

SIHANOUKVILLE AUTONOMOUS PORT

**CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

SIHANOUKVILLE AUTONOMOUS PORT

CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

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Report on review of condensed interim financial information

To the shareholders of Sihanoukville Autonomous Port

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Sihanoukville Autonomous Port as at 30 September 2017, the related condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2017, and the related condensed interim statements of changes in equity and cash flows for the nine-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Cambodian International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, 'Interim financial reporting'.

Other matter

The comparative information for the interim statement of financial position is based on the audited financial statements as at 31 December 2016. The comparative information for the interim statements of profit or loss and other comprehensive income, interim statement of changes in equity and interim statement of cash flows, and related notes to the condensed interim financial information, for the three-month and nine-month periods ended 30 September 2016 has not been audited or reviewed.

For PricewaterhouseCoopers (Cambodia) Ltd.


By Lang Hy
Partner



Phnom Penh, Kingdom of Cambodia
Date: 15 November 2017

SIHANOUKVILLE AUTONOMOUS PORT

INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

		30 September 2017 KHR'000 <i>(Reviewed but unaudited)</i>	31 December 2016 KHR'000 <i>(Audited)</i>
	Note		
ASSETS			
Non-current assets			
Property and equipment	7	798,042,595	734,743,792
Investment properties	8	256,051,771	259,135,950
Intangible assets	9	8,823,420	9,020,592
Loans to employees	10	5,733,056	-
		<u>1,068,650,842</u>	<u>1,002,900,334</u>
Current assets			
Loans to employees	10	1,558,104	-
Inventories	11	6,389,361	6,795,911
Trade and other receivables	12	34,779,840	25,104,570
Short-term bank deposits	13	73,339,993	13,479,228
Cash and cash equivalents	14	75,849,317	34,651,604
		<u>191,916,615</u>	<u>80,031,313</u>
Total assets		<u><u>1,260,567,457</u></u>	<u><u>1,082,931,647</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital and share premium	15	518,018,063	428,859,836
Other reserves	16	17,641,914	14,969,867
Retained earnings		101,626,310	90,783,308
Total equity		<u>637,286,287</u>	<u>534,613,011</u>
LIABILITIES			
Non-current liabilities			
Borrowings	17	497,912,195	463,235,372
Retirement benefit obligations	18	40,756,124	40,301,411
Guaranteed dividend payable	15(b)	8,777,209	-
Deferred tax liabilities		4,478,146	-
Deferred income	19	5,845,579	5,928,335
		<u>557,769,253</u>	<u>509,465,118</u>
Current liabilities			
Guaranteed dividend payable	15(b)	5,403,634	-
Income tax liabilities		3,320,689	6,462,675
Trade and other payables	20	31,815,855	15,713,887
Borrowings	17	24,753,751	16,543,735
Deferred income	19	217,988	133,221
		<u>65,511,917</u>	<u>38,853,518</u>
Total liabilities		<u>623,281,170</u>	<u>548,318,636</u>
Total equity and liabilities		<u><u>1,260,567,457</u></u>	<u><u>1,082,931,647</u></u>

The accompanying notes on pages 6 to 29 are an integral part of this condensed interim financial information.

SIHANOUKVILLE AUTONOMOUS PORT

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2017

		Three-month period ended		Nine-month period ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
		KHR'000	KHR'000	KHR'000	KHR'000
		<i>(Reviewed but unaudited)</i>	<i>(Unreviewed and unaudited)</i>	<i>(Reviewed but unaudited)</i>	<i>(Unreviewed and unaudited)</i>
Revenue	21	60,393,682	53,796,766	164,554,835	155,866,077
EXPENSES					
Consumable supplies	22	(14,406,968)	(13,042,251)	(39,470,338)	(32,462,359)
Salaries, wages and related expenses	23	(18,040,506)	(13,821,764)	(42,731,891)	(41,499,583)
Depreciation and amortisation	24	(6,830,749)	(5,549,141)	(18,381,937)	(16,554,731)
Repairs and maintenances		(739,952)	(1,489,138)	(3,290,312)	(4,537,297)
Other expenses	25	(4,909,051)	(4,882,534)	(15,641,162)	(15,834,199)
Other (losses)/gains – net	26	(188,592)	(892,648)	71,447	(771,545)
		<u>(45,115,818)</u>	<u>(39,677,476)</u>	<u>(119,444,193)</u>	<u>(111,659,714)</u>
Operating profit		15,277,864	14,119,290	45,110,642	44,206,363
Finance income		901,624	134,071	1,007,282	160,036
Finance (costs)/income		1,735,890	(7,809,685)	(23,168,984)	(72,599,350)
Finance costs – net	27	<u>2,637,514</u>	<u>(7,675,614)</u>	<u>(22,161,702)</u>	<u>(72,439,314)</u>
PROFIT/(LOSS) BEFORE INCOME TAX		17,915,378	6,443,676	22,948,940	(28,232,951)
Income tax expense	28	<u>(2,108,874)</u>	<u>(2,762,221)</u>	<u>(9,433,891)</u>	<u>(8,081,055)</u>
PROFIT/(LOSS) FOR THE PERIOD		15,806,504	3,681,455	13,515,049	(36,314,006)
Other comprehensive income					
Items that will not be reclassified to profit or loss:		-	-	-	-
Total comprehensive income for the period		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit attributable to shareholders		<u>15,806,504</u>	<u>3,681,455</u>	<u>13,515,049</u>	<u>(36,314,006)</u>
Total comprehensive income attributable to shareholders		<u>15,806,504</u>	<u>3,681,455</u>	<u>13,515,049</u>	<u>(36,314,006)</u>

