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 2018

Registration No:
Co.0839 Et/2012

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 2018, 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,

Soem Nara
Chairman of the Board of Directors

Sim Sitha
Director General

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

Phnom Penh, Cambodia
Date: 31 July 2018

BDO

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Kingdom of Cambodia

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 Phnom Penh Water Supply Authority ("PPWSA") as at 30 June 2018, 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"). The Directors of the PPWSA are responsible for the preparation of 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

BDO (Cambodia) Limited

Phnom Penh, Cambodia
Date: 31 July 2018

Registration No:
Co.0839 Et/2012

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Unaudited 30.6.2018 KHR'000	Audited 31.12.2017 KHR'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,179,917,455	1,124,172,183
Intangible assets		15,238,821	5,211,406
Loan to Pursat Water Supply		37,666	112,896
		1,195,193,942	1,129,496,485
Current assets			
Inventories		88,652,519	64,526,124
Trade and other receivables		78,180,273	44,804,172
Loan to Pursat Water Supply		148,832	141,849
Loan to employees		4,030,500	5,034,864
Short-term investments	5	37,103,132	96,703,704
Other tax receivables		5,312,052	5,312,052
Cash and bank balances		14,717,540	15,992,527
		228,144,848	232,515,292
TOTAL ASSETS		1,423,338,790	1,362,011,777
EQUITY AND LIABILITIES			
Equity			
Share capital		541,227,282	541,227,282
Reserves	6	284,503,636	264,829,678
Retained earnings		27,573,015	33,067,826
TOTAL EQUITY		853,303,933	839,124,786
LIABILITIES			
Non-current liabilities			
Borrowings	7	292,785,968	258,286,903
Retirement benefit obligations	8	42,156,609	40,133,717
Deferred government and other grants	9	24,311,016	25,491,001
Deferred tax liabilities		36,545,956	35,207,359
Other payables	10	52,935,326	49,699,898
		448,734,875	408,818,878
Current liabilities			
Trade and other payables	10	50,694,066	51,145,134
Borrowings	7	46,805,418	49,350,684
Dividend payable	11	11,384,787	-
Current tax liabilities		12,415,711	13,572,295
		121,299,982	114,068,113
TOTAL LIABILITIES		570,034,857	522,886,991
TOTAL EQUITY AND LIABILITIES		1,423,338,790	1,362,011,777

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

Registration No:
Co.0839 Et/2012

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

		Unaudited			
		Three-month period ended		Six-month period ended	
	Note	30.6.2018[(1)]	30.6.2017[(2)]	30.6.2018[(1)]	30.6.2017[(2)]
		KHR'000	KHR'000	KHR'000	KHR'000
Revenue:					
Sales		50,975,096	51,832,689	99,293,014	97,877,781
Construction service fee		3,587,623	1,533,630	6,410,786	7,531,929
Foreign exchange gain – net		1,162,689	2,092,947	7,078	865,164
Other income		6,877,010	4,783,194	10,108,183	8,953,311
		62,602,418	60,242,460	115,819,061	115,228,185
Expenses:					
Depreciation and amortisation charges		(9,679,802)	(9,340,985)	(19,003,968)	(18,623,078)
Electricity costs		(10,438,801)	(9,402,936)	(20,214,178)	(18,146,518)
Salaries, wages and related expenses		(12,669,186)	(9,788,078)	(24,529,527)	(19,771,485)
Raw materials for water treatment		(1,670,265)	(1,397,226)	(3,388,166)	(3,076,763)
Raw materials for household water connections		(682,131)	(2,355,088)	(1,560,011)	(5,085,945)
Repairs and maintenance		(1,325,352)	(2,006,728)	(2,747,105)	(3,629,789)
Construction service expense		(2,631,299)	(838,698)	(5,230,334)	(5,557,518)
Impairment on loan to employees		(978,277)	(573,922)	(1,004,364)	(573,922)
Other operating expenses		(1,775,883)	(1,850,483)	(2,988,459)	(3,395,219)
Operating profit		20,751,422	22,688,316	35,152,949	37,367,948
Finance income	12	7,733,067	1,430,653	8,944,882	3,721,246
Finance costs	12	(4,110,315)	(19,727,028)	(9,808,461)	(22,436,192)
Profit before tax		24,374,174	4,391,941	34,289,370	18,653,002
Tax expense	13	(4,701,952)	(1,154,040)	(6,804,990)	(4,099,372)
Profit for the financial period		19,672,222	3,237,901	27,484,380	14,553,630
Other comprehensive income, net of tax					
Items that will not be reclassified to profit or loss:					
Actuarial gain/(loss) on retirement benefit obligation		46,562	(4,395)	88,635	15,524
Total comprehensive income for the financial period		19,718,784	3,233,506	27,573,015	14,569,154
Earnings per share attributable to equity holders:					
Basic earnings per share	14	226.72	37.18	317.03	167.51
Diluted earnings per share	14	226.72	37.18	317.03	167.51

