

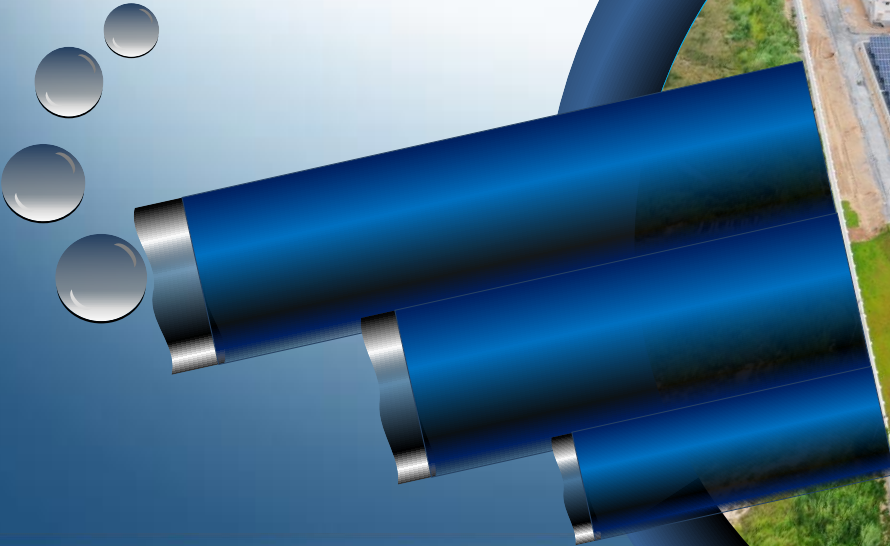


**KINGDOM OF CAMBODIA**  
**NATION RELIGION KING**

**PHNOM PENH WATER SUPPLY AUTHORITY**

# SECOND QUARTERLY REPORT

## 2023



### MAJOR STRATEGIC GOALS OF THE PHNOM PENH WATER SUPPLY AUTHORITY

To expand water supply to Phnom Penh suburban and surrounding areas at the same rate and standard as in Phnom Penh analyse the costs and improve the process and procedure to reduce the water cost; to improve staff efficiencies and build the capacity of Authority; to maintain a strong commitment to social and environmental responsibilities; to strategically compare and benchmark the most-efficient water utilities in the world.



#45, Street 106, Sangkat Srah Chork,  
Khan Daun Penh, Phnom Penh, Cambodia



Tel: (855)23 724 046  
Fax: (855)23 427 657



E-mail:  
[ir@ppwsa.com.kh](mailto:ir@ppwsa.com.kh)

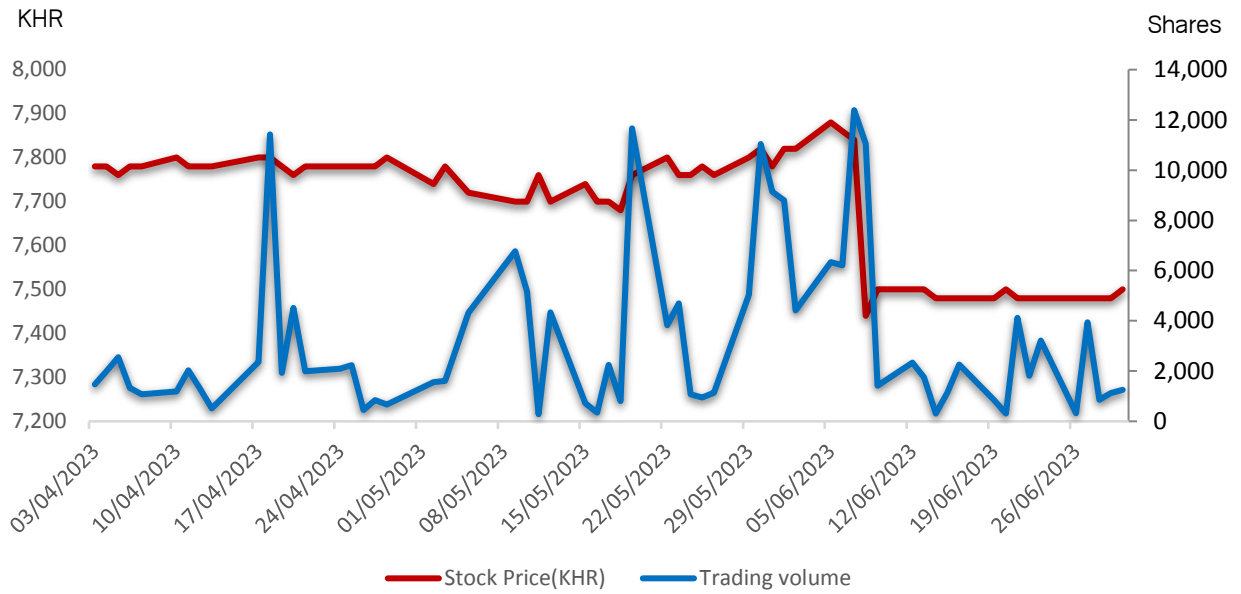


# FINANCIAL HIGHLIGHTS

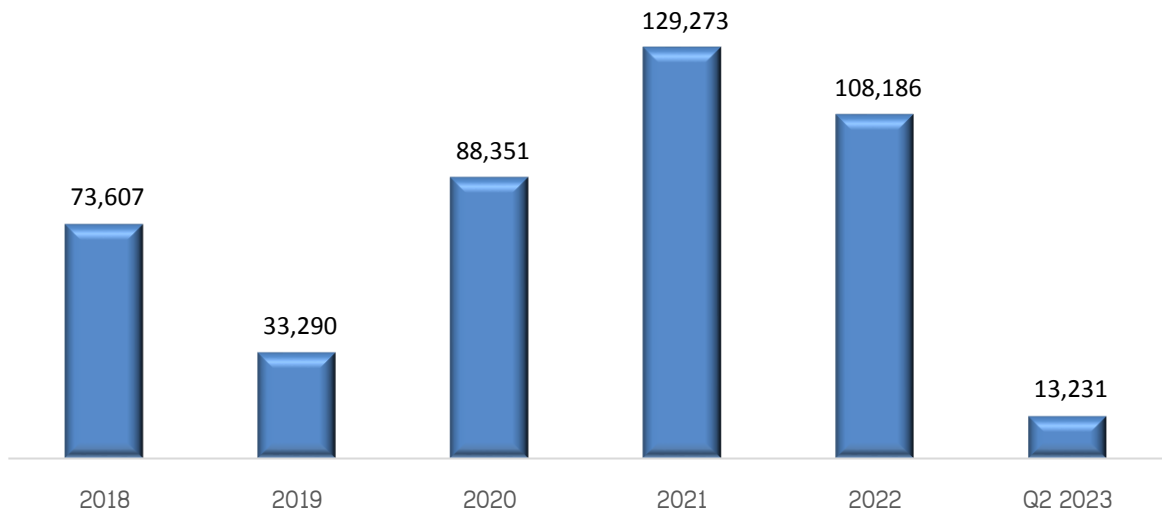
Financial Position		Second Quarter of 2023	2022	2021
Total assets (KHR'000)		2,859,406,684	2,684,135,875	2,306,806,174
Total liabilities (KHR'000)		1,539,857,109	1,411,922,828	1,140,177,961
Total shareholders'equity (KHR'000)		1,319,549,575	1,272,213,047	1,166,628,213
Profit/(Loss)		Second Quarter of 2023	Second Quarter of 2022	Second Quarter of 2021
Total Revenue(KHR'000)		99,562,496	80,318,827	77,181,395
Profit/(Loss) before tax (KHR'000)		23,255,853	30,722,519	22,493,736
Profit/(Loss) after tax (KHR'000)		13,231,299	27,791,585	16,810,774
Total comprehensive income (KHR'000)		13,231,299	27,791,585	16,810,774
Financial Ratios		Second Quarter of 2023	2022	2021
Solvency ratio				
Liquidity Ratio	Current Ratio (Times)	2.04	2.21	1.65
	Quick Ratio(Times)	1.40	1.46	1.11
		Second Quarter of 2023	Second Quarter of 2022	Second Quarter of 2021
Profitabilities Ratio	Return on Assets (%)	0.47	1.12	0.82
	Return on Equity (%)	1.01	2.30	1.56
	Gross Profit margin (%)	38.86	31.73	35.89
	Profit Margin (%)	13.29	34.60	21.78
	Earning Per Share (KHR)	152.13	319.54	193.29
Interest Coverage Rario (Times)		1.97	5.85	4.71

# FINANCIAL SUMMARY CHARTS

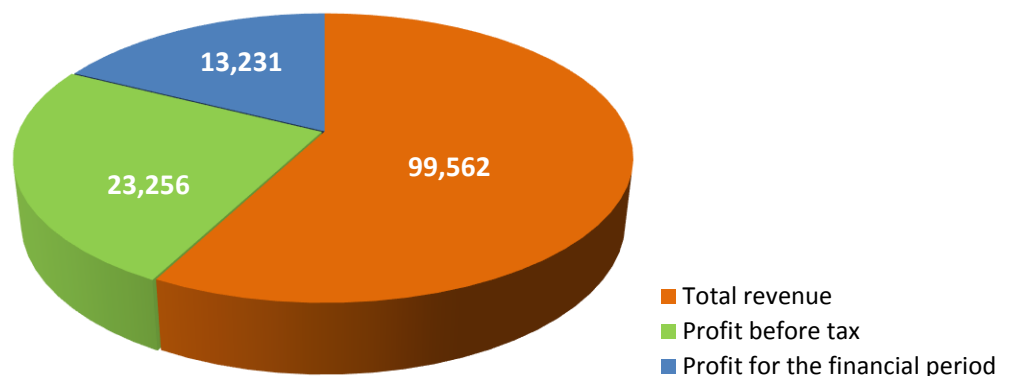
## Changes in stock price (in KHR) and trading volume



## PROFIT BY YEAR (in million KHR)



## PROFIT FOR SECOND QUARTER OF 2023 (in million KHR)



# BOARD OF DIRECTORS



**H.E. Sim Sitha**

Secretary of State, Ministry of Industry,  
Science, Technology and Innovation

**Chairman**



**H.E. Long Naro**

Delegation of the Royal Government of  
Cambodia in Charge of The Director General of  
Phnom Penh Water Supply Authority

**Member**



**H.E. Mey Vann**

Secretary of State,  
Ministry of Economy and Finance

**Member**



**H.E. Nuon Pharat**

Deputy Governor of the Board  
Governors of Phnom Penh

**Member**



**Mr. Ma Noravin**

Representative  
Of PPWSA's employees

**Member**



**Mr. Nam Chantry**

Non-Executive Director  
Representing Private Shareholders

**Member**



**Mr. Sreng Samork**

Independent Director

**Member**

# CHAIRMAN'S MESSAGE



**H.E. Sim Sitha**

Secretary of State, Ministry of Industry,  
Science, Technology and Innovation  
**Chairman**

In the 2<sup>nd</sup> quarter of 2023,

By gaining the trust from the Royal Government and the support from the two parent ministries, PPWSA successfully performed all its business activities. We have been continuing to develop its water service from day to day, both in terms of qualities and quantities, to meet the water demand for the population in Phnom Penh and the provincial town of Takmao as well as to contribute to the developments of the two municipalities.

