

Registration No:
Co.0839 Et/2012

**PHNOM PENH WATER SUPPLY AUTHORITY
(INCORPORATED IN CAMBODIA)**

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017**

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

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PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

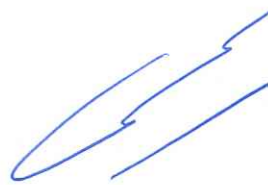
STATEMENT BY THE DIRECTORS

In the opinion of Directors, the accompanying condensed statement of financial position of Phnom Penh Water Supply Authority (“PPWSA”) as at 30 June 2017, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and condensed notes to the interim financial information (collectively known as “Condensed Interim Financial Information”) are presented fairly, in all material respects, in accordance with Cambodia International Accounting Standard 34 *Interim Financial Reporting*.

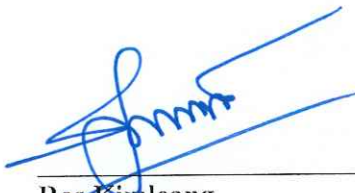
Signed on behalf of the Board of Directors,



H.E. Soem Nara
Chairman of the Board of Directors



Dr. Sim Sitha
Director General



Ros Kimleang
Deputy Director General in
charge of Finance & Stock Exchange

Phnom Penh, Cambodia
Date: 31 July 2017

**REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)
(Registration No: Co.0839 Et/2012)**

Introduction

We have reviewed the accompanying condensed statement of financial position of the Phnom Penh Water Supply Authority (“PPWSA”) as at 30 June 2017, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and six-month period then ended, and condensed notes to the interim financial information (collectively known as “Condensed Interim Financial Information”). The Directors of the PPWSA are responsible for the preparation and presentation of the Condensed Interim Financial Information. Our responsibility is to express a conclusion on this Condensed Interim Financial Information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Information of the PPWSA are not presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.



BDO (Cambodia) Limited

Phnom Penh, Cambodia
Date: 31 July 2017

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Unaudited 30.6.2017 KHR'000	Audited 31.12.2016 KHR'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,058,552,148	1,036,409,539
Intangible assets		2,247,947	1,974,184
Loan to Pursat Water Supply		187,555	254,745
		<u>1,060,987,650</u>	<u>1,038,638,468</u>
Current assets			
Inventories		43,360,624	48,394,403
Trade and other receivables		50,086,697	34,994,545
Loan to Pursat Water Supply		135,186	123,112
Loan to employees		5,034,864	5,608,787
Short-term investments	5	135,019,564	148,271,384
Other tax receivables		5,312,052	5,312,052
Cash and bank balances		11,342,345	16,386,849
		<u>250,291,332</u>	<u>259,091,132</u>
TOTAL ASSETS		<u><u>1,311,278,982</u></u>	<u><u>1,297,729,600</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		541,227,282	541,227,282
Reserves	6	264,829,678	229,471,410
Retained earnings		14,569,154	49,273,104
TOTAL EQUITY		<u>820,626,114</u>	<u>819,971,796</u>
LIABILITIES			
Non-current liabilities			
Borrowings	7	260,364,194	251,616,219
Retirement benefit obligations	8	35,625,469	33,983,477
Deferred government and other grants	9	26,670,987	27,850,974
Deferred tax liabilities		30,832,682	31,130,869
Other payables	10	47,695,108	54,922,316
		<u>401,188,440</u>	<u>399,503,855</u>
Current liabilities			
Trade and other payables	10	36,500,245	33,384,270
Borrowings	7	46,522,609	34,695,758
Current tax liabilities		6,441,574	10,173,921
		<u>89,464,428</u>	<u>78,253,949</u>
TOTAL LIABILITIES		<u>490,652,868</u>	<u>477,757,804</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,311,278,982</u></u>	<u><u>1,297,729,600</u></u>

