

**PHNOM PENH WATER SUPPLY AUTHORITY**

**CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE QUARTER ENDED 31 DECEMBER 2014**

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## Report on review of condensed interim financial information

To the Shareholders of Phnom Penh Water Supply Authority

### Introduction

We have reviewed the accompanying interim statement of financial position of Phnom Penh Water Supply Authority as at 31 December 2014, the related interim statements of profit or loss and other comprehensive income for the three-month period and the year ended 31 December 2014, and the related interim statements of changes in equity and cash flows for the year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Cambodian International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of review

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

### Conclusion

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

For PricewaterhouseCoopers (Cambodia) Ltd.

By Kuy Lim  
Partner

Phnom Penh, Kingdom of Cambodia

Date: 13 February 2015

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## **Report on review of condensed interim financial information**

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### *Conclusion*

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For PricewaterhouseCoopers (Cambodia) Ltd.

By Kuy Lim  
Partner

Phnom Penh, Kingdom of Cambodia  
Date:

**PHNOM PENH WATER SUPPLY AUTHORITY**

**INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**

		<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>Note</b>	<b>KHR'000</b>	<b>KHR'000</b>
		(Reviewed but unaudited)	(Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	874,742,665	835,552,690
Intangible assets		2,857,617	3,292,331
Loans to Pursat Water Supply	20	492,540	578,324
Loans to employees		-	7,015,013
		<u>878,092,822</u>	<u>846,438,358</u>
<b>Current assets</b>			
Inventories		40,501,860	35,083,363
Trade and other receivables		31,025,177	29,771,083
Loans to employees		5,440,649	-
Loans to Pursat Water Supply	20	97,365	81,475
Current income taxreceivables	8	-	2,755,704
Short-term investments	9	196,331,331	174,278,018
Cash and cash equivalentents		14,561,869	10,568,715
		<u>287,958,251</u>	<u>252,538,358</u>
<b>Total assets</b>		<u>1,166,051,073</u>	<u>1,098,976,716</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS</b>			
Share capital		541,227,282	541,227,282
Reserves		149,193,437	115,866,320
Retained earnings		45,453,949	38,088,028
<b>Total equity</b>		<u>735,874,668</u>	<u>695,181,630</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations	10	30,246,160	28,362,224
Deferred income tax liabilities		26,157,511	24,472,827
Borrowings	11	251,256,517	228,262,247
Refundable water deposits		36,283,845	31,215,173
Deferred government and other grants		32,570,918	34,930,890
		<u>376,514,951</u>	<u>347,243,361</u>
<b>Current liabilities</b>			
Borrowings	11	28,837,249	26,691,817
Current income tax liabilities	8	2,973,074	-
Trade and other payables	12	21,851,131	29,859,908
		<u>53,661,454</u>	<u>56,551,725</u>
<b>Total liabilities</b>		<u>430,176,405</u>	<u>403,795,086</u>
<b>Total equity and liabilities</b>		<u>1,166,051,073</u>	<u>1,098,976,716</u>

The accompanying notes on pages 7 to 17 are an integral part of this condensed interim financial information.

**PHNOM PENH WATER SUPPLY AUTHORITY**

**INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTH PERIOD ENDED 31 DECEMBER 2014**

	<b>Three-month period ended</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
<b>Note</b>	<b>KHR'000</b>	<b>KHR'000</b>
	(Reviewed but unaudited)	(Reviewed but unaudited)
<b>REVENUES</b>		
Sales	38,777,017	33,981,091
Construction service fee	72,247	-
Other income	2,430,576	2,606,016
	<u>41,279,840</u>	<u>36,587,107</u>
<b>EXPENSES</b>		
Depreciation and amortisation charges	(9,919,691)	(5,790,571)
Electricity costs	(6,981,396)	(5,750,306)
Salaries, wages and related expenses	(6,800,097)	(5,231,339)
Raw materials for water production	(1,117,856)	(1,010,977)
Raw materials for household water connections	(1,867,381)	(1,491,698)
Repairs and maintenance	(1,412,360)	(1,833,108)
Construction service expenses	(19,031)	27,434
Other operating expenses	(6,274,335)	(2,888,987)
Foreign exchange loss – net	(1,148,181)	(2,989,308)
	<u>(35,540,328)</u>	<u>(26,958,860)</u>
<b>Operating profit</b>	5,739,512	9,628,247
Finance income	9,754,348	2,138,764
Finance costs	(2,901,658)	(1,464,162)
Finance income – net	<u>6,852,690</u>	<u>674,602</u>
Profit before income tax	12,592,202	10,302,849
Income tax expense	<u>(1,325,953)</u>	<u>(1,790,113)</u>
Profit for the period	11,266,249	8,512,736
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Actuarial loss on retirement benefit obligations	<u>(256,616)</u>	<u>(1,032,777)</u>
<b>Total comprehensive income for the period</b>	<u>11,009,633</u>	<u>7,479,959</u>
<b>Profit attributable to shareholders</b>	<u>11,266,249</u>	<u>8,512,736</u>
<b>Total comprehensive income attributable to shareholders</b>	<u>11,009,633</u>	<u>7,479,959</u>