In this quarter, PPWSA reported total revenues of KHR99,562,496,000 and profit before tax of KHR23,255,853,000. Net income was KHR13,231,299,000. While the basic earnings per share was KHR152.13.

PPWSA invests in, builds, expands, operates and maintains water supply and sanitation facilities; takes all the means to improve its production and service, and assure clean water quality to satisfy the requirements for livings, businesses, services and industries; engages in domestic or oversea businesses and services related to water and sanitation sectors due to the Board's resolutions and the existing laws; enhances technical, commercial and financial cooperation with local and international development partners to develop PPWSA based on the Royal Government's policy; maintains financial and operational viability linked to social responsibility; improves staff efficiency and strengthens institutional capacity; conducts cost analysis and reforms the processes and procedures to minimize the costs; and benchmarks its performance against other most effective peers in the world.

## Effective Service

PPWSA keeps supplying clean water that is straight drinkable from the tap on 24x7 basis. In the 2<sup>nd</sup> quarter of 2023, we laid the main and distribution pipes of 110,495.20m, produced 71,633,968m<sup>3</sup> of clean water and installed 4,821 new connections, of which 585 connections were for the low-income whom we always care for. Furthermore, the non-revenue water (NRW) accounted for 9.15% due to pipe leakage.

## Performance of the Board of Directors

In the 2<sup>nd</sup> quarter of 2023, the Board of Directors for mandate 8 held the 3<sup>rd</sup> meeting on June 22, 2023 at 8:30 AM at the headquarter of PPWSA with the following agendas:

1. Request for approval on the additional expenses for the connection of electricity to supply in Boeng Thom Water Treatment Plant and for the re-design of Compact Water Treatment System

The Board approved the additional expenses totalling USD361,500 for the electrical connection to Boeng Thom Water Treatment Plant and for the re-design of Compact Water Treatment System.

2. Request for a discussion on the Board of Directors Evaluation Form and Individual Director Evaluation Form

The Board agreed in principle to put the Board of Directors Evaluation Form (Form 1) into practice from this year onward, and requested all the Board members to provide additional inputs on this evaluation form, if any.

3. Business Report for the 2<sup>nd</sup> quarter of 2023 and Business Plan for the 3<sup>rd</sup> quarter of 2023

The Board totally agreed to the Business Report for the 2<sup>nd</sup> quarter of 2023 and Business Plan for the 3<sup>rd</sup> quarter of 2023, and also advised PPWSA to request Ministry of Industry, Science, Technology and Innovation for intervention to get Kandal Provincial Administration to offer possible plots of concessional land in Arey Ksat area for the construction of Water Treatment Plant to supply clean water there.

4. Procurement Report for the 2<sup>nd</sup> quarter of 2023 and request for approval on the revised procurement plan for the 2<sup>nd</sup> semester of 2023

The Board agreed to the Procurement Report for the 2<sup>nd</sup> quarter and approved on the revision of Procurement Plan for the 2<sup>nd</sup> semester of 2023.

5. Report on the Social Fund for the 2<sup>nd</sup> quarter of 2023 and request for approval on three expenditure request

The Board agreed to the Report on the Social Fund for the 2<sup>nd</sup> quarter of 2023 as well as approved the three requests with the estimated budget of USD109,360 .

6. Internal Audit Report for the 2<sup>nd</sup> quarter of 2023

The Board acknowledged the report as well as advised the Internal Audit to check the possible revision to the audit report or prepare a new report format by indicating other helpful tools to facilitate the Board's monitoring and decision-making.

7. Report on the Campaign for Water Shortage Solutions in some suburban communes/districts of Phnom Penh and some suburban communes of Takmao town during the 2023 drought.

The Board acknowledge this report.

8. Others

The Chairman of the Board of Directors informed and PPWSA take into account the 3 following items :

- a) New law of the Public Enterprise Management, which may be scheduled to be promulgated at the end of 2023, no longer stipulates and requires the appointment of Account Inspector and Accounting Agent . Therefore, PPWSA does not need to process this appointment.
- b) In term of human resource development, as finding the training needs assessment professionals is late, PPWSA can check its possibility to establish a new Human Resource Development Office to do this job and prepare the structure for this office.
- c) Water Sanitation Service Branch has had only Deputy Director in charge, with no Head of the Branch, and is currently being managed by the Director General.



Moreover, Water Sanitation Service Branch is responsible for projects in provinces including bidding and so on. The Chairman was worried this may not conform to the managerial statute. Thus, re-appointment of Head of the Branch shall be proposed.

PPWSA has a clear strategy to expand the water distribution network to the surrounding areas of Phnom Penh based on the extension of water treatment facilities, keeping the same tariff and standard for Phnom Penh, and a strong commitment to social and environmental responsibility.

In the 3<sup>rd</sup> quarter of 2023, PPWSA plans to produce 74,186,300m<sup>3</sup> of clean water, expand 123,520m of additional distribution network, and total revenues of KHR102,969,272,000 with total expenses of KHR62,255,291,000 as approved by the Board and the 2 parent ministries.

### **Acknowledgement**

We would like to express our deep gratitude to the Royal Government, the two tutelary ministries-Ministry of Industry, Science, Technology and Innovation, and Ministry of Economy and Finance, Securities and Exchange Committee of Cambodia, and all the shareholders who always trust and support PPWSA.

We are also proud and thankful to PPWSA's staff at all levels, who worked hard and responsibly to achieve the best results.

Phnom Penh, August 11, 2023

**CHAIRMAN**

**Sim Sitha**

# Content

Financial Highlights	i
Financial Summary Charts	ii
Board of Directors	iii
Chairman’s Message	v
<b>Part 1: General Information of Phnom Penh Water Supply Authority</b>	<b>01</b>
A- Identity of Phnom Penh Water Supply Authority	01
B- Nature of Business	01
<b>Part 2: Information on Business Operating Performance</b>	<b>02</b>
A-Business Operating Performance	02
B-Revenue Structure	04
<b>Part 3- Financial Statement reviewed by the external auditor</b>	<b>05</b>
<b>Part 4- Management’s Discussion and Analysis</b>	<b>07</b>
A- Overview of Operations	07
B- Significant Factors Affecting Profit	11
C- Material Changes in Sales and Revenue	12
D- Impact of Foreign Exchange, Interest Rates and Commodity Prices	12
E- Impact from Inflation	12
F- Economic, Fiscal and Monetary Policies of the Royal Government	12
<b>Part 5- Other Necessary Information for Investor Protection</b>	<b>13</b>

## PART1: General Information of PPWSA

### A. Identification of the Phnom Penh Water Supply Authority

- ◆ Name in Khmer: រដ្ឋាករទឹកស្វយ័តក្រុងភ្នំពេញ (រ.ទ.ស.ភ)
- ◆ Name in Latin: Phnom Penh Water Supply Authority (PPWSA)
- ◆ Standard Code: KH1000010004
- ◆ Address: Office No.45, St. 106, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Cambodia
- ◆ Phone number: (855)31 322 6345
- ◆ Website: [www.ppwsa.com.kh](http://www.ppwsa.com.kh) Email: [ir@ppwsa.com.kh](mailto:ir@ppwsa.com.kh)
- ◆ Company Registration Number: Co.0839Et/2012 Date: March 27<sup>th</sup>, 2012
- ◆ License number: Sub-decree No. 52 ANKr.BK Issued by: The Royal Government of Cambodia  
Date: December 19<sup>th</sup>, 1996
- ◆ Disclosure document registration number by SERC: 012/12 SECC/SSR Date: March 23<sup>rd</sup>, 2012
- ◆ Representative: **H.E. LONG NARO** Delegation of the Royal Government of Cambodia in Charge of The Director General of Phnom Penh Water Supply Authority

### B. Nature of Business

- ◆ Invest in, build, expand, operate, repair and maintain water supply and sanitation facilities.
- ◆ Take all the means to improve its production and service, and assure clean water quality to satisfy the requirements for living, businesses, services and industries. Engage in domestic or overseas business and services related to water and sanitation sectors due to the Board of Directors's resolutions and the existing laws.
- ◆ Enhance technical, commercial and financial corporations with local and international development partners to develop PPWSA in accordance with the Royal Government's policies.
- ◆ Maintain financial and operational sustainability pertaining to social interests.
- ◆ Expand water supply to Phnom Penh's suburban areas and surrounding regions at the same rate and standard as in Phnom Penh.
- ◆ Improve staff efficiency and continue to build the capacity of the enterprise.
- ◆ Analyze cost factors and reform processes and procedures to reduce water costs.
- ◆ Strategically compare with the most efficient water utilities in the world.
- ◆ Strong commitment to social and environmental responsibility.