The Condensed Statement of Financial Position should be read in conjunction with the audited financial information for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Unaudited			
		Three-month period ended 30.6.2017 ⁽¹⁾ KHR'000	30.6.2016 ⁽²⁾ KHR'000	Six-month period ended 30.6.2017 ⁽¹⁾ KHR'000	30.6.2016 ⁽²⁾ KHR'000
Revenue:					
Sales		51,832,689	45,232,921	97,877,781	88,420,851
Construction service fee		1,533,630	37,109	7,531,929	3,372,957
Foreign exchange gain – net		2,092,947	4,120,541	865,164	2,121,825
Other income		4,783,194	2,748,283	8,953,311	5,467,789
		<u>60,242,460</u>	<u>52,138,854</u>	<u>115,228,185</u>	<u>99,383,422</u>
Expenses:					
Depreciation and amortisation charges		(9,340,985)	(8,928,102)	(18,623,078)	(17,823,124)
Electricity costs		(9,402,936)	(8,202,262)	(18,146,518)	(16,346,328)
Salaries, wages and related expenses		(9,788,078)	(8,721,176)	(19,771,485)	(17,356,648)
Raw materials for water treatment		(1,397,226)	(1,091,649)	(3,076,763)	(2,993,752)
Raw materials for household water connections		(2,355,088)	(2,233,694)	(5,085,945)	(4,587,666)
Repairs and maintenance		(2,006,728)	(1,703,234)	(3,629,789)	(3,240,557)
Construction service expense		(838,698)	(606,963)	(5,557,518)	(2,808,413)
Impairment on loan to employees		(573,922)	-	(573,922)	-
Other operating expenses		(1,850,483)	(2,204,894)	(3,395,219)	(3,074,501)
		<u>22,688,316</u>	<u>18,446,880</u>	<u>37,367,948</u>	<u>31,152,433</u>
Operating profit		22,688,316	18,446,880	37,367,948	31,152,433
Finance income	11	1,430,653	1,644,161	3,721,246	4,900,803
Finance costs	11	(19,727,028)	(4,332,329)	(22,436,192)	(10,760,148)
		<u>4,391,941</u>	<u>15,758,712</u>	<u>18,653,002</u>	<u>25,293,088</u>
Profit before tax		4,391,941	15,758,712	18,653,002	25,293,088
Tax expense	12	(1,154,040)	(3,311,832)	(4,099,372)	(5,265,319)
		<u>3,237,901</u>	<u>12,446,880</u>	<u>14,553,630</u>	<u>20,027,769</u>
Profit for the financial period		3,237,901	12,446,880	14,553,630	20,027,769
Other comprehensive income, net of tax					
Items that will not be reclassified to profit or loss:					
Actuarial (loss)/gain on retirement benefit obligation		(4,395)	-	15,524	-
		<u>(4,395)</u>	<u>-</u>	<u>15,524</u>	<u>-</u>
Total comprehensive income for the financial period		<u>3,233,506</u>	<u>12,446,880</u>	<u>14,569,154</u>	<u>20,027,769</u>
Earnings per share attributable to equity holders:					
Basic earnings per share	13	37.18	143.11	167.51	230.28
Diluted earnings per share	13	37.18	143.11	167.51	230.28

Notes:

(1) *The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.*

(2) *The comparative figures for the corresponding period were reviewed but not audited.*

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

	Note	Share capital KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
Unaudited					
Balance as at 1.1.2017		541,227,282	229,471,410	49,273,104	819,971,796
Profit for the financial period		-	-	14,553,630	14,553,630
Actuarial gain on retirement benefit obligation		-	-	15,524	15,524
Total comprehensive income for the period		-	-	14,569,154	14,569,154
<i>Transactions with owners</i>					
Transfer to reserves	6	-	35,358,268	(35,358,268)	-
Dividend paid		-	-	(13,914,836)	(13,914,836)
Total transactions with owners		-	35,358,268	(49,273,104)	(13,914,836)
Balance as at 30.6.2017⁽¹⁾		541,227,282	264,829,678	14,569,154	820,626,114
Balance as at 1.1.2016		541,227,282	185,791,772	56,949,131	783,968,185
Profit for the period, representing total comprehensive income		-	-	20,027,769	20,027,769
<i>Transactions with owners</i>					
Transfer to reserves	6	-	43,679,641	(43,679,641)	-
Dividend		-	-	(13,269,490)	(13,269,490)
Total transactions with owners		-	43,679,641	(56,949,131)	(13,269,490)
Balance as at 30.6.2016⁽²⁾		541,227,282	229,471,413	20,027,769	790,726,464

Notes:

(1) *The Condensed Statement of Change in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.*

(2) *The comparative figures for the corresponding period were reviewed but not audited.*

**PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)**

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017**

	Note	Unaudited	
		30.6.2017 ⁽¹⁾ KHR'000	30.6.2016 ⁽²⁾ KHR'000
Cash flows from operating activities			
Profit before tax		18,653,002	25,293,088
Adjustments for:			
Amortisation of intangible assets		353,420	384,275
Amortisation of deferred government and other grants		(1,179,987)	(1,179,987)
Depreciation of property, plant and equipment		18,269,656	17,438,850
Finance income		(3,721,246)	(4,900,803)
Finance costs		22,436,192	10,760,148
Impairment on loan to employees		573,923	-
Property, plant and equipment written off		19,413	512,724
Retirement benefit obligation expense	8	2,235,911	2,018,029
Operating profit before working capital changes		57,640,284	50,326,324
Changes in working capital:			
Inventories		5,033,779	2,784,509
Trade and other receivables		(13,029,348)	(67,479)
Trade and other payables		(195,569)	7,911,608
Refundable water deposits		2,210,130	2,436,304
Cash generated from operations		51,659,276	63,391,266
Income tax paid		(8,129,906)	(10,681,176)
Retirement benefit paid		(578,395)	(548,780)
Net cash from operating activities		42,950,975	52,161,310
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(47,093,232)	(82,328,355)
Interest capitalisation on qualifying assets		(91,424)	(189,663)
Loan repayments from Pursat Water Supply		55,116	50,275
Short-term investments		13,251,820	39,937,171
Interest received		898,546	4,157,848
Net cash used in investing activities		(32,979,174)	(38,372,724)

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (continued)

	Note	Unaudited	
		Six-month period ended 30.6.2017 ⁽¹⁾	30.6.2016 ⁽²⁾
		KHR'000	KHR'000
Cash flows from financing activities			
Dividend paid		(13,914,836)	(13,269,488)
Drawdown of borrowings		16,006,249	18,240,173
Interest paid		(4,712,491)	(6,329,625)
Repayments of borrowings		<u>(12,395,227)</u>	<u>(12,787,202)</u>
Net cash used in financing activities		<u>(15,016,305)</u>	<u>(14,146,142)</u>
Net decrease cash and cash equivalents		(5,044,504)	(357,556)
Cash and cash equivalents at beginning of financial period		<u>16,386,849</u>	<u>12,555,435</u>
Cash and cash equivalents at end of financial period		<u>11,342,345</u>	<u>12,197,879</u>

Notes:

(1) The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.

(2) The comparative figures for the corresponding period were reviewed but not audited.

**PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
30 JUNE 2017**

1. CORPORATE INFORMATION

The Phnom Penh Water Supply Authority (“PPWSA”) is under the technical supervision of the Ministry of Industry and Handicraft (“MIH”) and the financial supervision of the Ministry of the Economy and Finance (“MoEF”), and has its headquarter in Phnom Penh. The PPWSA is acknowledged as having the economic characteristics of a public enterprise by the Ministry of Commerce under the registration number Co.0839 Et/2012, dated 27 March 2012.

The registered office of the PPWSA is Office 45, Street 106, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, the Kingdom of Cambodia.

This condensed interim financial information are presented in Khmer Riel (“KHR”), which is also the financial currency of the PPWSA.

The condensed interim financial information were authroised for issue by the Board of the Directors on 31 July 2017.

2. PRINCIPAL ACTIVITIES

The principal activities of the PPWSA are to process and distribute water for general use by the public in the city of Phnom Penh. The objectives of the PPWSA are to:

- Invest in, build, enlarge, operate, repair and maintain the means of water sanitation and distribution;
- Manage devices to increase water productions, and improve services and water quality to meet demand;
- Operate the business, services and related duties for water supply in accordance with the Board of Director’s resolutions and the laws of Cambodia;
- Cooperate with local and external development partners on technology, trade and finance in order to improve and develop the PPWSA in accordance with government policy; and
- Ensure sustainable production processes, business and finance for the public interest.

3. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached herein.

The explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the PPWSA since the year ended 31 December 2016.

3. BASIS OF PREPARATION (continued)

The accounting policies and methods of computation adopted are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2016 except for the adoption of the following amendments:

	Effective Date
Amendments to CIFRS 12 <i>Annual Improvements to CIFRS Standards 2014 - 2016 Cycle</i>	1 January 2017
Amendments to CIAS 12 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to CIAS 7 <i>Disclosure Initiative</i>	1 January 2017

There is no material impact upon the adoption of these amendments during the financial period.

