

# Interim condensed financial statements

Phnom Penh Water Supply Authority  
31 December 2016

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# Report on the review of interim condensed financial statements

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## **To the Shareholders of Phnom Penh Water Supply Authority**

We have reviewed the accompanying interim condensed financial statements of Phnom Penh Water Supply Authority (“PPWSA”) which comprise the interim condensed statement of financial position as at 31 December 2016, and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the twelve-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

## **Scope of review**

We conducted our review in accordance with 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 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.

## **Certified Public Accountants and Auditors**

A member of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.



**Conclusion**

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

Grant Thornton



GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants

Registered Auditors

Ronald C. Almera

Partner - Audit and Assurance

Phnom Penh, Kingdom of Cambodia

3 February 2017

**Certified Public Accountants and Auditors**

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# Interim condensed statement of financial position

	Notes	Unaudited 31 December 2016 KHR'000	Audited (Restated) 31 December 2015 KHR'000
<b>Assets</b>			
<b>Non-current</b>			
Property, plant and equipment	6	1,036,243,966	936,711,937
Intangible assets	7	1,974,184	2,263,493
Loan to Pursat Water Supply		254,745	379,074
<b>Non-current assets</b>		<b>1,038,472,895</b>	<b>939,354,504</b>
<b>Current</b>			
Consumable inventories		48,578,403	53,718,237
Trade and other receivables	8	34,816,295	34,315,104
Loan to Pursat Water Supply		123,112	110,445
Loan to employees		5,608,787	5,608,787
Short-term investments	9	148,271,384	194,457,564
Other tax receivables		7,470,625	5,312,052
Cash and cash equivalents		16,565,102	12,555,435
<b>Current assets</b>		<b>261,433,708</b>	<b>306,077,624</b>
<b>Total assets</b>		<b>1,299,906,603</b>	<b>1,245,432,128</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		541,227,282	541,227,282
Reserves	10	229,471,413	185,791,772
Retained earnings		50,484,119	56,949,128
<b>Total equity</b>		<b>821,182,814</b>	<b>783,968,182</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Borrowings	11	251,616,219	256,360,862
Retirement benefit obligations	12	32,790,889	29,852,391
Deferred government and other grants	13	27,850,974	30,210,946
Deferred tax liabilities		33,500,930	33,974,749
Refundable water deposits		45,484,978	39,925,380
Performance guarantee		9,437,338	6,329,871
<b>Non-current liabilities</b>		<b>400,681,328</b>	<b>396,654,199</b>
<b>Current</b>			
Trade and other payables	14	33,384,270	27,308,000
Borrowings	11	34,695,758	28,540,601
Current tax liabilities		9,962,433	8,961,146
<b>Current liabilities</b>		<b>78,042,461</b>	<b>64,809,747</b>
<b>Total liabilities</b>		<b>478,723,789</b>	<b>461,463,946</b>
<b>Total equity and liabilities</b>		<b>1,299,906,603</b>	<b>1,245,432,128</b>

