

KINGDOM OF CAMBODIA
NATION RELIGION KING



PHNOM PENH WATER SUPPLY AUTHORITY



QUARTERLY REPORT Q3-2022

MAJOR STRATEGIC GOALS OF THE PHNOM PENH WATER SUPPLY AUTHORITY AREAS FOLLOW:

Expand water supply to Phnom Penh's suburban areas and surrounding regions at the same Rate and standard as in Phnom Penh. Analysis the cost and reform the process and procedure to reduce the cost of water, improve staff efficiencies, and build the ability of authority. Maintain a strong commitment to social responsibilities. Engage in Strategic benchmarking compare with the most efficient water supply organization in the world.



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ISO 2531
1400

FINANCIAL HIGHLIGHTS

Financial Position		Third Quarter 2022	2021	2020
Total assets (KHR'000)		2,606,977,143	2,306,806,174	1,864,618,140
Total liabilities (KHR'000)		1,358,297,922	1,140,177,961	882,565,483
Total shareholders'equity (KHR'000)		1,248,679,221	1,166,628,213	982,052,657

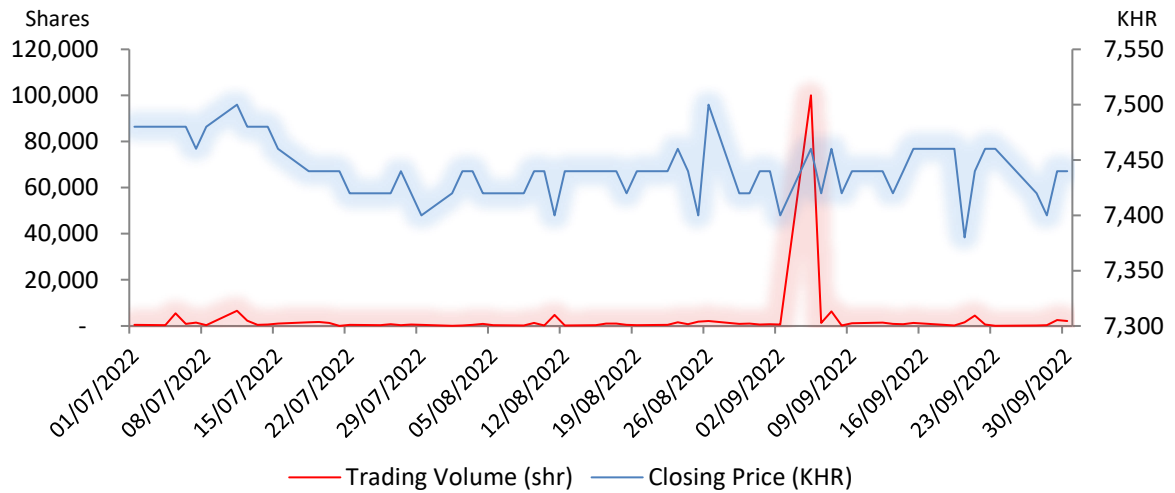
Profit/(Loss)		Third Quarter 2022	Third Quarter 2021	Third Quarter 2020
Total Revenue(KHR'000)		91,903,858	115,282,562	86,585,071
Profit/(Loss) before tax (KHR'000)		34,566,396	67,881,462	31,075,284
Profit/(Loss) after tax (KHR'000)		28,011,926	59,738,680	27,140,842
Total comprehensive income (KHR'000)		28,011,926	59,738,680	27,140,842

Financial Ratios		Third Quarter 2022	2021	2020
Solvency ratio				
Liquidity Ratio	Current Ratio (Times)	1.86	1.65	1.08
	Quick Ratio(Times)	1.23	1.11	0.68

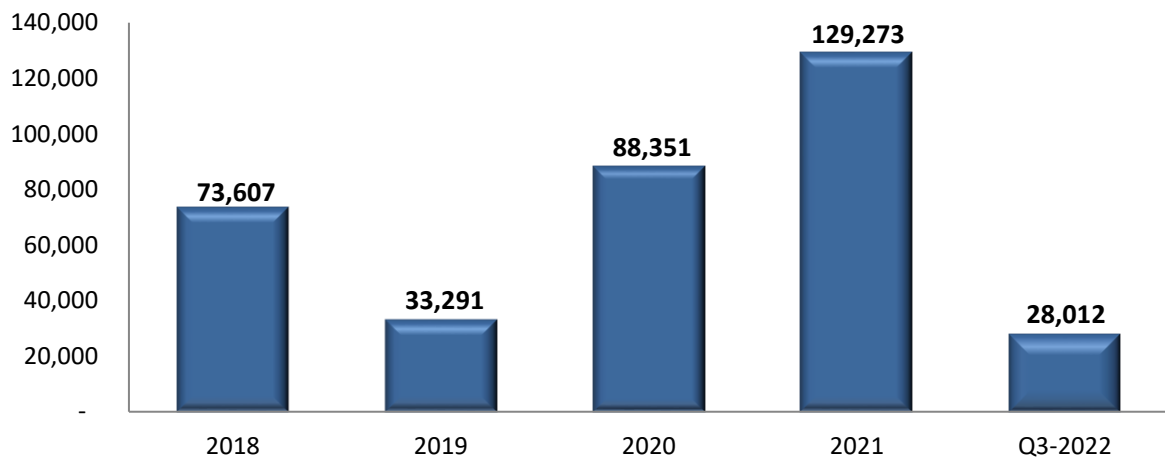
		Third Quarter 2022	Third Quarter 2021	Third Quarter 2020
Profitabilities Ratio	Return on Assets (%)	1.09	2.74	1.57
	Return on Equity (%)	2.27	5.36	2.86
	Gross Profit margin (%)	42.82	57.08	43.77
	Profit Margin (%)	30.48	51.82	31.35
	Earning Per Share (KHR)	322.08	686.86	312.06
Interest Coverage Ratio (Times)		3.73	62.35	5.36

