-	428,859,836	428,859,836
At 31 December 2016	-	-	-	-	-	-	-	428,859,836	428,859,836
<b>Year ended 31 December 2017</b>									
At 1 January 2017	-	-	-	-	-	-	-	428,859,836	428,859,836
Conversion of capital to shares (a)	364,530,861	364,530,861	64,328,975	64,328,975	-	-	-	(428,859,836)	-
Proceeds from new shares issued (b)	-	-	-	-	21,442,992	21,442,992	67,715,235	-	89,158,227
At 31 December 2017	364,530,861	364,530,861	64,328,975	64,328,975	21,442,992	21,442,992	67,715,235	-	518,018,063

- (a) According to Article 5 of the Articles of Incorporation dated 21 February 2017, the existing capital of KHR 428,859,836,000 were allocated into 364,531,861 class A shares and 64,328,975 class B shares with a par value of KHR 1,000 per share. Both class A shares and class B shares are controlled by the Royal Government of Cambodia represented by MoEF. Class A shares are not entitled to any dividend payment and have no voting rights except for conditions as detailed in article 9 of the Articles of Incorporation dated 21 February 2017. Class B shares have voting rights and are entitled to dividend as approved by the Board of Directors.

**SIHANOUKVILLE AUTONOMOUS PORT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. SHARE CAPITAL AND SHARE PREMIUM (continued)**

(b) The details of class C shares are as follows:

<b>Shareholders</b>	<b>Number of shares</b>
Japan International Cooperation Agency (JICA)	11,579,216
Employee share option scheme	2,144,299
Other investors	<u>7,719,477</u>
	<u>21,442,992</u>

On 8 June 2017, PAS was successfully listed on the Cambodia Securities Exchange (CSX). The number of new share issued in class C shares are 21,442,992 shares with a par value of KHR 1,000 per share, at an offering price of KHR 5,040 per share. All issued class C shares were fully paid.

	<b>2017 KHR'000</b>
<b>At 1 January</b>	-
Proceed from new class C shares issued	108,072,680
Transaction costs	<u>(4,733,611)</u>
Cash proceed – net	103,339,069
Reclassification to guaranteed dividend payables	(14,180,842)
Reclassification to share premium	<u>(67,715,235)</u>
<b>At 31 December</b>	<u>21,442,992</u>

As an incentive to public investors, class C shareholders (all carried voting rights) are entitled to receive a minimum guaranteed dividend yield of 5% per annum for 3 years (either in cash or in share in which the choice of settlement is made by PAS only) of the total class C shares multiplied by the offering price from the IPO listing date in June 2017. If settlement mode of dividend payment in shares, it is based on the closing market price of shares before ex-dividend day. No fixed number of share is guaranteed (only variable number of share). In case of having sufficient funds, the Directors shall declare and pay dividends to its investors within twelve months from the IPO listing date. In case that the minimum guaranteed dividend is not fully paid/distributed for any fiscal year, the remaining amount shall be accumulated/accrued to the next years until the minimum guaranteed dividend payment is viable.

The present value of minimum guaranteed dividends amount is KHR 14,180 million (at initial recognition) expected to be paid for three years from the listing date. The government, shareholder of class B voting shares and class A non-voting shares, is not entitled to receive the minimum guaranteed dividend.

**SIHANOUKVILLE AUTONOMOUS PORT**

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**14. SHARE CAPITAL AND SHARE PREMIUM (continued)**

(b) The details of class C shares are as follows: (continued)

The movement of guaranteed dividend payables is as follows:

	<b>2017</b>
	<b>KHR'000</b>
At 1 January	-
Initially recognised at present value	14,180,843
Interest expenses from winding up (Note 26)	<u>579,051</u>
At 31 December	<u>14,759,894</u>

**15. OTHER RESERVES**

Article 34 of the Article of Incorporation dated 21 February 2017 stipulates that PAS's profit, after offsetting losses carried forward (if any), is allocated to general and legal reserves.