# Interim condensed statement of profit or loss and other comprehensive income

	Notes	Unaudited 3 months to 31 December 2016 KHR'000	31 December 2015 KHR'000	Unaudited 12 months to 31 December 2016 KHR'000	Audited 12 months to 31 December 2015 KHR'000
<b>Revenue</b>					
Sales		44,215,777	43,285,393	179,006,501	162,028,095
Construction service fee		202,177	3,154,707	5,420,860	17,968,799
Finance income	15	13,499,959	7,608,208	20,193,599	33,210,466
Other income		2,508,249	3,462,559	13,752,513	11,351,352
<b>Total revenue</b>		<b>60,426,162</b>	57,510,867	<b>218,373,473</b>	224,558,712
<b>Expenses</b>					
Depreciation and amortisation		(9,129,711)	(8,829,435)	(35,995,371)	(34,647,703)
Electricity costs		(7,715,660)	(7,215,600)	(32,301,974)	(29,988,212)
Salaries, wages and related expenses		(9,635,468)	(8,439,903)	(36,109,121)	(30,651,497)
Raw materials for water treatment		(1,624,784)	(1,564,485)	(6,514,416)	(5,770,574)
Raw materials for household water connections		(2,903,434)	(1,984,797)	(9,689,064)	(7,160,078)
Repairs and maintenance		(2,183,200)	(2,197,944)	(7,067,669)	(6,211,236)
Construction service expense		(1,985,831)	(2,334,904)	(6,526,550)	(14,091,154)
Finance costs	15	868,826	(2,608,105)	(17,071,783)	(19,869,858)
Other operating expenses		(2,390,181)	(1,775,347)	(7,329,320)	(5,127,489)
Foreign exchange gains/(losses) - net		(976,206)	(1,280,395)	875,084	(3,057,665)
<b>Total expenses</b>		<b>(37,675,649)</b>	(38,230,915)	<b>(157,730,184)</b>	(156,575,466)
<b>Profit before income tax</b>		<b>22,750,513</b>	19,279,952	<b>60,643,289</b>	67,983,246
Income tax expense	16	(2,529,036)	(3,028,390)	(10,159,170)	(14,051,176)
<b>Profit for the period</b>		<b>20,221,477</b>	16,251,562	<b>50,484,119</b>	53,932,070
Other comprehensive income-					
Actuarial gain on retirement benefit obligation		-	(2,420,528)	-	3,017,061
<b>Total comprehensive income for the period</b>		<b>20,221,477</b>	13,831,034	<b>50,484,119</b>	56,949,131

Earnings per share (expressed in KHR) attributable to shareholders of PPWSA during the period are as follows:

Basic earnings per share	17	233	159	580	655
Diluted earnings per share	17	233	159	580	655

# Interim condensed statement of changes in equity

	Notes	Share capital KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total equity KHR'000
<b>Balance as at 1 January 2016</b>		<b>541,227,282</b>	<b>185,791,772</b>	<b>56,949,131</b>	<b>783,968,185</b>
Transfer to reserves	10	-	43,679,641	(43,679,641)	-
Dividends	18	-	-	(13,269,490)	(13,269,490)
Transactions with owners		-	43,679,641	(56,949,131)	(13,269,490)
Profit for the period		-	-	50,484,119	50,484,119
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	50,484,119	50,484,119
<b>Balance at 31 December 2016 (Unaudited)</b>		<b>541,227,282</b>	<b>229,471,413</b>	<b>50,484,119</b>	<b>821,182,814</b>
Balance as at 1 January 2015		541,227,282	149,193,437	45,747,909	736,268,628
Transfer to reserves		-	36,598,335	(36,598,335)	-
Dividends		-	-	(9,149,577)	(9,149,577)
Transactions with owners		-	36,598,335	(45,747,912)	(9,149,577)
Profit for the period		-	-	53,932,070	53,932,070
Other comprehensive income		-	-	3,017,061	3,017,061
Total comprehensive income for the year		-	-	56,949,131	56,949,131
Balance at 31 December 2015 (Audited)		541,227,282	185,791,772	56,949,128	783,968,182

# Interim condensed statement of cash flows

	Notes	Unaudited 12 months to 31 December 2016 KHR'000	Audited 12 months to 31 December 2015 KHR'000
<b>Operating activities</b>			
Profit before income tax		60,643,289	67,983,246
<b>Adjustments for:</b>			
Amortisation of intangible assets	7	729,362	786,117
Amortisation of deferred government and other grants	13	(2,359,972)	(2,359,972)
Depreciation of property, plant and equipment	6	35,266,009	33,861,586
Finance income		(20,193,599)	(33,210,466)
Finance costs		17,071,783	19,869,858
Retirement benefit obligation expense	12	4,036,058	3,623,473
Loss on disposal of property, plant and equipment		686,377	4,476,313
<b>Operating profit before working capital changes</b>		<b>95,879,307</b>	<b>95,030,155</b>
<b>Changes in working capital:</b>			
Change in consumable inventories		5,139,836	(13,216,377)
Change in trade and other receivables		(2,132,353)	(3,882,135)
Change in trade and other payables		9,183,737	11,432,371
Change in payables and performance guarantee		165,978	(8,175,935)
Change in refundable water deposits		5,559,598	3,641,535
<b>Cash generated from operating activities</b>		<b>113,796,103</b>	<b>84,829,614</b>
Income tax paid		(11,790,275)	(4,909,589)
Retirement benefit paid		(1,097,560)	(1,000,181)
<b>Net cash from operating activities</b>		<b>100,908,268</b>	<b>78,919,844</b>
<b>Investing activities</b>			
Purchases of property, plant and equipment	6	(135,267,049)	(91,843,530)
Interest capitalised on qualifying assets		(383,344)	(287,706)
Purchase of intangible assets		(440,053)	(191,993)
Loan repayments from Pursat Water Supply		111,662	100,386
Short-term investments		46,186,181	1,873,767
Interest received		14,929,031	8,686,061
<b>Net cash used in investing activities</b>		<b>(74,863,572)</b>	<b>(81,663,015)</b>
<b>Financing activities</b>			
Proceeds from borrowings		33,774,959	44,161,741
Dividends paid		(13,269,490)	(9,149,577)
Interest paid		(17,319,687)	(9,978,968)
Repayments of borrowings		(25,220,811)	(24,696,731)
<b>Net cash (used in) from financing activities</b>		<b>(22,035,029)</b>	<b>336,465</b>
<b>Net change in cash and cash equivalents</b>		<b>4,009,667</b>	<b>(2,406,706)</b>
Cash and cash equivalents, at the beginning of year		12,555,435	14,962,141
<b>Cash and cash equivalents, at the end of year</b>		<b>16,565,102</b>	<b>12,555,435</b>

