

Registration No:  
Co.0839 Et/2012

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

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

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

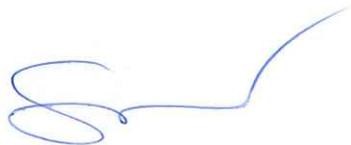
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**PHNOM PENH WATER SUPPLY AUTHORITY**  
**(Incorporated in Cambodia)**

**STATEMENT BY THE DIRECTORS**

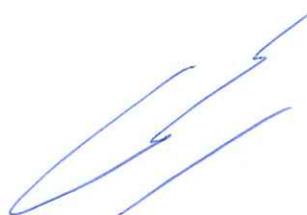
In the opinion of Directors, the accompanying condensed statement of financial position of Phnom Penh Water Supply Authority ("PPWSA") as at 30 September 2017, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period 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,



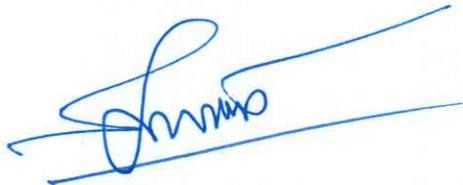
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**H.E. Soem Nara**  
Chairman of the Board of Directors



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**Dr. Sim Sitha**  
Director General



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

Phnom Penh, Cambodia  
Date: 06 November 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 September 2017, and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-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  
  
BDO (Cambodia) Limited

Phnom Penh, Cambodia  
Date: 6 November 2017

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

**CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2017**

	Note	Unaudited 30.9.2017 KHR'000	Audited 31.12.2016 KHR'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,106,174,457	1,036,409,539
Intangible assets		5,316,814	1,974,184
Loan to Pursat Water Supply		150,525	254,745
		<u>1,111,641,796</u>	<u>1,038,638,468</u>
<b>Current assets</b>			
Inventories		46,224,238	48,394,403
Trade and other receivables		52,789,415	34,994,545
Loan to Pursat Water Supply		139,440	123,112
Loan to employees		5,073,995	5,608,787
Short-term investments	5	100,950,427	148,271,384
Other tax receivables		5,312,052	5,312,052
Cash and bank balances		8,695,573	16,386,849
		<u>219,185,140</u>	<u>259,091,132</u>
<b>TOTAL ASSETS</b>		<u><u>1,330,826,936</u></u>	<u><u>1,297,729,600</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		541,227,282	541,227,282
Reserves	6	264,829,678	229,471,410
Retained earnings		22,798,490	49,273,104
<b>TOTAL EQUITY</b>		<u>828,855,450</u>	<u>819,971,796</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	7	258,862,955	251,616,219
Retirement benefit obligations	8	36,446,465	33,983,477
Deferred government and other grants	9	26,080,995	27,850,974
Deferred tax liabilities		28,509,075	31,130,869
Other payables	10	48,579,295	54,922,316
		<u>398,478,785</u>	<u>399,503,855</u>
<b>Current liabilities</b>			
Trade and other payables	10	48,033,100	33,384,270
Borrowings	7	45,195,190	34,695,758
Current tax liabilities		10,264,411	10,173,921
		<u>103,492,701</u>	<u>78,253,949</u>
<b>TOTAL LIABILITIES</b>		<u>501,971,486</u>	<u>477,757,804</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,330,826,936</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 30.9.2017 <sup>(1)</sup> KHR'000	30.9.2016 <sup>(2)</sup> KHR'000	Nine-month period ended 30.9.2017 <sup>(1)</sup> KHR'000	30.9.2016 <sup>(2)</sup> KHR'000
Revenue:					
Sales		48,416,545	46,369,873	146,294,326	134,790,724
Construction service fee		1,952,475	1,845,726	9,484,404	5,218,683
Foreign exchange (loss)/gain – net		(708,671)	(270,535)	156,493	1,851,290
Other income		3,877,751	5,776,475	12,831,062	11,244,264
		<u>53,538,100</u>	<u>53,721,539</u>	<u>168,766,285</u>	<u>153,104,961</u>
Expenses:					
Depreciation and amortisation charges		(9,190,342)	(9,042,536)	(27,813,420)	(26,865,660)
Electricity costs		(9,218,480)	(8,239,986)	(27,364,998)	(24,586,314)
Salaries, wages and related expenses		(10,057,405)	(9,117,003)	(29,828,890)	(26,473,651)
Raw materials for water treatment		(1,876,857)	(1,895,881)	(4,953,620)	(4,889,633)
Raw materials for household water connections		(1,832,623)	(2,197,964)	(6,918,568)	(6,785,630)
Repairs and maintenance		(2,688,364)	(1,643,911)	(6,318,153)	(4,884,468)
Construction service expense		(1,419,683)	(1,732,306)	(6,977,201)	(4,540,719)
Impairment on loan to employees		-	-	(573,922)	-
Other operating expenses		(1,827,424)	(1,678,701)	(5,222,643)	(4,753,202)
Operating profit		15,426,922	18,173,251	52,794,870	49,325,684
Finance income	11	1,385,906	1,792,837	5,107,152	6,693,640
Finance costs	11	(6,374,486)	(7,180,461)	(28,810,678)	(17,940,609)
Profit before tax		10,438,342	12,785,627	29,091,344	38,078,715
Tax expense	12	(2,220,986)	(2,550,751)	(6,320,358)	(7,816,070)
Profit for the financial period		8,217,356	10,234,876	22,770,986	30,262,645
Other comprehensive income, net of tax					
Items that will not be reclassified to profit or loss:					
Actuarial gain on retirement benefit obligation		11,980	-	27,504	-
Total comprehensive income for the financial period		<u>8,229,336</u>	<u>10,234,876</u>	<u>22,798,490</u>	<u>30,262,645</u>
Earnings per share attributable to equity holders:					
Basic earnings per share	13	94.62	117.68	262.13	347.95
Diluted earnings per share	13	94.62	117.68	262.13	347.95