The earnings per share (expressed in KHR'000) attributable to shareholders of PAS during the period are as follows:

Basic earnings per share	29	<u>184.29</u>	<u>57.23</u>	<u>184.29</u>	<u>(564.50)</u>
Diluted earnings per share	29	<u>184.29</u>	<u>57.23</u>	<u>184.29</u>	<u>(564.50)</u>

The accompanying notes on pages 6 to 29 are an integral part of this condensed interim financial information.

SIHANOUKVILLE AUTONOMOUS PORT

INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

	Attributable to shareholders			
	Share Capital and share premium KHR'000	Other reserves KHR'000	Retained earnings KHR'000	Total KHR'000
<i>Nine-month period ended 30 September 2016 (Unreviewed and unaudited)</i>				
Balance at 1 January 2016	428,859,836	12,245,405	69,087,298	510,192,539
Loss for the period	-	-	(36,314,006)	(36,314,006)
Total comprehensive income for the period	-	-	(36,314,006)	(36,314,006)
Dividend paid	-	-	(1,300,000)	(1,300,000)
Balance at 30 September 2016 (Unreviewed and unaudited)	428,859,836	12,245,405	31,473,292	472,578,533
<i>Nine-month period ended 30 September 2017 (Reviewed but unaudited)</i>				
Balance at 1 January 2017	428,859,836	14,969,867	90,783,308	534,613,011
Profit for the period	-	-	13,515,049	13,515,049
Total comprehensive income for the period	-	-	13,515,049	13,515,049
Proceeds from shares issued	89,158,227	-	-	89,158,227
Transfer to reserves	-	2,672,047	(2,672,047)	-
Balance at 30 September 2017 (Reviewed but unaudited)	518,018,063	17,641,914	101,626,310	637,286,287

The accompanying notes on pages 6 to 29 are an integral part of this condensed interim financial information.

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INTERIM STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

	Note	Nine-month period ended	
		30 September 2017	30 September 2016
		KHR'000 <i>(Reviewed but unaudited)</i>	KHR'000 <i>(Unreviewed and unaudited)</i>
Cash flows from operating activities			
Cash generated from operations	30	57,797,587	62,113,936
Income tax paid		(8,097,731)	(5,765,321)
Retirement benefit obligations paid	18	(2,660,787)	(2,427,197)
Cash generated from operating activities		47,039,069	53,921,418
Cash flows from investing activities			
Purchases of property, plant and equipment	7	(57,616,796)	(65,898,756)
Purchases of investment properties	8	(1,466,763)	(581,162)
Purchases of intangible assets	9	(595,023)	(729,388)
Loans to employees		(10,266,904)	-
Receipts of principal repayment from loans to employees		641,681	-
Placements of short-term bank deposits		(59,860,765)	(322,615)
Interest received		266,289	267,726
Cash used in investing activities		(128,898,281)	(67,264,195)
Cash flows from financing activities			
Proceeds from shares issued		103,339,070	-
Dividends paid		-	(1,300,000)
Proceeds from borrowings		37,919,496	23,461,731
Repayments of borrowings		(10,403,161)	(14,152,635)
Interest paid		(7,798,480)	(5,961,768)
Cash generated from financing activities		123,056,925	2,047,328
Net increase/(decrease) in cash and cash equivalents		41,197,713	(11,295,449)
Cash and cash equivalents at beginning of the period		34,651,604	45,229,804
Cash and cash equivalents at end of the period		75,849,317	33,934,355

For cash and non-cash transactions relating to the purchase of property, plant and equipment, please refer to Note 7.

The accompanying notes on pages 6 to 29 are an integral part of this condensed interim financial information.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

1. GENERAL 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 has been registered with the Ministry of Commerce under the registration number Co.4784 ET/2017, dated 21 February 2017 and its shares of Class C are 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 to provide the following sea port services and sea port related services which include:

- bringing vessels in and out and provide 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; and
- committing to manage and organize the operational activities to be effective and progressive

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 condensed interim financial information was approved for issue by the Board of Directors on 15 November 2017.

These condensed interim financial information for the nine-month period ended 30 September 2017 have been reviewed, not audited.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

2. BASIS OF PREPARATION

This condensed interim financial information for the nine-month period ended 30 September 2017 has been prepared in accordance with Cambodian International Accounting Standard 34 - Interim financial reporting (CIAS 34).

This condensed interim financial information does not include all the notes of the type normally included in the annual audited financial statements. Accordingly, this report is to be read in conjunction with the annual audited financial statements for the year ended 31 December 2016, which have been prepared in accordance with Cambodian International Financial Reporting Standards (CIFRS). The significant accounting policies used in preparing the condensed interim financial information are consistent with the significant accounting policies used in the preparation of the 2016 audited financial statements.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied and methods of computation used in the preparation of the condensed interim financial information are consistent with those used in the financial statements for the year ended 31 December 2016.