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

Basic earnings per share	14	126.59	86.00
Diluted earnings per share	14	126.59	86.00

The accompanying notes on pages 7 to 17 are an integral part of this condensed interim financial information.

**PHNOM PENH WATER SUPPLY AUTHORITY**

**INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Year ended	
	31 December 2014 KHR'000	31 December 2013 KHR'000
	(Reviewed but unaudited)	(Audited)
<b>REVENUES</b>		
Sales	146,857,348	136,399,843
Construction service fee	200,631	7,249,392
Other income	9,484,870	7,930,972
	<u>156,542,849</u>	<u>151,580,207</u>
<b>EXPENSES</b>		
Depreciation and amortisation charges	(34,043,756)	(24,523,863)
Electricity costs	(28,647,334)	(27,406,397)
Salaries, wages and related expenses	(24,215,931)	(19,847,886)
Raw materials for water production	(4,691,063)	(3,318,097)
Raw materials for household water connections	(6,829,865)	(5,668,838)
Repairs and maintenance	(4,536,708)	(4,693,128)
Construction service expenses	(94,034)	(6,649,568)
Other operating expenses	(10,626,010)	(6,649,967)
Foreign exchange gain/(loss) – net	2,147,799	(1,289,533)
	<u>(111,536,902)</u>	<u>(100,047,277)</u>
<b>Operating profit</b>	45,005,947	51,532,930
Finance income	23,067,802	8,592,122
Finance costs	(11,663,042)	(12,038,249)
Finance income/(costs) - net	15 11,404,760	(3,446,127)
Profit before income tax	56,410,707	48,086,803
Income tax expense	13 (10,700,140)	(9,341,274)
Profit for the year	45,710,567	38,745,529
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Actuarial loss on retirement benefit obligations	(256,616)	(657,499)
<b>Total comprehensive income for the period</b>	<u>45,453,951</u>	<u>38,088,030</u>
<b>Profit attributable to shareholders</b>	<u>45,710,567</u>	<u>38,745,529</u>
<b>Total comprehensive income attributable to shareholders</b>	<u>45,453,951</u>	<u>38,088,030</u>

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

Basic earnings per share	14	522.62	437.93
Diluted earnings per share	14	522.62	437.93

The accompanying notes on pages 7 to 17 are an integral part of this condensed interim financial information.

**PHNOM PENH WATER SUPPLY AUTHORITY**

**INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Attributable to shareholders			Total KHR'000
	Capital KHR'000	Reserves KHR'000	Retained earnings KHR'000	
Year ended 31 December 2014 (reviewed but unaudited)				
Balance at 1 January 2014	<u>541,227,282</u>	<u>115,866,320</u>	<u>38,088,028</u>	<u>695,181,630</u>
Profit for the year	-	-	45,710,567	45,710,567
Actuarial loss on retirement benefit obligation	-	-	(256,616)	(256,616)
Total comprehensive income for the period	-	-	<u>45,453,951</u>	<u>45,453,951</u>
Transfer to reserves (note 16)	-	33,327,117	(33,327,117)	-
Dividends paid (note 17)	-	-	(4,760,913)	(4,760,913)
Balance at 31 December 2014 (reviewed but unaudited)	<u>541,227,282</u>	<u>149,193,437</u>	<u>45,453,949</u>	<u>735,874,668</u>
Year ended 31 December 2013 (audited)				
Balance at 1 January 2013	<u>541,227,282</u>	<u>83,854,514</u>	<u>34,420,961</u>	<u>659,502,757</u>
Profit for the year	-	-	38,745,529	38,745,529
Actuarial loss on retirement benefit obligation	-	-	(657,499)	(657,499)
Total comprehensive income for the period	-	-	<u>38,088,030</u>	<u>38,088,030</u>
Transfer to reserves	-	32,011,806	(32,011,806)	-
Dividends paid	-	-	(2,409,157)	(2,409,157)
Balance 31 December 2013 (audited)	<u>541,227,282</u>	<u>115,866,320</u>	<u>38,088,028</u>	<u>695,181,630</u>