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

	Note	Share capital KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
<b>Unaudited</b>					
<b>Balance as at 1.1.2017</b>		<b>541,227,282</b>	<b>229,471,410</b>	<b>49,273,104</b>	<b>819,971,796</b>
Profit for the financial period		-	-	22,770,986	22,770,986
Actuarial gain on retirement benefit obligation		-	-	27,504	27,504
Total comprehensive income for the period		-	-	22,798,490	22,798,490
<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)
<b>Balance as at 30.9.2017<sup>(1)</sup></b>		<b>541,227,282</b>	<b>264,829,678</b>	<b>22,798,490</b>	<b>828,855,450</b>
<b>Balance as at 1.1.2016</b>		<b>541,227,282</b>	<b>185,791,772</b>	<b>56,949,128</b>	<b>783,968,182</b>
Profit for the period, representing total comprehensive income		-	-	30,262,645	30,262,645
<i>Transactions with owners</i>					
Transfer to reserves	6	-	43,679,638	(43,679,638)	-
Dividend		-	-	(13,269,490)	(13,269,490)
Total transactions with owners		-	43,679,638	(56,949,128)	(13,269,490)
<b>Balance as at 30.9.2016<sup>(2)</sup></b>		<b>541,227,282</b>	<b>229,471,410</b>	<b>30,262,645</b>	<b>800,961,337</b>