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 2017 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 2018

	Note	Share capital KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
Unaudited					
Balance as at 1.1.2018		**541,227,282**	**264,829,678**	**33,067,826**	**839,124,786**
Profit for the financial period		-	-	27,484,380	27,484,380
Actuarial gain on retirement benefit obligation		-	-	88,635	88,635
Total comprehensive income for the period		-	-	27,573,015	27,573,015
Transactions with owners					
Transfer to reserves	6	-	19,673,958	(19,673,958)	-
Dividend	11	-	-	(13,393,868)	(13,393,868)
Total transactions with owners		-	19,673,958	(33,067,826)	(13,393,868)
Balance as at 30.6.2018(1)		**541,227,282**	**284,503,636**	**27,573,015**	**853,303,933**
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
Transactions with owners					
Transfer to reserves	6	-	35,358,268	(35,358,268)	-
Dividend		-	-	(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(2)		**541,227,282**	**264,829,678**	**14,569,154**	**820,626,114**

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 2017 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 2018

	Note	Unaudited Six-month period ended 30.6.2018[1] KHR'000	30.6.2017[2] KHR'000
Cash flows from operating activities			
Profit before tax		34,289,370	18,653,002
Adjustments for:			
Amortisation of intangible assets		755,945	353,420
Amortisation of deferred government and other grants		(1,179,985)	(1,179,987)
Depreciation of property, plant and equipment	4	18,248,023	18,269,656
Finance income		(8,944,882)	(3,721,246)
Finance costs		9,808,461	22,436,192
Impairment on loans to employees		1,004,364	573,923
Property, plant and equipment written off		371,120	19,413
Retirement benefit obligation expense	8	2,707,968	2,235,911
Operating profit before working capital changes		57,060,384	57,640,284
Changes in working capital:			
Inventories		(24,126,395)	5,033,779
Trade and other receivables		(34,982,907)	(13,029,348)
Trade and other payables		5,844,101	(195,569)
Refundable water deposits		1,904,680	2,210,130
Cash generated from operations		5,699,863	51,659,276
Income tax paid		(6,622,977)	(8,129,906)
Retirement benefit paid		(596,441)	(578,395)
Net cash (used in)/from operating activities		(1,519,555)	42,950,975
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(88,728,629)	(47,093,232)
Interest capitalised on qualifying assets		(1,383,567)	(91,424)
Loan repayments from Pursat Water Supply		68,247	55,116
Proceeds from disposal of short-term investments		59,600,572	13,251,820
Interest received		2,110,318	898,546
Net cash used in investing activities		(28,333,059)	(32,979,174)
Cash flows from financing activities			
Dividend paid		(2,009,081)	(13,914,836)
Drawdown of borrowings		56,680,618	16,006,249
Interest paid		(2,964,891)	(4,712,491)
Repayments of borrowings		(23,129,019)	(12,395,227)
Net cash from/(used in) financing activities		28,577,627	(15,016,305)

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (continued)

	Unaudited Six-month period ended	
	30.6.2018[1]	**30.6.2017[2]**
	KHR'000	**KHR'000**
Net decrease cash and cash equivalents	(1,274,987)	(5,044,504)
Cash and cash equivalents at the beginning of financial period	15,992,527	16,386,849
Cash and cash equivalents at the end of financial period	14,717,540	11,342,345

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 2017 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 2018

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 functional currency of the PPWSA.