The accompanying notes on pages 7 to 17 are an integral part of this condensed interim financial information.



**PHNOM PENH WATER SUPPLY AUTHORITY**

**INTERIM STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>Year ended</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
<b>Note</b>	<b>KHR'000</b>	<b>KHR'000</b>
	(Reviewed but unaudited)	(Audited)
<b>Cash flows from operating activities</b>		
Cash generated from operations	18 88,611,316	82,341,671
Income tax paid	8 (3,286,678)	(6,811,375)
Retirement benefit obligations paid	(866,648)	(689,801)
Net cash generated from operating activities	<u>84,457,990</u>	<u>74,840,495</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	7 (87,222,965)	(86,937,865)
Interest capitalisation on qualifying assets	7 (367,649)	(3,176,682)
Purchases of intangible assets	(849,995)	(2,483,002)
Loan repayments from Pursat Water Supply	82,384	36,091
Short-term investments	(22,053,313)	(26,269,399)
Interest received	8,669,949	6,785,912
Net cash used in investing activities	<u>(101,741,589)</u>	<u>(112,044,945)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(4,760,913)	(2,409,157)
Proceeds from borrowings	62,585,766	55,452,880
Interest paid	(12,526,207)	(5,667,194)
Repayments of borrowings	(24,021,893)	(13,579,401)
Net cash generated from financing activities	<u>21,276,753</u>	<u>33,797,128</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,993,154</b>	<b>(3,407,322)</b>
Cash and cash equivalents, beginning of the year	<u>10,568,715</u>	<u>13,976,037</u>
<b>Cash and cash equivalents, ending of the year</b>	<b><u>14,561,869</u></b>	<b><u>10,568,715</u></b>

The accompanying notes on pages 7 to 17 are an integral part of this condensed interim financial information.

## **PHNOM PENH WATER SUPPLY AUTHORITY**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **1. GENERAL INFORMATION**

The Phnom Penh Water Supply Authority (PPWSA) is under the technical supervision of the Ministry of Mines and Energy (MME) and the financial supervision of the Ministry of 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 mission of the PPWSA is 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 production, 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.

In order to fulfil this mission, PPWSA is allowed to carry out its operational activities on the property, plant and equipment as well as necessary commercial and financial operations, such as:

- the production and overall distribution of water within the city of Phnom Penh and its suburbs
- the expansion, improvement and renovation of the production systems and distribution networks, and
- doing business with existing and future water distribution networks.

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

This condensed interim financial information was approved for issue by the Board of Directors on XXX February 2015.

These condensed interim financial statements have been reviewed, not audited.

## **PHNOM PENH WATER SUPPLY AUTHORITY**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **2. BASIS OF PREPARATION**

This condensed interim financial information for the quarter ended 31 December 2014 has been prepared in accordance with Cambodian International Accounting Standard 34 - Interim financial reporting (CIAS 34). The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Cambodian International Financial Reporting Standards ('CIFRSs'). The significant accounting policies used in preparing the condensed interim financial information are consistent with the significant accounting policies used in the preparation of the 2013 audited financial statements.

#### **3. ACCOUNTING POLICIES**

- (a) New standards, amendments and interpretations issued and effective for years beginning on 1 January 2014 adopted by the PPWSA:

The PPWSA adopted all applicable CIFRS standards, amendments, and interpretations to the extent that they are effective for the financial statements for the financial year beginning on 1 January 2014. There are no standards, amendments, or interpretations that have a significant impact on the PPWSA.