FINANCIAL SUMMARY CHARTS

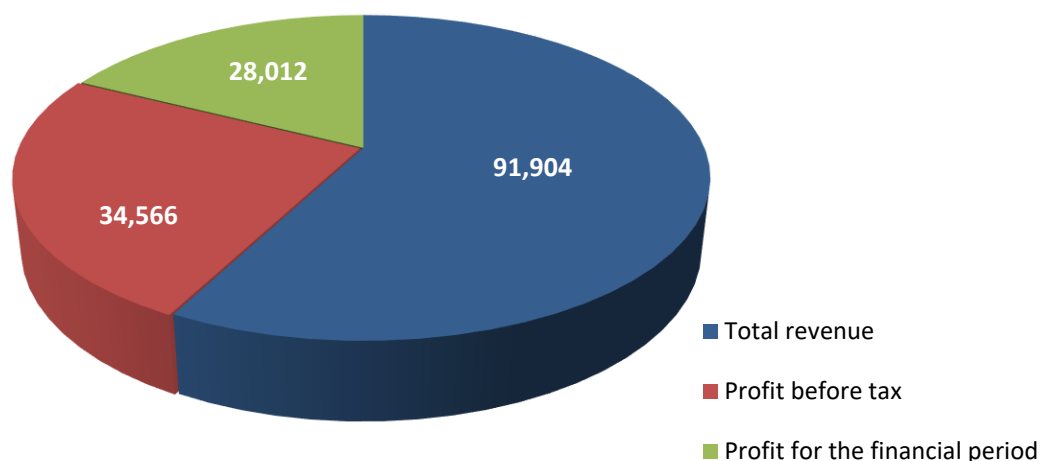
Changes in stock price (in KHR) and trading volume



PROFIT FOR EACH YEAR (in million KHR)



PROFIT FOR THE THIRD QUARTER OF 2022 (in million KHR)



BOARD OF DIRECTORS



H.E. Oum Sotha
Secretary of State, Ministry of
Industry Science Technology and
Innovation **Chairman**



H.E. Long Naro
Director General Of
PPWSA
Member



H.E. Mey Vann
Secretary of State, Ministry of
Economy and Finance
Member



H.E. Noun Pharath
Deputy Governor of the Board
Of Governors of Phnom Penh
Member



Mr. Ma Noravin
Representative
Of PPWSA's employees
Member



Mr. Nam Chantry
Non-Executive Director
Representative of Private
Shareholder
Member



Mr. Sreng Samork
Independent Director
Member

MESSAGE FROM CHAIRMAN OF THE BOARD



H.E. Oum Sotha

Secretary of State, Ministry of Industry
Science Technology and Innovation

Chairman

In the 3rd quarter of 2022,

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 KHR 91,903,858,000, and profit before tax of KHR 34,566,396,000. Net income was KHR 28,011,926,000. While the basic earnings per share was KHR 322.08.

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 a 24x7 basis. In the 3rd quarter of 2022, we laid the mains and distribution pipes of 86,959.73m, produced 62,903,895m³ of clean water and installed 5,276 new house connections of which 359 connections were for the low-income whom we always care for. Furthermore, the water loss accounted for 8.50% due to pipe leakage.

Performance of the Board of Directors

In the 3rd quarter of 2022, the Board of Directors for mandate 7 held the 15th meeting online via ZOOM on September 23, 2022 at 8:30AM with the following:


1. Request for approval on the disposal of obsolete or damaged fixed assets received from the waterworks of Sihanoukville province
2. Request for approval on Preparatory Study of the Project for Smart Water Management System in Cambodia
3. Request for recommendation on water debts of Ministry of National Defense
4. Business Report 2022 (8 months actual and 4 months estimate) and request for approval on Business and Investment Plan 2023
5. Procurement Report for the 3rd quarter of 2022 and request for approval on Procurement Plan 2023
6. Report on the Social Fund for the 3rd quarter of 2022 and request for approval on the Social Fund Plan 2023
7. Internal Audit Report for the 3rd quarter of 2022
8. Others
 - a) Request for in-principle approval on the solution to PPWSA's ESOP debts during IPO stage
 - b) Guideline on the Selection of Independent Director and Non-Executive Director Representing Private Shareholders for Publicly Listed Enterprises
 - c) Report of the current mandate of PPWSA's Board of Directors

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 4th quarter of 2022, PPWSA plans to produce 58,585,536m³ of clean water, expand 61km of additional distribution network, and total revenues of KHR 83,651,125,000 with total expenses of KHR 53,809,856,000 as approved by the Board and the two 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, 14 November 2022

CHAIRMAN

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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 Fax:.....
- ◆ Website: www.ppwsa.com.kh Email: ir@ppwsa.com.kh
- ◆ Company Registration Number: Co.0839Et/2012 Date: March 27th, 2012
- ◆ License number: Sub-decree No. 52 ANKr.BK Issued by: The Royal Government of Cambodia
Date: December 19th, 1996
- ◆ Disclosure document registration number by SERC: 012/12 SECC/SSR Date: March 23rd, 2012
- ◆ Representative: **H.E. LONG NARO**

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.
- ◆ 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 Water Loss Reduction

A.1.1. Water Treatment

➤ The water treatment in the third quarter 2022 as follows:

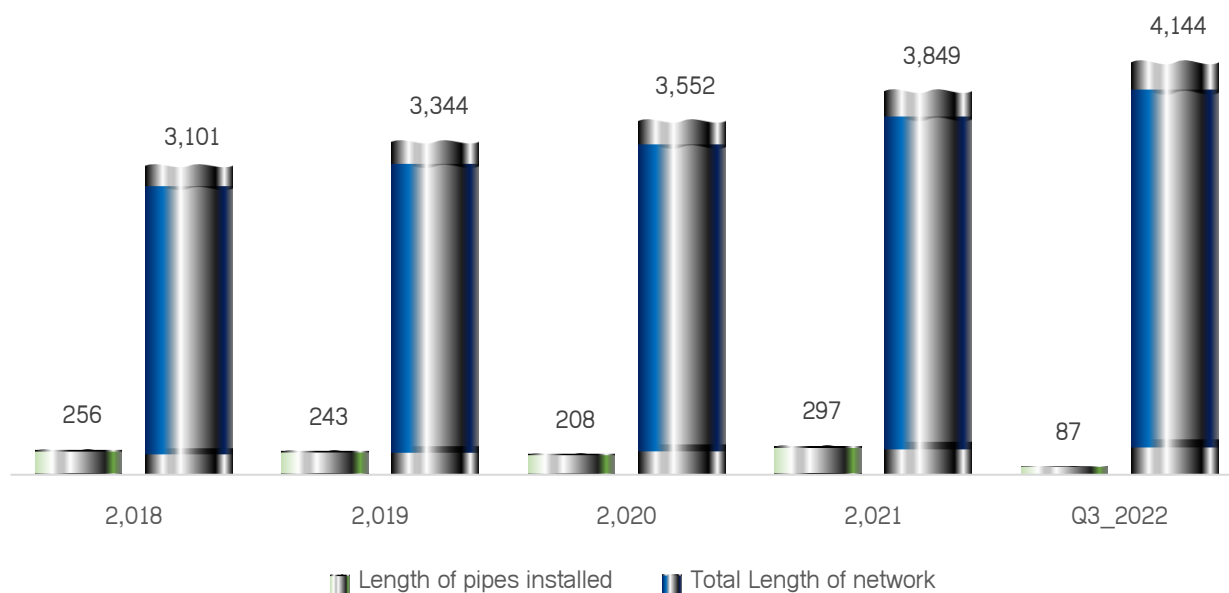
Description	Plan (m ³)	Actual (m ³)	Rate (%)
Phum Prek	14,630,000	16,128,717	110
Chroy Chang War	15,186,500	16,290,970	107
Chamkar Mon	4,770,500	5,432,230	114
Niroth	24,073,000	24,878,520	103
Mlech	99,636	109,594	110
Thbong Khmom	101,200	63,864	63
TOTAL	58,860,836	62,903,895	107