## PART 2. Information on Business Operation Performance

### A. Business Operation Performance including business segments information

#### A.1. Water Treatment and Distribution System and Non-revenue water

##### A.1.1. Water Treatment

➤ Below is the water treatment plant in the second quarter of 2023 as follows:

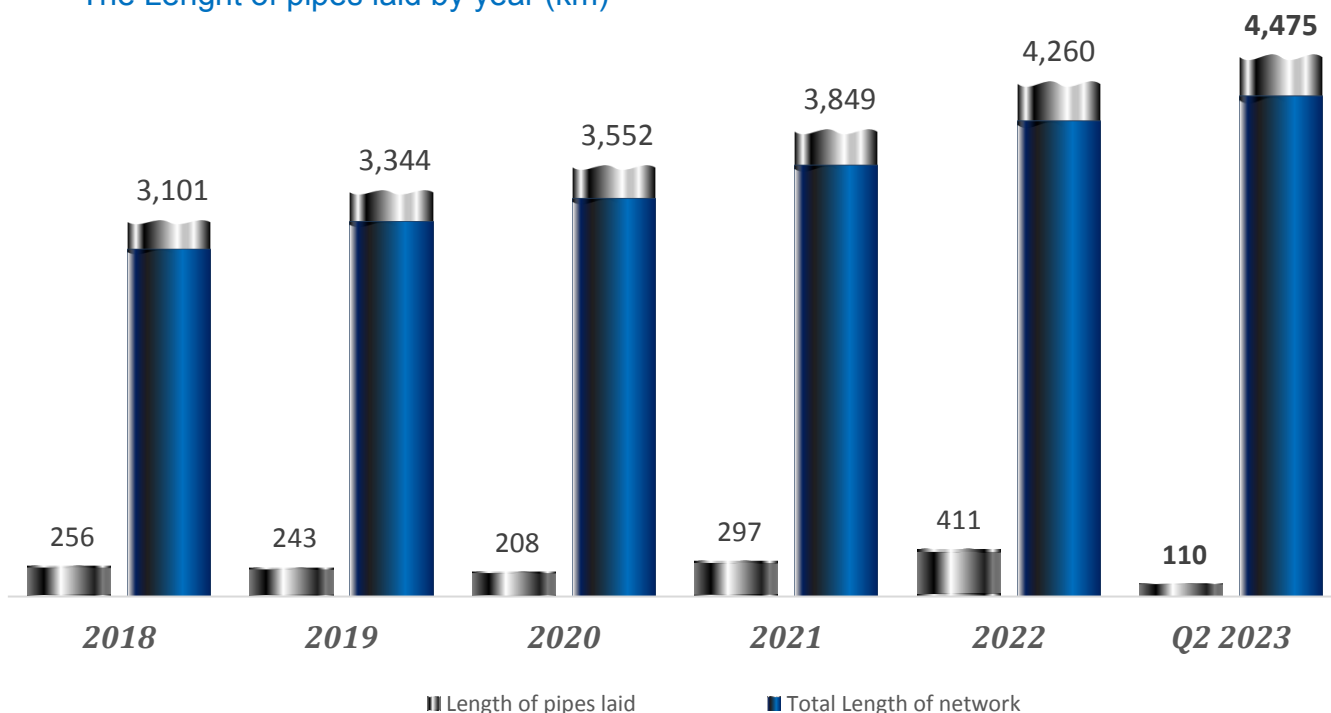
Description	Planned (m <sup>3</sup> )	Actual (m <sup>3</sup> )	Rate (%)
Phum Prek	14,226,000	15,430,620	108
Chroy Changvar	14,684,000	14,201,440	97
Chamkar Mon	4,762,000	5,540,436	116
Nirodh	23,180,000	24,122,980	104
Bakheng	9,166,000	12,126,234	132
Mlech	87,900	131,124	149
Tbong Khmom	63,700	81,134	127
<b>TOTAL</b>	<b>66,169,600</b>	<b>71,633,968</b>	<b>108</b>

➤ The quality of treated water at the seven water treatment plants and distribution networks

Parameters	Unit	WHO	Phum Prek WTP	Chroy Changvar WTP	Chamkar Mon WTP	Nirodh WTP	Bakheng WTP	Mlech WTP	Tbong Khmom WTP	Distribution Pipes
Turbidity	NTU	≤ 5	0.17	0.18	0.12	0.25	0.27	0.59	0.78	0.30
pH Value	pH	6.5-8.5	7.48	7.59	7.70	7.36	7.81	7.09	7.26	7.45
Free Available Chlorine	mg/l	0.1-1	1.54	1.42	1.10	1.32	1.45	1.40	1.02	0.50
Total Available Chlorine	mg/l	<2	1.76	1.57	1.26	1.47	1.52	1.62	1.16	0.63
Total coliforms	cfu/100ml	0	0	0	0	0	0	0	0	0
E. Coli	cfu/100ml	0	0	0	0	0	0	0	0	0

##### A.1.2. Pipes Laying

The Length of pipes laid by year (km)



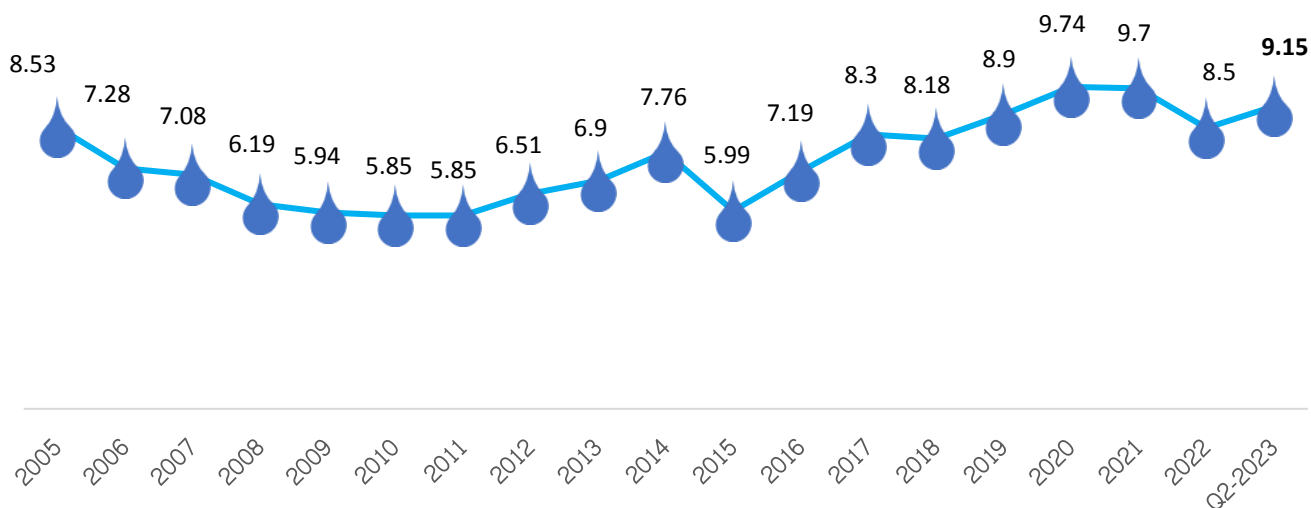
## A. Business Operation Performance including business segments information (con't)

### A.1. Water Treatment and Distribution System and Non-revenue water (con't)

#### A.1.3. Water Loss Reduction

In the second quarter of 2023, PPWSA's non-revenue water rate was kept at 9.15%, as shown in the graph below.

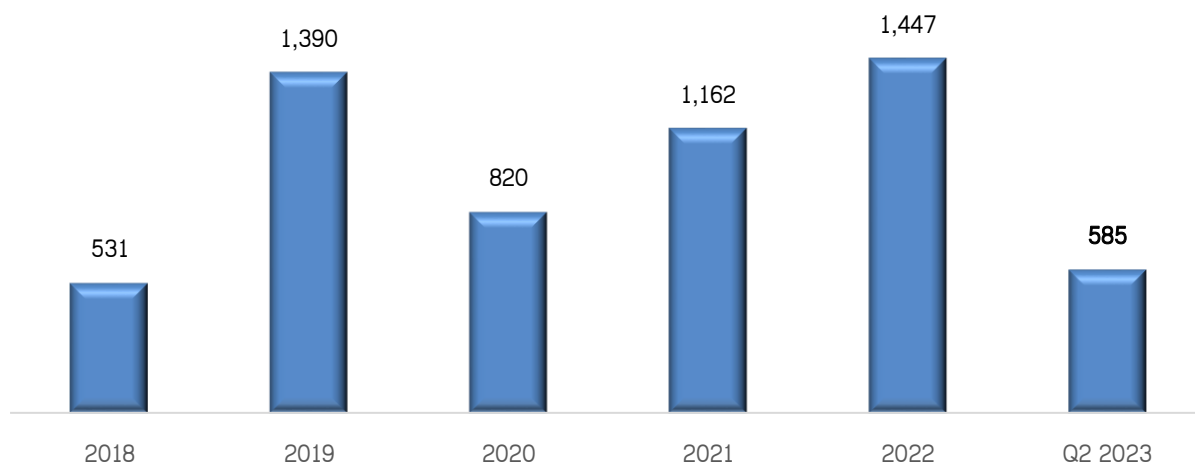
NRW trend from 2005 to second quarter of 2023 (in percentage)