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

	Effective Date
Amendments to CIFRS 1 <i>Annual Improvements to CIFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
Amendments to CIFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
CIFRS 9 <i>Financial Instruments</i> (issued by IASB in July 2014)	1 January 2018
CIFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to CIFRS 15	1 January 2018
Amendments to CIAS 28 <i>Annual Improvements to CIFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
Amendments to CIAS 40 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
CIFRS 16 <i>Leases</i>	1 January 2019
Amendments to CIFRS 10 and CIAS 28 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The PPWSA is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial period.

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 30.06.2017 KHR'000	Audited 31.12.2016 KHR'000
Cost		
Balance at the beginning of financial period/year	1,371,004,458	1,239,755,952
Additions	41,058,862	135,484,415
Disposals	-	(4,235,909)
Transferred to intangible assets	(627,184)	-
Write off	(19,413)	-
	<u>1,411,416,723</u>	<u>1,371,004,458</u>
Accumulated depreciation		
Balance at the beginning of financial period/year	334,594,919	303,044,015
Depreciation for financial period/year	18,269,656	35,266,010
Disposals	-	(3,715,106)
	<u>352,864,575</u>	<u>334,594,919</u>
Carrying amounts		
Balance at the end of financial period/year	<u>1,058,552,148</u>	<u>1,036,409,539</u>

During the financial period, the PPWSA made the following cash payment to purchase property, plant and equipment:

	Unaudited Six-month period ended	
	30.6.2017 KHR'000	30.6.2016 KHR'000
Additions	41,058,862	83,394,027
Increase/(Decrease) in payables and performance guarantee	6,125,794	(876,009)
Interest capitalised on qualifying assets	(91,424)	(189,663)
	<u>47,093,232</u>	<u>82,328,355</u>

5. SHORT-TERM INVESTMENTS

These represent fixed deposits placed with financial institutions for a period of between four and twelve months and earn interest at rates ranging from 4% to 5.5% (2016: 4% to 5%) per annum.

Short-term investments include deposits amounting to KHR13.5 billion (2016: KHR 14.8 billion) set up specifically for the purpose of paying retirement benefits to retirees who are entitled to retirement benefits under the pension scheme.

6. RESERVES

	Capital reserve KHR'000	Legal reserve KHR'000	General reserve KHR'000	Development reserve KHR'000	Total KHR'000
As at 1.1.2017	1,648,435	18,238,388	18,238,388	191,346,199	229,471,410
Transfer from retained earnings	<u>-</u>	<u>2,463,653</u>	<u>2,463,653</u>	<u>30,430,962</u>	<u>35,358,268</u>
As at 30.6.2017 (Unaudited)	<u>1,648,435</u>	<u>20,702,041</u>	<u>20,702,041</u>	<u>221,777,161</u>	<u>264,829,678</u>
As at 1.1.2016	1,648,435	15,390,933	15,390,933	153,361,471	185,791,772
Transfer from retained earnings	<u>-</u>	<u>2,847,455</u>	<u>2,847,455</u>	<u>37,984,728</u>	<u>43,679,638</u>
As at 30.12.2016 (Audited)	<u>1,648,435</u>	<u>18,238,388</u>	<u>18,238,388</u>	<u>191,346,199</u>	<u>229,471,410</u>

6. RESERVES (continued)

On 31 March 2017, the Board of Directors approved the transfer of retained earnings to reserves amounting to KHR35,358 million.

In accordance with the PPWSA's Articles of Incorporation, article 44, dated 27 June 2012, the PPWSA's profit, after offsetting with losses carried forward (if any), can be used as follows:

- for management and staff bonus
- for legal reserve – 5%
- for general reserve – 5%
- the remaining balance for development reserve

7. BORROWINGS

	Unaudited 30.6.2017 KHR'000	Audited 31.12.2016 KHR'000
Non-current		
Agence Francaise De Development (“Afd”) – Credit No.1075 03 S	28,142,930	29,973,473
MoEF – Japanese International Cooperation Agency (“JICA”)	76,515,321	80,322,596
Afd – Credit No. 6000 01 G	2,973,430	5,428,860
MoEF – Asian Development Bank (“ADB”)	30,681,339	31,334,134
Afd – Credit No. 1121 01 F	<u>122,051,174</u>	<u>104,557,156</u>
	<u>260,364,194</u>	<u>251,616,219</u>
Current		
Afd-Credit No. 1075 03 S	9,408,494	8,593,053
MoEF –JICA	11,368,552	11,331,246
Afd – Credit No. 6000 01 G	5,946,859	5,428,860
MoEF –ADB	2,258,534	2,277,981
Afd – Credit No. 1121 01 F	<u>17,540,170</u>	<u>7,064,618</u>
	<u>46,522,609</u>	<u>34,695,758</u>
	<u>306,886,803</u>	<u>286,311,977</u>