**16. BORROWINGS**

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Borrowings from:		
MoEF – (JICA) – Loan No. CP-P3	85,094,491	89,055,556
MoEF – (JBIC) – Loan No. CP-P4	127,055,028	134,520,299
MoEF – (JBIC) – Loan No. CP-P6	8,517,311	8,709,121
MoEF – (JBIC) – Loan No. CP-P8	126,754,757	122,963,860
MoEF – (JBIC) – Loan No. CP-P10	<u>177,813,295</u>	<u>124,530,271</u>
	<u>525,234,882</u>	<u>479,779,107</u>

MoEF signed borrowing agreements with JICA and JBIC in respect of the transactions relating to PAS. PAS also signed borrowing agreements with MoEF where borrowings are disbursed by JICA and JBIC directly to the suppliers of PAS. Repayments of borrowings are made by PAS directly to MoEF according to the repayment schedules.

The maturity dates of these borrowings are as follows:

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>Current</b>		
Not later than one year	<u>21,697,576</u>	<u>16,543,735</u>
<b>Non-current</b>		
Later than one year but not later than two years	18,677,861	20,294,878
Later than two year but not later than five years	77,615,317	76,070,328
Later than five years	<u>407,244,128</u>	<u>366,870,166</u>
	<u>503,537,306</u>	<u>463,235,372</u>
	<u>525,234,882</u>	<u>479,779,107</u>

**SIHANOUKVILLE AUTONOMOUS PORT**

**NOTES TO THE FINANCIAL STATEMENTS  
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**16. BORROWINGS** (continued)

The carrying amounts and fair values of the current and non-current borrowings are as follows:

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Carrying value		
Current portion	21,697,576	16,543,735
Non-current portion	503,537,306	463,235,372
Fair value		
Current portion	18,383,339	14,101,501
Non-current portion	362,191,764	361,141,358

The fair values were calculated based on cash flows discounted using a current lending rate. It are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Borrowings denominated in other currencies other than functional currency are as follows:

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
JPY	398,179,854	345,258,807
US\$	127,055,028	134,520,300
	<u>525,234,882</u>	<u>479,779,107</u>

The term of all borrowings is 30 years and the interest rates per annum for each borrowing is as follows:

	<b>2017</b>	<b>2016</b>
MoEF – (JICA) – Loan No. CP-P3	3.00%	3.00%
MoEF – (JBIC) – Loan No. CP-P4	3.70%	3.70%
MoEF – (JBIC) – Loan No. CP-P6	3.00%	3.00%
MoEF – (JBIC) – Loan No. CP-P8	3.00%	3.00%
MoEF – (JBIC) – Loan No. CP-P10	2.50%	2.50%



**SIHANOUKVILLE AUTONOMOUS PORT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**17. RETIREMENT BENEFIT OBLIGATIONS**

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

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Non-current liabilities		
Present value of defined benefit obligations	41,008,255	40,301,411
Unfunded status	41,008,255	40,301,411
Net liability recognised	<u>41,008,255</u>	<u>40,301,411</u>

The movement in the defined benefit obligation over the year is as follows:

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
As at 1 January	40,301,411	39,496,788
Current service cost	1,148,000	1,195,000
Interest cost	3,006,000	2,870,000
Benefits paid	<u>(3,447,156)</u>	<u>(3,260,377)</u>
As at 31 December	<u>41,008,255</u>	<u>40,301,411</u>

The amounts recognised in profit or loss are as follows:

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Current service cost	1,148,000	1,195,000
Interest cost	<u>3,006,000</u>	<u>2,870,000</u>
Total, including salaries, wages and related expenses (Note 22)	<u>4,154,000</u>	<u>4,065,000</u>

The principal actuarial assumptions were as follows:

	<b>2017</b>	<b>2016</b>
Average expected future working years	20	20
Discount rate	7%	7%
Salary growth rate	5%	5%

*Mortality rates*

In the absence of published mortality rates in Cambodia, PAS used the 2008 Thailand mortality table modified to fit Cambodian life expectancy. The 2008 Thailand mortality table is the latest published mortality table in Thailand and has remained consistent as at 31 December 2017.

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 18. DEFERRED INCOME

PAS leased out pieces of land at its Sihanouk Special Economic Zone under a 50-year operating lease. The prepayment is credited to profit or loss on a straight line basis over the lease term.