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

		<b>Unaudited</b>	
	<b>Note</b>	<b>Nine-month period ended</b>	<b>30.9.2016<sup>(2)</sup></b>
		<b>30.9.2017<sup>(1)</sup></b>	<b>30.9.2016<sup>(2)</sup></b>
		<b>KHR'000</b>	<b>KHR'000</b>
<b>Cash flows from operating activities</b>			
Profit before tax		29,091,344	38,078,715
Adjustments for:			
Amortisation of intangible assets		585,822	574,771
Amortisation of deferred government and other grants		(1,769,979)	(1,769,980)
Depreciation of property, plant and equipment		27,227,598	26,290,888
Finance income		(5,107,152)	(6,693,640)
Finance costs		28,810,678	17,940,609
Impairment on loan to employees		534,792	-
Property, plant and equipment written-off	4	440,411	-
Loss on disposal of property, plant and equipment		-	512,727
Retirement benefit obligation expense	8	3,353,866	3,027,044
		<u>83,167,380</u>	<u>77,961,134</u>
Operating profit before working capital changes			
Changes in working capital:			
Inventories		2,170,165	7,244,536
Trade and other receivables		(16,443,788)	(7,460,975)
Trade and other payables		8,685,913	8,591,656
Refundable water deposits		3,094,317	4,050,822
		<u>80,673,987</u>	<u>90,387,173</u>
Cash generated from operations			
Income tax paid		(8,851,662)	(11,308,306)
Retirement benefit paid		(863,374)	(823,170)
		<u>70,958,951</u>	<u>78,255,697</u>
Net cash from operating activities			
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(104,744,377)	(106,990,665)
Interest capitalisation on qualifying assets		(91,424)	(290,864)
Loan repayments from Pursat Water Supply		87,892	78,383
Proceeds from withdrawal of short-term investments		47,320,957	38,756,300
Interest received		2,339,586	5,430,608
		<u>(55,087,366)</u>	<u>(63,016,238)</u>
Net cash used in investing activities			

**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)**

	Note	Unaudited	
		Nine-month period ended 30.9.2017 <sup>(1)</sup>	30.9.2016 <sup>(2)</sup>
		KHR'000	KHR'000
<b>Cash flows from financing activities</b>			
Dividend paid		(13,914,836)	(13,269,490)
Drawdown of borrowings		17,348,591	26,859,938
Interest paid		(9,166,389)	(11,191,830)
Repayments of borrowings		<u>(17,830,227)</u>	<u>(18,237,417)</u>
Net cash used in financing activities		<u>(23,562,861)</u>	<u>(15,838,799)</u>
<b>Net decrease cash and cash equivalents</b>		(7,691,276)	(599,340)
<b>Cash and cash equivalents at beginning of financial period</b>		<u>16,386,849</u>	<u>12,555,435</u>
<b>Cash and cash equivalents at end of financial period</b>		<u>8,695,573</u>	<u>11,956,095</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 SEPTEMBER 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 6 November 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:

	<b>Effective Date</b>
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:

	<b>Effective Date</b>
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

	<b>Unaudited 30.9.2017 KHR'000</b>	<b>Audited 31.12.2016 KHR'000</b>
<b>Cost</b>		
Balance at the beginning of financial period/year	1,371,004,458	1,239,755,952
Additions	101,361,380	135,484,415
Disposals	-	(4,235,909)
Transferred to intangible assets	(3,928,453)	-
Write off	(440,411)	-
	<u>1,467,996,974</u>	<u>1,371,004,458</u>
<b>Accumulated depreciation</b>		
Balance at the beginning of financial period/year	334,594,919	303,044,015
Depreciation for financial period/year	27,227,598	35,266,010
Disposals	-	(3,715,106)
	<u>361,822,517</u>	<u>334,594,919</u>
<b>Carrying amounts</b>		
Balance at the end of financial period/year	<u>1,106,174,457</u>	<u>1,036,409,539</u>

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

	<b>Unaudited Nine-month period ended</b>	
	<b>30.9.2017 KHR'000</b>	<b>30.9.2016 KHR'000</b>
Additions	101,361,380	105,448,760
Increase in payables and performance guarantee	3,474,421	1,832,769
Interest capitalised on qualifying assets	(91,424)	(290,864)
	<u>104,744,377</u>	<u>106,990,665</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 KHR10.1 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

	<b>Capital reserve KHR'000</b>	<b>Legal reserve KHR'000</b>	<b>General reserve KHR'000</b>	<b>Development reserve KHR'000</b>	<b>Total KHR'000</b>
<b>As at 1.1.2017</b>	1,648,435	18,238,388	18,238,388	191,346,199	229,471,410
Transfer from retained earnings	-	2,463,653	2,463,653	30,430,962	35,358,268
	<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>
<b>As at 30.9.2017 (Unaudited)</b>	<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>
<b>As at 1.1.2016</b>	1,648,435	15,390,933	15,390,933	153,361,471	185,791,772
Transfer from retained earnings	-	2,847,455	2,847,455	37,984,728	43,679,638
	<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>
<b>As at 30.12.2016 (Audited)</b>	<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