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

CIFRS (Amendments)	Annual Improvements to CIFRS Standards 2014-2016 Cycle
CIAS 7	Disclosure Initiatives – Amendment to CIAS 7
CIAS 12	Recognition of Deferred Tax Assets for Unrealised Losses – Amendment to CIAS 12
CIAS 40	Transfers of Investment Property – Amendments to CIAS 40

The adoption of these amendments has no significant impact on the results and financial position of PAS.

4. MANAGEMENT ESTIMATES

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the PAS's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2016.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

5. FINANCIAL RISK MANAGEMENT

5.1 *Financial risk factors*

PAS's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with PAS's financial statements for the year ended 31 December 2016.

5.2 *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) *Borrowings* – The fair value of borrowings is estimated by discounting the future contractual cash flows using a prevailing borrowing rate at period-end.

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).

There were no transfers between different levels of the fair value hierarchy during the period.

6. 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 8.

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

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

7. PROPERTY AND EQUIPMENT

	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	Seaport equipment KHR'000	Construction in progress KHR'000	Packaging material KHR'000	Total KHR'000
At 31 December 2016													
Cost	252,045,640	48,907,640	231,484,176	114,290,576	22,450,241	1,288,795	2,061,362	6,491,508	25,580,998	236,490,921	166,182,526	1,260,684	1,108,535,067
Accumulated depreciation	-	(23,754,880)	(74,780,122)	(113,390,629)	(15,667,902)	(824,853)	(1,634,424)	(3,151,544)	(16,928,879)	(122,663,590)	-	(994,452)	(373,791,275)
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>463,942</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>266,232</u>	<u>734,743,792</u>
<i>Nine-month period ended 30 September 2017 (Reviewed but unaudited)</i>													
Opening net book amount	252,045,640	25,152,760	156,704,054	899,947	6,782,339	463,942	426,938	3,339,964	8,652,119	113,827,331	166,182,526	266,232	734,743,792
Additions	-	952,413	516,330	-	-	-	119,560	97,935	4,328,961	-	70,053,043	269,361	76,337,603
Transfer in/(out)	-	-	-	-	679,713	-	-	-	-	90,377,289	(91,057,002)	-	-
Depreciation charges	-	(779,299)	(3,554,282)	(72,791)	(1,016,715)	(43,566)	(210,713)	(874,787)	(833,811)	(5,404,564)	-	(248,272)	(13,038,800)
Closing net book amount	<u>252,045,640</u>	<u>25,325,874</u>	<u>153,666,102</u>	<u>827,156</u>	<u>6,445,337</u>	<u>420,376</u>	<u>335,785</u>	<u>2,563,112</u>	<u>12,147,269</u>	<u>198,800,056</u>	<u>145,178,567</u>	<u>287,321</u>	<u>798,042,595</u>
At 30 September 2017													
Cost	252,045,640	49,860,053	232,000,506	114,290,576	23,129,954	1,288,795	2,180,922	6,589,443	29,909,959	326,868,210	145,178,567	1,530,045	1,184,872,670
Accumulated depreciation	-	(24,534,179)	(78,334,404)	(113,463,420)	(16,684,617)	(868,419)	(1,845,137)	(4,026,331)	(17,762,690)	(128,068,154)	-	(1,242,724)	(386,830,075)
Net book amount <i>(Reviewed but unaudited)</i>	<u>252,045,640</u>	<u>25,325,874</u>	<u>153,666,102</u>	<u>827,156</u>	<u>6,445,337</u>	<u>420,376</u>	<u>335,785</u>	<u>2,563,112</u>	<u>12,147,269</u>	<u>198,800,056</u>	<u>145,178,567</u>	<u>287,321</u>	<u>798,042,595</u>

Please refer to below reconciliation of cash and non-cash of additions during the period ended 30 September 2017.

	KHR'000
Cash paid for addition	57,616,796
Payable for addition (Not 20)	<u>18,720,807</u>
Total additions	<u>76,337,603</u>

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

8. INVESTMENT PROPERTIES

	Land KHR'000	Building KHR'000	Port facilities KHR'000	Road KHR'000	Water systems KHR'000	Other equipment KHR'000	Construction in progress KHR'000	Total KHR'000
At 31 December 2016								
Cost	103,014,016	71,202,663	15,858,698	12,399,516	46,502,562	28,091,881	-	277,069,336
Accumulated depreciation	-	(8,615,439)	(666,836)	(521,382)	(1,955,368)	(6,174,361)	-	(17,933,386)
Net book amount	<u>103,014,016</u>	<u>62,587,224</u>	<u>15,191,862</u>	<u>11,878,134</u>	<u>44,547,194</u>	<u>21,917,520</u>	<u>-</u>	<u>259,135,950</u>
<i>Nine-month period ended 30 September 2017 (Reviewed but unaudited)</i>								
Opening net book amount	103,014,016	62,587,224	15,191,862	11,878,134	44,547,194	21,917,520	-	259,135,950
Additions	89,758	763,861	-	-	-	-	613,144	1,466,763
Depreciation charges	-	(1,059,809)	(242,423)	(189,545)	(710,859)	(2,348,306)	-	(4,550,942)
Closing net book amount	<u>103,103,774</u>	<u>62,291,276</u>	<u>14,949,439</u>	<u>11,688,589</u>	<u>43,836,335</u>	<u>19,569,214</u>	<u>613,144</u>	<u>256,051,771</u>
At 30 September 2017								
Cost	103,103,774	71,966,524	15,858,698	12,399,516	46,502,562	28,091,881	613,144	278,536,099
Accumulated depreciation	-	(9,675,248)	(909,259)	(710,927)	(2,666,227)	(8,522,667)	-	(22,484,328)
Net book amount <i>(Reviewed but unaudited)</i>	<u>103,103,774</u>	<u>62,291,276</u>	<u>14,949,439</u>	<u>11,688,589</u>	<u>43,836,335</u>	<u>19,569,214</u>	<u>613,144</u>	<u>256,051,771</u>