The maturity dates of these borrowings are as follows:

	Unaudited 30.6.2017 KHR'000	Audited 31.12.2016 KHR'000
Current		
Not later than one year	<u>46,522,609</u>	<u>34,695,758</u>
Non-current		
Later than one year but not later than two years	40,660,293	38,688,970
Later than two year but not later than five years	103,679,611	95,498,405
Later than five years	<u>116,024,290</u>	<u>117,428,844</u>
	<u>260,364,194</u>	<u>251,616,219</u>
	<u>306,886,803</u>	<u>286,311,977</u>

8. RETIREMENT BENEFIT OBLIGATIONS

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

	Unaudited 30.6.2017 KHR'000	Audited 31.12.2016 KHR'000	Unaudited 30.6.2016 KHR'000
Present value of defined benefit obligation	35,625,469	33,983,477	31,321,640
Fair value of plan asset	-	-	-
Liability recognised in statement of financial position	<u>35,625,469</u>	<u>33,983,477</u>	<u>31,321,640</u>

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

	Unaudited Six-month period ended	
	30.6.2017 KHR'000	30.6.2016 KHR'000
Balance at 1 January	33,983,477	29,852,391
Current service cost	900,329	801,982
Interest cost	1,335,582	1,216,047
Benefit paid	(578,395)	(548,780)
Actuarial loss	(15,524)	-
Balance at 30 June	<u>35,625,469</u>	<u>31,321,640</u>

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

	Unaudited Six-month period ended	
	30.6.2017 KHR'000	30.6.2016 KHR'000
Current service cost	900,329	801,982
Interest cost	1,335,582	1,216,047
	<u>2,235,911</u>	<u>2,018,029</u>

9. DEFERRED GOVERNMENT AND OTHER GRANTS

	Government grant KHR'000	JICA grant KHR'000	Other grants KHR'000	Total KHR'000
Balance at 1.1.2017	4,865,059	22,204,422	781,493	27,850,974
Amortisation charges	(113,449)	(1,054,340)	(12,198)	(1,179,987)
Balance at 30.6.2017 (Unaudited)	<u>4,751,610</u>	<u>21,150,082</u>	<u>769,295</u>	<u>26,670,987</u>
Balance at 1.1.2016	5,091,956	24,313,102	805,888	30,210,946
Amortisation charges	(226,897)	(2,108,680)	(24,395)	(2,359,972)
Balance at 31.12.2016 (Audited)	<u>4,865,059</u>	<u>22,204,422</u>	<u>781,493</u>	<u>27,850,974</u>

10. TRADE AND OTHER PAYABLES

	Unaudited 30.6.2017 KHR'000	Audited 31.12.2016 KHR'000
Other payables - non-current		
Refundable water deposits	47,695,108	45,484,978
Performance guarantee	-	9,437,338
	<u>47,695,108</u>	<u>54,922,316</u>
Trade payable - current		
Third parties	<u>13,335,379</u>	<u>12,742,740</u>
Other payable - current		
Accrued staff incentive	3,373,870	5,583,208
Amount due to Phnom Penh Municipality	17,086,674	11,144,116
Performance guarantee	89,544	107,351
Unearned income	721,048	1,386,346
Deferred income	5,278	5,278
Other taxes payable	149,067	182,846
Other payables	<u>1,739,385</u>	<u>2,232,385</u>
	<u>23,164,866</u>	<u>20,641,530</u>
	<u>36,500,245</u>	<u>33,384,270</u>
	<u>84,195,353</u>	<u>88,306,586</u>

11. FINANCE INCOME/(COSTS)

	Unaudited			
	Three-month period ended		Six-month period ended	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	KHR'000	KHR'000	KHR'000	KHR'000
Finance income:				
- Interest income on bank deposits (a)	1,426,518	1,638,567	2,952,760	4,889,361
- Net foreign exchange gains on borrowings	-	-	759,896	-
- Interest income on loans to Pursat Water Supply	<u>4,135</u>	<u>5,594</u>	<u>8,590</u>	<u>11,442</u>
	<u>1,430,653</u>	<u>1,644,161</u>	<u>3,721,246</u>	<u>4,900,803</u>
Finance costs:				
- Interest expense on borrowings (b)	(2,365,284)	(6,141,993)	(4,715,539)	(15,480,838)
- Net foreign exchange losses on borrowings	(17,361,744)	1,714,973	(17,812,077)	4,531,027
- Interest expense capitalised on qualifying assets	<u>-</u>	<u>94,691</u>	<u>91,424</u>	<u>189,663</u>
	<u>(19,727,028)</u>	<u>(4,332,329)</u>	<u>(22,436,192)</u>	<u>(10,760,148)</u>
	<u>(18,296,375)</u>	<u>(2,688,168)</u>	<u>(18,714,946)</u>	<u>(5,859,345)</u>