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

Parameters	Unit	WHO	Phum Prek WTP	Chroy Chang War WTP	Chamkar Mon WTP	Niroth WTP	Mlech WTP	Thbong Khmom WTP	Along Distribution Pipes
Turbidity	NTU	≤ 5	0.62	0.67	0.15	0.52	0.45	0.60	0.63
pH Value	pH	6.5-8.5	7.35	7.39	7.51	7.19	7.09	7.43	7.28
Free Available Chlorine	mg/l	0.1-1	1.66	1.33	1.30	1.52	1.18	0.85	0.60
Total Available Chlorine	mg/l	<2	1.86	1.49	1.46	1.65	1.43	1.04	0.72
Total coliforms	cfu/100ml	0	0	0	0	0	0	0	0
E. Coli	cfu/100ml	0	0	0	0	0	0	0	0

A.1.2. Pipes Laying

The Length of pipes for each year (km)



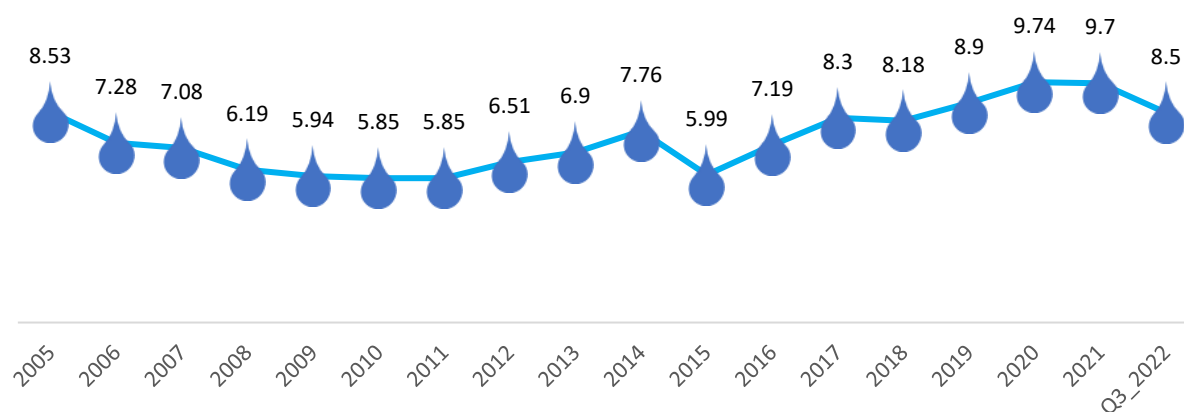
A. Business Operation Performance including business segments information (con't)

A.1. Water Treatment and Distribution System and Water Loss Reduction (con't)

A.1.3. Water Loss Reduction

In the third quarter 2022, PPWSA's water loss rate was kept in single digits 8.50%, as shown in the graph below.

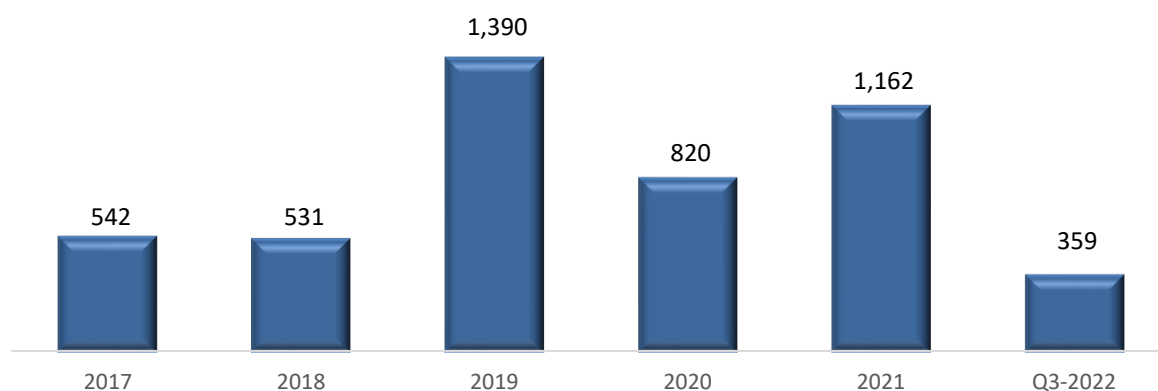
NWR trend from 2005 to Q3-2022 (in percent)