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

8. INVESTMENT PROPERTIES (continued)

The following amounts have been recognised in the interim statement of profit or loss from the SEZ:

	Nine-month period ended	
	30 September 2017 KHR'000	30 September 2016 KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Unreviewed and unaudited)</i>
Rental revenue	2,050,443	1,518,683
Direct operating expenses arising from investment properties that generate rental revenue	(2,154,789)	(1,931,975)

9. INTANGIBLE ASSETS

	Software KHR'000	Total KHR'000
At 31 December 2016		
Cost	12,872,923	12,872,923
Accumulated amortisation	(3,852,331)	(3,852,331)
Net book amount	<u>9,020,592</u>	<u>9,020,592</u>
<i>Nine-month period ended 30 September 2017 (Reviewed but unaudited)</i>		
Opening net book amount	9,020,592	9,020,592
Additions	595,023	595,023
Amortisation charges	(792,195)	(792,195)
Closing net book amount	<u>8,823,420</u>	<u>8,823,420</u>
At 30 September 2017		
Cost	13,467,946	13,467,946
Accumulated amortisation	(4,644,526)	(4,644,526)
Net book amount <i>(Reviewed but unaudited)</i>	<u>8,823,420</u>	<u>8,823,420</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

10. LOANS TO EMPLOYEES

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 shares upon initial public offering (IPO).

	30 September 2017 KHR'000 <i>(Reviewed but unaudited)</i>
Current	1,558,104
Non-Current	5,733,056
Carrying value	<u>7,291,160</u>
Fair value	7,291,160

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 fair value adjustment to the loan balance of KHR 2,622 million was initially recognised as other assets in the interim statement of financial position and amortised to interim statement of 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.

11. INVENTORIES

	30 September 2017 KHR'000 <i>(Reviewed but unaudited)</i>	31 December 2016 KHR'000 <i>(Audited)</i>
Consumable supplies	6,198,787	6,541,873
Motor oil and lubricant	651,818	668,438
Combustible materials	281,750	328,594
Provision for consumable supplies (*)	<u>(742,994)</u>	<u>(742,994)</u>
	<u><u>6,389,361</u></u>	<u><u>6,795,911</u></u>

(*) Management reassesses the slow-moving inventory items periodically and considers the provision value remains sufficient and appropriate at the period-end date.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

12. TRADE AND OTHER RECEIVABLES

	30 September 2017 KHR'000 <i>(Reviewed but unaudited)</i>	31 December 2016 KHR'000 <i>(Audited)</i>
Trade receivables	21,397,494	17,487,112
<i>Other receivables:</i>		
Advances to MoPWT (*)	9,000,000	5,000,000
Advances	254,351	1,457,862
Withholding tax credit	945,054	888,376
Prepayments	48,583	48,407
Others	3,134,358	222,813
	13,382,346	7,617,458
	34,779,840	25,104,570

(*) MoEF issued a letter dated 14 December 2016 requesting PAS to make cash advances of KHR13,100 million 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. PAS made cash advances of KHR 5,000 million and KHR 4,000 million to MoPWT in December 2016 and in April 2017 respectively. In a letter from MoEF to MoPWT dated 08 September 2017, cash advances will be settled by deduction of dividend distribution to the future.

PAS's customers are local and international shipping lines and shipping agents.

13. SHORT-TERM BANK DEPOSITS

This represents fixed deposits placed with financial institutions for a period of between three 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 CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

14. CASH AND CASH EQUIVALENTS

	30 September 2017 KHR'000	31 December 2016 KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Audited)</i>
Cash on hand	1,663,175	1,986,286
Cash at banks		
Current accounts	<u>74,186,142</u>	<u>32,665,318</u>
	<u>75,849,317</u>	<u>34,651,604</u>

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

Trade Union for PAS's employees opened bank accounts under the name of PAS. The purpose of the Trade Union is for raising funds from individual employees to support any employees in case of other financial needs. PAS does not record this amount in its book as the fund does not belong to PAS but just held as trustee. As at the 30 September 2017, the amount held under PAS as trustee for Trade Union is KHR 302 million (31 December 2016: KHR 301 million).