11. FINANCE INCOME/(COSTS) (continued)

- (a) Interest income represents interest earned from savings and deposit accounts held at local banks during the period.
- (b) Interest expense represents the interest charges on the loan obtained from AfD and the subsidiary loans obtained from the MoEF, which are funded through loans obtained from the ADB and JICA.

12. TAX EXPENSE

Under the Law on Taxation, the Company has an obligation to pay tax on profit at 20% (2016: 20%) of taxable profit or minimum tax at 1% (2016: 1%) of total revenue, whichever is higher. It represents the minimum amount of tax that the company will pay to tax authorities. The company has a tax on profit liability that exceeds the minimum tax liability, thus, no minimum tax will be payable. Tax is payable even if the Company is in a tax loss position.

13. EARNINGS PER SHARE

- (a) Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the PPWSA by the weighted average number of ordinary shares in issue during the period.

	Unaudited			
	Three-month period ended		Six-month period ended	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
Profit attributable to equity holders (KHR'000)	3,233,506	12,446,880	14,569,154	20,027,769
Weighted average number of shares	<u>86,973,162</u>	<u>86,973,162</u>	<u>86,973,162</u>	<u>86,973,162</u>
Basic earnings per share (KHR)	<u>37.18</u>	<u>143.11</u>	<u>167.51</u>	<u>230.28</u>

- (b) 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.

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

14. RELATED PARTY TRANSACTIONS

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

	Unaudited	
	Six-month period ended	Six-month period ended
	30.6.2017	30.6.2016
	KHR'000	KHR'000
<u>Common control</u>		
MoEF		
Interest on borrowings paid	4,266,353	4,675,893
Pursat Water Supply		
Interest on loans received	<u>8,591</u>	<u>11,442</u>

14. RELATED PARTY TRANSACTIONS (continued)

- (b) Compensation of key management personnel

Key management compensation during the financial period is as follows:

	Unaudited Six-month period ended	
	30.6.2017	30.6.2016
	KHR'000	KHR'000
Salaries and other expenses	1,067,738	517,368
Retirement benefits	13,495	5,160
	<u>1,081,233</u>	<u>522,528</u>

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the PPWSA is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from volatility of the financial markets.

The Directors are responsible for setting the objectives and underlying principles of financial risk management for the PPWSA. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principles approved by the Directors.

- (a) Credit risk

Credit risk is the risk of financial loss to the PPWSA if a counter party to a financial instrument fails to perform as contracted. The PPWSA is mainly exposed to credit risk from credit sales. It is the PPWSA policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the PPWSA is exposed to minimal credit risk.

The PPWSA's primary exposure to credit risk arises through its trade receivables from its customers. The credit period is three months and the PPWSA seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

- (b) Liquidity and cash flow risk

Liquidity and cash flow risk arises from the PPWSA's management of working capital. It is the risk that the PPWSA will encounter difficulty in meeting its financial obligations when due.

The PPWSA actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the PPWSA maintains a level of cash and cash equivalents deemed adequate to finance the PPWSA's activities.

- (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the PPWSA would fluctuate because of changes in market interest rates.

The exposure of the PPWSA to interest rate risk arises primarily from borrowings. The PPWSA manages its interest rate exposure by closely monitoring the debt market and where necessary, maintaining a prudent mix of fixed and floating rate borrowings. The PPWSA does not use derivative financial instruments to hedge any debt obligations.

16. CAPITAL COMMITMENTS

At the end of the current financial period, the PPWSA has commitment on capital expenditure in respect of:

	Unaudited	Audited
	30.6.2017	31.12.2016
	KHR'000	KHR'000
Construction of water treatment plant	2,288,626	14,022,466
Consultation services	8,843	6,814
Purchase of iron pipes, fitting and accessories	<u>8</u>	<u>366,049</u>
	<u>2,297,477</u>	<u>14,395,329</u>