A.2. Business Activities and Results

A.2.1. Water Supply for low-income household

low-income household connections

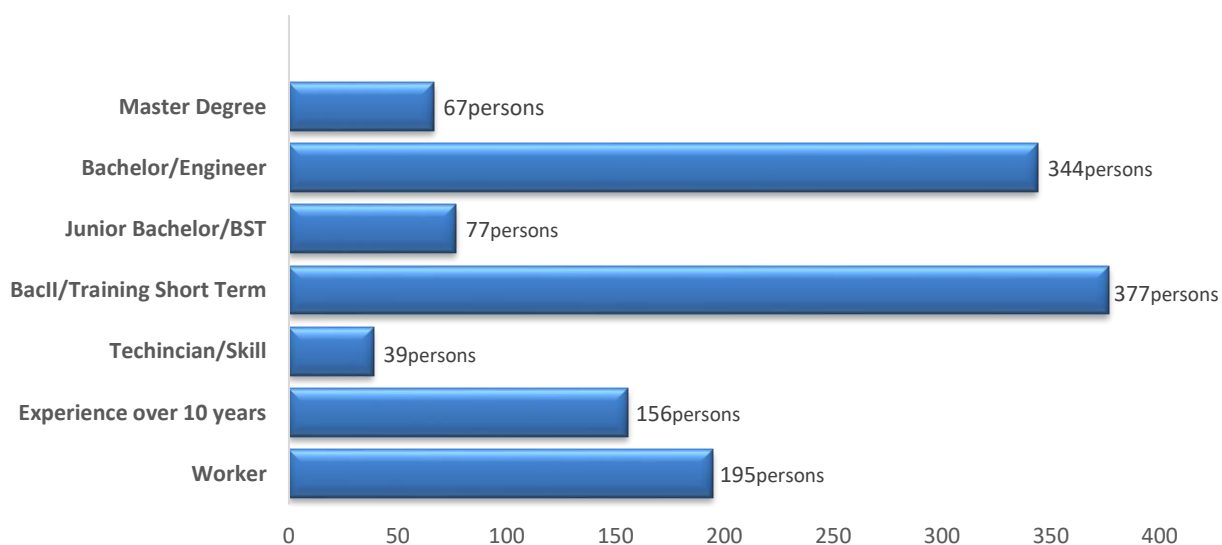


A.2.2. House Connection and Customer Management

Type of Customers	2018 (Connections)	2019 (Connections)	2020 (Connections)	2021 (Connections)	Q3-2022 (Connections)	(%)
Domesic	301,834	321,212	333,099	350,463	358,770	80.1400
Commercial	58,789	62,366	68,136	74,344	82,193	18.3598
Administrative	664	696	744	823	907	0.2026
Wholesalers	07	07	10	11	09	0.0020
RDE Respresentative	21	17	14	16	05	0.0011
Standpipe	14	17	17	16	16	0.0036
Room rental	5,703	5,752	5,759	5,728	5,779	1.2909
TOTAL	367,032	390,067	407,779	431,401	447,679	

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

A.3- Human Resource Management



B- Revenue Structure

No	Source of Revenue	Q3-2022		Q3-2021		Q3-2020	
		(KHR'000)	%	(KHR'000)	%	(KHR'000)	%
1	Sales	77,002,356	83.79	70,538,340	61.19	71,053,789	82.06
2	Construction Service fees	4,674,632	5.09	7,503,441	6.51	7,838,120	9.05
3	Foreign exchange gain-net	331,004	0.36	377,860	0.33	-	-
4	Other income	9,895,866	10.77	36,862,921	31.98	7,693,162	8.89
	Total revenue	<u>91,903,858</u>		<u>115,282,562</u>		<u>86,585,071</u>	

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

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND
NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

ATTACHED AS 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 sourced 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 sourced 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 sourced from water meter maintenance charge, 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 September 2022 compared to the period of 30 September 2021

Description	Third quarter 2022 (KHR'000)	Third quarter 2021 (KHR'000)	Changes(KHR'000/Percent)	
Total Revenues	91,903,858	115,282,562	(23,378,704)	(20.28%)

PPWSA has a total revenue of KHR 91,903,858,000 for the period ended 30 September 2022 and KHR 115,282,562,000 at 30 September 2021. The revenue decreased by KHR 23,378,704,000 or 20.28%. We can see that the main factor of this decrease in revenue is due to other revenue decreased by about KHR 26,967,055,000 or 73.15%, which is due to the exemption of dividend payment to the Ministry Economy and Finance amounted to KHR 36,372,177,000 in the third quarter of 2021 and net interest expense increased by approximately KHR 6,871,549,000 or 330.07%.

PART 4: Management Discussion and Analysis (con't)

A. Overview of operations (Con't)

2. Revenue analysis by segment

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

Description	Third quarter 2022 (KHR'000)		Third quarter 2021 (KHR'000)	
Sale	77,002,356	83.78	70,538,340	61.18
Construction service fee	4,674,632	5.09	7,503,441	6.51
Foreign Exchange gains-net	331,004	0.36	377,860	0.33
Other income	9,895,866	10.77	36,862,921	31.98

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

- The period ended 30 September 2022 compared to the period of 30 September 2021

Description	Third quarter 2022		Third quarter 2021		Changes		
	Volume	Amount	Volume	Amount	Volume	Amount	Percent
	M ³	(KHR'000)	M ³	(KHR'000)	M ³	(KHR'000)	
Water Sales-Household	29,710,200	29,789,515	26,740,560	29,402,329	2,969,640	387,186	1.32%
Water Sales-Commercial	21,417,906	36,868,440	18,284,637	31,054,151	3,132,469	5,814,289	18.72%
Water Sale- Public administrative and autonomy	2,729,269	5,076,241	2,198,252	3,349,826	531,017	1,726,415	51.54%
Water Saler- Representative and room rental	3,541,775	2,646,012	2,795,275	2,177,009	746,500	469,003	21.54%

◆ Revenue from household sale

PPWSA has the revenue from household sale KHR 29,789,515,000 on 30 September 2022 and KHR 29,402,329,000 on 30 September 2021 that increased by KHR 387,186,000 or 1.32%. The increased because of the water consumption per connection per month increased 0.94m³/connection /month from 27.33m³/connection/month to 28.27m³/connection/month and the average tariff decreased by KHR 15.54/m³ from KHR 1,018.21/m³ to KHR 1,002.67/m³. In particular, the number of customers increased 10,804 connections from 347,966 to 358,770 connections.

◆ Revenue from commercial sale

PPWSA has the revenue from commercial and industry sale KHR 36,868,440,000 on 30 September 2022 and KHR 31,054,151,000 on 30 September 2021 that increased by KHR 5,814,289,000 or 18.72%. The increasing is due to the number of customers increased 11,277 connections from 70,852 connections to 82,129 connections. The average tariff were increase by KHR 6.83/m³ from KHR 1,714.62/m³ to KHR 1,721.45/m³ and water consumption per network per month increased from 18.17 m³ from 89.87 m³ to 108.04 m³.

◆ Revenue from public administrative and autonomy sale

PPWSA has the revenue from public administrative and autonomy sales KHR 5,076,241,000 on 30 September 2022 and KHR 3,349,826,000 on 30 September 2021 that increased by KHR 1,726,415,000 or 51.54%. The increase is due to the consumption per connection per month increased by 9.93m³/connection/month from 866.76m³/connection/month to 876.69m³/connection/month, and the number of the customers increased by 85 connections from 822 connections to 907 connections.

A. Overview of operations (Con't)

2. Revenue analysis by segment (Con't)

◆ Revenue from representative and room rental sale

PPWSA has the revenue from wholesaler and room rental sale KHR 2,646,012,000 on 30 September 2022 and KHR 2,177,009,000 on 30 September 2021 that is increased by KHR 469,003,000 or 21.54%. The increase is due to the number of customers increased by 24 connections from 5,785 connections to 5,809 connections, the water consumption per connection per month increased by 22.70m³/connection/month from 160.89m³/connection/month to 183.59m³/connection/month, and the average tariff decreased by KHR 31.73/m³ from KHR 778.82/m³ to KHR 747.09m³.