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
At 1 January	6,061,556	6,214,725
Additions	232,109	-
Credited to profit or loss	(367,585)	(133,837)
Currency translation differences	2,255	(19,332)
	<u>5,928,335</u>	<u>6,061,556</u>

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Current portion	133,221	133,221
Non-current portion	5,795,114	5,928,335
	<u>5,928,335</u>	<u>6,061,556</u>

#### 19. TRADE AND OTHER PAYABLES

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Trade payables (*)	22,141,725	5,862,739
Accrued bonuses	8,590,721	7,064,067
Value added tax payable	1,065,163	1,087,257
Deposits from customers	1,231,327	939,243
Salary tax payable	300,422	285,521
Other liabilities	2,559,142	475,060
	<u>13,746,775</u>	<u>9,851,148</u>
	<u>35,888,500</u>	<u>15,713,887</u>

Deposits from customers of KHR 1,231 million (2016: KHR 939 million) are expected to settle more than 12 months while the remaining trade and other payables of KHR 34,657 million (2016: KHR 14,775 million) are expected to settle within 12 months.

(\*) Included in trade payables, there is an outstanding payable of KHR'000 18,646,903 for purchases of sea port equipment.

**SIHANOUKVILLE AUTONOMOUS PORT****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017****20. REVENUE**

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Port revenue	218,148,991	203,087,678
Rental revenue from SEZ	2,848,180	2,301,551
Other revenue	6,400,664	3,592,020
	<u>227,397,835</u>	<u>208,981,249</u>

**21. CONSUMABLE SUPPLIES**

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Combustible expenses	30,432,024	22,125,156
Spare parts	12,710,820	16,520,260
Warehouse supplies	5,652,106	4,058,018
Oil and lubricant	2,800,039	2,705,186
Office supplies	1,819,761	2,226,721
Other consumables	974,905	966,740
	<u>54,389,655</u>	<u>48,602,081</u>

**22. SALARIES, WAGES AND RELATED EXPENSES**

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Employee salaries	44,692,571	40,514,055
Bonuses	8,637,281	7,074,697
Retirement benefit costs (Note 17)	4,154,000	4,065,000
Directors' remuneration	1,523,355	1,014,920
Social security expenses	273,277	329,006
Wages for contractors	139,894	1,344,312
Other employee-related expenses	2,214,508	1,035,454
	<u>61,634,886</u>	<u>55,377,444</u>

**SIHANOUKVILLE AUTONOMOUS PORT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**23. DEPRECIATION AND AMORTISATION CHARGES**

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Property and equipment (Note 6)	18,110,150	15,126,887
Investment properties (Note 7)	6,071,873	6,059,883
Intangible assets (Note 8)	1,057,913	992,738
	<u>25,239,936</u>	<u>22,179,508</u>

**24. OTHER EXPENSES**

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Contributions and donations (*)	7,654,112	5,529,088
Special Economic Zone (SEZ) operating expenses	3,316,943	2,718,513
Receptions and hospitalities	2,937,219	3,485,485
Administrative expenses	2,702,934	2,585,853
Training, workshops and seminars	1,219,676	1,201,339
Missions	1,094,676	986,384
Publications	944,051	678,020
Post services	700,943	659,075
Professional and related costs	512,397	704,035
Utilities	185,099	189,860
Equipment rental	176,096	144,272
Health-care supplies	169,278	169,397
Other taxes	192,210	1,531,460
Other expenses	91,513	39,018
	<u>21,897,147</u>	<u>20,621,799</u>

(\*) Included in contributions and donations expenses, the social contribution amounted to KHR 1,983 million (31 December 2016: Nil) representing 7% of PAS's profit (management accounts) in accordance with article 34 of the Articles of Incorporation dated 21 February 2017.

**25. OTHER LOSSES – NET**

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Foreign exchange gains	1,326,339	1,321,825
Foreign exchange losses	<u>(2,013,914)</u>	<u>(2,960,848)</u>
Foreign exchange losses – net	<u>(687,575)</u>	<u>(1,639,023)</u>

**SIHANOUKVILLE AUTONOMOUS PORT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**26. FINANCE COSTS – NET**

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Finance income:		
Interest income on bank deposits (a)	1,413,263	293,648
Interest income from unwinding of discount of loans to employees	561,821	-
	<u>1,975,084</u>	<u>293,648</u>
Financial costs:		
Interest expenses on borrowings (b)	(11,185,401)	(12,055,546)
Net exchange losses on foreign currency borrowings (c)	(10,762,340)	(7,006,598)
Interest expenses from winding up guaranteed dividend payables	(579,051)	-
	<u>(22,526,792)</u>	<u>(19,062,144)</u>
Finance cost – net	<u>(20,551,708)</u>	<u>(18,768,496)</u>

- (a) Interest income represents interest earned from savings and fixed deposit accounts held at local banks during the year.
- (b) Interest expenses represent the interest charges on borrowings obtained from the MoEF, which are funded through borrowings obtained from JICA and JBIC.
- (c) PAS has the borrowings (Note 16) which are denominated in Japanese yen (JPY) and US dollar (USD). Given the depreciation in KHR against JPY, this resulted in significant exchange losses on its borrowings denominated in JPY. The exchange rates are published by the National Bank of Cambodia at the end of reporting period as below.