# Notes to the interim condensed financial statements

## 1 Corporate information

Phnom Penh Water Supply Authority (“PPWSA”) is acknowledged as having the economic characteristics of a public enterprise by the Ministry of Commerce under registration number Co.0839 Et/2012, dated 27 March 2012. 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 City.

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

The interim condensed financial statements have been approved for issuance by the Board of Directors on 3 February 2017.

## 2 Principal activities

The principal activities of PPWSA are to process and distribute water for general use by the public in the city of Phnom Penh. The objectives of 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 condensed financial statements are for the twelve months ended 31 December 2016 and are presented in Khmer Riel (“KHR”), which is the functional currency of the PPWSA. They have been prepared in accordance with Cambodian International Accounting Standard 34 ‘*Interim Financial Reporting*’ (“CIAS 34”). They do not include all of the information required in annual financial statements in accordance with CIFRSs, and should be read in conjunction with the audited financial statements for the year ended 31 December 2015. The comparative figures for the corresponding periods were audited and reviewed by another auditor.

#### **4 Significant accounting policies**

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 2015.

#### **5 Estimates**

When preparing the interim condensed financial statements, Management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by Management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim condensed financial statements, including the key sources of estimation uncertainty, were the same as those applied in the PPWSA's last annual audited financial statements for the year ended 31 December 2015. The only exception is the estimate of income tax liabilities which is determined in the interim condensed financial statements using the estimated annual effective tax rate applied to the pre-tax income of the interim period.

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## 6 Property, plant and equipment

	Unaudited 31 December 2016 KHR'000		Audited 31 December 2015 KHR'000
<b>Gross carrying amount</b>			
Balance at 1 January 2016	1,239,755,952	Balance at 1 January 2015	1,143,925,094
Additions	135,101,071	Additions	100,019,465
Interest capitalized on qualifying assets	383,344	Interest capitalized on qualifying assets	287,706
Written-off	(4,401,483)	Written-off	(4,476,313)
<b>Balance 31 December 2016</b>	<b>1,370,838,884</b>	<b>Balance 31 December 2015</b>	<b>1,239,755,952</b>
<b>Depreciation</b>			
Balance 1 January 2016	(303,044,015)	Balance 1 January 2015	(269,182,429)
Depreciation	(35,266,009)	Depreciation	(33,861,586)
Disposals	3,715,106	Disposals	-
<b>Balance 31 December 2016</b>	<b>(334,594,918)</b>	<b>Balance 31 December 2015</b>	<b>(303,044,015)</b>
<b>Carrying amount 31 December 2016</b>	<b>1,036,243,966</b>	<b>Carrying amount 31 December 2015</b>	<b>936,711,937</b>