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 analyzing the operating expenses, we considered the total expenses as follows.

➤ The period ended 30 September 2022 compared to the period ended 30 September 2021

Description	Third quarter 2022 (KHR'000)	Third quarter 2021 (KHR'000)	Changes (KHR'000/Percent)	
Total revenues	91,903,858	115,282,562	(23,378,704)	(20.28%)
Depreciation and amortisation charges	(14,849,062)	(14,322,755)	(526,307)	(3.67%)
Electricity costs	(9,278,366)	(9,483,182)	204,816	(2.16%)
Salaries, wages and related expenses	(16,578,357)	(15,248,076)	(1,330,281)	(8.72%)
Raw materials for water treatment	(3,470,907)	(2,295,301)	(1,175,606)	(51.22%)
Construction service expenses	(2,989,887)	(2,844,669)	(145,218)	(5.10%)
Finance income	5,752,278	3,137,122	2,615,156	83.36%
Finance costs	(10,541,962)	(1,055,257)	(9,486,705)	(898.99%)
Profit before tax	34,566,396	67,881,462	(33,315,066)	(49.08%)

PPWSA earned profit before tax of KHR 34,566,396,000 at 30 September 2022 and KHR 67,881,462,000 at 30 September 2021 that was decreased by KHR 33,315,066,000 or 49.08%. The main factor of decrease in profit before tax is due to the decrease in other revenues of approximately KHR 26,967,055,000 or 73.15%, which is due to the exemption of dividend payment to the Ministry of Economy and Finance of KHR 36,372,177,000 in the third quarter of 2021 and net interest expense increased by approximately KHR 6,871,549,000 or 330.07%.

A. Overview of operations (Con't)

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 tax is calculated by applying the 20% tax rate on the taxable income.

➤ The period ended 30 September 2022 compared to the period ended 30 September 2021

Description	Third quarter 2022 (KHR'000)	Third quarter 2021 (KHR'000)	Changes (KHR'000/Percent)	
Profit before tax (a)	34,566,396	67,881,462	(33,315,066)	(49.08%)
Tax expense (b)	(6,554,470)	(8,142,782)	1,588,312	(19.51%)
Profit for the financial year	28,011,926	59,738,680	(31,726,754)	(53.11%)
Total comprehensive income for the financial year	28,011,926	59,738,680	(31,726,754)	(53.11%)
Effective tax reate (b)/(a)	18.96%	12.00%		

PPWSA earned profit for the financial period of KHR 28,011,926,000 at 30 September 2022 and KHR 59,738,680,000 in 30 September 2021, the decreased by KHR 31,726,754,000 or 53.11%. The decreased is due to the exemption of dividend payment to the Ministry of Economy and Finance of KHR 36,372,177,000 in the third quarter of 2021 and net interest expense increased by approximately KHR 6,871,549,000 or 330.07%.

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

The protracted situation of the war between Russia and Ukraine continues 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 third quarter of 2022. Continuing to maintain this profit as sales revenue continues to grow quarter-on-quarter due to the following supporting factors:

- **NRW rate:** PPWSA utilized an effective mechanism to reduce NRW to 8.50% in this quarter. It is a critical factor enabling PPWSA to ensure its financial viability and sustainable enterprise development.
- **Increase in 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. PPWSA Managed the efficient and economical use of raw materials in water treatment.

A. Overview of operations (Con't)

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

- **Operating expenses management: (Con't)**

For operating expenses, PPWSA try to reduce unimportant expenditures such as general administration, maintenance by controlling and maintaining general tools and usage material regularly to ensure the quality and reduce others expenses.

- **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:** Although the economic situation of Cambodia in 2022 is projected to grow at a rate of 5.4% lower than forecast at the beginning of the year, the war between Russia and Ukraine continues to prolong and uncertain economic growth in China. As a result of the global economy as well as Cambodia, PPWSA's average water prices have not been significantly affected.

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 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 m³ / day and is scheduled to start production in 2023 and is continuing to build the Bak Kheng water treatment plant Phase 2 with the same production capacity of 195,000 m³/ day to complete Current and future water demand.

2. Variations in prices of raw materials analysis

Variation 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.

B. Significant Factors Affecting Profit: (Con't)

4. Exceptional and extraordinary items analysis

At the end of September 30, 2022, 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 of safe water and house connection which is a basic need of Phnom Penh residents. The water sales represented about 92.11% of gross revenue on 30 September 2022. PPWSA is also the monopoly water supplier in Phnom Penh and its outskirts. Revenues may grow, subject to the demography including the enlargement of Phnom Penh capital and the Takhmao city.

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, the riel, 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 third quarter of 2022, the depreciation of the riel exchange rate against the foreign exchange rate has resulted in a false loss from the exchange rate on loans. PPWSA mostly made a payment in riel, so is not significantly affected by 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 month 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%. The interest rate must range from 0.25% to 5.21% per annum.

D.2.3. Impact of raw materials 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 material and raw material suppliers at a competitive price 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, unbalanced transportation and 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 need for raw materials to ensure the timely and affordable use of 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 / 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.
- **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 សហវ.ប្រក្រឹត្យ, 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 សហវ.អនុជ្ជ, dated 18 May 2011.

PART 5: Other Necessary Information for Investor Protection

In the third quarter of 2022, Phnom Penh Water Supply Authority has no other necessary information to disclose.

SIGNATURE OF DIRECTORS OF PHNOM PENH WATER SUPPLY AUTHORITY

Phnom Penh, 14 November 2022

Read and Approved

Signature

Oum Sotha

Chairman of the Board

Phnom Penh, 14 November 2022

Read and Approved

Signature

Long Naro

Director

APPENDIX I

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND
NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

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

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND
NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

Registration No. Co.0839 Et/2012

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)


**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

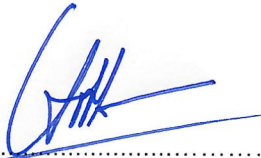
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CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
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PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

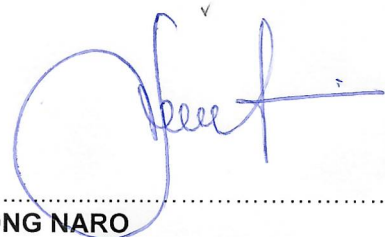
STATEMENT BY THE DIRECTORS

In the opinion of the directors, the accompanying condensed interim statement of financial position of Phnom Penh Water Supply Authority as at 30 September 2022, 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 nine-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*.