The condensed interim financial information was authorised for issue by the Board of the Directors on 31 July 2018.

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 2017 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 financial year ended 31 December 2017.

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 2017 except for the adoption of the following accounting standards, amendments and interpretations:

	Effective Date
Amendments to CIFRS 1 *Annual Improvements to IFRS Standards 2014 - 2016 Cycle*	1 January 2018
CIFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to CIFRS 15	1 January 2018
CIFRS 9 *Financial Instruments (issued by IASB in July 2014)*	1 January 2018
Amendments to CIFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to CIAS 28 *Annual Improvements to CIFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to CIAS 40 *Transfers of Investment Property*	1 January 2018
Amendments to CIFRS 4 *Applying CIFRS 9 Financial Instruments with CIFRS 4 Insurance Contracts*	See CIFRS 4 Paragraphs 46 and 48

There is no material impact upon the adoption of the above accounting standards, amendments and interpretations 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
CIFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to CIAS 28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to CIFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
CIFRS 17 *Insurance Contracts*	1 January 2021
Amendments to CIFRS 10 and CIAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The PPWSA is in the process of making an assessment of the potential impact from the adoption of these accounting standards, amendments and interpretations hence the Directors are not yet in a position to conclude on the potential impact on the results and the financial position of the Company.

The possible effects from the adoption of the above accounting standards, amendments and interpretations are as follows:

CIFRS 16 *Leases*

CIFRS 16, which upon the effective date will supersede CIAS 17 *Leases and related interpretations* introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under CIFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

3. BASIS OF PREPARATION (continued)

The possible effects from the adoption of the above accounting standards, amendments and interpretations are as follows: (continued)

CIFRS 16 *Leases* (continued)

Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, CIAS 17.

In respect of the lessor accounting, CIFRS 16 substantially carries forward the lessor accounting requirements in CIAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

The Interpretation supports the requirements of CIAS 12 *Income Taxes* by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to CIAS 28 *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that the companies account for long-term interests in an associate or joint venture, to which equity method is not applied, using CIFRS 9.

Amendments to CIFRS 9 *Prepayment Features with Negative Compensation*

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

CIFRS 17 *Insurance Contracts*

CIFRS 17 replaces CIFRS 4 and requires a current measurement model where estimates are re-measured each reporting period.

3. BASIS OF PREPARATION (continued)

The possible effects from the adoption of the above accounting standards, amendments and interpretations are as follows: (continued)

CIFRS 17 *Insurance Contracts* (continued)

Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (''CSM'') representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under CIFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the "variable fee approach" for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Amendments to CIFRS 10 and CIAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 30.6.2018 KHR'000	Audited 31.12.2017 KHR'000
Cost		
Balance at the beginning of financial period/year	1,494,791,632	1,371,004,458
Additions	85,147,775	128,401,092
Transfers to intangible assets	(10,783,360)	(4,163,043)
Written-off	(371,120)	(450,875)
Balance at the end of financial period/year	1,568,784,927	1,494,791,632
Accumulated depreciation		
Balance at the beginning of financial period/year	(370,619,449)	(334,594,919)
Depreciation for financial period/year	(18,248,023)	(36,024,530)
Balance at the end of financial period/year	(388,867,472)	(370,619,449)
Carrying amounts		
Balance at the end of financial period/year	1,179,917,455	1,124,172,183

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

	Unaudited Six-month period ended 30.6.2018 KHR'000	Unaudited Six-month period ended 30.6.2017 KHR'000
Additions	85,147,775	41,058,862
Increase in payables and performance guarantee	4,964,421	6,125,794
Interest capitalised on qualifying assets	(1,383,567)	(91,424)
Cash payment for purchase of property, plant and equipment	88,728,629	47,093,232

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 4.00% to 5.50% (2017: 4.00% to 5.00%) per annum.