	<b>2017</b>	<b>2016</b>	<b>2015</b>
JPY/KHR	35.92	34.85	33.79
USD/KHR	4,037	4,037	4,050

**27. INCOME TAX EXPENSE**

**(a) Income tax expense**

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Current income tax	4,308,799	9,125,703
Deferred tax	7,617,200	-
Adjustments for current tax of prior year	789,317	-
Income tax expense	<u>12,715,316</u>	<u>9,125,703</u>

**SIHANOUKVILLE AUTONOMOUS PORT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**27. INCOME TAX EXPENSE** (continued)

**(b) Reconciliation of income tax and accounting profit**

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Accounting profit before income tax	37,854,632	35,846,175
Income tax expenses (*)	3,785,463	7,169,235
Tax effect in respect of non-deductible expenses	523,336	1,956,468
	<u>4,308,799</u>	<u>9,125,703</u>
Current income tax	<u>4,308,799</u>	<u>9,125,703</u>

(\*) Under the Cambodian tax regulations, PAS is subject to 20% Income Tax. According to ANUKRET No.01 ANKR.TT dated 1 January 2015, PAS is entitled to a three-year tax incentive given by the Securities Exchange Commission of Cambodia. As PAS was listed in the CSX in June 2017, the incentive is a reduction of 50% of amount of tax on profit to be paid for the year ended 31 December 2017.

**(c) Deferred tax balances**

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Deferred tax assets	16,572,680	8,442,175
Deferred tax liabilities	<u>(24,189,880)</u>	<u>(8,442,175)</u>
Deferred tax liabilities – net	<u>(7,617,200)</u>	-

The movement of deferred tax balances:

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
At 1 January 2016	-	-
Charged to profit or loss	<u>(7,617,200)</u>	-
At 31 December 2017	<u>(7,617,200)</u>	-



SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

27. INCOME TAX EXPENSE (continued)

(c) Deferred tax balances (continued)

i. Deferred tax assets

	Post- employment benefit KHR'000	Accrued bonus KHR'000	Deferred income KHR'000	Taxable loss carried forward from SEZ KHR'000	Total KHR'000
<b>At 1 January 2016</b>	-	-	-	-	-
Credited to profit or loss	8,060,282	160,804	221,089	-	8,442,175
<b>At 31 December 2016</b>	<u>8,060,282</u>	<u>160,804</u>	<u>221,089</u>	<u>-</u>	<u>8,442,175</u>
Credited to profit or loss	141,369	1,705,939	964,578	5,318,619	8,130,505
<b>At 31 December 2017</b>	<u>8,201,651</u>	<u>1,866,743</u>	<u>1,185,667</u>	<u>5,318,619</u>	<u>16,572,680</u>

ii. Deferred tax liabilities

	Accelerated depreciation and amortisation KHR'000	Total KHR'000
<b>At 1 January 2016</b>	-	-
Charged to profit or loss	(8,442,175)	(8,442,175)
<b>At 31 December 2016</b>	<u>(8,442,175)</u>	<u>(8,442,175)</u>
Charged to profit or loss	(15,747,705)	(15,747,705)
<b>At 31 December 2017</b>	<u>(24,189,880)</u>	<u>(24,189,880)</u>

For the year ended 31 December 2016, PAS recognised a deferred tax asset to the extent of its deferred tax liability and the remaining (net) deferred tax asset was not recognised due to an absence of tax planning opportunities available to PAS that will create taxable profit in future periods.

(d) Other tax matters

PAS's tax returns are subject to periodic examination by the respective tax authorities. Some areas of tax laws and regulations may be open to different interpretation; therefore tax amounts reported in the financial statements could be changed at a later date, upon final determination by the respective tax authorities.

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 28. EARNINGS PER SHARE

##### i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of PAS by the weighted average number of ordinary shares in issue during the year.