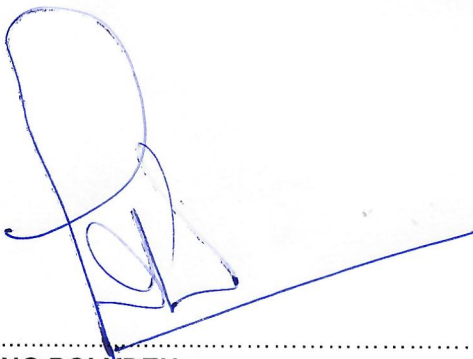
Signed on behalf of the Board of Directors, 



.....
OUM SOTHA
Chairman of the Board of Director



.....
LONG NARO
Director General



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

Date: November 4th, 2022

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	Unaudited 30.09.2022 KHR'000	Audited 31.12.2021 KHR'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,093,225,031	1,893,864,619
Intangible assets		12,591,746	12,530,278
Total non-current assets		2,105,816,777	1,906,394,897
Current assets			
Inventories		174,615,962	143,731,508
Trade and other receivables		74,055,842	24,875,167
Contract assets	5	73,668,560	66,024,580
Loan to employees		7,956,651	7,956,651
Short-term investments	6	90,243,113	68,163,833
Cash and cash equivalents		80,620,238	89,659,538
Total current assets		501,160,366	400,411,277
TOTAL ASSETS		2,606,977,143	2,306,806,174
EQUITY AND LIABILITIES			
Equity attributable to owners of PPWSA			
Share capital and share premium		619,315,886	619,315,886
Reserves		543,268,075	418,038,410
Retained earnings		86,095,260	129,273,917
TOTAL EQUITY		1,248,679,221	1,166,628,213
Non-current liabilities			
Borrowings	7	946,575,154	790,359,750
Deferred government and other grants		15,304,756	16,812,186
Deferred tax liabilities		75,015,684	72,307,299
Other payables	8	74,595,826	69,446,073
Total non-current liabilities		1,111,491,420	948,925,308
Current liabilities			
Trade and other payables	8	202,665,849	141,969,545
Borrowings	7	22,294,292	23,128,518
Contract liabilities	5	1,788,894	1,788,894
Current tax liabilities		20,057,467	24,365,696
Total current liabilities		246,806,502	191,252,653
TOTAL LIABILITIES		1,358,297,922	1,140,177,961
TOTAL EQUITY AND LIABILITIES		2,606,977,143	2,306,806,174

The Condensed Interim Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Note	Unaudited Three-month period ended		Unaudited Nine-month period ended	
		30.9.2022 KHR'000	30.9.2021 KHR'000	30.9.2022 KHR'000	30.9.2021 KHR'000
Income:					
Sales	9	77,002,356	70,538,340	220,116,445	205,699,037
Construction service fee		4,674,632	7,503,441	13,499,618	19,532,580
Foreign exchange gains - net		331,004	377,860	-	621,698
Other income		9,895,866	36,862,921	20,295,628	50,615,580
		<u>91,903,858</u>	<u>115,282,562</u>	<u>253,911,691</u>	<u>276,468,895</u>
Expenses:					
Depreciation and amortisation charges		(14,849,062)	(14,322,755)	(44,609,012)	(40,455,450)
Electricity costs		(9,278,366)	(9,483,182)	(26,639,427)	(27,296,168)
Salaries, wages and related expenses		(16,578,357)	(15,248,076)	(51,159,290)	(46,216,533)
Raw materials for water treatment		(3,470,907)	(2,295,301)	(8,677,023)	(6,834,308)
Raw materials for household water connections		(1,275,782)	(956,648)	(3,916,733)	(2,197,162)
Repairs and maintenance Construction		(1,930,355)	(2,076,460)	(4,521,737)	(5,132,648)
service expense		(2,989,887)	(2,844,669)	(8,590,920)	(13,294,709)
Other operating expenses		(2,175,062)	(2,255,874)	(7,602,973)	(6,959,057)
Foreign exchange losses - net		-	-	(1,317,017)	-
		<u>(52,547,778)</u>	<u>(49,482,965)</u>	<u>(157,034,132)</u>	<u>(148,386,035)</u>
Operating profit		39,356,080	65,799,597	96,877,559	128,082,860
Finance income	10	5,752,278	3,137,122	20,791,451	11,946,599
Finance costs	11	(10,541,962)	(1,055,257)	(11,693,826)	(7,238,229)
Profit before tax		34,566,396	67,881,462	105,975,184	132,791,230
Income tax	12	(6,554,470)	(8,142,782)	(19,879,924)	(25,470,174)
Profit for the period, representing total comprehensive income for the period		28,011,926	59,738,680	86,095,260	107,321,056
Earnings per share attributable to owners					
Basic earnings per share (KHR)		322.08	686.86	989.91	1,233.96
Diluted earnings per share (KHR)		322.08	686.86	989.91	1,233.96

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 2021 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Note	Share capital and share premium KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
Unaudited					
Balance at 1 January 2022		619,315,886	418,038,410	129,273,917	1,166,628,213
Profit for the financial period, representing total comprehensive income for the period		-	-	86,095,260	86,095,260
Transactions with owners					
Transfer to reserves		-	125,229,665	(125,229,665)	-
Dividends	13	-	-	(4,044,252)	(4,044,252)
Total transactions with owners		-	125,229,665	(129,273,917)	(4,044,252)
Balance at 30 September 2022		619,315,886	543,268,075	86,095,260	1,248,679,221
Unaudited					
Balance at 1 January 2021		541,227,282	352,473,530	88,351,845	982,052,657
Profit for the financial period, representing total comprehensive income for the period		-	-	107,321,056	107,321,056
Transactions with owners					
Capital contribution		78,088,604	-	-	78,088,604
Transfer to reserves		-	65,564,880	(65,564,880)	-
Dividends	13	-	-	(22,786,965)	(22,786,965)
Total transactions with owners		78,088,604	65,564,880	(88,351,845)	55,301,639
Balance at 30 September 2021		619,315,886	418,038,410	107,321,056	1,144,675,352