## A.2. Business Activities and Results

### A.2.1. Water Supply to the low-income households

Low-Income household connection each year

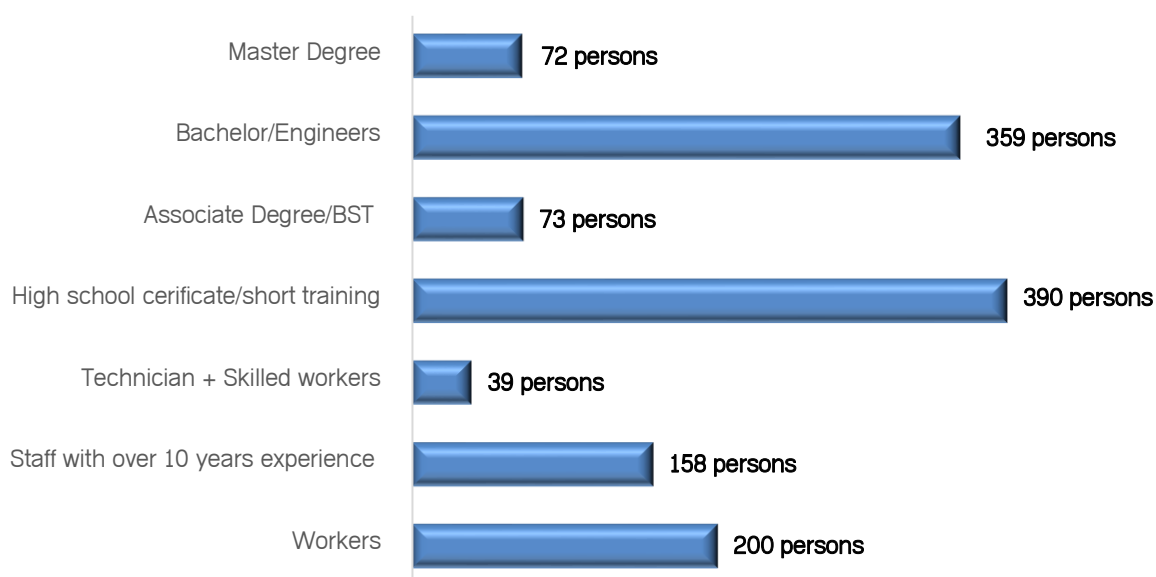


### A.2.2. House Connection and Customer Management

Type of Customers	2019	2020	2021	2022	Q2-2023	
	(Connections)	(Connections)	(Connections)	(Connections)	(Connections)	(%)
Domestic	321,212	333,099	350,463	360,948	369,493	79.8620
Commercial	62,366	68,136	74,344	83,874	86,573	18.7118
Administrative	696	744	823	913	823	0.1778
Wholesalers	7	10	11	9	8	0.0017
RDE Representative	17	14	16	5	4	0.0008
Standpipe	17	17	16	16	14	0.0030
Room rental	5,752	5,759	5,728	5,789	5,749	1.2425
<b>TOTAL</b>	<b>390,067</b>	<b>407,779</b>	<b>431,401</b>	<b>451,554</b>	<b>462,664</b>	

## A. Business Operation Performance including business segments information (con't)

### A.3- Human Resource Management



*Total staff of PPWSA in Q2-2023: 1,291 persons (216 females)*

### B- Revenue Structure

No	Source of Revenue	Q2-2023		Q2-2022		Q2-2021	
		(KHR'000)	%	(KHR'000)	%	(KHR'000)	%
1	Sales	89,071,558	89.46	73,981,962	92.11	66,431,633	86.07
2	Construction Service fees	4,342,368	4.36	5,008,429	6.23	5,060,797	6.56
3	Other income	6,148,570	6.18	1,328,436	1.65	5,688,965	7.37
	<b>Total revenue</b>	<b>99,562,496</b>		<b>80,318,827</b>		<b>77,181,395</b>	

**PART 3:**  
**FINANCIAL STATEMENT**  
**REVIEWED BY**  
**THE EXTERNAL AUDITOR**

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND  
SIX-MONTH PERIOD ENDED 30 June 2023**

**ATTACHED IN APPENDIX I**



## PART 4: Management's Discussion and Analysis

### A. Overview of operations

#### 1. Revenue analysis

PPWSA generates revenues from three main sources – water sales, construction service fees and other incomes.

- Water sales revenue is generated from water consumption – domestic / households, commercial and industrial, administrative, rented rooms, and wholesalers. This revenue is reported net of discounts, allowances and credits and is recognized based on the volume of water supplied to the customers. Water bills are issued every two months.
- Construction service revenue is generated from the fees of construction services related to the expansion of the distribution network that PPWSA constructs for a construction company.
- Other revenues/incomes are generated from water meter maintenance charges, sales of water connection materials, penalty charges for unauthorized water use, and others.
  - Water meter maintenance revenue is generated from the monthly meter maintenance charge on a basis of KHR50 per 1 mm of water meter diameter. This revenue is used to cover the cost of future replacement of water meters for the customers.
  - Plumbing material sales revenue is generated from the sale of water meters, pipes and fittings.
  - Penalty fees is a revenue generated from penalties for customers' late payments penalties and illegal connections.
  - Other revenues are generated from contributions by commercial and industrial customers for installing special network connections into their properties and fees earned for collection of sewerage maintenance charges on behalf of Phnom Penh Municipality.

➤ The period ended 30 June 2023 compared to the period of 30 June 2022

Description	Second quarter of 2023	Second quarter of 2022	Changes	
	(KHR'000)	(KHR'000)	(KHR'000)	Percentage
	a	b	a - b	(a-b)/b*100
Total Revenues	99,562,496	80,318,827	19,243,669	23.96

PPWSA has a total revenue of KHR99,562,496,000 for the period ended 30 June 2023 and KHR80,318,827,000 for the period ending 30 June 2022. The revenue increased by KHR19,243,669,000 or 23.96%. We can see that the main reason of this increase in revenue is due to sales revenue increased by KHR15,089,596,000 or 20.40% and Other income increased by KHR4,820,134,000 or 362.84%.

#### 2. Revenue analysis by segment

The analysis of PPWSA's revenue by segment are shown as below:

Description	Second quarter of 2023	%	Second quarter of 2022	%
	(KHR'000)		(KHR'000)	
	a	(a / b)*100	c	(c / b)*100
Sale	89,071,558	89.46	73,981,962	92.11
Construction service fee	4,342,368	4.36	5,008,429	6.23
Other income	6,148,570	6.18	1,328,436	1.65
Total Revenues (b)	99,562,496		80,318,827	

## A. Overview of operations (Con't)

### 2. Revenue analysis by segment (Con't)

The following are the only analysis of significant revenue streams by segment:

- The period ended 30 June 2023 compared to the period of 30 June 2022

Description	Second quarter of 2023		Second quarter of 2022		Changes		
	Volume	Amount	Volume	Amount	Volume	Amount	%
	(M <sup>3</sup> )	(KHR'000)	(M <sup>3</sup> )	(KHR'000)	(M <sup>3</sup> )	(KHR'000)	
	a	b	c	d	a - c	b - d	(b-d)/d*100
Domestic	34,215,254	33,384,595	26,931,495	26,171,578	7,283,759	7,213,017	27.56%
Commercial	24,149,981	43,826,081	20,918,659	37,872,706	3,231,322	5,953,375	15.72%
Public administrative and autonomy	2,941,009	6,060,513	1,935,843	4,854,892	1,005,166	1,205,621	24.83%
Representative and room rental	3,774,424	3,126,197	3,318,818	2,585,132	455,606	541,065	20.93%

#### ◆ Revenue from household water sales (Domestic)

Revenue from domestic water sales amounted to KHR33,384,595,000 for the period ended 30 June 2023 and KHR26,171,578,000 for the period ended 30 June 2022, increasing by KHR7,213,017,000 or 27.56%. The reason of the increase is that the average tariff ascended by KHR 3.94/m<sup>3</sup>, from KHR 971.78/m<sup>3</sup> to KHR 975.72/m<sup>3</sup> and the number of connections ascended by 13,366 from 356,127 to 369,493 connections and monthly consumption per connection increased by 5.73m<sup>3</sup> from 25.07m<sup>3</sup> to 30.80m<sup>3</sup>.

#### ◆ Revenue from commercial water sale

Revenue from commercial water sales amounted to KHR43,826,081,000 for the period ended 30 June 2023 and KHR37,872,706,000 for the period ended 30 June 2022, increasing by KHR5,953,375,000 or 15.72%. The reason of the increase is that the number of connections ascended by 7,040 from 79,533 to 86,573 connections and the average tariff ascended by KHR 4.27/m<sup>3</sup> from KHR 1,810.47/m<sup>3</sup> to KHR 1,814.75/m<sup>3</sup>. On the other hand, monthly consumption per connection decreased by 7.10m<sup>3</sup> from 87.08m<sup>3</sup> to 94.18m<sup>3</sup>.

#### ◆ Revenue from public administrative water sales

Revenue from public administrative water sales amounted to KHR6,060,513,000 for the period ended 30 June 2023 and KHR 4,854,892,000 for the period ended 30 June 2022, increasing by KHR1,205,621,000 or 24.83%. The reason of the increase is that the monthly consumption per connection ascended by 6.31m<sup>3</sup> from 855.15m<sup>3</sup> to 861.46m<sup>3</sup> and the average tariff KHR2,500/m<sup>3</sup>. On the other hand, the connections declined by 79 connections from 902 to 823 connections.

#### ◆ Revenue from representative and rent rooms water sales

Revenue from representative and rent rooms water sales amounted to KHR3,126,197,000 for the period ended 30 June 2023 and KHR2,585,132,000 for the period ended 30 June 2022, increasing by KHR541,065,000 or 20.93%. The reason of the increase is that the monthly consumption per connection ascended by 30.45m<sup>3</sup> from 186.62m<sup>3</sup> to 217.07m<sup>3</sup> and the average tariff KHR700/m<sup>3</sup>. On the other hand, the number of connections declined by 23 connections from 5,798 to 5,775 connections.

## A. Overview of operations (Con't)

### 3. Gross profit margin analysis

PPWSA prepared and presented its income statements by nature, without showing gross profit. However, this presentation enables discussions and analyzes on the operating profit which is calculated by subtracting operating expenses from total income.

The details of the operating expenses will be discussed in Item “a-4” below.

### 4. Profit before tax

Profit before tax is derived from the subtraction of operating expenses from the gross revenues and net finance income (expenses). In discussing and analysis the operating expenses, we considered the total expenses as follows.