	<u>2017</u>	<u>2016</u>
Profit attributable to shareholders (KHR'000)	25,139,316	26,720,472
Weighted average number of shares	76,551,480	64,328,975
Basic earnings per share (KHR'000)	<u>328.40</u>	<u>415.37</u>

##### ii) Diluted earnings per share

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

#### 29. CASH GENERATED FROM OPERATIONS

	<u>2017</u> <u>KHR'000</u>	<u>2016</u> <u>KHR'000</u>
Profit before taxation	37,854,632	35,846,175
<i>Adjustments for:</i>		
Depreciation and amortisation charges	25,239,936	22,179,508
Finance costs – net	20,551,708	18,768,496
Retirement benefit obligation expenses	4,154,000	4,065,000
Other employees related expenses from loans to employees	327,728	-
<i>Changes in working capital:</i>		
Inventories	(1,647,655)	(2,641,064)
Trade and other receivables	(11,224,071)	(4,365,145)
Trade and other payables	1,527,710	4,815,442
Deferred income	(133,221)	(153,169)
Cash generated from operations	<u>76,650,767</u>	<u>78,515,243</u>

**SIHANOUKVILLE AUTONOMOUS PORT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**29. CASH GENERATED FROM OPERATIONS (continued)**

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Cash and cash equivalents	51,081,229	34,651,604
Short-term bank deposits	73,194,201	13,479,228
Borrowings – repayable within one year	(21,697,576)	(16,543,735)
Borrowings – repayable after one year	(503,537,306)	(463,235,372)
<b>Net debt</b>	<b>(400,959,452)</b>	<b>(431,648,275)</b>
Cash and short-term bank deposits	124,275,430	48,130,832
Gross debt – fixed interest rates	(525,234,882)	(479,779,107)
<b>Net debt</b>	<b>(400,959,452)</b>	<b>(431,648,275)</b>

	<b>Other assets</b>		<b>Liabilities from financing activities</b>		<b>Total</b>
	<b>Cash and cash equivalents</b>	<b>Short-term bank deposits</b>	<b>Borrowings due within 1 year</b>	<b>Borrowings due after 1 year</b>	
	<b>KHR'000</b>	<b>KHR'000</b>	<b>KHR'000</b>	<b>KHR'000</b>	<b>KHR'000</b>
<b>Net debt at 1 January 2017</b>	34,651,604	13,479,228	(16,543,735)	(463,235,372)	(431,648,275)
Cash flows	16,429,625	59,714,973	16,884,568	(40,392,602)	52,636,564
Foreign exchange differences	-	-	(340,833)	(10,421,507)	(10,762,340)
Other non-cash movements	-	-	(21,697,576)	10,512,175	(11,185,401)
<b>Net debt at 31 December 2017</b>	<b>51,081,229</b>	<b>73,194,201</b>	<b>(21,697,576)</b>	<b>(503,537,306)</b>	<b>(400,959,452)</b>

## SIHANOUKVILLE AUTONOMOUS PORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 30. RELATED-PARTY TRANSACTIONS

##### *(a) Related party transactions and balances*

PAS is under the financial supervision of the MoEF and the technical supervision of the MoPWT.

Significant related party transactions and balances with MoPWT in respect of advances and with the MoEF with respect to borrowings are disclosed in Note 11 and Note 16, respectively.

##### *(b) Key management compensation*

Key management compensation for the year ended is as follows:

	<b>2017</b>	<b>2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>Board of Directors</b>		
Salaries, fees and related expenses	1,396,800	349,200
<b>Key management personnel</b>		
Short-term employee benefits	1,785,437	1,507,874
Post-employment benefits (*)	165,949	151,293

Key management personnel comprise of Chief Executive Officer and Executive Directors who make strategic decisions over PAS's direction, financial and operational performances.

(\*) It presents retirement benefit scheme which is operated at entity wide which key management personnel are also entitled to the benefit scheme the same as other employees of PAS.

##### *(c) Loan to key management*

PAS provided loans to employees including key management and Board of Directors to buy its class C shares at the Initial Public Offering on 8 June 2017. Loan is interest free and has term of four years. Loan will be repaid on monthly basis by deducting from the monthly salaries of the key management (Note 9). As at 31 December 2017, outstanding loans to the key management were KHR 3,902 million.

#### 31. COMMITMENTS

As at 31 December 2017, PAS had outstanding capital expenditure commitment of KHR 52,608 million for its purchase of property and equipment to be paid in various stages until 2018.