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

15. SHARE CAPITAL AND SHARE PREMIUM

	Class C share		Class B share		Class A share		Share premium	Capital	Total
	Number	KHR'000	Number	KHR'000	Number	KHR'000	KHR'000	KHR'000	KHR'000
<i>Nine-month period ended 30 September 2016 (Unreviewed and unaudited)</i>									
At 1 January 2016	-	-	-	-	-	-	-	428,859,836	428,859,836
At 30 September 2016 (Unreviewed and unaudited)	-	-	-	-	-	-	-	428,859,836	428,859,836
<i>Nine-month period ended 30 September 2017 (Reviewed but unaudited)</i>									
At 1 January 2017	-	-	-	-	-	-	-	428,859,836	428,859,836
Conversion of capital to shares (a)	-	-	64,328,975	64,328,975	364,530,861	364,530,861	-	(428,859,836)	-
Proceeds from shares issued (b)	21,442,992	21,442,992	-	-	-	-	67,715,235	-	89,158,227
At 30 September 2017 (Reviewed but unaudited)	21,442,992	21,442,992	64,328,975	64,328,975	364,530,861	364,530,861	67,715,235	-	518,018,063

- (a) On 22 July 2016, the Board of Directors approved the split of the existing capital of KHR 428,859,836,000 into 364,531,861 class A shares and 64,328,975 class B shares with a par value of KHR 1,000 per share subject to all necessary regulatory approvals. 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 deemed appropriate by the Board of Directors.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

15. SHARE CAPITAL (continued)

- (b) As an incentive to public investors, Class C shareholders (carried voting rights) are entitled to receive a minimum guaranteed dividend yield of 5% per annum for 3 years (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 Initial Public Offer (IPO) 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 board 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 guarantee dividends amount is KHR 14,180 million expected to be paid for 3 years from the listing date. The government, shareholders of Class B voting shares and Class A non-voting shares, is not entitled to receive the minimum guaranteed dividend.

- (c) 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 issue price of KHR 5,040 per share. The costs of issuing 21,442,992 new shares amounting to KHR 6,597 million have been offset with the share premium. All issued class C shares are fully paid. The details of class C shares are as follows:

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

16. OTHER RESERVES

Article 13 of PAS constitution dated 22 June 2001 stipulates that PAS's profit, after offsetting losses carried forward (if any), is allocated to general and legal reserves. These reserves shall be approved by the Board of Directors before recording.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

17. BORROWINGS

	30 September 2017 KHR'000	31 December 2016 KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Audited)</i>
Borrowings from:		
MoEF – (JICA) – Loan No. CP-P3	85,162,007	89,055,558
MoEF – (JBIC) – Loan No. CP-P4	132,451,145	134,520,298
MoEF – (JBIC) – Loan No. CP-P6	8,878,959	8,709,121
MoEF – (JBIC) – Loan No. CP-P8	128,615,482	122,963,860
MoEF – (JBIC) – Loan No. CP-P10	167,558,353	124,530,270
	<u>522,665,946</u>	<u>479,779,107</u>

The maturity dates of these borrowings are as follows:

	30 September 2017 KHR'000	31 December 2016 KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Audited)</i>
Current		
Due within one year	<u>24,753,751</u>	<u>16,543,735</u>
Non-current		
Due within one to two years	23,988,066	20,294,879
Due within two to five years	81,437,100	76,070,328
Due after five years	392,487,029	366,870,165
	<u>497,912,195</u>	<u>463,235,372</u>
	<u>522,665,946</u>	<u>479,779,107</u>

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

	30 September 2017 KHR'000	31 December 2016 KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Audited)</i>
Carrying value	522,665,946	479,779,107
Fair value	511,319,373	470,977,450

The fair values of the loans are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

17. BORROWINGS (continued)

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

	30 September 2017 KHR'000	31 December 2016 KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Audited)</i>
JPY	390,214,801	345,258,809
US\$	132,451,145	134,520,298
	<u>522,665,946</u>	<u>479,779,107</u>

The term of all borrowings is thirty years and the interest rate per annum for each borrowing is as follow:

	30 September 2017 KHR'000	31 December 2016 KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Audited)</i>
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	2.50%	2.50%
MoEF – (JBIC) – Loan No. CP-P10	2.50%	2.50%

18. RETIREMENT BENEFIT OBLIGATIONS

The amount recognised in the interim statement of financial position was as follows:

	30 September 2017 KHR'000	31 December 2016 KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Audited)</i>
Present value of defined benefit obligations	40,756,124	40,301,411
Unfunded status	40,756,124	40,301,411
Net liability recognised in interim statement of financial position	<u>40,756,124</u>	<u>40,301,411</u>

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

The movement in the defined benefit obligations over the period was as follows:

	Nine-month period ended	
	30 September 2017	30 September 2016
	KHR'000	KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Unreviewed and unaudited)</i>
Beginning balance	40,301,411	39,496,788
Current service cost	861,000	896,250
Interest cost	2,254,500	2,152,500
Benefits paid	(2,660,787)	(2,427,197)
Closing balance	<u>40,756,124</u>	<u>40,118,341</u>

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

	Nine-month period ended	
	30 September 2017	30 September 2016
	KHR'000	KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Unreviewed and unaudited)</i>
Current service cost	861,000	896,250
Interest cost	2,254,500	2,152,500
	<u>3,115,500</u>	<u>3,048,750</u>