The Condensed Interim Statement of Changes in Equity be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Unaudited	
	Nine-month period ended	
	30.9.2022	30.9.2021
	KHR'000	KHR'000
Cash flows from operating activities		
Profit before tax	105,975,184	132,791,230
Adjustments for:		
Amortisation of intangible assets	1,491,988	1,257,775
Depreciation of property, plant and equipment	43,117,024	39,197,675
Amortisation of deferred government and other grants	(1,507,430)	(1,507,430)
Written off of property, plant and equipment	113,878	135,977
Finance income	(3,084,779)	(1,798,510)
Finance costs	6,842,497	4,815,092
Net unrealised foreign exchange gain	(4,927,948)	(4,010,885)
Operating profit before changes in working capital	148,020,414	170,880,924
Decrease/(Increase) in inventories	4,563,544	(78,700,191)
Decrease/(Increase) in trade and other receivables	66,551,478	(40,564,638)
Increase in trade and other payables	55,957,738	28,884,144
Increase in contract assets	(7,643,980)	(5,575,743)
Decrease in contract liabilities	-	(846,154)
Increase in refundable water deposits	5,149,753	3,168,630
Net cash from operations	272,598,947	77,246,972
Income tax paid	(21,479,768)	(24,712,562)
Net cash from operating activities	251,119,179	52,534,410
Cash flows from investing activities		
Purchase of property, plant and equipment	(389,473,392)	(184,593,012)
Purchase of intangible assets	(428,456)	(878,985)
Increase in short-term investments	(22,079,280)	(1,228,776)
Interest capitalised on qualifying assets	(4,142,948)	(3,714,067)
Interest received	1,804,654	1,143,635
Net cash used in investing activities	(414,319,422)	(189,271,205)
Cash flows from financing activities		
Capital contribution from MoEF, net	-	(103,656)
Dividend paid	(4,044,252)	(3,418,045)
Drawdown of borrowings	183,758,805	197,463,642
Interest paid	(4,784,224)	(4,866,718)
Repayments of borrowings	(20,769,386)	(28,596,307)
Net cash generated from financing activities	154,160,943	160,478,916
Net (decrease)/increase in cash and cash equivalents	(9,039,300)	23,742,121
Cash and cash equivalents at the beginning of the period	89,659,538	50,215,505
Cash and cash equivalents at the end of the period	80,620,238	73,957,626

The Condensed Interim Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 NINE-MONHTH PERIOD ENDED 30 SEPTEMBER 2022**

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 process and distribution of water for general used 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.

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 2021 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)**

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 30.9.2022 KHR'000	Audited 31.12.2021 KHR'000
Cost		
Balance at the beginning of the financial period/year	2,438,823,008	2,075,369,345
Additions	393,616,340	294,115,414
Acquisition through capital contribution	-	78,192,260
Transfer (to)/from inventory	(35,447,998)	7,212,446
Transfer to intangible assets	(1,125,000)	(16,431)
Transfer to other receivables *	(114,452,028)	-
Written-off	(113,878)	(16,050,026)
Balance at the end of the financial period/year	<u>2,681,300,444</u>	<u>2,438,823,008</u>
Accumulated depreciation		
Balance at the beginning of financial period/year	544,958,389	501,767,246
Depreciation for the financial period/year	43,117,024	53,491,993
Written-off	-	(10,300,850)
Balance at the end of the financial period/year	<u>588,075,413</u>	<u>544,958,389</u>
Carrying amount		
Balance at the end of the financial period/year	<u>2,093,225,031</u>	<u>1,893,864,619</u>

* These represent advance payment made to supplier in respect of construction in progress capitalised in prior financial year, for which controls of such assets are yet to be passed to PPWSA as at 31 December 2021. The management of PPWSA has rectified these by reversing these advance payments from its construction in progress to the other receivables in 2022's Quarter 1.

During the quarter and nine-month period ended 30 September 2022, PPWSA made the following cash payment for its additions of property, plant and equipment:

	Unaudited Nine-month period ended	
	30.9.2022 KHR'000	30.9.2021 KHR'000
Additions	393,616,340	188,307,079
Interest capitalised on qualifying assets	(4,142,948)	(3,714,067)
Cash payment for purchase of property, plant and equipment	<u>389,473,392</u>	<u>184,593,012</u>

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND NINE-MONHTH PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)**

5. CONTRACT ASSETS / (LIABILITIES)

	Unaudited	Audited
	30.9.2022	31.12.2021
	KHR'000	KHR'000
Contract assets		
Contract assets relating to construction service contracts	2,775,540	536,051
Contract assets relating to water revenue	70,893,020	65,488,529
	<u>73,668,560</u>	<u>66,024,580</u>
Contract liabilities		
Contract liabilities relating to construction service contracts	<u>1,788,894</u>	<u>1,788,894</u>

6. SHORT-TERM INVESTMENTS

These represent fixed deposit placed with financial institutions for a period of between nine to twelve months (2021: nine to twelve months) and earn interest at rates ranging from 3.50% to 4.75% (2021: 3.50% to 4.75%) per annum.

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND NINE-MONHTH PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)**

7. BORROWINGS

	Currency	Nominal interest rate	Year of maturity	Carrying amount KHR'000
Balance at 1 January 2022				813,488,268
New issues				
EIB	USD	0.610% - 0.965%	2048	58,025,772
AfD - Credit No. 1174 01 P	USD	1.800%	2037	19,568
AfD - Credit No. 1176 01 S	USD	0.900%	2038	49,962,862
AfD - Credit No. 1244 01 M	USD	0.900%	2039	75,750,603
Repayments				
Principle				
MoEF - JICA	JPY	0.660%	2049	(1,486,205)
MoEF - ADB	SDR	1.650%	2037	(2,241,090)
AfD - Credit No. 1121 01 F	EUR	0.250%	2025	(17,042,091)
Interest				
EIB	USD	0.610% - 0.965%	2048	(1,059,116)
MoEF - JICA	JPY	0.660%	2049	(145,849)
MoEF - ADB	SDR	1.650%	2037	(564,147)
AfD - Credit No. 1121 01 F	EUR	0.250%	2025	(140,647)
AfD - Credit No. 1174 01 P	USD	1.800%	2037	(1,322,925)
AfD - Credit No. 1176 01 S	USD	0.900%	2038	(1,416,458)
AfD - Credit No. 1244 01 M	USD	0.900%	2039	(135,082)
Accrued interest				6,842,497
Realised exchange gain				(954,119)
Unrealised exchange gain				(8,712,395)
Balance at 30 September 2022				968,869,446

Breach of loan covenants

PPWSA has unsecured borrowings with a carrying amount of KHR577,510,464,000 as at 30 September 2022. These borrowings bear interest from 0.250% to 1.800% and are repayable ranges from 7.5 to 12.5 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.

PPWSA exceeded its maximum leverage threshold during the quarter and nine-month period ended 30 September 2022. However, PPWSA obtained a waiver from the relevant party, extended until 31 December 2022. Accordingly, the borrowings were not repayable on demand at 30 September 2022.