- (b) New standards, amendments and interpretations issued and effective for years beginning on 1 January 2015 but not yet early adopted by the PPWSA:

- CIFRS 9 - Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. CIFRS 9 was issued in November 2009 and October 2010. It replaces the parts of CIAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. CIFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination of the applicable category is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the CIAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a change to the fair value due to an entity's own credit risk is recorded in other comprehensive income, rather than the statement of profit or loss, unless this creates an accounting mismatch. The PPWSA has not assessed CIFRS 9's full impact.

## PHNOM PENH WATER SUPPLY AUTHORITY

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE YEAR ENDED 31 DECEMBER 2014

#### 4. MANAGEMENT ESTIMATES

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

In preparing this condensed interim financial information, the significant judgements made by management in applying the PPWSA's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2013.

#### 5. FINANCIAL RISK MANAGEMENT

##### *5.1 Financial risk factors*

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

The interim condensed financial information does not include all the financial risk management information and disclosures required in the annual financial statements, and it should be read in conjunction with the PPWSA's annual financial statements as at 31 December 2013.

There have been no significant changes in risk management or risk management policies since year end.

##### *5.2 Liquidity risk*

There has been no material change in the contractual undiscounted cash outflows for financial liabilities since year end.

#### 6. OPERATING SEGMENT INFORMATION

The PPWSA treats water for supply to residents in Phnom Penh and surrounding areas. To support its water distribution business, it needs to provide water metre connection as a supporting service. Revenue from water metre connection (a supporting service for water sales) accounts for less than 10% of the total revenue, while water sales account for approximately 94% of the total revenue of the PPWSA.

The PPWSA has one reportable segment, namely, water sales. The chief operating decision-maker (the management team) reviews the internal management report, which reports the performance of the water sales segment as a whole, to assess performance and allocate resources. The chief operating decision-maker assesses the performance of the reportable segment by measuring gross revenue, profit before tax and net profit compared to prior periods.

All revenues are derived from external customers. The PPWSA is domiciled in Phnom Penh and all water sales originate from Phnom Penh and the surrounding areas.

**PHNOM PENH WATER SUPPLY AUTHORITY**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**7. PROPERTY, PLANT AND EQUIPMENT**

	<b>KHR'000</b>
<b>For the year ended 31 December 2014</b>	
Opening balance	835,552,690
Additions	76,971,430
Disposals	(2,099,699)
Write off	(2,922,711)
Depreciation charges	<u>(32,759,045)</u>
Closing net book value (reviewed but unaudited)	<u>874,742,665</u>
<b>For the year ended 31 December 2013</b>	
Opening balance	741,661,049
Additions	118,045,155
Disposals	(94,262)
Depreciation charges	<u>(24,059,252)</u>
Closing net book value (audited)	<u>835,552,690</u>

The reconciliation of the additions of property, plant and equipment is as follows:

	<b>Year ended</b>	
	<b>31 December 2014 KHR'000</b>	<b>31 December 2013 KHR'000</b>
	(Reviewed but unaudited)	(Audited)
Additions	76,971,430	118,045,155
Decrease in payables to suppliers and performance guarantee	<u>10,619,184</u>	<u>1,654,192</u>
Cash used for purchases of property, plant and equipment	87,590,614	119,699,347
Less:		
Interest capitalisation on qualifying assets	(367,649)	(3,176,682)
Deferred government and other grants	<u>-</u>	<u>(29,584,800)</u>
Purchases of property, plant and equipment (per cash flow)	<u>87,222,965</u>	<u>86,937,865</u>

**PHNOM PENH WATER SUPPLY AUTHORITY**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**8. CURRENT INCOME TAX (LIABILITIES)/RECEIVABLES**

	<b>31 December 2014 KHR'000</b>	<b>31 December 2013 KHR'000</b>
	(Reviewed but unaudited)	(Audited)
As at 1 January	2,755,704	(893,817)
Current income tax	(9,015,456)	(3,161,854)
Payments made during the period	<u>3,286,678</u>	<u>6,811,375</u>
	<u>(2,973,074)</u>	<u>2,755,704</u>

**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 ranging from 4.00% to 5.00% per annum.

The short-term investments include deposits amounting to KHR18 billion set up specifically for the purpose of paying retirement benefits to retirees who are entitled to retirement benefits under the pension scheme.