Short-term investments include deposits amounting to KHR37.1 billion (2017: KHR96.7 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 1.1.2018	1,648,435	20,702,042	20,702,042	221,777,159	264,829,678
Transfer from retained earnings	-	1,653,391	1,653,391	16,367,176	19,673,958
As at 30.6.2018 (Unaudited)	1,648,435	22,355,433	22,355,433	238,144,335	284,503,636
As at 1.1.2017	1,648,435	18,238,388	18,238,388	191,346,199	229,471,410
Transfer from retained earnings	-	2,463,654	2,463,654	30,430,960	35,358,268
As at 31.12.2017 (Audited)	1,648,435	20,702,042	20,702,042	221,777,159	264,829,678

On 29 March 2018, the Board of Directors approved the transfer of retained earnings to reserves amounting to KHR19,673 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 30.6.2018 KHR'000	Audited 31.12.2017 KHR'000
Non-current		
Agence Francaise De Development ("AfD") – Credit No.1075 03 S	18,877,830	24,199,143
MoEF – Japanese International Cooperation Agency ("JICA")	66,574,040	70,872,878
MoEF – Asian Development Bank ("ADB")	29,375,750	30,028,546
AfD – Credit No. 1121 01 F	113,302,177	125,874,653
AfD - Credit No. 1174 01 P	64,656,171	7,311,683
	292,785,968	258,286,903
Current		
AfD – Credit No. 1075 03 S	9,459,680	9,705,330
MoEF – JICA	11,105,228	11,133,191
AfD – Credit No. 6000 01 G	2,991,794	6,136,201
MoEF – ADB	2,219,637	2,239,085
AfD – Credit No. 1121 01F	18,981,918	19,473,283
AfD - Credit No. 1174 01 P	2,047,161	663,594
	46,805,418	49,350,684
	339,591,386	307,637,587

7. BORROWINGS (continued)

The maturity dates of these borrowings are as follows:

	Unaudited 30.6.2018 KHR'000	Audited 31.12.2017 KHR'000
Current		
- Not later than one year	46,805,418	49,350,684
Non-current		
- Later than one year but not later than two years	39,138,777	39,800,294
- Later than two year but not later than five years	98,538,501	104,881,398
- Later than five years	155,108,690	113,605,211
	292,785,968	258,286,903
	339,591,386	307,637,587

8. RETIREMENT BENEFIT OBLIGATIONS

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

	Unaudited 30.6.2018 KHR'000	Audited 31.12.2017 KHR'000
Present value of defined benefit obligation	42,156,609	40,133,717
Fair value of plan asset	-	-
Liability recognised in statement of financial position	42,156,609	40,133,717

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

	Unaudited Six-month period ended	
	30.6.2018 KHR'000	30.6.2017 KHR'000
Balance at 1 January	40,133,717	33,983,477
Current service cost	1,130,022	900,329
Interest cost	1,577,946	1,335,582
Benefit paid	(596,441)	(578,395)
Actuarial gain	(88,635)	(15,524)
Balance at 30 June	42,156,609	35,625,469

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	
	30.6.2018 KHR'000	30.6.2017 KHR'000
Current service cost	1,130,022	900,329
Interest cost	1,577,946	1,335,582
	2,707,968	2,235,911

9. DEFERRED GOVERNMENT AND OTHER GRANTS

	Government grant KHR'000	JICA grant KHR'000	Other grants KHR'000	Total KHR'000
Balance at 1.1.2018	4,638,162	20,095,741	757,098	25,491,001
Amortisation charges	(113,449)	(1,054,339)	(12,197)	(1,179,985)
Balance at 30.6.2018 (Unaudited)	4,524,713	19,041,402	744,901	24,311,016
Balance at 1.1.2017	4,865,059	22,204,422	781,493	27,850,974
Amortisation charges	(226,897)	(2,108,681)	(24,395)	(2,359,973)
Balance at 31.12.2017 (Audited)	4,638,162	20,095,741	757,098	25,491,001