The principal actuarial assumptions were as follows:

	2017	2016
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 30 September 2017.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

19. DEFERRED INCOME

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

	Nine-month period ended	
	30 September 2017 KHR'000	30 September 2016 KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Unreviewed and unaudited)</i>
Beginning balance	6,061,556	6,214,725
Additions	232,109	-
Credited to the interim statement of profit or loss	(255,321)	(100,238)
Foreign currency differences	25,223	45,293
Closing balance	<u>6,063,567</u>	<u>6,159,780</u>
	30 September 2017 KHR'000	31 December 2016 KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Audited)</i>
Current	217,988	133,221
Non-current	<u>5,845,579</u>	<u>5,928,335</u>
	<u>6,063,567</u>	<u>6,061,556</u>

20. TRADE AND OTHER PAYABLES

	30 September 2017 KHR'000	31 December 2016 KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Audited)</i>
Trade payables (*)	<u>20,519,290</u>	<u>5,862,739</u>
Accrued bonuses	3,734,445	7,064,067
Accrued monthly salaries	3,559,353	-
Value added tax payable	1,257,984	1,087,257
Deposits from customers	1,294,216	939,243
Salary tax payable	367,228	285,521
Other liabilities	<u>1,083,339</u>	<u>475,060</u>
	<u>11,296,565</u>	<u>9,851,148</u>
	<u>31,815,855</u>	<u>15,713,887</u>

(*) Included in trade payables are the outstanding payable of KHR18,720 million to suppliers for purchases of sea port equipment received in July 2017.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

21. REVENUE

	Three-month period ended		Nine-month period ended	
	30 September 2017 KHR'000	30 September 2016 KHR'000	30 September 2017 KHR'000	30 September 2016 KHR'000
	(Reviewed but unaudited)	(Unreviewed and unaudited)	(Reviewed but unaudited)	(Unreviewed and unaudited)
Port revenue	59,509,693	53,085,054	161,891,989	153,583,009
Rental income from SEZ	664,135	612,597	2,050,443	1,518,683
Other revenue	219,854	99,115	612,403	764,385
	<u>60,393,682</u>	<u>53,796,766</u>	<u>164,554,835</u>	<u>155,866,077</u>

22. CONSUMABLE SUPPLIES

	Three-month period ended		Nine-month period ended	
	30 September 2017 KHR'000	30 September 2016 KHR'000	30 September 2017 KHR'000	30 September 2016 KHR'000
	(Reviewed but unaudited)	(Unreviewed and unaudited)	(Reviewed but unaudited)	(Unreviewed and unaudited)
Combustible expenses	7,501,233	5,592,459	22,136,426	16,144,003
Spare parts	4,847,352	4,675,406	9,794,330	10,585,097
Warehouse supplies	1,125,725	1,260,249	4,294,739	1,692,175
Motor oil and lubricant	669,817	815,766	1,917,258	2,060,757
Office supplies	262,841	208,476	1,151,280	1,407,173
Other consumables	-	489,895	176,305	573,154
	<u>14,406,968</u>	<u>13,042,251</u>	<u>39,470,338</u>	<u>32,462,359</u>

23. SALARIES, WAGES AND RELATED EXPENSES

	Three-month period ended		Nine-month period ended	
	30 September 2017 KHR'000	30 September 2016 KHR'000	30 September 2017 KHR'000	30 September 2016 KHR'000
	(Reviewed but unaudited)	(Unreviewed and unaudited)	(Reviewed but unaudited)	(Unreviewed and unaudited)
Employee salaries	12,172,203	9,999,336	32,722,093	30,378,869
Bonuses	3,781,005	1,766,017	3,781,005	5,308,680
Retirement benefit costs (Note18)	1,038,500	1,016,250	3,115,500	3,048,750
Directors' remuneration	349,200	349,200	1,174,155	665,720
Social Security Expense	54,888	260,257	196,396	388,214
Wages for contractors	37,550	45,229	107,650	125,794
Other employee-related expenses	<u>607,160</u>	<u>385,475</u>	<u>1,635,092</u>	<u>1,583,556</u>
	<u>18,040,506</u>	<u>13,821,764</u>	<u>42,731,891</u>	<u>41,499,583</u>

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

24. DEPRECIATION AND AMORTISATION CHARGES

	Three-month period ended		Nine-month period ended	
	30 September 2017 KHR'000	30 September 2016 KHR'000	30 September 2017 KHR'000	30 September 2016 KHR'000
	(Reviewed but unaudited)	(Unreviewed and unaudited)	(Reviewed but unaudited)	(Unreviewed and unaudited)
Property and equipment (Note 7)	5,045,602	3,781,320	13,038,800	11,269,932
Investment properties (Note 8)	1,519,429	1,514,971	4,550,942	4,544,912
Intangible assets (Note 9)	265,718	252,850	792,195	739,887
	<u>6,830,749</u>	<u>5,549,141</u>	<u>18,381,937</u>	<u>16,554,731</u>