**10. RETIREMENT BENEFIT OBLIGATIONS**

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

	<b>31 December 2014 KHR'000</b>	<b>31 December 2013 KHR'000</b>
	(Reviewed but unaudited)	(Audited)
Present value of defined benefit obligations	30,246,160	28,362,224
Fair value of plan assets	-	-
Unfunded status	<u>30,246,160</u>	<u>28,362,224</u>
Liability recognised in statement of financial position	<u>30,246,160</u>	<u>28,362,224</u>

**PHNOM PENH WATER SUPPLY AUTHORITY**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**10. RETIREMENT BENEFIT OBLIGATIONS (continued)**

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

	<b>2014</b> <b>KHR'000</b>	<b>2013</b> <b>KHR'000</b>
	(Reviewed but unaudited)	(Audited)
As at 1 January	28,362,224	26,165,235
Current service cost	1,177,150	1,081,547
Interest cost	1,316,818	1,147,744
Benefits paid	(866,648)	(689,801)
Actuarial loss	256,616	657,499
As at 31 December	<u>30,246,160</u>	<u>28,362,224</u>

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

	<b>31 December</b> <b>2014</b> <b>KHR'000</b>	<b>31 December</b> <b>2013</b> <b>KHR'000</b>
	(Reviewed but unaudited)	(Audited)
Current service cost	1,177,150	1,081,547
Interest cost	1,316,818	1,147,744
	<u>2,493,968</u>	<u>2,229,291</u>

**11. BORROWINGS**

	<b>2014</b> <b>KHR'000</b>	<b>2013</b> <b>KHR'000</b>
	(Reviewed but unaudited)	(Audited)
Borrowings from:		
AfD – Credit No. 1075 03 S	64,719,905	83,111,694
MoEF – JICA	112,000,290	99,000,951
AfD – Credit No. 6000 01 G	25,228,717	35,195,851
MoEF – ADB	34,502,635	37,645,568
AfD – Credit No. 1121 01F	43,642,219	-
	<u>280,093,766</u>	<u>254,954,064</u>

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**11. BORROWINGS** (continued)

The maturity dates of these borrowings are as follows:

	<b>2014</b>	<b>2013</b>
	<b>KHR'000</b>	<b>KHR'000</b>
	(Reviewed but unaudited)	(Audited)
<b>Current</b>		
Due within one year	<u>28,837,249</u>	<u>26,691,817</u>
<b>Non-current</b>		
Due within one to two years	27,101,361	27,481,597
Due within two to five years	88,592,619	82,444,790
Due after five years	<u>135,562,537</u>	<u>118,335,860</u>
	<u>251,256,517</u>	<u>228,262,247</u>
	<u>280,093,766</u>	<u>254,954,064</u>

**12. TRADE AND OTHER PAYABLES**

	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>KHR'000</b>	<b>KHR'000</b>
	(Reviewed but unaudited)	(Audited)
Trade payables	11,176,434	6,722,650
Performance guarantee	923,530	15,044,930
Accrued staff incentive	3,443,029	3,300,840
Amount due to Phnom Penh Municipality	3,732,133	2,849,597
Deferred income	5,278	99,124
Other taxes payable	167,284	158,499
Other payables	<u>2,403,443</u>	<u>1,684,268</u>
	<u>21,851,131</u>	<u>29,859,908</u>

**13. INCOME TAX EXPENSE**

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial period. The estimated average annual tax rate used for the year to 31 December 2014 is 19% (the estimated tax rate for the period ended 31 December 2013 was 20%).



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**14. EARNINGS PER SHARE**

i) 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.

	Three-month period ended		Year ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	(Reviewed but unaudited)	(Reviewed but unaudited)	(Reviewed but unaudited)	(Audited)
Profit attributable to shareholders (KHR'000)	11,009,633	7,479,959	45,453,951	38,088,030
Weighted average number of shares	86,973,162	86,973,162	86,973,162	86,973,162
Basic earnings per share (KHR)	<u>126.59</u>	<u>86.00</u>	<u>522.62</u>	<u>437.93</u>

ii) 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 ends. As such, the diluted earnings per share were equivalent to the basic earnings per share.