➤ The period ended 30 June 2023 compared to the period ended 30 June 2022

Description	Second quarter of 2023 (KHR'000)	Second quarter of 2022 (KHR'000)	Changes	
			(KHR'000)	Percentage
	a	b	a - b	(a-b)/b*100
Total revenues	99,562,496	80,318,827	19,243,669	23.96%
Depreciation and amortisation charges	(15,673,564)	(14,881,112)	(792,452)	5.33%
Electricity costs	(11,405,368)	(8,837,402)	(2,567,966)	29.06%
Salaries, wages and related expenses	(20,833,846)	(18,526,465)	(2,307,381)	12.45%
Raw materials for water treatment	(3,381,078)	(2,626,123)	(1,188,751)	45.27%
Construction service expenses	(2,154,885)	(3,610,005)	1,455,120	(40.31%)
Finance income	4,186,070	9,592,130	(5,406,060)	(56.36%)
Finance costs	(19,615,663)	(4,355,555)	(15,260,108)	350.36%
<b>Profit before tax</b>	<b>23,255,853</b>	<b>30,722,519</b>	<b>(7,466,666)</b>	<b>(24.30%)</b>

PPWSA earned profit before tax of KHR23,255,853,000 for the period ended 30 June 2023 and KHR30,722,519,000 for the period ended 30 June 2022, decreasing by KHR7,466,666,000 or 24.30%. The main reason of this decrease is that the finance cost-net for the period ended 30 June 2023 increased by KHR20,666,168,000 or 394.65%.

### 5. Profit for the financial year

Under the Law on Commercial Enterprises, in the context of duties and taxes, PPWSA had to pay annual taxes at the rate of 20%. This 20% tax is calculated by applying the 20% tax rate on the taxable profit.

## A. Overview of operations (Con't)

### 5. Profit for the financial year (Con't)

➤ The period ended 30 June 2023 compared to the period ended 30 June 2022

Description	Second quarter of 2023 (KHR'000)	second quarter of 2022 (KHR'000)	Changes	
			(KHR'000)	Percentage
	c	d	c - d	(c-d)/d*100
Profit before tax (a)	23,255,853	30,722,519	(7,466,666)	(24.30%)
Tax expense (b)	(10,024,554)	(2,930,934)	(7,093,620)	242.03%
Profit for the financial year	13,231,299	27,791,585	(14,560,286)	(52.39%)
Total comprehensive income for the financial year	13,231,299	27,791,585	(14,560,286)	(52.39%)
Effective tax reate (b)/(a)	43.11%	9.54%		

PPWSA earned profit for the financial period of KHR13,231,299,000 for the period ended 30 June 2023 and KHR27,791,585,000 for the period ended 30 June 2022, decreasing by KHR 14,560,286,000 or 52.39%. The main reason of this decrease is that the finance cost-net for the period ended 30 June 2023 increased by KHR20,666,168,000 or 394.65% and Income tax increased by KHR7,093,620,000 or 242.03% even though:

- Sale income increased by KHR15,089,596,000 or 20.40% in the second quarter of 2023, and
- Other income increased by KHR4,820,134,000 or 362.84%.

### 6. Analysis of factors and trends analysis affecting financial conditions and results

The protracted situation of the war between Russia and Ukraine, as well as the uncertain state of the world economy continue to affect the progress of the global economy and in the region as well. However, PPWSA continues to operate daily and remains profitable in the second quarter of 2023. The reason the Authority could secure this profit is that water sales increased quarter on quarter, with the supporting factors as below:

- **NRW rate:** PPWSA utilized an effective mechanism to reduce NRW to 9.15% in this quarter. Maintaining NRW is a critical factor enabling PPWSA to ensure its financial viability and sustainable enterprise development.
- **Increasing the customer base:** To generate revenues from water sales, PPWSA increased its customer base, expanding its service coverage to unserved areas by filling up its coverage with distribution networks in Phnom Penh and its surrounding areas, in particular, the economically potential zones.
- **Increase in average water tariff:** Finding new commercial and industrial customers increased PPWSA's average water tariff because the tariff for this customer category is higher than that of other customer categories.
- **Operating expenses management:** PPWSA managed these expenses, especially the electricity consumption cost which is huge and significant in the water treatment process, through the introduction of new technologies such as variable speed distribution pumps unnecessary as well as the efficient and economical use of raw materials in water treatment.

For operating expenses, PPWSA tried to lessened the expenditures, especially, on administration and maintenance. In this regard, the Authority regularly inspected and maintained all the existing equipment and facilities to assure their quality and reduce other repair expenses.

## A- Overview of operations (Con't)

### 6. Analysis of factors and trends analysis affecting financial conditions and results (Con't)

- **Strict practices in procurement process:** PPWSA has strictly adhered to applicable laws, regulation and other guidelines in relation to the procurement process for purchases of material and raw materials. This process is transparent and encourages market price competition, which allows PPWSA to make low cost purchases, without neglecting quality.
- **Cash management:** With the above high collection ratio 99.90%, PPWSA was capable enough to manage its cash efficiently. With this, PPWSA reserved cash as working capital for two-three months, and invested available cash in short-term fixed deposits at commercial banks with high interest rates. PPWSA also scrutinizes risks and benefits associated with the high interest rates.
- **Selection of low-rate financiers:** Due to the increasing water demand, PPWSA is in need of finance for its investment projects, such as construction of WTPs, and laying of transmission and distribution pipes. PPWSA has sought international development partners such as AFD to get the low-interest-rate financing.
- **Economic situation:** Based on the forecast of the economic situation of Cambodia in 2023 may be at the rate of 5.5%, which is higher than in 2022, which is only 5.2%. A slight increase in the Cambodian economy is a good sign that the average water tariff may increase due to the increasing water demand commercial customers.

## B. Significant Factors Affecting Profit

### 1. Demand and supply conditions analysis

According to a study of water demand relative to population growth in Phnom Penh and due to the expansion of the area around Phnom Penh, PPWSA is building a Bak Kheng water treatment plant. Phase 1 with a production capacity of 195,000 m<sup>3</sup>/day and is scheduled to start production in the end of April 2023 and is continuing to build the Bak Kheng water treatment plant Phase 2 with the same production capacity of 195,000 m<sup>3</sup>/day that will start in 1<sup>st</sup> quarter of 2024, Boeung Thom water treatment plant with a production capacity of 5,000 m<sup>3</sup>/day will complete at the end of 2023, and Takhmao water treatment plant with a production capacity of 30,000m<sup>3</sup>/day will complete at the end of 2024,.

### 2. Raw materials price analysis

Changes in prices of raw materials for water treatment might slightly affect the production cost because the portion of this cost is not higher than 10% of the operating expenses. However, PPWSA adhered very strictly to the procurement procedures to ensure the conformity of raw material prices to market prices, and this procedure allows PPWSA to obtain low competitive prices.

### 3. Tax analysis

Under the Law on Commercial Enterprises, in the context of duties and taxes, PPWSA is obliged to pay duties and taxes as stipulated in the existing laws and regulations. PPWSA is required to pay taxes under the real regime tax system and is a large taxpayer determined by the General Department of Taxation.

### 4. Exceptional and extraordinary items analysis

At the end of June 30, 2023, the management believes that PPWSA does not have any unusual and extraordinary elements.

## C. Material changes in sales and revenues

PPWSA's main revenues are the sales revenues (water sales and connection fees) which is a basic need of Phnom Penh residents. The water sales represented about 89.46% of gross revenue in second quarter of 2023. PPWSA is also the monopoly water supplier in Phnom Penh and its outskirts. Revenues may grow, subject to the demography of Phnom Penh capital, province town of the Takhmao.

## D. Impact of foreign exchange, interest rates and commodity prices

### D.1. Impact of exchange rate

The PPWSA records the accounting using the base currency "Cambodian Riel (KHR)", and foreign currency transactions are converted to the base currency at the exchange rates ruling at the dates of the transactions. Gains and losses arising from the settlement of such transactions, changes in assets and liabilities denominated in foreign currencies are recorded in the detailed income statement. For the second quarter of 2023, the declining of the foreign exchange rate against the riel has made PPWSA unrealized gain from the loans. On the other hand, most payments by PPWSA were made in Cambodian Riel so there is no significant impact on the exchange rate.

### D.2. Impact of interest rates

#### D.2.1. Impact of interest rate on interest income

Due to the absence of a currency market in Cambodia, PPWSA could afford only short-term investments in 9-12 months fixed deposits at local commercial banks.

#### D.2.2. Impact of interest rate on interest expense

The PPWSA has had two financing sources with floating and fixed interest rates. The fixed-rate financing was received via MEF from ADB at the interest rate of 1.65% per annum, and from JICA at the interest rate of 0.66% per annum. The floating-rate loan is received directly from AFD at the interest rate of 6-month EURIBOR-1.35% commodity. The interest rates must range from 0.25% to 5.21% per annual.

### D.3. Impact of prices

Through PPWSA's procurement procedure in compliance with the existing laws and regulations, as well as other guidelines, the Authority has to sign contracts with suppliers at a competitive or negotiable price. The protracted war between Russia and Ukraine has pushed up the prices of raw materials in domestic and foreign markets due to rising fuel prices, transportation costs as well as imbalanced supply and demand. Rising prices of materials and raw materials have also affected PPWSA's investment and operating costs. However, despite the increase in the cost of materials and raw materials, the management has carefully considered the plan and the needs for raw materials to ensure the timely and affordable use pursuant to the applicable public procurement laws.

## E. Impact of inflation

PPWSA's water tariff remained unchanged from 2001 to 2019. To adjust to the variations in inflation, PPWSA has been implementing the revised tariff since 1 January 2020, and maintained better financial stability.

## F. Economic, Fiscal and Monetary Policies of the Royal Government

PPWSA's business was influenced by a number of the government policies such as:

- **Service coverage expansion:** Further expansion of the water service coverage is restricted due to PPWSA's mission that allows water production and distribution to the public in Phnom Penh only. This restriction is stipulated in Sub-decree No. 52 ANKR.BK, dated 19 December 1996, on the Establishment of PPWSA.

## F. Economic, Fiscal and Monetary Policies of the Royal Government (Con't)

- **Enlargement of Phnom Penh area:** The Royal Government had a policy to enlarge the Phnom Penh area by integrating 20 additional communes into Phnom Penh, which expanded PPWSA service coverage.
- **Immovable property tax policy:** Ministry of Economy and Finance (MEF) has put into force PRAKAS No. 493 សហវិ.ប្រកាស, dated 19 July 2010, on Immovable Property Tax Collection. PPWSA's immovable properties are used to process the water treatment facilities, and tax-exempt according to MEF's Notification No. 006 សហវិ.អំពាវនាវ, dated 18 May 2011.