	<b>Unaudited 30.9.2017 KHR'000</b>	<b>Audited 31.12.2016 KHR'000</b>
<b>Non-current</b>		
Agence Francaise De Development (“Afd”) – Credit No.1075 03 S	28,763,267	29,973,473
MoEF – Japanese International Cooperation Agency (“JICA”)	71,153,771	80,322,596
Afd – Credit No. 6000 01 G	3,038,971	5,428,860
MoEF – Asian Development Bank (“ADB”)	30,028,545	31,334,134
Afd – Credit No. 1121 01 F	<u>125,878,401</u>	<u>104,557,156</u>
	<u>258,862,955</u>	<u>251,616,219</u>
<b>Current</b>		
Afd-Credit No. 1075 03 S	9,702,127	8,593,053
MoEF –JICA	9,652,870	11,331,246
Afd – Credit No. 6000 01 G	6,112,659	5,428,860
MoEF –ADB	1,729,905	2,277,981
Afd – Credit No. 1121 01 F	<u>17,997,629</u>	<u>7,064,618</u>
	<u>45,195,190</u>	<u>34,695,758</u>
	<u>304,058,145</u>	<u>286,311,977</u>

The maturity dates of these borrowings are as follows:

	<b>Unaudited 30.9.2017 KHR'000</b>	<b>Audited 31.12.2016 KHR'000</b>
<b>Current</b>		
Not later than one year	<u>45,195,190</u>	<u>34,695,758</u>
<b>Non-current</b>		
Later than one year but not later than two years	41,402,115	38,688,970
Later than two year but not later than five years	105,501,673	95,498,405
Later than five years	<u>111,959,167</u>	<u>117,428,844</u>
	<u>258,862,955</u>	<u>251,616,219</u>
	<u>304,058,145</u>	<u>286,311,977</u>

## 8. RETIREMENT BENEFIT OBLIGATIONS

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

	<b>Unaudited 30.9.2017 KHR'000</b>	<b>Audited 31.12.2016 KHR'000</b>	<b>Unaudited 30.9.2016 KHR'000</b>
Present value of defined benefit obligation	36,446,465	33,983,477	32,056,265
Fair value of plan asset	-	-	-
Liability recognised in statement of financial position	<u>36,446,465</u>	<u>33,983,477</u>	<u>32,056,265</u>

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

	<b>Unaudited Nine-month period ended</b>	
	<b>30.9.2017 KHR'000</b>	<b>30.9.2016 KHR'000</b>
<b>Balance at 1 January</b>	33,983,477	29,852,391
Current service cost	1,350,493	1,202,973
Interest cost	2,003,373	1,824,071
Benefit paid	(863,374)	(823,170)
Actuarial loss	(27,504)	-
<b>Balance at 30 September</b>	<u>36,446,465</u>	<u>32,056,265</u>

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

	<b>Unaudited Nine-month period ended</b>	
	<b>30.9.2017 KHR'000</b>	<b>30.9.2016 KHR'000</b>
Current service cost	1,350,493	1,202,973
Interest cost	<u>2,003,373</u>	<u>1,824,071</u>
	<u>3,353,866</u>	<u>3,027,044</u>

## 9. 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 1.1.2017</b>	4,865,059	22,204,422	781,493	27,850,974
Amortisation charges	<u>(170,173)</u>	<u>(1,581,509)</u>	<u>(18,297)</u>	<u>(1,769,979)</u>
<b>Balance at 30.9.2017 (Unaudited)</b>	<u>4,694,886</u>	<u>20,622,913</u>	<u>763,196</u>	<u>26,080,995</u>
<b>Balance at 1.1.2016</b>	5,091,956	24,313,102	805,888	30,210,946
Amortisation charges	<u>(226,897)</u>	<u>(2,108,680)</u>	<u>(24,395)</u>	<u>(2,359,972)</u>
<b>Balance at 31.12.2016 (Audited)</b>	<u>4,865,059</u>	<u>22,204,422</u>	<u>781,493</u>	<u>27,850,974</u>