**15. FINANCE INCOME/(COSTS) - NET**

	31 December 2014	31 December 2013
	(Reviewed but unaudited)	(Audited)
Finance income:		
- Interest income on bank deposits (a)	9,441,231	7,615,663
- Unwind concessional loan discount to employees	1,034,374	941,745
- Net foreign exchange gains on borrowings	12,561,006	-
- Interest income on loans to Pursat Water Supply	31,191	34,714
	<u>23,067,802</u>	<u>8,592,122</u>
Finance costs:		
- Interest expenses on borrowings (b)	(12,030,691)	(9,801,353)
- Net foreign exchange losses on borrowings	-	(5,413,578)
- Interest expenses capitalised on qualifying assets	367,649	3,176,682
	<u>(11,663,042)</u>	<u>(12,038,249)</u>
Finance income/(costs) - net	<u>11,404,760</u>	<u>(3,446,127)</u>

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**15. FINANCE (COSTS)/INCOME – NET (continued)**

- (a) Interest income represents interest earned from savings and deposit accounts held at local banks during the period.
- (b) Interest expenses represent 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 WB, ADB and JICA.

**16. TRANSFER TO RESERVES**

On 20 March 2014, the Board of Directors approved the transfer of retained earnings to reserves amounting to KHR 33,327 million.

**17. DIVIDENS PAID**

A dividend that relates to the year ended 31 December 2013 and that amounts to KHR 4,761 million was paid from 22 April to 3 May 2014.

**18. CASH GENERATED FROM OPERATIONS**

	<b>31 December 2014 KHR'000</b>	<b>31 December 2013 KHR'000</b>
	(Reviewed but unaudited)	(Audited)
Profit before income tax	56,410,707	48,086,803
Adjustments for:		
Depreciation charges (Note 7)	32,759,045	24,059,252
Amortisation charges of intangible assets	1,284,709	464,612
Amortisation of deferred government and other grants	(2,359,972)	(2,817,687)
Loss on disposals of property, plant and equipment	5,022,410	102,776
Retirement benefit obligation expenses (Note 10)	2,493,968	2,229,291
Finance costs	11,663,042	12,038,249
Finance income	(23,067,802)	(8,592,122)
Impairment on loans to employees	2,608,738	-
Changes in working capital:		
Inventories	(5,418,497)	24,629,468
Trade and other receivables	(464,111)	(635,537)
Trade and other payables	2,610,407	(21,701,369)
Proceeds from deferred government and other grants	-	1,049,749
Refundable water deposits	5,068,672	3,428,186
	<u>88,611,316</u>	<u>82,341,671</u>

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**19. CAPITAL COMMITMENTS**

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	<b>31 December 2014 KHR'000</b>	<b>31 December 2013 KHR'000</b>
	(Reviewed but unaudited)	(Audited)
Construction of water treatment plant	80,541,737	-
Consultation services	4,214,150	1,497
Purchase of iron pipes, fittings and accessories	342,175	-
Construction of intake	6,519	6,498
	<u>85,104,581</u>	<u>7,995</u>

**20. RELATED-PARTY TRANSACTIONS**

i) Related-party balances

Pursat Water Supply and the PPWSA are under the financial supervision of the MoEF. Transactions with Pursat Water Supply are therefore considered as related-party transactions.

	<b>31 December 2014 KHR'000</b>	<b>31 December 2013 KHR'000</b>
	(Reviewed but unaudited)	(Audited)
Borrowings from the MoEF	146,502,925	136,646,519
Loans to employees	5,440,649	7,015,013
Loans to Pursat Water Supply	589,905	659,799

ii) Significant transactions with related parties

	<b>31 December 2014 KHR'000</b>	<b>31 December 2013 KHR'000</b>
	(Reviewed but unaudited)	(Audited)
Interest on borrowings from the MoEF	10,454,365	5,996,412
Interest on loans to Pursat Water Supply	31,191	34,714

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**20. RELATED-PARTY TRANSACTIONS** (continued)

iii) Key management compensation

Key management compensation for the year ended 31 December is as follows:

	<b>2014</b>	<b>2013</b>
	<b>KHR'000</b>	<b>KHR'000</b>
	(Reviewed but unaudited)	(Audited)
Salaries and other expenses	1,915,600	1,851,182
Retirement benefits	475,123	215,515
	<u>2,390,723</u>	<u>2,066,697</u>

**21. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

On 8 January 2015, Sub-decree no. 01.ANR.BK has been released and stated that the current and future publicly listed companies will be granted a 50% reduction on all corporate income taxes for a period of three years from the General Department of Taxation applicable from the date that they were listed. Management is accessing the impact and may record tax credit in year 2015 if any.