## PART 5: Other Necessary Information for Investor Protection

On Monday, June 19, 2023, PPWSA organized The Official Inauguration Ceremony of the Bakheng Water Production Facilities phase 1 highly presided over by **Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia** and **H.E. Kitti Settha Pandita CHAM Prasidh, Senior Minister, Minister of Industry, Science, Technology and Innovation**, which is the great achievement of PPWSA, was constructed on 15 hectares of land with total production capacity of 195,000 m<sup>3</sup>/day resourced from Mekong Leur River. The Water Production facilities located on Bakheng Leur village, Bakheng commune, Chroy Changvar district, Phnom Penh (Along Win Win Blvd.).

Bakheng Water Supply Project Phase 1 is co-financed between Royal Government of Cambodia (RGC), Phnom Penh Water Supply Authority (PPWSA), The French Development Agency (AFD), European Investment Bank (EIB), European Union (EU) of total project budget worth 247 million US dollars.

Bakheng Water Production Facility Phase 1 was started the construction on May 05, 2020 and has been put into testing-operations on the production and supply of clean water since April 21, 2023 that reach the completion on May 5, 2023 with 36 months of construction period. Bakheng Water Production Facility Phase I is the ever-largest project in the history of Cambodia's clean water infrastructure development that is constructed by the French firm, Vinci Construction Grants Projets with supervision from PPWSA and technical assistance from the French firm, SAFEGE consulting Engineers. The construction project is contracted within the Design-Build framework.

Bakheng Water Production Facility Phase 1 has a production capacity of 195,000 m<sup>3</sup>/day giving an extra capacity to existing capacity of 640,000m<sup>3</sup>/day up to 835,000m<sup>3</sup>/day and increase the access supply of clean water to about 170,000 families. In addition to this, it also contributes to solving the problem of scarcity of water for people living at the suburb and 3 communes in Takhmao.

At the beginning of 2024, after PPWSA put into operation of Bakheng Water Production Facilities phase 2, the total production capacity of clean water could increase by more than 1 million cubic meters per day. This gives the people living in Phnom Penh and Takhmao, especially those living on the outskirts of Phnom Penh, access to clean water supply ensuring a better water pressure and the current water shortage trend will be ended by early 2024.

# SIGNATURE OF DIRECTORS OF PHNOM PENH WATER SUPPLY AUTHORITY

Phnom Penh, August 11, 2023

Read and Approved

---

Signature

**Sim Sitha**

Chairman of the Board

Phnom Penh, August 11, 2023

Read and Approved

---

Signature

**Long Naro**

Director



# **APPENDIX I**

## **CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 June 2023**

**PHNOM PENH WATER SUPPLY AUTHORITY**  
**(Co.0839 Et/2012)**  
(Incorporated in Cambodia)

**CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE QUARTER AND**  
**SIX-MONTH PERIOD ENDED 30 JUNE 2023**

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

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2023**

<b>CONTENTS</b>	<b>Page</b>
STATEMENT BY THE DIRECTORS	1
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	2
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY	4
CONDENSED INTERIM STATEMENT OF CASH FLOWS	5
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	6 - 14
REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION	15

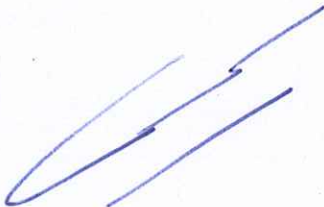

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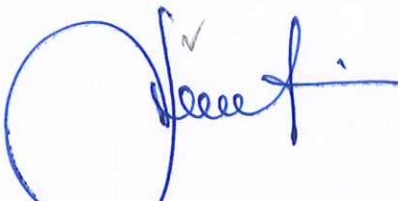
**PHNOM PENH WATER SUPPLY AUTHORITY**  
(Incorporated in Cambodia)

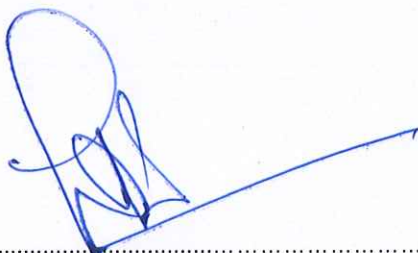
**STATEMENT BY THE DIRECTORS**

We, **H.E. SIM SITHA, H.E. LONG NARO and DENG POLYDEN**, being the directors and officer of Phnom Penh Water Supply Authority ("PPWSA"), do hereby state that in the opinion of the directors, the accompanying condensed interim statement of financial position of PPWSA as at 30 June 2023, and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the quarter and six-month period then ended, and notes to the condensed interim financial information (collectively known as "Condensed Interim Financial Information") are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

Signed on behalf of the Board of Directors and the management, 

  
.....  
**SIM SITHA**  
Chairman of the Board of Director 

  
.....  
**LONG NARO**  
Director General

  
.....  
**DENG POLYDEN**  
Deputy Director General  
in charge of Finance

Date: 11-Aug-2023

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

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	Note	Unaudited 30.6.2023 KHR'000	Audited 31.12.2022 KHR'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	2,373,855,835	2,203,041,914
Intangible assets		11,407,724	12,089,587
<b>Total non-current assets</b>		<b>2,385,263,559</b>	<b>2,215,131,501</b>
<b>Current assets</b>			
Inventories		156,708,452	152,737,078
Trade and other receivables		39,074,030	28,264,940
Contract assets	5	117,083,154	92,768,374
Loan to employees		7,956,651	7,956,651
Short-term investments	6	127,126,832	126,118,416
Cash and cash equivalents		26,194,006	61,158,915
<b>Total current assets</b>		<b>474,143,125</b>	<b>469,004,374</b>
<b>TOTAL ASSETS</b>		<b>2,859,406,684</b>	<b>2,684,135,875</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of PPWSA</b>			
Share capital and share premium		620,759,107	620,759,107
Reserves		647,148,782	543,268,075
Retained earnings		51,641,686	108,185,865
<b>TOTAL EQUITY</b>		<b>1,319,549,575</b>	<b>1,272,213,047</b>
<b>Non-current liabilities</b>			
Borrowings	7	1,079,099,662	986,495,717
Deferred government and other grants	8	74,391,323	69,238,477
Deferred tax liabilities - net		80,489,895	77,016,716
Other payables	9	80,212,581	76,801,705
<b>Total non-current liabilities</b>		<b>1,314,193,461</b>	<b>1,209,552,615</b>
<b>Current liabilities</b>			
Trade and other payables	9	185,630,882	154,661,152
Borrowings	7	23,990,157	23,499,158
Contract liabilities	5	5,479,944	4,456,756
Current tax liabilities		10,562,665	19,753,147
<b>Total current liabilities</b>		<b>225,663,648</b>	<b>202,370,213</b>
<b>TOTAL LIABILITIES</b>		<b>1,539,857,109</b>	<b>1,411,922,828</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,859,406,684</b>	<b>2,684,135,875</b>

The Condensed Interim Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this condensed interim financial information.

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

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	Note	Unaudited		Unaudited	
		Three-month period ended 30.6.2023 KHR'000	30.6.2022 KHR'000	Six-month period ended 30.6.2023 KHR'000	30.6.2022 KHR'000
<b>Income:</b>					
Sales	10	89,071,558	73,981,962	162,814,113	143,114,089
Construction service fee		4,342,368	5,008,429	11,167,587	8,824,986
Other income		6,148,570	1,328,436	8,592,409	10,399,762
		<u>99,562,496</u>	<u>80,318,827</u>	<u>182,574,109</u>	<u>162,338,837</u>
<b>Expenses:</b>					
Depreciation and amortisation charges		(15,673,564)	(14,881,112)	(30,791,516)	(29,759,950)
Electricity costs		(11,405,368)	(8,837,402)	(20,358,588)	(17,361,061)
Employee benefits expense		(20,833,846)	(18,526,465)	(39,290,936)	(34,580,933)
Raw materials for water treatment		(3,814,874)	(2,626,123)	(7,195,952)	(5,206,116)
Raw materials for household water connections		(1,226,633)	(1,486,862)	(2,383,716)	(2,640,951)
Repairs and maintenance		(2,462,236)	(1,231,932)	(4,755,974)	(2,591,382)
Construction service expense		(2,154,885)	(3,610,005)	(5,359,649)	(5,601,033)
Other operating expenses		(3,296,170)	(3,111,865)	(5,981,655)	(5,427,911)
Foreign exchange losses - net		(9,474)	(521,117)	(900,231)	(1,648,021)
		<u>(60,877,050)</u>	<u>(54,832,883)</u>	<u>(117,018,217)</u>	<u>(104,817,358)</u>
<b>Operating profit</b>		<b>38,685,446</b>	<b>25,485,944</b>	<b>65,555,892</b>	<b>57,521,479</b>
Finance income	11	4,186,070	9,592,130	20,234,759	19,061,037
Finance costs	12	(19,615,663)	(4,355,555)	(20,793,146)	(5,173,728)
<b>Profit before tax</b>		<b>23,255,853</b>	<b>30,722,519</b>	<b>64,997,505</b>	<b>71,408,788</b>
Income tax	13	(10,024,554)	(2,930,934)	(13,355,819)	(13,325,454)
<b>Profit for the period, representing total comprehensive income for the period</b>		<b><u>13,231,299</u></b>	<b><u>27,791,585</u></b>	<b><u>51,641,686</u></b>	<b><u>58,083,334</u></b>
Earnings per share attributable to owners					
Basic earnings per share (KHR)		<u>152.13</u>	<u>319.54</u>	<u>593.77</u>	<u>667.83</u>
Diluted earnings per share (KHR)		<u>152.13</u>	<u>319.54</u>	<u>593.77</u>	<u>667.83</u>

The Condensed Interim 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 2022 and the accompanying explanatory notes attached to this condensed interim financial information.