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

	Unaudited 12 months to 31 December 2016 KHR'000	Audited 12 months to 31 December 2015 KHR'000
Additions	135,484,415	100,307,169
Decrease / (Increase) in payables and performance guarantee	165,978	(8,175,935)
Interest capitalized on qualifying assets	(383,344)	(287,706)
<b>Cash payment for purchase of property, plant and equipment</b>	<b>135,267,049</b>	<b>91,843,528</b>

## 7 Intangible assets

	Unaudited 31 December 2016 KHR'000
<b>Gross carrying amount</b>	
Balance at 1 January 2016	5,858,579
Additions	440,053
Written-off	(644,019)
Balance at 31 December 2016	5,654,613
<b>Amortisation</b>	
Balance at 1 January 2016	(3,595,086)
Amortisation	(729,362)
Disposals	644,019
Balance at 31 December 2016	(3,680,429)
<b>Carrying amount 31 December 2016</b>	<b>1,974,184</b>
	Audited 31 December 2015 KHR'000
<b>Gross carrying amount</b>	
Balance at 1 January 2015	5,666,586
Additions	191,993
Balance at 31 December 2015	5,858,579
<b>Amortisation</b>	
Balance at 1 January 2015	(2,808,969)
Amortisation	(786,117)
Balance at 31 December 2015	(3,595,086)
<b>Carrying amount 31 December 2015</b>	<b>2,263,493</b>

## 8 Trade and other receivables

	Unaudited 31 December 2016 KHR'000	Audited 31 December 2015 KHR'000
<b>Trade receivables</b>		
Household receivables	4,373,378	3,847,143
Commercial receivables	3,538,097	3,188,098
Public administration receivables	1,983,778	2,413,006
Water wholesalers	445,730	284,932
	<b>10,340,983</b>	<b>9,733,179</b>
<b>Other receivables</b>		
Accrued water revenue	20,302,899	17,106,446
Interest receivables	2,609,388	4,240,550
VAT receivables – net	330,370	196,450
Advance to suppliers	35,994	-
Other receivables	1,196,661	3,038,479
	<b>24,475,312</b>	<b>24,581,925</b>
	<b>34,816,295</b>	<b>34,315,104</b>

## 9 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% per annum.

Short-term investments include deposits amounting to KHR'000 22,880,492 set up specifically for the purpose of paying retirement benefits to retirees who are entitled to retirement benefits under PPWSA's pension scheme.

## 10 Reserves

	Capital reserve KHR'000	Legal reserve KHR'000	General reserve KHR'000	Development reserve KHR'000	Total KHR'000
Balance at 1 January 2016	1,648,435	15,390,933	15,390,933	153,361,471	185,791,772
Transfer from retained earnings	-	2,847,456	2,847,456	37,984,729	43,679,641
<b>Balance at 31 December 2016 (Unaudited)</b>	<b>1,648,435</b>	<b>18,238,389</b>	<b>18,238,389</b>	<b>191,346,200</b>	<b>229,471,413</b>
Balance at 1 January 2015	1,648,435	13,103,537	13,103,537	121,337,928	149,193,437
Transfer from retained earnings	-	2,287,396	2,287,396	32,023,543	36,598,335
Balance at 31 December 2015 (Audited)	1,648,435	15,390,933	15,390,933	153,361,471	185,791,772

In accordance with PPWSA's Articles of Incorporation, article 44, dated 27 June 2012, PPWSA's net profit, after offsetting with losses brought 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.

## 11 Borrowings

	Unaudited 31 December 2016 KHR'000	Audited 31 December 2015 KHR'000
<b>Non-current</b>		
Loan – Agence Francaise de Developpement (“AFD”)	139,959,489	133,659,740
Loan – Japan International Cooperation Agency (“JICA”)	80,322,596	90,061,399
Loan – Asian Development Bank (“ADB”)	31,334,134	32,639,723
	<b>251,616,219</b>	<b>256,360,862</b>
<b>Current</b>		
Current portion of loan - AFD	20,963,189	14,529,698
Current portion of loan - JICA	9,449,717	9,480,147
Accrued interest expense	2,977,263	3,225,167
Current portion of loan - ADB	1,305,589	1,305,589
	<b>34,695,758</b>	<b>28,540,601</b>
<b>Total</b>	<b>286,311,977</b>	<b>284,901,463</b>

The maturity dates of these borrowings are as follows:

	Unaudited 31 December 2016 KHR'000	Audited 31 December 2015 KHR'000
<b>Current</b>		
Not later than one year	34,695,757	28,540,602
<b>Non-current</b>		
Later than one year but not later than two years	38,688,970	25,315,434
Later than two years but not later than five years	95,498,405	90,412,246
Later than five years	117,428,845	140,633,181
	<b>286,311,977</b>	<b>284,901,463</b>

## 12 Retirement benefit obligations

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

	<b>Unaudited</b> <b>31 December 2016</b> <b>KHR'000</b>	Audited 31 December 2015 KHR'000
Present value of defined benefit obligation	<b>32,790,889</b>	29,852,391
Fair value of plan assets	-	-
<b>Liability recognised for retirement benefit obligation</b>	<b>32,790,889</b>	29,852,391

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

	<b>Unaudited</b> <b>31 December 2016</b> <b>KHR'000</b>	Audited 31 December 2015 KHR'000
<b>Balance at beginning of period</b>	<b>29,852,391</b>	30,246,160
Current service cost	<b>1,603,964</b>	1,485,152
Interest cost	<b>2,432,094</b>	2,138,321
Benefit paid	<b>(1,097,560)</b>	(1,000,181)
Actuarial gain	-	(3,017,061)
<b>Balance at end of period</b>	<b>32,790,889</b>	29,852,391

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

	<b>Unaudited</b> <b>12 months to</b> <b>31 December 2016</b> <b>KHR'000</b>	Audited 12 months to 31 December 2015 KHR'000
Current service cost	<b>1,603,964</b>	1,485,152
Interest cost	<b>2,432,094</b>	2,138,321
	<b>4,036,058</b>	3,623,473

## 13 Deferred government and other grants

	<b>Government grant KHR'000</b>	<b>JICA grant KHR'000</b>	<b>Other grants KHR'000</b>	<b>Total KHR'000</b>
<b>Balance at 1 January 2016</b>	<b>5,091,956</b>	<b>24,313,102</b>	<b>805,888</b>	<b>30,210,946</b>
Amortisation charges	<b>(226,897)</b>	<b>(2,108,679)</b>	<b>(24,396)</b>	<b>(2,359,972)</b>
<b>Balance at 31 December 2016 (Unaudited)</b>	<b>4,865,059</b>	<b>22,204,423</b>	<b>781,492</b>	<b>27,850,974</b>
Balance as at 1 January 2015	5,318,855	26,421,781	830,282	32,570,918
Amortisation charges	(226,899)	(2,108,679)	(24,394)	(2,359,972)
Balance at 31 December 2015 (Audited)	5,091,956	24,313,102	805,888	30,210,946

#### 14 Trade and other payables

	Unaudited 31 December 2016 KHR'000	Audited 31 December 2015 KHR'000
Amount due to Phnom Penh Municipality	11,144,116	5,836,540
Trade payables	12,742,740	14,826,156
Accrued staff incentive	5,583,208	4,541,388
Unearned income	1,386,346	214,109
Deferred income	5,278	5,278
Performance guarantee	107,351	134,090
Other taxes payable	182,846	361,808
Other payables	2,232,385	1,388,631
	<b>33,384,270</b>	<b>27,308,000</b>

#### 15 Finance income/costs

	Unaudited 3 months to 31 December 2016 KHR'000		Unaudited 12 months to 31 December 2016 KHR'000		Audited 12 months to 31 December 2015 KHR'000
<b>Finance income:</b>					
Interest income on bank deposits (a)	6,599,382	2,138,876	13,276,311	8,467,224	
Interest income from customers	-	-	-	68	
Unwind concessional loan discount to employees	-	-	-	168,138	
Net foreign exchange gain on borrowings	6,895,730	5,463,100	6,895,730	24,548,203	
Interest income on loans to Pursat Water Supply	4,847	6,232	21,558	26,833	
	<b>13,499,959</b>	<b>7,608,208</b>	<b>20,193,599</b>	<b>33,210,466</b>	
<b>Finance costs:</b>					
Interest adjustment (expense) on borrowings (b)	6,689,477	(2,895,811)	(17,455,127)	(11,103,159)	
Net foreign exchange losses on borrowings	(5,913,130)	-	-	(9,054,405)	
Interest expense capitalized on qualifying assets	92,479	287,706	383,344	287,706	
	<b>868,826</b>	<b>(2,608,105)</b>	<b>(17,071,783)</b>	<b>(19,869,858)</b>	