25. OTHER EXPENSES

	Three-month period ended		Nine-month period ended	
	30 September 2017 KHR'000	30 September 2016 KHR'000	30 September 2017 KHR'000	30 September 2016 KHR'000
	(Reviewed but unaudited)	(Unreviewed and unaudited)	(Reviewed but unaudited)	(Unreviewed and unaudited)
Contributions and donations (*)	1,948,101	1,563,518	4,773,093	4,515,685
Administrative expenses	137,300	101,401	2,408,224	2,155,754
Reception and hospitality	780,848	786,883	2,311,535	2,289,635
Special Economic Zone (SEZ) operating expense	582,282	678,377	2,154,789	1,931,975
Training, workshops and seminars	348,319	372,614	916,062	817,452
Missions	262,155	311,328	813,972	717,767
Post services	271,679	70,814	636,798	568,624
Publications	170,277	56,808	605,112	420,315
Professional and related costs	91,877	261,570	388,599	434,347
Other taxes	179,410	463,454	189,410	1,531,460
Utilities	45,588	54,187	137,874	147,512
Equipment rental	44,186	44,267	132,095	100,259
Health-care supplies	44,135	83,634	128,188	169,397
Other expenses	2,894	33,679	45,411	34,017
	<u>4,909,051</u>	<u>4,882,534</u>	<u>15,641,162</u>	<u>15,834,199</u>

(*) Included in contributions and donations expenses are amount of KHR 835 million (30 September 2016: Nil) which represents 7% of PAS's profit as social contribution in accordance with article 34 of the Articles of Incorporation dated 21 February 2017.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

26. OTHER GAINS/(LOSSES) - NET

	Three-month period ended		Nine-month period ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	KHR'000	KHR'000	KHR'000	KHR'000
	(Reviewed but unaudited)	(Unreviewed and unaudited)	(Reviewed but unaudited)	(Unreviewed and unaudited)
Foreign exchange gains	181,664	142,200	1,252,009	1,214,732
Foreign exchange losses	(370,256)	(1,034,848)	(1,180,562)	(1,986,277)
Foreign exchange gains – net	(188,592)	(892,648)	71,447	(771,545)

27. FINANCE COSTS – NET

	Three-month period ended		Nine-month period ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	KHR'000	KHR'000	KHR'000	KHR'000
	(Reviewed but unaudited)	(Unreviewed and unaudited)	(Reviewed but unaudited)	(Unreviewed and unaudited)
Finance income:				
Net exchange gains on foreign currency borrowings (c)	-	-	-	-
Interest income on bank deposits (a)	613,862	134,071	719,520	160,036
Interest income from unwinding of discount of loan to employees	287,762	-	287,762	-
	901,624	134,071	1,007,282	160,036
Finance costs:				
Net exchange losses on foreign currency borrowings (c)	4,507,341	(6,101,768)	(14,868,361)	(64,755,994)
Interest expenses on borrowings (b)	(2,771,451)	(1,707,917)	(8,300,623)	(7,843,356)
	1,735,890	(7,809,685)	(23,168,984)	(72,599,350)
Finance income/(cost) – net	2,637,514	(7,675,614)	(22,161,702)	(72,439,314)

(a) Interest income represents interest earned from savings and fixed deposit accounts held at local banks during the period.

(b) Interest expenses represent the interest charges on subsidised loans obtained from the MoEF, which are funded through loans obtained from JICA and JBIC.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

27. FINANCE COSTS – NET (continued)

PAS has the borrowings (Note 17) which are denominated in Japanese yen (JPY) and US dollar (US\$). Given the depreciation in KHR against JPY, this resulted in significant exchange losses on its borrowings denominated in JPY. The exchange rates are based on the exchange rates published by the National Bank of Cambodia as at the end of reporting periods.

	30 September 2017	31 December 2016	30 September 2016	31 December 2015
JPY/KHR	36.22	34.85	40.6	33.79
US\$/KHR	4,053	4,037	4,080	4,050

28. INCOME TAX EXPENSE

(a) Income tax expense

	Three-month period ended		Nine-month period ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	KHR'000	KHR'000	KHR'000	KHR'000
	<i>(Reviewed but unaudited)</i>	<i>(Unreviewed and unaudited)</i>	<i>(Reviewed but unaudited)</i>	<i>(Unreviewed and unaudited)</i>
Current income tax	1,379,374	2,762,221	4,166,428	7,509,863
Recognition of deferred tax liabilities	729,500	-	4,478,146	-
Adjustments for current tax of prior periods	-	-	789,317	571,192
	<u>2,108,874</u>	<u>2,762,221</u>	<u>9,433,891</u>	<u>8,081,055</u>

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

28. INCOME TAX EXPENSE (continued)

(b) Reconciliation of income tax and accounting profit

	Three-month period ended		Nine-month period ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	KHR'000	KHR'000	KHR'000	KHR'000
	(Reviewed but unaudited)	(Unreviewed and unaudited)	(Reviewed but unaudited)	(Unreviewed and unaudited)
Accounting profit/(loss) before income tax	17,915,378	6,443,676	22,948,940	(28,232,951)
Expenses not deductible for tax purposes	(1,537,831)	67,636,753	24,239,970	75,181,263
Temporary differences	(4,235,190)	(66,365,400)	(10,804,659)	(15,495,073)
Taxable loss carry forward for SEZ	1,651,387	6,096,076	5,280,034	6,096,076
Taxable profit/(loss)	13,793,744	13,811,105	41,664,285	37,549,315
Income tax expenses at 20% (*)	1,379,374	2,762,221	4,166,428	7,509,863
Current income tax	1,379,374	2,762,221	4,166,428	7,509,863
Recognition of deferred tax liabilities	729,500	-	4,478,146	-
Adjustments for current tax of prior periods	-	-	789,317	571,192
	<u>2,108,874</u>	<u>2,762,221</u>	<u>9,433,891</u>	<u>8,081,055</u>

Tax on profit is calculated based on the current interpretation of the tax regulations. However, these regulations are subject to periodic variation and the ultimate determination of tax on profit will be made following an inspection by the General Department of Taxation.