10. TRADE AND OTHER PAYABLES

	Unaudited 30.6.2018 KHR'000	Audited 31.12.2017 KHR'000
Other payables – non-current		
Refundable water deposits	51,461,361	49,556,681
Performance guarantee	1,473,965	143,217
	52,935,326	49,699,898
Trade payable - current		
Third parties	30,066,110	34,235,326
Other payables - current		
Accrued staff incentive	4,545,301	6,739,936
Amount due to Phnom Penh Municipality	13,207,106	6,814,055
Performance guarantee	67,333	76,832
Unearned income	208,980	476,987
Deferred income	5,278	5,278
Other taxes payable	326,625	253,745
Other payables	2,267,333	2,542,975
	20,627,956	16,909,808
	50,694,066	51,145,134
	103,629,392	100,845,032

11. DIVIDEND PAYABLE

On 29 March 2018, the Board of Directors proposed and approved the dividend in respect of the financial year ended 31 December 2017 of KHR154 per share, amounting to a total dividend of KHR13.4 billion. On 27 April 2018, the dividend payable amounting to KHR2 billion was paid.

12. FINANCE INCOME/(COSTS)

	Unaudited			
	Three-month period ended		Six-month period ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	KHR'000	KHR'000	KHR'000	KHR'000
Finance income:				
- Interest income on bank deposits (a)	151,955	1,426,518	498,161	2,952,760
- Net foreign exchange gains on borrowings	7,578,638	-	8,441,370	759,896
- Interest income on loans to Pursat Water Supply	2,474	4,135	5,351	8,590
	7,733,067	1,430,653	8,944,882	3,721,246
Finance costs:				
- Interest expense on borrowings (b)	(2,843,261)	(2,365,284)	(5,609,117)	(4,715,539)
- Net foreign exchange losses on borrowings	(2,013,484)	(17,361,744)	(5,582,911)	(17,812,077)
- Interest expense capitalised on qualifying assets	746,430	-	1,383,567	91,424
	(4,110,315)	(19,727,028)	(9,808,461)	(22,436,192)
	3,622,752	(18,296,375)	(863,579)	(18,714,946)

(a) Interest income represents interest earned form 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.

13. TAX EXPENSE

Under the Cambodian Law on Taxation, the Company has an obligation to pay tax on profit at 20% (2017: 20%) of the taxable profit or a minimum tax at 1% (2017: 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.

14. 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	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Profit attributable to equity holders (KHR'000)	19,718,784	3,233,506	27,573,015	14,569,154
Weighted average number of shares	86,973,162	86,973,162	86,973,162	86,973,162
Basic earnings per share (KHR)	226.72	37.18	317.03	167.51

14. EARNINGS PER SHARE (continued)

(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.

15. RELATED PARTY TRANSACTIONS

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

	Unaudited Six-month period ended	
	30.6.2018 KHR'000	**30.6.2017 KHR'000**
Common control		
MoEF		
Interest on borrowings paid	3,967,220	4,266,353
Pursat Water Supply		
Interest on loans received	5,351	8,591

(b) Compensation of key management personnel

Key management compensation during the financial period is as follows:

	Unaudited Six-month period ended	
	30.6.2018 KHR'000	**30.6.2017 KHR'000**
Salaries and other expenses	1,137,422	1,067,738
Retirement benefits	14,430	13,495
	1,151,852	1,081,233

16. 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 one months and the PPWSA seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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.

17. CAPITAL COMMITMENTS

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

	Unaudited 30.6.2018 KHR'000	**Audited 31.12.2017 KHR'000**
Construction of water treatment plant	56,369,850	95,288,664
Consultation services	4,983,565	5,662,296
Purchase of iron pipes, fitting and accessories	3,506,312	23,123,540
	64,859,727	124,074,500