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

#### 16 Tax expense

PPWSA has an obligation to pay tax on profits at the rate of 20% of taxable profit or a minimum tax at the rate of 1% of total revenue, whichever is higher. The minimum tax is calculated at the rate of 1% of the annual turnover inclusive of all taxes. It represents the minimum amount of tax that PPWSA will pay to tax authorities. PPWSA has a tax on profit liability that exceeds the minimum tax liability, thus, no minimum tax will be payable. Tax is payable even if PPWSA is in a tax loss position.

## 17. Earnings per share

### 17.1. Basic earnings per share

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

	<b>Unaudited</b> <b>3 months to</b> <b>31 December</b> <b>2016</b>	31 December 2015	<b>Unaudited</b> <b>12 months to</b> <b>31 December</b> <b>2016</b>	Audited 12 months to 31 December 2015
Profit attributable to equity holders (KHR'000)	<b>20,221,447</b>	13,831,034	<b>50,484,119</b>	56,949,131
Weighted average number of shares	<b>86,973,162</b>	86,973,162	<b>86,973,162</b>	86,973,162
	<b>233</b>	159	<b>580</b>	655

### 17.2 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.

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.

## 18 Dividends paid

On 28 March 2016, the Board of Directors approved the declaration of dividends in respect of the year ended 31 December 2015 of KHR 152 per share, amounting to a total dividend of KHR 13,269 million. The dividends were paid on 27 April 2016.

## 19 Related party transactions

(a) PPWSA had the following transactions with related parties during the financial period:

	<b>Unaudited</b> <b>12 months to</b> <b>31 December 2016</b> <b>KHR'000</b>	Audited 12 months to 31 December 2015 KHR'000
<u>Common control</u>		
MoEF:		
Interest on borrowings expense	<b>9,244,006</b>	10,009,758
Pursat Water Supply:		
Interest on loans paid	<b>21,558</b>	26,833

(b) Key management compensation during the financial period is as follows:

	<b>Unaudited</b> <b>12 months to</b> <b>31 December 2016</b> <b>KHR'000</b>	Audited 12 months to 31 December 2015 KHR'000
Salaries and other expenses	<b>2,058,239</b>	3,457,770
Retirement benefits	<b>20,642</b>	102,876
	<b>2,078,881</b>	3,560,646

## 20 Financial risk management objectives and policies

The financial risk management objective of 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 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.

## 20.1 Credit risk

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

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

## 20.2 Liquidity and cash flow risk

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

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 its liquidity risk management strategy, PPWSA maintains a level of cash and cash equivalents deemed adequate to finance PPWSA's activities.

## 20.3 Interest rate risk

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

The exposure of PPWSA to interest rate risk arises primarily from its borrowings. 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. PPWSA does not use derivative financial instruments to hedge any debt obligations.

## 21 Capital commitments

As at 31 December 2016, PPWSA has commitments on capital expenditure in respect of:

	<b>Unaudited</b>	Audited
	<b>31 December 2016</b>	31 December 2015
	<b>KHR'000</b>	KHR'000
Construction of water treatment plant	<b>14,022,466</b>	33,890,892
Purchase of iron pipes, fitting and accessories	<b>366,049</b>	2,547,962
Consultation services	<b>6,814</b>	1,313,300
Information system	-	951,904
	<b>14,395,329</b>	38,704,058

## 22 Restatement of previously issued financial statements

The statement of financial position as at 31 December 2015 was restated to reflect tax receivables of KHR'000 5,312,052 as part of current assets instead of offsetting it with current tax liabilities. The table below summarises the effects of this restatement:

### Effect on statement of financial position

	31 December 2015				Restated
	Audited		Adjustment		
	Dr	Cr	Dr	Cr	
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
<b>Current assets</b>					
Tax receivables	-	-	5,312,052	-	5,312,052
<b>Current liabilities</b>					
Current tax liabilities	-	3,649,094	-	5,312,052	8,961,146

## 23 Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the 31 December 2016 reporting date and the date of authorisation of these interim condensed financial statements.