(*) According to ANUKRET No.01 ANKR.TT dated 1 January 2015, PAS entitle to a three-year tax incentive given by the Securities Exchange Commission of Cambodia. The incentive is a reduction of 50% of tax on profit to be paid.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

28. INCOME TAX EXPENSE (continued)

(c) Deferred income tax

	Three-month period ended		Nine-month period ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	KHR'000	KHR'000	KHR'000	KHR'000
	(Reviewed but unaudited)	(Unreviewed and unaudited)	(Reviewed but unaudited)	(Unreviewed and unaudited)
Balance at the beginning of period	3,748,646	-	-	-
Charged to interim statement of profit or loss	729,500	-	4,478,146	-
Balance at the end of period	4,478,146	-	4,478,146	-

The movement in deferred tax assets and liabilities during the period is as follows:

Deferred tax assets:

	Post- employment benefit KHR'000	Provision KHR'000	Deferred income KHR'000	Taxable loss carry forward from SEZ KHR'000	Total KHR'000
At 1 January 2016	-	-	-	-	-
Credited to interim statement of profit or loss	-	-	-	-	-
At 30 September 2016 (Unreviewed and unaudited)	-	-	-	-	-
At 1 January 2017	-	-	-	-	-
Credited to interim statement of profit or loss	8,151,225	965,405	1,125,518	5,318,619	15,560,767
At 30 September 2017 (Reviewed but unaudited)	8,151,225	965,405	1,125,518	5,318,619	15,560,767

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

28. INCOME TAX EXPENSE (continued)

(c) Deferred income tax (continued)

Deferred tax liabilities:

	Accelerated depreciation and amortisation KHR'000	Total KHR'000
At 1 January 2016	-	-
Charged to interim statement of profit or loss	-	-
At 30 September 2016 (<i>Unreviewed and unaudited</i>)	-	-
At 1 January 2017	-	-
Charged to interim statement of profit or loss	(20,038,913)	(20,038,913)
At 30 September 2017 (<i>Reviewed but unaudited</i>)	(20,038,913)	(20,038,913)

29. EARNINGS/(LOSSES) PER SHARE

i) Basic earnings/(losses) 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 period.

	Three-month period ended		Nine-month period ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	(<i>Reviewed but unaudited</i>)	(<i>Unreviewed and unaudited</i>)	(<i>Reviewed but unaudited</i>)	(<i>Unreviewed and unaudited</i>)
Profit/(losses) attributable to shareholders (KHR'000)	15,806,504	3,681,455	13,515,049	(36,314,006)
Weighted average number of shares	85,771,967	64,328,975	73,335,032	64,328,975
Basic earnings/(losses) per share (KHR'000)	184.29	57.23	184.29	(564.50)

ii) Diluted earnings per share

Diluted earnings per share is 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.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

30. CASH GENERATED FROM OPERATIONS

	Nine-month period ended	
	30 September 2017	30 September 2016
	KHR'000	KHR'000
	(Reviewed but unaudited)	(Unreviewed and unaudited)
Profit/(loss) before income tax	22,948,940	(28,232,951)
<i>Adjustments for:</i>		
Depreciation and amortisation charges	18,381,937	16,554,731
Finance costs – net	22,161,702	72,439,314
Retirement benefit obligation expenses	3,115,500	3,048,750
Other employees related expenses from loan to employees	163,864	-
<i>Changes in working capital:</i>		
Inventories	406,550	(1,283,536)
Trade and other receivables	(6,764,078)	(1,124,442)
Trade and other payables	(2,618,839)	767,015
Deferred income	2,011	(54,945)
Cash generated from operations	<u>57,797,587</u>	<u>62,113,936</u>

31. 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 12 and Note 17 respectively.

(b) Key management compensation

Key management compensation for the nine-month period ended 30 September is as follows:

	Nine-month period ended	
	30 September 2017	30 September 2016
	KHR'000	KHR'000
	(Reviewed but unaudited)	(Unreviewed and unaudited)
Board of Directors		
Salaries, fees and related expenses	<u>1,047,600</u>	<u>658,800</u>
Key management personnel		
Salaries and other expenses	<u>1,351,736</u>	<u>1,136,481</u>
Retirement benefits (*)	<u>128,700</u>	<u>114,054</u>

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

31. RELATED PARTY TRANSACTIONS (continued)

(c) Key management compensation (continued)

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

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

32. COMMITMENTS

As at 30 September 2017, PAS had outstanding capital expenditure commitment of KHR 53,067 million for its purchase of property and equipment to be paid in various stages until 2018.