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)**

8. TRADE AND OTHER PAYABLES

	Unaudited 30.9.2022 KHR'000	Audited 31.12.2021 KHR'000
Non-current:		
Refundable water deposits	74,595,826	69,446,073
Current:		
Trade payables		
Third parties	108,749,485	33,251,064
Accruals construction-in-progress	21,923,554	38,283,099
	<u>130,673,039</u>	<u>71,534,163</u>
Other payables		
Accrued staff incentive	7,379,834	9,241,237
Amount due to Phnom Penh Municipality	53,289,192	47,455,958
Performance guarantee	67,392	67,344
Other tax payable	349,999	293,258
Accruals	5,972,741	6,146,076
Other payables	4,933,652	7,231,509
	<u>71,992,810</u>	<u>70,435,382</u>
Total trade and other payables (current)	<u>202,665,849</u>	<u>141,969,545</u>
Total trade and other payables (non-current and current)	<u>277,261,675</u>	<u>211,415,618</u>

9. SALES

	Unaudited		Unaudited	
	Three-month period ended		Nine-month period ended	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	KHR'000	KHR'000	KHR'000	KHR'000
Water sales:				
- households	29,789,515	29,402,329	82,381,118	83,663,856
- commercial	36,868,440	31,054,151	106,906,864	93,334,577
- public administration	5,076,241	3,349,826	14,672,393	14,276,009
- wholesalers	2,646,012	2,177,008	7,415,869	6,706,086
Rounding difference on water sales revenue	18,117	16,282	51,669	48,207
Less: Invoice cancellations	(659,706)	(533,968)	(1,503,113)	(2,679,746)
	<u>73,738,619</u>	<u>65,465,628</u>	<u>209,924,800</u>	<u>195,348,989</u>
Water connection revenue	1,995,603	3,888,818	6,666,275	7,153,925
Water meter replacement charges	1,217,071	1,139,891	3,343,733	3,111,536
Spare parts and meter sales	51,063	44,003	181,637	84,587
	<u>77,002,356</u>	<u>70,538,340</u>	<u>220,116,445</u>	<u>205,699,037</u>

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND NINE-MONHTH PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)**

10. FINANCE INCOME

	Unaudited		Unaudited	
	Three-month period ended		Nine-month period ended	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	KHR'000	KHR'000	KHR'000	KHR'000
Interest income on bank deposits	1,182,757	658,286	3,084,779	1,798,510
Unrealised foreign exchange gain on borrowings	4,569,521	2,478,836	17,706,672	10,148,089
	<u>5,752,278</u>	<u>3,137,122</u>	<u>20,791,451</u>	<u>11,946,599</u>

11. FINANCE COSTS

	Unaudited		Unaudited	
	Three-month period ended		Nine-month period ended	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	KHR'000	KHR'000	KHR'000	KHR'000
Interest expense on borrowings	2,551,564	1,762,605	6,842,497	4,815,092
Unrealised foreign exchange loss on borrowings	9,442,053	545,126	8,994,277	6,137,204
Interest capitalised on qualifying assets	<u>(1,451,655)</u>	<u>(1,252,474)</u>	<u>(4,142,948)</u>	<u>(3,714,067)</u>
	<u>10,541,962</u>	<u>1,055,257</u>	<u>11,693,826</u>	<u>7,238,229</u>

12. 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 nine-month period ended 30 September 2022 of 19% (quarter and nine-month period ended 30 September 2021: 19%).

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND NINE-MONHTH PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)**

13. DIVIDENDS

	Unaudited	
	Nine-month period ended 30.9.2022	30.9.2021
	KHR'000	KHR'000
Recognised during the financial period		
Dividend for the financial period ended 31 December 2021 of KHR310 per ordinary share *	4,044,252	-
Dividend for the financial period ended 31 December 2020 of KHR262 per ordinary share	-	22,786,965

* The Board of Directors had on 18 March 2022 declared and approved the dividend of KHR310 per ordinary share of PPWSA.

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, whilst the portion for MoEF were transferred from retained earnings to development reserve of PPWSA directly.

14. 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.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND NINE-MONHTH PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)**

14. 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:

	Unaudited	
	Nine-months period ended	
	30.9.2022	30.9.2021
	KHR'000	KHR'000
Salaries and other expenses	1,763,266	1,727,393

PHNOM PENH WATER SUPPLY AUTHORITY
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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND NINE-MONHTH PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)**

15. 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.

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.

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND NINE-MONHTH PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)**

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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. Their carrying amount is a reasonable approximation of fair value.

	Carrying amount KHR'000	Fair value of financial instruments not carried at fair value KHR'000
Borrowings		
30.09.2022	968,869,446	978,325,849
31.12.2021	813,488,268	821,446,238

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.

16. CAPITAL COMMITMENTS

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

	Unaudited	
	Nine-month period ended	
	30.9.2022	30.9.2021
	KHR'000	KHR'000
Construction of water treatment plant	128,979,093	445,367,776
Consultation services	28,290,245	8,957
Purchase of iron pipes, fitting and accessories	1,068	1,057
	<u>157,270,406</u>	<u>445,377,790</u>

PHNOM PENH WATER SUPPLY AUTHORITY
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND NINE-MONHTH PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)**

17. SEGMENTAL REPORTING

Segmental reporting is not presented as PPWSA is principally engaged in the processing and distribution of water for general used 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.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period's presentation.

19. AUTHORISATION OF CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information of PPWSA for the quarter and nine-month period ended 30 Septemer 2022 were authorised for issue by the Board of Directors on 4 November 2022.

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

Introduction

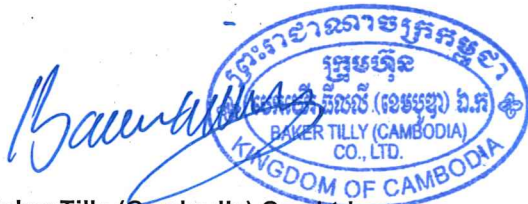
We have reviewed the accompanying condensed interim statement of financial position of Phnom Penh Water Supply Authority ("PPWSA") as at 30 September 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the quarter and nine-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

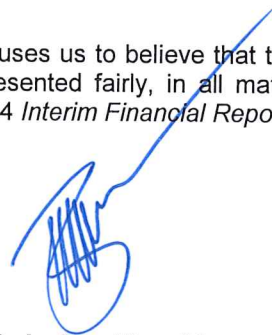
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information of PPWSA are not presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.



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

Phnom Penh, Kingdom of Cambodia

Date: 04 NOV 2022



Oknha Tan Khee Meng
Certified Public Accountant



PHNOM PENH WATER SUPPLY AUTHORITY (PPWSA)



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