## 10. TRADE AND OTHER PAYABLES

	<b>Unaudited 30.9.2017 KHR'000</b>	<b>Audited 31.12.2016 KHR'000</b>
<b>Other payables - non-current</b>		
Refundable water deposits	48,579,295	45,484,978
Performance guarantee	-	9,437,338
	<u>48,579,295</u>	<u>54,922,316</u>
<b>Trade payable - current</b>		
Third parties	<u>20,836,877</u>	<u>12,742,740</u>
<b>Other payable - current</b>		
Accrued staff incentive	4,515,618	5,583,208
Amount due to Phnom Penh Municipality	19,299,871	11,144,116
Performance guarantee	87,020	107,351
Unearned income	570,270	1,386,346
Deferred income	5,278	5,278
Other taxes payable	219,941	182,846
Other payables	<u>2,498,225</u>	<u>2,232,385</u>
	<u>27,196,223</u>	<u>20,641,530</u>
	<u>48,033,100</u>	<u>33,384,270</u>
	<u>96,612,395</u>	<u>88,306,586</u>

## 11. FINANCE INCOME/(COSTS)

	<b>Unaudited</b>			
	<b>Three-month period ended</b>		<b>Nine-month period ended</b>	
	<b>30.9.2017</b>	<b>30.9.2016</b>	<b>30.9.2017</b>	<b>30.9.2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>	<b>KHR'000</b>	<b>KHR'000</b>
Finance income:				
- Interest income on bank deposits (a)	725,554	1,787,568	3,678,313	6,676,929
- Net foreign exchange gains on borrowings	656,588	-	1,416,484	-
- Interest income on loans to Pursat Water Supply	<u>3,764</u>	<u>5,269</u>	<u>12,355</u>	<u>16,711</u>
	<u>1,385,906</u>	<u>1,792,837</u>	<u>5,107,152</u>	<u>6,693,640</u>
Finance costs:				
- Interest expense on borrowings (b)	(2,319,114)	(8,663,767)	(7,034,654)	(24,144,604)
- Net foreign exchange (gain)/losses on borrowings	(4,055,372)	1,382,103	(21,867,448)	5,913,130
- Interest expense capitalised on qualifying assets	<u>-</u>	<u>101,202</u>	<u>91,424</u>	<u>290,865</u>
	<u>(6,374,486)</u>	<u>(7,180,462)</u>	<u>(28,810,678)</u>	<u>(17,940,609)</u>
	<u>(4,988,580)</u>	<u>(5,387,625)</u>	<u>(23,703,526)</u>	<u>(11,246,969)</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		Nine-month period ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
Profit attributable to equity holders (KHR'000)	8,229,336	10,234,876	22,798,490	30,262,645
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>94.62</u>	<u>117.68</u>	<u>262.13</u>	<u>347.95</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 DISCLOSURE

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

	Unaudited	
	Nine-month period ended	Nine-month period ended
	30.9.2017	30.9.2016
	KHR'000	KHR'000
<u>Common control</u>		
MoEF		
Interest on borrowings paid	10,245,067	10,243,737
Pursat Water Supply		
Interest on loans received	<u>12,467</u>	<u>16,711</u>

#### 14. RELATED PARTY DISCLOUSER (continued)

(b) Compensation of key management personnel

Key management compensation during the financial period is as follows:

	Unaudited Nine-month period ended	
	30.9.2017	30.9.2016
	KHR'000	KHR'000
Salaries and other expenses	1,607,140	1,404,562
Retirement benefits	20,242	15,481
	<u>1,627,382</u>	<u>1,420,043</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:

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Construction of water treatment plant	278,380	14,022,466
Consultation services	9,038	6,814
Purchase of iron pipes, fitting and accessories	<u>8</u>	<u>366,049</u>
	<u>287,426</u>	<u>14,395,329</u>