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	Note	Share capital and share premium KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
<b>Unaudited</b>					
<b>Balance at 1 January 2023</b>		<b>620,759,107</b>	<b>543,268,075</b>	<b>108,185,865</b>	<b>1,272,213,047</b>
Profit for the financial period, representing total comprehensive income for the period		-	-	51,641,686	51,641,686
<b>Transactions with owners</b>					
Transfer to reserves		-	103,880,707	(103,880,707)	-
Dividends	14	-	-	(4,305,158)	(4,305,158)
<b>Total transactions with owners</b>		<b>-</b>	<b>103,880,707</b>	<b>(108,185,865)</b>	<b>(4,305,158)</b>
<b>Balance at 30 June 2023</b>		<b>620,759,107</b>	<b>647,148,782</b>	<b>51,641,686</b>	<b>1,319,549,575</b>
<b>Unaudited</b>					
<b>Balance at 1 January 2022</b>		<b>619,315,886</b>	<b>418,038,410</b>	<b>129,273,917</b>	<b>1,166,628,213</b>
Profit for the financial period, representing total comprehensive income for the period		-	-	58,083,334	58,083,334
<b>Transactions with owners</b>					
Transfer to reserves		-	125,229,665	(125,229,665)	-
Dividends	14	-	-	(4,044,252)	(4,044,252)
<b>Total transactions with owners</b>		<b>-</b>	<b>125,229,665</b>	<b>(129,273,917)</b>	<b>(4,044,252)</b>
<b>Balance at 30 June 2022</b>		<b>619,315,886</b>	<b>543,268,075</b>	<b>58,083,334</b>	<b>1,220,667,295</b>

The Condensed Interim Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying notes attached to the condensed interim financial information.

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

**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	Note	Unaudited	
		Six-month period ended	
		30.6.2023	30.6.2022
		KHR'000	KHR'000
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>64,997,505</b>	<b>71,408,788</b>
Adjustments for:			
Amortisation of intangible assets		918,116	978,622
Depreciation of property, plant and equipment		29,873,400	28,781,328
Amortisation of deferred government and other grants		(1,004,954)	(1,004,953)
Written off of property, plant and equipment		444,668	107,191
Finance income		(3,439,818)	(1,902,021)
Finance costs		6,866,138	4,290,934
Net unrealised foreign exchange loss/ (gain)		2,228,601	(10,176,437)
<b>Operating profit before changes in working capital</b>		<b>100,883,656</b>	<b>92,483,452</b>
Increase in inventories		(7,946,521)	(2,160,996)
(Increase)/ Decrease in trade and other receivables		(9,621,931)	40,550,870
Increase in trade and other payables		30,969,730	118,886,467
Increase in contract assets		(24,314,780)	(7,548,364)
Increase in contract liabilities		1,023,188	-
Increase in refundable water deposits		3,410,876	2,592,829
<b>Net cash from operations</b>		<b>94,404,218</b>	<b>244,804,258</b>
Income tax paid		(19,073,122)	(20,755,025)
<b>Net cash generated from operating activities</b>		<b>75,331,096</b>	<b>224,049,233</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(192,060,308)	(279,258,075)
Purchase of intangible assets		(236,253)	(428,456)
Increase in short-term investments		(1,008,416)	(21,047,564)
Interest capitalised on qualifying assets		(5,096,534)	(2,691,293)
Receipt of Japanese government grants	8	6,157,800	-
Interest received		2,252,659	792,908
<b>Net cash used in investing activities</b>		<b>(189,991,052)</b>	<b>(302,632,480)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(4,305,158)	(4,044,252)
Drawdown of borrowings		101,439,083	85,110,004
Interest paid		(6,810,575)	(4,451,099)
Repayments of borrowings		(10,628,303)	(10,823,887)
<b>Net cash generated from financing activities</b>		<b>79,695,047</b>	<b>65,790,766</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(34,964,909)</b>	<b>(12,792,481)</b>
<b>Cash and cash equivalents</b>			
at the beginning of the period		<b>61,158,915</b>	<b>89,659,538</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>26,194,006</b>	<b>76,867,057</b>

The Condensed Interim Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the condensed interim financial information.



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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND SIX-MONHTH PERIOD ENDED 30 JUNE 2023**

**1. CORPORATE INFORMATION**

Phnom Penh Water Supply Authority ("PPWSA") is under the technical supervision of the Ministry of Industry Science Technology and Innovation ("MISTI") and the financial supervision of the Ministry of the Economy and Finance ("MoEF"), and has its headquarter in Phnom Penh. PPWSA is acknowledged as having the economic characteristic 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 No. 45, Street 106, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

The principal activities of PPWSA are to engage in the processing and distribution of water for general use by the public in the city of Phnom Penh and surrounding areas, including Takmao, Tbong Khmom and Mlech and the provision of other related services. 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.

**2. BASIS FOR PREPARATION**

The condensed interim financial information of PPWSA is unaudited and have been prepared in accordance with the provision of the Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

The condensed interim financial information does not include all notes of type normally included in an annual financial statements, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in PPWSA's financial position and performance since the last annual financial statements. Accordingly, this condensed interim financial information is to be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2022 and any public announcements made by PPWSA during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**3. SEASONAL OR CYCLICAL FACTOR**

Except for those disclosed in the notes to the condensed interim financial information, PPWSA's operations are not materially affected by seasonal or cyclical factors.

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND SIX-MONHTH PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**4. PROPERTY, PLANT AND EQUIPMENT**

	<b>Unaudited 30.6.2023 KHR'000</b>	<b>Audited 31.12.2022 KHR'000</b>
<b>Cost</b>		
Balance at the beginning of the financial period/year	2,805,461,230	2,438,823,008
Additions	197,156,842	287,124,812
Transfer from inventory	3,975,147	80,775,249
Transfer to intangible assets	-	(1,125,000)
Written-off	<u>(5,055,547)</u>	<u>(136,839)</u>
Balance at the end of the financial period/year	<u>3,001,537,672</u>	<u>2,805,461,230</u>
<b>Accumulated depreciation</b>		
Balance at the beginning of financial period/year	602,419,316	544,958,389
Depreciation for the financial period/year	29,873,400	57,460,927
Written-off	<u>(4,610,879)</u>	<u>-</u>
Balance at the end of the financial period/year	<u>627,681,837</u>	<u>602,419,316</u>
<b>Carrying amount</b>		
Balance at the end of the financial period/year	<u>2,373,855,835</u>	<u>2,203,041,914</u>

During the quarter and six-month period ended 30 June 2023, PPWSA made the following cash payment for its additions of property, plant and equipment:

	<b>Unaudited Six-month period ended</b>	
	<b>30.6.2023 KHR'000</b>	<b>30.6.2022 KHR'000</b>
Additions	197,156,842	281,949,368
Interest capitalised on qualifying assets	<u>(5,096,534)</u>	<u>(2,691,293)</u>
Cash payment for purchase of property, plant and equipment	<u>192,060,308</u>	<u>279,258,075</u>

**5. CONTRACT ASSETS / (LIABILITIES)**

	<b>Unaudited 30.6.2023 KHR'000</b>	<b>Audited 31.12.2022 KHR'000</b>
<b>Contract assets</b>		
Contract assets relating to construction service contracts	4,917,427	3,533,898
Contract assets relating to water revenue	<u>112,165,727</u>	<u>89,234,476</u>
	<u>117,083,154</u>	<u>92,768,374</u>
<b>Contract liabilities</b>		
Contract liabilities relating to construction service contracts	<u>5,479,944</u>	<u>4,456,756</u>

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND SIX-MONHHTH PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**6. SHORT-TERM INVESTMENTS**

These represent fixed deposit placed with financial institutions for a period of between nine to twelve months (2022: nine to twelve months) and earn interest at rates ranging from 3.50% to 4.75% (2022: 3.50% to 4.75%) per annum.

**7. BORROWINGS**

	Currency	Nominal interest rate	Year of maturity	Carrying amount KHR'000
<b>Balance at 1 January 2023</b>				1,009,994,875
<b>Drawdowns</b>				
European Investment Bank	USD	0.610% - 0.965%	2048	41,716,951
AfD - Credit No. 1176 01 S	USD	0.900%	2038	37,824,593
AfD - Credit No. 1244 01 M	USD	0.900%	2039	21,897,539
<b>Repayments</b>				
<u>Principal</u>				
MoEF - Asian Development Bank	SDR	1.650%	2037	(1,121,710)
AfD - Credit No. 1121 01 F	EUR	0.250%	2025	(8,793,339)
MoEF - JICA	JPY	0.660%	2049	(713,254)
<u>Interest</u>				
MoEF - Asian Development Bank	SDR	1.650%	2037	(269,116)
AfD - Credit No. 1121 01 F	EUR	0.250%	2025	(54,821)
MoEF - JICA	JPY	0.660%	2049	(118,174)
AfD - Credit No. 1174 01 P	USD	1.800%	2037	(1,361,381)
AfD - Credit No. 1176 01 S	USD	0.900%	2038	(1,365,036)
AfD - Credit No. 1244 01 M	USD	0.900%	2039	(642,826)
European Investment Bank	USD	0.610% - 0.965%	2048	(2,999,221)
<b>Accrued interest</b>				6,866,138
<b>Unrealised exchange loss</b>				2,228,601
<b>Balance at 30 June 2023</b>				<b>1,103,089,819</b>

**Breach of loan covenants**

PPWSA has unsecured borrowings with a carrying amount of KHR1,103,089,819,000 as at 30 June 2023. These borrowings bear interest from 0.250% to 1.800% and are repayable ranges from 2 to 26 years. However, these borrowings contained certain covenants which PPWSA has to comply, otherwise MoEF and / or AfD may suspend or cancel the rights of PPWSA to request additional disbursement of the unwithdrawn amount and repayable on demand of its existing outstanding balance, if such covenant breached is material.

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND SIX-MONHTH PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**7. BORROWINGS (CONTINUED)**

PPWSA exceeded its maximum leverage threshold during the quarter and six-month period ended 30 June 2023. As disclosed in the audited financial statement for the year ended 31 December 2022, PPWSA has obtained a waiver from the relevant party, extended until 31 December 2022.

**8. DEFERRED GOVERNMENT AND OTHER GRANTS**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Balance at 1 January	69,238,477	16,812,186
Additions*	6,157,800	54,436,199
Amortisation charged for the financial period/year	(1,004,954)	(2,009,908)
Balance at 30 June	<u>74,391,323</u>	<u>69,238,477</u>

\* The additional grants represent amount received from the general budget of the Japanese Government amounted to USD1,494,624 or equivalent to KHR6,157,800,000. The purpose of the grant is to fund the Boeng Thum Water Production Project to improve the water supply service in the South-Western part of the Phnom Penh City.

**9. TRADE AND OTHER PAYABLES**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>Non-current:</b>		
<b>Other payables</b>		
Refundable water deposits	<u>80,212,581</u>	<u>76,801,705</u>
<b>Current:</b>		
<b>Trade payables</b>		
Third parties	74,072,226	48,078,710
Accruals construction-in-progress	<u>22,344,424</u>	<u>23,208,075</u>
	<u>96,416,650</u>	<u>71,286,785</u>
<b>Other payables</b>		
Amount due to Phnom Penh Municipality	67,077,582	57,830,594
Accruals	5,970,567	6,071,437
Accrued staff incentive	5,868,488	9,993,226
Performance guarantee	67,404	67,390
Other tax payable	677,398	385,903
Other payables	<u>9,552,793</u>	<u>9,025,817</u>
	<u>89,214,232</u>	<u>83,374,367</u>
Total trade and other payables (current)	<u>185,630,882</u>	<u>154,661,152</u>
Total trade and other payables (non-current and current)	<u>265,843,463</u>	<u>231,462,857</u>

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND SIX-MONHTH PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**10. SALES**

	Unaudited		Unaudited	
	Three-month period ended		Six-month period ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	KHR'000	KHR'000	KHR'000	KHR'000
Water sales:				
- households	33,384,595	26,171,578	59,908,374	52,591,603
- commercial	43,826,081	37,872,706	79,472,879	70,038,424
- public administration	6,060,513	4,854,892	11,746,095	9,596,152
- wholesalers	3,126,197	2,585,132	5,473,588	4,769,857
Rounding difference on water sales revenue	21,199	17,443	38,374	33,552
Less: Invoice cancellations	(111,238)	(739,131)	(656,227)	(843,407)
	<u>86,307,347</u>	<u>70,762,620</u>	<u>155,983,083</u>	<u>136,186,181</u>
Water connection revenue	1,835,992	2,247,087	4,586,973	4,670,672
Water meter replacement charges	893,147	905,836	2,156,762	2,126,662
Spare parts and meter sales	35,072	66,419	87,295	130,574
	<u>89,071,558</u>	<u>73,981,962</u>	<u>162,814,113</u>	<u>143,114,089</u>

**11. FINANCE INCOME**

	Unaudited		Unaudited	
	Three-month period ended		Six-month period ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	KHR'000	KHR'000	KHR'000	KHR'000
Interest income on bank deposits	1,776,980	1,037,139	3,439,818	1,902,021
Unrealised foreign exchange gain on borrowings	2,409,090	8,554,991	16,794,941	17,159,016
	<u>4,186,070</u>	<u>9,592,130</u>	<u>20,234,759</u>	<u>19,061,037</u>

**12. FINANCE COSTS**

	Unaudited		Unaudited	
	Three-month period ended		Six-month period ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	KHR'000	KHR'000	KHR'000	KHR'000
Interest expense on borrowings	4,329,698	2,394,450	6,866,138	4,290,934
Unrealised foreign exchange loss on borrowings	18,775,730	3,574,087	19,023,542	3,574,087
Interest capitalised on qualifying assets	(3,489,765)	(1,612,982)	(5,096,534)	(2,691,293)
	<u>19,615,663</u>	<u>4,355,555</u>	<u>20,793,146</u>	<u>5,173,728</u>

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND SIX-MONHHTH PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**13. INCOME TAX**

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate for the annual financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

PPWSA's effective tax rate for the quarter and six-month period ended 30 June 2023 of 21% (quarter and six-month period ended 30 June 2022: 19%). The change in effective tax rate was mainly contributed by the recognition of deferred tax liabilities in the quarter and six-month period ended 30 June 2023.

**14. DIVIDENDS**

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>KHR'000</b>	<b>KHR'000</b>
<b>Recognised during the financial period</b>		
Dividend for the financial period ended 30 June 2023 of KHR330 per ordinary share (*)	<u>4,305,158</u>	<u>-</u>
Dividend for the financial period ended 31 December 2022 of KHR310 per ordinary share	<u>-</u>	<u>4,044,252</u>

(\*) On 15 March 2023, the Board of Directors declared and approved the dividend of KHR330 per ordinary share of PPWSA. The dividend was paid on 20 June 2023.

Pursuant to the approval letter from the MoEF on 9 August 2021, PPWSA is exempted for payment of dividends by PPWSA to MoEF until the financial year ending 2024, with dividends of financial year ending 2025 to be resumed as PPWSA's usual practice.

Accordingly, the dividends recognised during the financial period were for the remaining shareholders of PPWSA.

**15. RELATED PARTY TRANSACTIONS**

PPWSA has the following significant transactions with related parties:

(a) Government-related entities

Government-linked corporations are related to PPWSA by virtue of the substantial shareholdings of Ministry of Economy and Finance ("MoEF"). Entities directly controlled by the Government are collectively referred to as government-related entities to PPWSA.

The Government and bodies controlled or jointly controlled by the Government of Cambodia are related parties to PPWSA. PPWSA enters into transactions with many of these bodies, which include but are not limited to purchasing of goods, including use of public utilities and amenities, and the placing of bank deposits.

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND SIX-MONHHTH PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**15. RELATED PARTY TRANSACTIONS (CONTINUED)**

PPWSA has the following significant transactions with related parties (continued):

(a) Government-related entities (continued)

All the transactions entered into by PPWSA with the government-related entities are conducted in the ordinary course of PPWSA's businesses on negotiated terms or terms comparable to those with other entities that are not government-related, except otherwise disclosed elsewhere in the condensed interim financial information.

PPWSA is principally involved in the process and distribution of water as part of its ordinary operations. These services are carried out generally on commercial terms that are consistently applied to all customers. These transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Apart from the individually significant transactions and balances as disclosed elsewhere in the condensed interim financial information, PPWSA have collectively, but not individually significant transactions with related parties.

(b) Key management personnel compensation

Total key management personnel compensation is analysed as below:

	<b>Unaudited</b>	
	<b>Six-months period ended</b>	
	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Salaries and other expenses	<u>1,278,156</u>	<u>1,155,267</u>

**16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management of 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 Board of Directors.

(a) Credit risk

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

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND SIX-MONHTH PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(a) Credit risk (continued)

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

(b) Liquidity and cash flow risk

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

PPWSA actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, PPWSA maintains a level of cash and cash equivalents deemed adequate to finance 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 PPWSA would fluctuate because of changes in market interest rates.

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

(d) Fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Trade and other receivables, contract assets, loan to employees, short-term investments, cash and cash equivalents, trade and other payables, contract liabilities are not included in the table below as their carrying amounts are reasonably approximate to their fair values due to the relatively short-term in nature.

	<b>Carrying amount KHR'000</b>	<b>Fair value of financial instruments not carried at fair value KHR'000</b>
<b>Borrowings</b>		
30.6.2023	1,103,089,819	889,647,945
31.12.2022	<u>1,009,994,875</u>	<u>868,569,688</u>



**PHNOM PENH WATER SUPPLY AUTHORITY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(d) Fair values (continued)

**Level 3 fair value**

Fair value of financial instruments not carried at fair value

The fair value of borrowings is determined using the discounted cash flows method based on discount rates that reflect the issuer's borrowing rate as at the end of the reporting date.

**17. CAPITAL COMMITMENTS**

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

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>KHR'000</b>	<b>KHR'000</b>
Construction of water treatment plant	50,690,855	271,871,991
Consultation services	10,100,809	5,291,968
Purchase of ductile iron pipes, fitting and accessories	50,510,344	1,903,789
	<u>111,302,008</u>	<u>279,067,748</u>

**18. SEGMENTAL REPORTING**

Segmental reporting is not presented as PPWSA is principally engaged in the processing and distribution of water for general use by the public in the city of Phnom Penh and the provision of other related services, which are substantially within a single business segment and this is consistent with the current practice of its internal reporting. PPWSA operates in Cambodia.

**19. AUTHORISATION OF CONDENSED INTERIM FINANCIAL INFORMATION**

The condensed interim financial information of PPWSA for the quarter and six-month period ended 30 June 2023 were authorised for issue by the Board of Directors on 11 August 2023.

Baker Tilly (Cambodia) Co., Ltd.  
Certified Public Accountants  
No. 87, Street 294,  
Sangkat Boeung Keng Kang 1,  
120102, Khan Boeung Keng Kang,  
Phnom Penh, Cambodia.

T: +855 23 987 100/  
+855 23 987 388

info@bakertilly.com.kh  
www.bakertilly.com.kh

Registration No. Co.0839 Et/2012

**REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION  
TO THE MEMBERS OF PHNOM PENH WATER SUPPLY AUTHORITY**  
(Incorporated in Cambodia)

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Phnom Penh Water Supply Authority ("PPWSA") as at 30 June 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the quarter and six-month period then ended, and notes to the condensed interim financial information (collectively referred to as "condensed interim financial information of PPWSA"). The directors of PPWSA are responsible for the preparation and fair presentation of the condensed interim financial information of PPWSA in accordance with the Cambodian International Accounting Standard ("CIAS") 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the condensed interim financial information of PPWSA 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* ("ISRE 2410"). A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the 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 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 PPWSA are not presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.



**Baker Tilly (Cambodia) Co., Ltd.**  
Certified Public Accountants

Phnom Penh, Kingdom of Cambodia

Date: 11 AUG 2023



**Oknha Tan Khee Meng**  
Certified Public Accountant



**PHNOM PENH WATER SUPPLY AUTHORITY (PPWSA)**

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: + 855( 23 ) 724 046



: ir@ppwsa.com.kh



: [www.ppwsa.com.kh](http://www.ppwsa.com.kh)

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#45, st 106, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Cambodia